

**JB MARKS LOCAL MUNICIPALITY SECTION 71(1) FINANCIAL REPORT FOR THE MONTH  
ENDING 31 OCTOBER 2018 (MK/FP) (FPV08.15.01) (RMS 25322)**

**PURPOSE OF THE REPORT**

The purpose of the report is to inform the Executive Mayor of the financial position and the implementation of the Budget of the JB Marks Local Municipality for the month ending on 31 October 2018.

**BACKGROUND**

In terms of Section 71 (1) of the Local Government: Municipal Finance Management Act (Act 56 of 2003) the accounting officer must no later than ten (10) working days after the end of each month submit the monthly budget statement report in the prescribed format as specified in of the Municipal Budget and Reporting Regulations (Government Gazette no 32141, 17 April 2009) under Schedule C which must include the required tables, charts and explanatory information to the Executive Mayor.

The monthly report on the implementation of the Annual Budget in accordance with the Service Delivery Budget Implementation Plan to be submitted to the Executive Mayor, National Treasury and the relevant Provincial Treasury consists out of two parts containing the following information and is attached as ANNEXURE A:

**The Monthly Report consists of the following Financial Reports:**

1. Operating Budget per revenue source
2. Capital expenditure per department
3. Cash flow Statement
4. Debtors Age Analysis
5. Creditors

## 1. Operational budget per revenue source – October 2018

Description	Ref	2017/18	Budget Year 2018/19							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>										
<b>Revenue By Source</b>										
Property rates		167 227	174 268	–	14 989	45 329	43 567	1 762	4%	174 268
Service charges - electricity revenue		739 878	704 219	–	16 415	224 757	176 055	48 702	28%	704 219
Service charges - w ater revenue		121 196	108 027	–	13 642	35 360	27 007	8 353	31%	108 027
Service charges - sanitation revenue		72 501	66 560	–	9 317	22 298	16 640	5 659	34%	66 560
Service charges - refuse revenue		65 969	61 753	–	5 743	17 315	15 438	1 876	12%	61 753
Service charges - other		–	–	–	–	104	–	104	#DIV/0!	–
Rental of facilities and equipment		3 596	3 642	–	314	843	911	(68)	-7%	3 642
Interest earned - external investments		21 599	18 177	–	4 888	10 596	4 544	6 052	133%	18 177
Interest earned - outstanding debtors		32 938	22 790	–	–	–	5 698	(5 698)	-100%	22 790
Dividends received		–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		76 961	85 455	–	154	565	21 364	(20 798)	-97%	85 455
Licences and permits		11 876	14 074	–	658	782	3 519	(2 737)	-78%	14 074
Agency services		–	–	–	–	45	–	45	#DIV/0!	–
Transfers and subsidies		346 689	241 906	–	–	97 365	60 477	36 889	61%	241 906
Other revenue		35 513	11 341	–	(101)	1 334	2 835	(1 502)	-53%	11 341
Gains on disposal of PPE		–	560	–	–	–	140	(140)	-100%	560
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>1 695 943</b>	<b>1 512 772</b>	<b>–</b>	<b>66 019</b>	<b>456 692</b>	<b>378 193</b>	<b>78 499</b>	<b>21%</b>	<b>1 512 772</b>

## 2. Operational expenditure budget per GFS categories (As determined by National Treasury)

Description	Ref	2017/18	Budget Year 2018/19							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>										
<b>Expenditure By Type</b>										
Employee related costs		404 559	439 668	-	35 552	139 456	146 556	(7 100)	-5%	439 668
Remuneration of councillors		21 127	32 551	-	2 225	8 738	10 850	(2 112)	-19%	32 551
Debt impairment		92 686	95 931	-	2 968	11 872	31 977	(20 105)	-63%	95 931
Depreciation & asset impairment		229 030	238 132	-	-	-	79 377	(79 377)	-100%	238 132
Finance charges		4 803	-	-	-	-	-	-	-	-
Bulk purchases		483 994	579 953	-	47 023	227 877	193 318	34 559	18%	579 953
Other materials		81 981	9 842	-	-	-	3 281	(3 281)	-100%	9 842
Contracted services		96 111	91 541	-	7 229	22 507	30 514	(8 006)	-26%	91 541
Transfers and subsidies		-	74 241	-	17 293	28 515	24 747	3 768	15%	74 241
Other expenditure		233 736	250 585	-	13 591	48 951	83 528	(34 577)	-41%	250 585
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>1 648 027</b>	<b>1 812 443</b>	<b>-</b>	<b>125 882</b>	<b>487 917</b>	<b>604 148</b>	<b>(116 231)</b>	<b>-19%</b>	<b>1 812 443</b>

