

**JB MARKS LOCAL MUNICIPALITY SECTION 71(1) FINANCIAL REPORT FOR THE MONTH  
ENDING 31 July 2018 (TM/FP) (FPV10.25.01) (RMS 24691)**

**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 July 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. Operational expenditure budget per GFS categories
3. Capital expenditure per department
4. Statement Of Financial Position
5. Cash flow Statement
6. Debtors Age Analysis
7. Creditors

## 1. Operational budget per revenue source – July 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	–	15 323	15 323	14 522	801	6%	174 268
Service charges - electricity revenue		739 878	704 219	–	75 581	75 581	58 685	16 896	29%	704 219
Service charges - w ater revenue		121 196	108 027	–	10 258	10 258	9 002	1 256	14%	108 027
Service charges - sanitation revenue		72 501	66 560	–	6 501	6 501	5 547	954	17%	66 560
Service charges - refuse revenue		65 969	61 753	–	5 770	5 770	5 146	624	12%	61 753
Service charges - other		–	–	–	25	25	–	25	#DIV/0!	–
Rental of facilities and equipment		3 596	3 642	–	167	167	304	(137)	-45%	3 642
Interest earned - external investments		21 599	18 177	–	2 857	2 857	1 515	1 343	89%	18 177
Interest earned - outstanding debtors		32 938	22 790	–	–	–	1 899	(1 899)	-100%	22 790
Dividends received		–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		76 961	85 455	–	56	56	7 121	(7 066)	-99%	85 455
Licences and permits		11 876	14 074	–	–	–	1 173	(1 173)	-100%	14 074
Agency services		–	–	–	–	–	–	–	–	–
Transfers and subsidies		346 689	241 906	–	9	9	20 159	(20 149)	-100%	241 906
Other revenue		35 513	11 341	–	281	281	945	(665)	-70%	11 341
Gains on disposal of PPE		–	560	–	–	–	47	(47)	-100%	560
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>1 695 943</b>	<b>1 512 772</b>	<b>–</b>	<b>116 828</b>	<b>116 828</b>	<b>126 064</b>	<b>(9 236)</b>	<b>-7%</b>	<b>1 512 772</b>

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

<b>Expenditure By Type</b>									
Employee related costs	404 559	439 668	-	40	40	36 639	(36 599)	-100%	439 668
Remuneration of councillors	21 127	32 551	-	-	-	2 713	(2 713)	-100%	32 551
Debt impairment	92 686	95 931	-	-	-	7 994	(7 994)	-100%	95 931
Depreciation & asset impairment	229 030	238 132	-	-	-	198 443	(198 443)	-100%	238 132
Finance charges	4 803	-	-	-	-	-	-	-	-
Bulk purchases	483 994	579 953	-	-	-	48 329	(48 329)	-100%	579 953
Other materials	81 981	9 842	-	-	-	820	(820)	-100%	9 842
Contracted services	96 111	91 541	-	4 622	4 622	7 628	(3 006)	-39%	91 541
Transfers and subsidies	-	74 241	-	3 814	3 814	6 187	(2 373)	-38%	74 241
Other expenditure	233 736	250 585	-	5 996	5 996	20 882	(14 886)	-71%	250 585
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>	<b>1 648 027</b>	<b>1 812 443</b>	<b>-</b>	<b>14 473</b>	<b>14 473</b>	<b>329 636</b>	<b>(315 163)</b>	<b>-96%</b>	<b>1 812 443</b>

