

**JB MARKS LOCAL MUNICIPALITY SECTION 71(1) FINANCIAL REPORT FOR THE MONTH  
ENDING 31 August 2018 (TM/FP) (FPV10.25.02) (RMS 24692)**

**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 August 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 – August 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	–	15 017	30 341	29 045	1 296	4%	174 268
Service charges - electricity revenue		739 878	704 219	–	132 761	208 342	117 370	90 972	78%	704 219
Service charges - w ater revenue		121 196	108 027	–	11 459	21 717	18 004	3 713	21%	108 027
Service charges - sanitation revenue		72 501	66 560	–	6 481	12 981	11 093	1 888	17%	66 560
Service charges - refuse revenue		65 969	61 753	–	5 802	11 572	10 292	1 280	12%	61 753
Service charges - other		–	–	–	78	104	–	104	#DIV/0!	–
Rental of facilities and equipment		3 596	3 642	–	361	528	607	(79)	-13%	3 642
Interest earned - external investments		21 599	18 177	–	2 851	5 708	3 029	2 678	88%	18 177
Interest earned - outstanding debtors		32 938	22 790	–	–	–	3 798	(3 798)	-100%	22 790
Dividends received		–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		76 961	85 455	–	356	411	14 242	(13 831)	-97%	85 455
Licences and permits		11 876	14 074	–	124	124	2 346	(2 222)	-95%	14 074
Agency services		–	–	–	45	45	–	45	#DIV/0!	–
Transfers and subsidies		346 689	241 906	–	97 356	97 365	40 318	57 048	141%	241 906
Other revenue		35 513	11 341	–	1 156	1 435	1 890	(455)	-24%	11 341
Gains on disposal of PPE		–	560	–	–	–	93	(93)	-100%	560
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>1 695 943</b>	<b>1 512 772</b>	<b>–</b>	<b>273 846</b>	<b>390 673</b>	<b>252 129</b>	<b>138 544</b>	<b>55%</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	-	26	66	73 278	(73 212)	-100%	439 668
Remuneration of councillors	21 127	32 551	-	-	-	5 425	(5 425)	-100%	32 551
Debt impairment	92 686	95 931	-	-	-	15 988	(15 988)	-100%	95 931
Depreciation & asset impairment	229 030	238 132	-	-	-	39 689	(39 689)	-100%	238 132
Finance charges	4 803	-	-	-	-	-	-	-	-
Bulk purchases	483 994	579 953	-	60 966	60 966	96 659	(35 693)	-37%	579 953
Other materials	81 981	9 842	-	-	-	1 640	(1 640)	-100%	9 842
Contracted services	96 111	91 541	-	4 945	9 567	15 257	(5 689)	-37%	91 541
Transfers and subsidies	-	74 241	-	10 300	14 115	12 374	1 741	14%	74 241
Other expenditure	233 736	250 585	-	3 191	9 188	41 764	(32 577)	-78%	250 585
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>	<b>1 648 027</b>	<b>1 812 443</b>	<b>-</b>	<b>79 429</b>	<b>93 902</b>	<b>302 074</b>	<b>(208 172)</b>	<b>-69%</b>	<b>1 812 443</b>

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

Vote 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>Capital Expenditure - Functional Classification</b>										
<b>Governance and administration</b>		1 462	630	-	-	11	105	(94)	-90%	630
Executive and council		597	-	-	-	-	-	-	-	-
Finance and administration		865	630	-	-	11	105	(94)	-90%	630
Internal audit		-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		15 595	24 516	-	677	677	4 086	(3 409)	-83%	24 516
Community and social services		1 395	3 370	-	67	67	562	(494)	-88%	3 370
Sport and recreation		9 371	8 500	-	-	-	1 417	(1 417)	-100%	8 500
Public safety		4 483	12 646	-	610	610	2 108	(1 498)	-71%	12 646
Housing		346	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		33 806	31 093	-	963	963	5 182	(4 219)	-81%	31 093
Planning and development		6 018	15 593	-	963	963	2 599	(1 636)	-63%	15 593
Road transport		27 036	15 500	-	-	-	2 583	(2 583)	-100%	15 500
Environmental protection		753	-	-	-	-	-	-	-	-
<b>Trading services</b>		103 145	76 208	-	(530)	2 229	12 701	(10 473)	-82%	76 208
Energy sources		4 332	24 917	-	(832)	(832)	4 153	(4 985)	-120%	24 917
Water management		39 120	45 386	-	302	502	7 564	(7 062)	-93%	45 386
Waste water management		58 282	5 905	-	-	2 559	984	1 574	160%	5 905
Waste management		1 411	-	-	-	-	-	-	-	-
<b>Other</b>		4 668	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Functional Classification</b>	3	158 676	132 447	-	1 110	3 880	22 074	(18 195)	-82%	132 447
<b>Funded by:</b>										
National Government		-	120 547	-	-	-	20 091	(20 091)	-100%	116 300
Provincial Government		-	-	-	-	-	-	-	-	1 200
District Municipality		-	-	-	-	-	-	-	-	-
Other transfers and grants		97 923	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>		97 923	120 547	-	-	-	20 091	(20 091)	-100%	117 500
<b>Public contributions &amp; donations</b>	5	-	-	-	-	-	-	-	-	-
<b>Borrowing</b>	6	-	-	-	-	-	-	-	-	-
<b>Internally generated funds</b>		-	11 900	-	-	-	1 983	(1 983)	-100%	123 998
<b>Total Capital Funding</b>		97 923	132 447	-	-	-	22 074	(22 074)	-100%	241 498