### 3. Capital expenditure per department – October 2018

<b>Capital Expenditure - Functional Classification</b>										
<b>Governance and administration</b>		1 462	630	–	145	184	210	(26)	-12%	630
Executive and council		597	–	–	–	–	–	–		–
Finance and administration		865	630	–	145	184	210	(26)	-12%	630
Internal audit		–	–	–	–	–	–	–		–
<b>Community and public safety</b>		15 595	24 516	–	903	3 025	8 172	(5 147)	-63%	24 516
Community and social services		1 395	3 370	–	–	67	1 123	(1 056)	-94%	3 370
Sport and recreation		9 371	8 500	–	–	–	2 833	(2 833)	-100%	8 500
Public safety		4 483	12 646	–	903	2 958	4 215	(1 258)	-30%	12 646
Housing		346	–	–	–	–	–	–		–
Health		–	–	–	–	–	–	–		–
<b>Economic and environmental services</b>		33 806	31 093	–	3 847	7 139	10 364	(3 225)	-31%	31 093
Planning and development		6 018	15 593	–	3 390	6 682	5 198	1 484	29%	15 593
Road transport		27 036	15 500	–	457	457	5 167	(4 709)	-91%	15 500
Environmental protection		753	–	–	–	–	–	–		–
<b>Trading services</b>		103 145	76 208	–	12 024	18 474	25 403	(6 929)	-27%	76 208
Energy sources		4 332	24 917	–	1 170	4 527	8 306	(3 779)	-45%	24 917
Water management		39 120	45 386	–	8 329	8 863	15 129	(6 265)	-41%	45 386
Waste water management		58 282	5 905	–	2 525	5 083	1 968	3 115	158%	5 905
Waste management		1 411	–	–	–	–	–	–		–
<b>Other</b>		4 668	–	–	–	–	–	–		–
<b>Total Capital Expenditure - Functional Classification</b>	3	158 676	132 447	–	16 919	28 822	44 149	(15 327)	-35%	132 447
<b>Funded by:</b>										
National Government		–	120 547	–	3 744	15 647	40 182	(24 535)	-61%	120 547
Provincial Government		–	–	–	–	–	–	–		–
District Municipality		–	–	–	–	–	–	–		–
Other transfers and grants		97 923	–	–	13 174	13 174	–	13 174	#DIV/0!	–
<b>Transfers recognised - capital</b>		97 923	120 547	–	16 919	28 822	40 182	(11 361)	-28%	120 547
<b>Public contributions &amp; donations</b>	5	–	–	–	–	–	–	–		–
<b>Borrowing</b>	6	–	–	–	–	–	–	–		–
<b>Internally generated funds</b>		–	11 900	–	–	–	3 967	(3 967)	-100%	11 900
<b>Total Capital Funding</b>		97 923	132 447	–	16 919	28 822	44 149	(15 327)	-35%	132 447