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

<b>Capital Expenditure - Functional Classification</b>										
<b>Governance and administration</b>		1 462	630	–	11	11	53	(42)	-79%	630
Executive and council		597	–				–	–		
Finance and administration		865	630		11	11	53	(42)	-79%	630
Internal audit		–	–				–	–		
<b>Community and public safety</b>		15 595	24 516	–	–	–	2 043	(2 043)	-100%	24 516
Community and social services		1 395	3 370				281	(281)	-100%	3 370
Sport and recreation		9 371	8 500				708	(708)	-100%	8 500
Public safety		4 483	12 646				1 054	(1 054)	-100%	12 646
Housing		346	–				–	–		–
Health		–	–				–	–		–
<b>Economic and environmental services</b>		33 806	31 093	–	–	–	2 591	(2 591)	-100%	31 093
Planning and development		6 018	15 593				1 299	(1 299)	-100%	15 593
Road transport		27 036	15 500				1 292	(1 292)	-100%	15 500
Environmental protection		753	–				–	–		–
<b>Trading services</b>		103 145	76 208	–	2 759	2 759	6 351	(3 592)	-57%	76 208
Energy sources		4 332	24 917				2 076	(2 076)	-100%	24 917
Water management		39 120	45 386		200	200	3 782	(3 582)	-95%	45 386
Waste water management		58 282	5 905		2 559	2 559	492	2 066	420%	5 905
Waste management		1 411	–				–	–		–
Other		4 668	–				–	–		–
<b>Total Capital Expenditure - Functional Classification</b>	3	158 676	132 447	–	2 770	2 770	11 037	(8 267)	-75%	132 447
<b>Funded by:</b>										
National Government		–	120 547				29 075	(29 075)	-100%	120 547
Provincial Government		–	–				–	–		–
District Municipality		–	–				–	–		–
Other transfers and grants		97 923	–				–	–		–
Transfers recognised - capital		97 923	120 547	–	–	–	29 075	(29 075)	-100%	120 547
Public contributions & donations	5	–	–				–	–		–
Borrowing	6	–	–				–	–		–
Internally generated funds		–	11 900				3 737	(3 737)	-100%	11 900
<b>Total Capital Funding</b>		97 923	132 447	–	–	–	32 812	(32 812)	-100%	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		114 909	20 000
Call investment deposits		–	149 000		227	149 000
Consumer debtors		304 360	182 450		400 297	182 450
Other debtors		138 143	152 287		133 959	152 287
Current portion of long-term receivables		6 866	–		54	–
Inventory		141 756	270 849		265 105	270 849
<b>Total current assets</b>		<b>837 771</b>	<b>774 586</b>	<b>–</b>	<b>914 551</b>	<b>774 586</b>
<b>Non current assets</b>						
Long-term receivables		5 434	5 706		54	5 706
Investments		47 893	47 000		46	47 000
Investment property		53 690	58 442		–	58 442
Investments in Associate		–	–		–	–
Property, plant and equipment		3 928 342	4 325 276		163 065	4 325 276
Agricultural		–	–		–	–
Biological		–	–		–	–
Intangible		9 314	10 055		508	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>163 673</b>	<b>4 508 989</b>
<b>TOTAL ASSETS</b>		<b>4 944 209</b>	<b>5 283 575</b>	<b>–</b>	<b>1 078 224</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		(601)	18 876
Trade and other payables		331 844	192 200		(11 841)	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>(117 557)</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>(424 176)</b>	<b>419 516</b>
<b>NET ASSETS</b>	2	<b>4 346 674</b>	<b>4 864 059</b>	<b>–</b>	<b>1 502 400</b>	<b>4 864 059</b>
<b>COMMUNITY WEALTH/EQUITY</b>						
Accumulated Surplus/(Deficit)		4 346 674	–	–	–	–
Reserves		–	–	–	–	–
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	<b>4 346 674</b>	<b>–</b>	<b>–</b>	<b>–</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	–	9 684	9 684	12 991	(3 306)	-25%	155 887
Service charges		925 944	799 475	–	62 978	62 978	65 631	(2 653)	-4%	787 574
Other revenue		12 282	61 558	–	281	281	4 986	(4 706)	-94%	59 836
Government - operating		345 657	241 917	–	97 356	97 356	18 907	78 449	415%	226 889
Government - capital		–	120 647	–	35 420	35 420	9 750	25 670	263%	117 000
Interest		54 002	40 967	–	2 857	2 857	1 590	1 267	80%	19 080
Dividends		4	–	–	–	–	–	–	–	–
<b>Payments</b>										
Suppliers and employees		(1 269 134)	(1 413 586)	–	(104 766)	(104 766)	(117 022)	(12 256)	10%	(1 404 262)
Finance charges		(4 803)	–	–	–	–	–	–	–	–
Transfers and Grants		(3 293)	(8 315)	–	–	–	–	–	–	–
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>227 885</b>	<b>(5 725)</b>	<b>–</b>	<b>103 810</b>	<b>103 810</b>	<b>(3 166)</b>	<b>(106 976)</b>	<b>3379%</b>	<b>(37 995)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Proceeds on disposal of PPE		–	–	–	–	–	–	–	–	–
Decrease (increase) in non-current debtors		–	560	–	–	–	2 000	(2 000)	-100%	24 000
Decrease (increase) other non-current receivables		–	33 600	–	–	–	14 833	(14 833)	-100%	178 000
Decrease (increase) in non-current investments		–	–	–	–	–	–	–	–	–
<b>Payments</b>										
Capital assets		(178 327)	(132 447)	–	(2 770)	(2 770)	(20 125)	(17 355)	86%	(241 498)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(178 327)</b>	<b>(98 287)</b>	<b>–</b>	<b>(2 770)</b>	<b>(2 770)</b>	<b>(3 291)</b>	<b>(522)</b>	<b>16%</b>	<b>(39 498)</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>–</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>51 177</b>	<b>(104 011)</b>	<b>–</b>	<b>101 040</b>	<b>101 040</b>	<b>(6 458)</b>			<b>(77 493)</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	–	–	347 687	162 542	–	–	169 153