#### 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	155 887	–	11 446	21 131	25 981	(4 851)	-19%	155 887
Service charges		925 944	787 574	–	89 201	152 179	131 262	20 917	16%	787 574
Other revenue		12 282	59 836	–	1 680	2 182	9 973	(7 790)	-78%	59 836
Government - operating		345 657	226 889	–	487	97 843	37 815	60 028	159%	226 889
Government - capital		–	117 000	–	–	35 420	19 500	15 920	82%	117 000
Interest		54 002	19 080	–	2 851	5 708	31 799	(26 091)	-82%	19 080
Dividends		4	–	–	–	–	–	–		
<b>Payments</b>										
Suppliers and employees		(1 269 134)	(1 404 262)	–	(113 806)	(218 573)	(234 044)	(15 471)	7%	(1 404 262)
Finance charges		(4 803)	–	–	–	–	–	–		
Transfers and Grants		(3 293)	–	–	–	–	–	–		
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>227 885</b>	<b>(37 995)</b>	<b>–</b>	<b>(8 142)</b>	<b>95 890</b>	<b>22 287</b>	<b>(73 604)</b>	<b>-330%</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		–	24 000	–	(24 005)	(24 005)	4 000	(28 005)	-700%	24 000
Decrease (increase) other non-current receivables		–	178 000	–	–	–	29 667	(29 667)	-100%	178 000
Decrease (increase) in non-current investments		–	–	–	–	–	–	–		
<b>Payments</b>										
Capital assets		(178 327)	(241 498)	–	(1 110)	(3 880)	(40 250)	(36 370)	90%	(241 498)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(178 327)</b>	<b>(39 498)</b>	<b>–</b>	<b>(25 115)</b>	<b>(27 885)</b>	<b>(6 583)</b>	<b>21 302</b>	<b>-324%</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>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>51 177</b>	<b>(77 493)</b>	<b>–</b>	<b>(33 257)</b>	<b>68 006</b>	<b>15 704</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	91 507			314 652	184 704			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	10 098	5 164	2 475	1 311	1 203	1 095	1 075	50 669	73 090	55 353		
Trade and Other Receivables from Exchange Transactions - Electricity	1300	124 475	6 816	3 607	4 015	3 527	2 778	1 953	46 183	193 355	58 456		
Receivables from Non-exchange Transactions - Property Rates	1400	13 112	5 330	2 902	2 509	1 862	1 539	1 531	38 957	67 743	46 399		
Receivables from Exchange Transactions - Waste Water Management	1500	4 945	2 352	1 722	1 434	1 005	957	907	28 551	41 873	32 854		
Receivables from Exchange Transactions - Waste Management	1600	4 305	2 128	1 270	1 064	952	890	855	21 153	32 618	24 914		
Receivables from Exchange Transactions - Property Rental Debtors	1700	36	11	5	2	2	2	2	76	135	83		
Interest on Arrear Debtor Accounts	1810	2 983	2 938	2 898	2 843	2 682	2 619	2 644	32 501	52 108	43 289		
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-		
Other	1900	724	2 455	2 517	1 321	1 092	945	837	37 918	47 810	42 113		
<b>Total By Income Source</b>	<b>2000</b>	<b>160 677</b>	<b>27 196</b>	<b>17 397</b>	<b>14 498</b>	<b>12 325</b>	<b>10 826</b>	<b>9 804</b>	<b>256 008</b>	<b>508 731</b>	<b>303 461</b>	-	-
<b>2017/18 - totals only</b>										-	-		
<b>Debtors Age Analysis By Customer Group</b>													
Organs of State	2200	38 077	5 122	1 693	980	668	629	660	16 006	63 836	18 944		
Commercial	2300	25 713	2 332	1 860	2 494	1 148	932	895	26 690	62 066	32 160		
Households	2400	96 899	19 742	13 844	11 024	10 509	9 264	8 249	213 311	382 842	252 356		
Other	2500	(13)	-	-	(0)	0	0	0	1	(12)	1		
<b>Total By Customer Group</b>	<b>2600</b>	<b>160 677</b>	<b>27 196</b>	<b>17 397</b>	<b>14 498</b>	<b>12 325</b>	<b>10 826</b>	<b>9 804</b>	<b>256 008</b>	<b>508 731</b>	<b>303 461</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 June 2018</b>	<b>Balance July 2018</b>	<b>Balance August 2018</b>
Department of Transport	1 110 739	1 319 237	1 465 769
Public Works Provincial	1 079 727	3 585 787	3 840 024
National Housing Board	89 563	99 719	109 335
Department of Agriculture	544 330	903 531	1 391 817
Department of Education & Schools	10 611 220	8 996 086	13 350 779
North West University	6 732 327	10 269 431	20 125 748
Telecommunication and Postage	448 494	373 125	646 041
Department of Health	2 616 339	3 479 810	4 833 780
Public Works National	7 662 687	9 998 423	9 201 699
Rural Development and Land Reform	6 070 863	6 286 039	6 504 211
Department of Water Affairs	477 991	806 539	987 641
RSA	1 180 073	1 187 245	1 194 414
Provincial Social Development	45 867	3 766 864	172 555
SANRAL	3 157 737	16 867	12 262
<b>TOTAL(Nett)</b>	<b>40 777 508</b>	<b>51 088 552</b>	<b>63 835 972</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	82 503	50 222						4 710	137 435		
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	351	22	0					12 384	12 756		
<b>Total By Customer Type</b>	<b>1000</b>	<b>82 854</b>	<b>50 243</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28 508</b>	<b>161 605</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 August 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 Aug 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 August 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**

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 **August 2018** has been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act.

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**T MOEKETSANE**

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

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

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