#### 4. STATEMENT OF FINANCIAL POSITION

Description	Ref	2017/18	Budget Year 2018/19			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
<b>R thousands</b>	1					
<b>ASSETS</b>						
<b>Current assets</b>						
Cash		246 646	20 000	–	649 036	20 000
Call investment deposits		–	149 000	–	227	149 000
Consumer debtors		304 360	182 450	–	706 833	182 450
Other debtors		138 143	152 287	–	151 334	152 287
Current portion of long-term receivables		6 866	–	–	61	–
Inventory		141 756	270 849	–	140 537	270 849
<b>Total current assets</b>		<b>837 771</b>	<b>774 586</b>	<b>–</b>	<b>1 648 029</b>	<b>774 586</b>
<b>Non current assets</b>						
Long-term receivables		5 434	5 706	–	61	5 706
Investments		47 893	47 000	–	46	47 000
Investment property		53 690	58 442	–	–	58 442
Investments in Associate		–	–	–	80 211	–
Property, plant and equipment		3 928 342	4 325 276	–	–	4 325 276
Agricultural		–	–	–	–	–
Biological		–	–	–	–	–
Intangible		9 314	10 055	–	–	10 055
Other non-current assets		61 764	62 511	–	–	62 511
<b>Total non current assets</b>		<b>4 106 437</b>	<b>4 508 989</b>	<b>–</b>	<b>80 318</b>	<b>4 508 989</b>
<b>TOTAL ASSETS</b>		<b>4 944 209</b>	<b>5 283 575</b>	<b>–</b>	<b>1 728 347</b>	<b>5 283 575</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Bank overdraft		–	–	–	–	–
Borrowing		16 443	–	–	105 115	–
Consumer deposits		21 939	18 876	–	(161)	18 876
Trade and other payables		331 844	192 200	–	99 618	192 200
Provisions		2 024	13 780	–	–	13 780
<b>Total current liabilities</b>		<b>372 250</b>	<b>224 856</b>	<b>–</b>	<b>204 572</b>	<b>224 856</b>
<b>Non current liabilities</b>						
Borrowing		–	–	–	105 115	–
Provisions		225 285	194 660	–	201 504	194 660
<b>Total non current liabilities</b>		<b>225 285</b>	<b>194 660</b>	<b>–</b>	<b>306 619</b>	<b>194 660</b>
<b>TOTAL LIABILITIES</b>		<b>597 535</b>	<b>419 516</b>	<b>–</b>	<b>511 191</b>	<b>419 516</b>
<b>NET ASSETS</b>	2	<b>4 346 674</b>	<b>4 864 059</b>	<b>–</b>	<b>1 217 156</b>	<b>4 864 059</b>
<b>COMMUNITY WEALTH/EQUITY</b>						
Accumulated Surplus/(Deficit)		4 346 674	–	–	(561 302)	–
Reserves		–	–	–	–	–
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	<b>4 346 674</b>	<b>–</b>	<b>–</b>	<b>(561 302)</b>	<b>–</b>

## 5. CASH FLOW STATEMENT

Description	Ref	2017/18	Budget Year 2018/19							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>	1									
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Property rates		167 227	151 613	-	11 117	43 474	50 538	(7 064)	-14%	151 613
Service charges		925 944	799 475	-	66 822	289 671	266 492	23 179	9%	799 475
Other revenue		12 282	61 558	-	4 484	7 894	20 519	(12 625)	-62%	61 558
Government - operating		345 657	241 917	-	-	97 843	80 639	17 204	21%	241 917
Government - capital		-	120 647	-	-	35 420	40 216	(4 796)	-12%	120 647
Interest		54 002	40 967	-	4 369	14 966	13 656	1 310	10%	40 967
Dividends		4	-	-	-	-	-	-		-
<b>Payments</b>										
Suppliers and employees		(1 269 134)	(1 413 586)	-	(44 333)	(346 337)	(471 195)	(124 858)	26%	(1 413 586)
Finance charges		(4 803)	-	-	-	-	-	-		-
Transfers and Grants		(3 293)	(8 315)	-	(17 293)	(17 293)	-	17 293	#DIV/0!	(8 315)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>227 885</b>	<b>(5 725)</b>	<b>-</b>	<b>25 166</b>	<b>125 637</b>	<b>863</b>	<b>(124 774)</b>	<b>-14451%</b>	<b>(5 725)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Proceeds on disposal of PPE		-	-	-	-	-	-	-		-
Decrease (increase) in non-current debtors		-	560	-	-	(24 005)	187	(24 192)	-12960%	560
Decrease (increase) other non-current receivables		-	33 600	-	-	-	11 200	(11 200)	-100%	33 600
Decrease (increase) in non-current investments		-	-	-	-	-	-	-		-
<b>Payments</b>										
Capital assets		(178 327)	(132 447)	-	(16 919)	(28 822)	(44 149)	(15 327)	35%	(132 447)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(178 327)</b>	<b>(98 287)</b>	<b>-</b>	<b>(16 919)</b>	<b>(52 827)</b>	<b>(32 762)</b>	<b>20 064</b>	<b>-61%</b>	<b>(98 287)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Short term loans		-	-	-	-	-	-	-		-
Borrowing long term/refinancing		-	-	-	-	-	-	-		-
Increase (decrease) in consumer deposits		1 619	-	-	-	-	-	-		-
<b>Payments</b>										
Repayment of borrowing		-	-	-	-	-	-	-		-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>1 619</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>51 177</b>	<b>(104 011)</b>	<b>-</b>	<b>8 247</b>	<b>72 811</b>	<b>(31 899)</b>			<b>(104 011)</b>
Cash/cash equivalents at beginning:		195 470	169 000	-		246 646	169 000			246 646
Cash/cash equivalents at month/year end:		246 646	64 989	-		319 457	137 101			142 635