## 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	9 023	4 505	1 919	1 307	1 161	1 118	1 313	50 079	70 426	54 979		
Trade and Other Receivables from Exchange Transactions - Electricity	1300	57 474	15 780	6 023	3 826	3 002	2 095	3 921	43 756	135 878	56 600		
Receivables from Non-exchange Transactions - Property Rates	1400	13 063	4 383	2 916	2 043	1 653	1 613	1 499	38 373	65 543	45 180		
Receivables from Exchange Transactions - Waste Water Management	1500	5 061	2 690	1 775	1 167	1 034	956	917	28 276	41 876	32 350		
Receivables from Exchange Transactions - Waste Management	1600	4 388	2 213	1 277	1 060	971	917	873	20 886	32 584	24 706		
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	-	-	-	-		
Interest on Arrear Debtor Accounts	1810	2 920	2 971	2 919	2 745	2 665	2 688	2 498	30 354	49 760	40 950		
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-		
Other	1900	(8 929)	4 813	1 953	1 204	1 011	888	1 119	37 395	39 453	41 616		
<b>Total By Income Source</b>	<b>2000</b>	<b>83 000</b>	<b>37 355</b>	<b>18 784</b>	<b>13 351</b>	<b>11 497</b>	<b>10 274</b>	<b>12 139</b>	<b>249 120</b>	<b>435 520</b>	<b>296 381</b>	-	-
<b>2017/18 - totals only</b>										-	-		
<b>Debtors Age Analysis By Customer Group</b>													
Organs of State	2200	23 452	7 007	2 015	926	720	712	613	15 644	51 089	18 615		
Commercial	2300	23 350	5 681	3 746	1 313	1 039	969	938	26 323	63 358	30 582		
Households	2400	35 780	24 685	13 024	11 112	9 738	8 593	10 589	207 157	320 678	247 189		
Other	2500	417	(17)	(0)	(0)	(0)	(0)	(0)	(4)	396	(4)		
<b>Total By Customer Group</b>	<b>2600</b>	<b>83 000</b>	<b>37 355</b>	<b>18 784</b>	<b>13 351</b>	<b>11 497</b>	<b>10 274</b>	<b>12 139</b>	<b>249 120</b>	<b>435 520</b>	<b>296 381</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 May 2018</b>	<b>Balance June 2018</b>	<b>Balance July 2018</b>
Department of Transport	1 122 731	1 110 739	1 319 237
Public Works Provincial	3 178 521	1 079 727	3 585 787
National Housing Board	99 514	89 563	99 719
Department of Agriculture	643 938	544 330	903 531
Department of Education & Schools	10 643 975	10 611 220	8 996 086
North West University	6 023 366	6 732 327	10 269 431
Telecommunication and Postage	427 066	448 494	373 125
Department of Health	4 236 955	2 616 339	3 479 810
Public Works National	10 018 234	7 662 687	9 998 423
Rural Development and Land Reform	5 971 991	6 070 863	6 286 039
Department of Water Affairs	540 853	477 991	806 539
RSA	1 472 735	1 180 073	1 187 245
Provincial Social Development	106 596	45 867	3 766 864
SANRAL	29 024	3 157 737	16 867
<b>TOTAL(Nett)</b>	<b>44 515 499</b>	<b>40 777 508</b>	<b>51 088 552</b>



## 7. CREDITORS

Description	NT Code	Budget Year 2018/19									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	Total		
<b>R thousands</b>												
<b>Creditors Age Analysis By Customer Type</b>												
Bulk Electricity	0100	74 170	4 918						4 710	83 798		
Bulk Water	0200								11 379	11 379		
PAYE deductions	0300									-		
VAT (output less input)	0400									-		
Pensions / Retirement deductions	0500									-		
Loan repayments	0600									-		
Trade Creditors	0700									-		
Auditor General	0800								35	35		
Other	0900	262							13 360	13 622		
<b>Total By Customer Type</b>	<b>1000</b>	<b>74 432</b>	<b>4 918</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>29 484</b>	<b>108 834</b>	<b>-</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 July 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 July 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 July 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**

**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**

2018/2019

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 July has been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act.

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

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