## 6. DEBTORS AGE ANALYSIS

Description	NT Code	Budget Year 2018/19										Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total	Total over 90 days		
<b>R thousands</b>													
<b>Debtors Age Analysis By Income Source</b>													
Trade and Other Receivables from Exchange Transactions - Water	1200	9 230	8 752	3 417	2 451	1 914	1 151	1 092	51 816	79 823	58 424		
Trade and Other Receivables from Exchange Transactions - Electricity	1300	84 261	29 043	14 497	4 110	2 612	3 132	2 928	47 832	188 415	60 615		
Receivables from Non-exchange Transactions - Property Rates	1400	13 485	5 999	4 353	3 330	2 141	2 117	1 621	39 736	72 783	48 946		
Receivables from Exchange Transactions - Waste Water Management	1500	5 721	5 556	1 708	1 447	1 198	1 178	906	29 340	47 054	34 069		
Receivables from Exchange Transactions - Waste Management	1600	4 452	2 283	1 378	1 147	1 013	928	858	22 138	34 198	26 084		
Receivables from Exchange Transactions - Property Rental Debtors	1700	57	19	6	3	4	2	2	63	154	73		
Interest on Arrear Debtor Accounts	1810	4 109	3 067	2 945	2 817	2 763	2 711	2 569	36 303	57 284	47 164		
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-		
Other	1900	36 286	6 947	3 658	1 452	2 070	1 079	939	38 129	90 560	43 668		
<b>Total By Income Source</b>	<b>2000</b>	<b>157 601</b>	<b>61 667</b>	<b>31 961</b>	<b>16 758</b>	<b>13 715</b>	<b>12 298</b>	<b>10 913</b>	<b>265 358</b>	<b>570 270</b>	<b>319 042</b>	-	-
<b>2017/18 - totals only</b>										-	-		
<b>Debtors Age Analysis By Customer Group</b>													
Organs of State	2200	29 757	31 920	6 290	2 637	1 001	788	654	18 164	91 211	23 244		
Commercial	2300	26 819	2 856	2 250	1 441	1 493	2 138	1 007	27 383	65 388	33 462		
Households	2400	101 025	26 891	23 421	12 680	11 221	9 372	9 252	219 811	413 671	262 335		
Other	2500	(0)	(0)	0	(0)	0	0	(0)	0	0	0		
<b>Total By Customer Group</b>	<b>2600</b>	<b>157 601</b>	<b>61 667</b>	<b>31 961</b>	<b>16 758</b>	<b>13 715</b>	<b>12 298</b>	<b>10 913</b>	<b>265 358</b>	<b>570 270</b>	<b>319 042</b>	-	-

**6.1 Comparison of amounts outstanding on Government accounts for the last three months (at date of levying) – (Ageing analysis is attached as 2.3 Annexure)**

<b>Department</b>	<b>Balance August 2018</b>	<b>Balance September 2018</b>	<b>Balance October 2018</b>
Department of Transport	1 465 769	1 357 131	984 963
Public Works Provincial	3 840 024	4 049 233	4 573 833
National Housing Board	109 335	117 285	126 135
Department of Agriculture	1 391 817	1 349 220	2 123 300
Department of Education & Schools	13 350 779	13 582 819	14 664 671
North West University	20 125 748	10 317 363	27 101 881
Telecommunication and Postage	646 041	333 441	486 889
Department of Health	4 833 780	5 086 675	5 391 634
Public Works National	9 201 699	18 953 641	27380 132
Rural Development and Land Reform	6 504 211	6 712 915	6 929 749
Department of Water Affairs	987 641	715 673	820 905
RSA	1 194 414	1 201 582	309 728
Provincial Social Development	172 555	227 084	304 730
SANRAL	12 262	12 503	12 745
<b>TOTAL(Nett)</b>	<b>63 835 972</b>	<b>64 016 453</b>	<b>91 211 295</b>



## 7. CREDITORS

Description R thousands	NT Code	Budget Year 2018/19								Total	Prior year totals for chart (same period)
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year		
<b>Creditors Age Analysis By Customer Type</b>											
Bulk Electricity	0100	51 663	12	0					-	51 675	
Bulk Water	0200		12	12					-	24	
PAYE deductions	0300									-	
VAT (output less input)	0400									-	
Pensions / Retirement deductions	0500									-	
Loan repayments	0600									-	
Trade Creditors	0700									-	
Auditor General	0800									-	
Other	0900	2 492	2 133	969	215				-	5 808	
<b>Total By Customer Type</b>	<b>1000</b>	<b>54 154</b>	<b>2 157</b>	<b>981</b>	<b>215</b>	-	-	-	-	<b>57 507</b>	-

**8. LEGAL REQUIREMENT**

In terms of Section 71 of the Municipal Finance Management Act, Act 56 of 2003, the Financial Report for the month ended 31 October 2018 is submitted to Council which reflects the implementation of the Budget and the Financial Position of the Municipality.

**9. APPLICABLE DELEGATED POWER**

**9.1 Municipal Manager delegated power 48:**

“To submit a statement, not later than ten(10) working days after the end of each month in the prescribed format, to the Executive Mayor and Provincial Treasury after consultation with the Chief Financial Officer, with regard to the state of Council’s budget.”

**10. RECOMMENDATION**

- 10.1 That cognizance be taken of the financial report for the month ending 31 Oct 2018.
- 10.2 That the report be submitted in both an electronic and hard copy format to the National and Provincial Treasury.
- 10.3 That the report for the month ending 31 October 2018 be placed on the municipal website.
- 10.4 That the report also be submitted to the Chairperson of the Municipal Public Accounts Committee (MPAC).

**T MOEKETSANE**  
**ACTING CHIEF FINANCIAL OFFICER**  
2018.11.14

**MM JANSEN**  
**ACTING MUNICIPAL MANAGER**

## **PART 1 – IN-YEAR REPORT**

### **1. External loan repayments and interest.**

Council has no outstanding loans as from December 2014.

### **2. Asset Management**

No report on asset management is included in the Financial Statements.

#### **2.1 Progress made by municipality**

- **Asset verification**

A service provider has been appointed to perform the moveable asset verification and is currently busy with the process which will result in updated inventory lists.

- **Maintenance of minor, major and immovable asset register**

It is the responsibility of the departmental heads to ensure the componentization of the infrastructure assets according to GRAP 17 is timeously provided to update the asset register and thereby ensure compliance.

- **Capturing of discrepancies**

There are currently no discrepancies.

- **Inventory lists**

The contractor who has been appointed for the asset verification will also update the inventory lists.

- **Reconciliations**

Reconciliations are done as an ongoing process.

- **Implementation of GRAP and mSCOA**

GRAP and mSCOA has been fully implemented at the Tlokwe Region.

- **Disposals**

No assets were disposed of for this current financial year. An auction will be scheduled in the coming months in order to dispose of redundant assets.

- **Loss of personal inventory**

Incidents where cases of loss of personal inventory occur must be reported upon which an investigation will be undertaken. The upgrading of the access control will be addressed in the capital budget.

### **3.2 Challenges and interventions**

The componentization of the immovable assets is a challenge and it is a complicated process to make use of third parties who do not necessarily stay up to date with Council's practices and policies.

**QUALITY CERTIFICATE**

2017/2018

I, **MM JANSEN**, Acting Municipal Manager of **JB MARKS LOCAL MUNICIPALITY**, hereby certify that the monthly budget statement report and supporting documentation for the month **October** has been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act.

\_\_\_\_\_  
**MM JANSEN**

\_\_\_\_\_  
**DATE**