

**JB MARKS LOCAL MUNICIPALITY SECTION 71(1) FINANCIAL REPORT FOR THE MONTH
ENDING 30 SEPTEMBER 2018 (KM/FP) (FPV10.25.03) (RMS 24693)**

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 30 September 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 – September 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
R thousands										
Revenue By Source										
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
Total Revenue (excluding capital transfers and contributions)		1 695 943	1 512 772	–	66 019	456 692	378 193	78 499	21%	1 512 772

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

Expenditure By Type										
Employee related costs	404 559	439 668	-	38 868	103 230	109 917	(6 687)	-6%	439 668	
Remuneration of councillors	21 127	32 551	-	2 170	6 513	8 138	(1 625)	-20%	32 551	
Debt impairment	92 686	95 931	-	2 968	8 904	23 983	(15 079)	-63%	95 931	
Depreciation & asset impairment	229 030	238 132	-	-	-	59 533	(59 533)	-100%	238 132	
Finance charges	4 803	-	-	-	-	-	-	-	-	
Bulk purchases	483 994	579 953	-	58 586	180 854	144 988	35 865	25%	579 953	
Other materials	81 981	9 842	-	-	-	2 461	(2 461)	-100%	9 842	
Contracted services	96 111	91 541	-	5 711	15 278	22 885	(7 607)	-33%	91 541	
Transfers and subsidies	-	74 241	-	(2 892)	11 222	18 560	(7 338)	-40%	74 241	
Other expenditure	233 736	250 585	-	26 172	35 360	62 646	(27 287)	-44%	250 585	
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-	
Total Expenditure	1 648 027	1 812 443	-	131 582	361 361	453 111	(91 750)	-20%	1 812 443	

3. Capital expenditure per department – September 2018

Total Capital Expenditure		158 676	132 447	–	8 023	11 903	33 112	(21 209)	-64%	132 447
Capital Expenditure - Functional Classification										
Governance and administration		1 462	630	–	29	39	158	(118)	-75%	630
Executive and council		597	–	–	–	–	–	–	–	–
Finance and administration		865	630	–	29	39	158	(118)	-75%	630
Internal audit		–	–	–	–	–	–	–	–	–
Community and public safety		15 595	24 516	–	1 445	2 122	6 129	(4 007)	-65%	24 516
Community and social services		1 395	3 370	–	–	67	843	(775)	-92%	3 370
Sport and recreation		9 371	8 500	–	–	–	2 125	(2 125)	-100%	8 500
Public safety		4 483	12 646	–	1 445	2 055	3 162	(1 107)	-35%	12 646
Housing		346	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		33 806	31 093	–	2 329	3 292	7 773	(4 481)	-58%	31 093
Planning and development		6 018	15 593	–	2 329	3 292	3 898	(606)	-16%	15 593
Road transport		27 036	15 500	–	–	–	3 875	(3 875)	-100%	15 500
Environmental protection		753	–	–	–	–	–	–	–	–
Trading services		103 145	76 208	–	4 221	6 450	19 052	(12 602)	-66%	76 208
Energy sources		4 332	24 917	–	4 189	3 357	6 229	(2 872)	-46%	24 917
Water management		39 120	45 386	–	32	534	11 347	(10 812)	-95%	45 386
Waste water management		58 282	5 905	–	–	2 559	1 476	1 082	73%	5 905
Waste management		1 411	–	–	–	–	–	–	–	–
Other		4 668	–	–	–	–	–	–	–	–
Total Capital Expenditure - Functional Classification	3	158 676	132 447	–	8 023	11 903	33 112	(21 209)	-64%	132 447
Funded by:										
National Government		–	120 547	–	–	11 903	29 075	(17 172)	-59%	120 547
Provincial Government		–	–	–	–	–	–	–	–	–
District Municipality		–	–	–	–	–	–	–	–	–
Other transfers and grants		97 923	–	–	–	–	–	–	–	–
Transfers recognised - capital		97 923	120 547	–	–	11 903	29 075	(17 172)	-59%	120 547
Public contributions & donations	5	–	–	–	–	–	–	–	–	–
Borrowing	6	–	–	–	–	–	–	–	–	–
Internally generated funds		–	11 900	–	–	–	4 037	(4 037)	-100%	11 900
Total Capital Funding		97 923	132 447	–	–	11 903	33 112	(21 209)	-64%	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
R thousands	1					
ASSETS						
Current assets						
Cash		246 646	20 000	–	399 597	20 000
Call investment deposits		–	149 000	–	227	149 000
Consumer debtors		304 360	182 450	–	626 473	182 450
Other debtors		138 143	152 287	–	156 354	152 287
Current portion of long-term receivables		6 866	–	–	58	–
Inventory		141 756	270 849	–	140 537	270 849
Total current assets		837 771	774 586	–	1 323 247	774 586
Non current assets						
Long-term receivables		5 434	5 706	–	58	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	–	63 293	4 325 276
Agricultural		–	–	–	–	–
Biological		–	–	–	–	–
Intangible		9 314	10 055	–	–	10 055
Other non-current assets		61 764	62 511	–	–	62 511
Total non current assets		4 106 437	4 508 989	–	63 397	4 508 989
TOTAL ASSETS		4 944 209	5 283 575	–	1 386 644	5 283 575
LIABILITIES						
Current liabilities						
Bank overdraft		–	–	–	–	–
Borrowing		16 443	–	–	(105 115)	–
Consumer deposits		21 939	18 876	–	71	18 876
Trade and other payables		331 844	192 200	–	(95 099)	192 200
Provisions		2 024	13 780	–	–	13 780
Total current liabilities		372 250	224 856	–	(200 144)	224 856
Non current liabilities						
Borrowing		–	–	–	(105 115)	–
Provisions		225 285	194 660	–	(201 504)	194 660
Total non current liabilities		225 285	194 660	–	(306 619)	194 660
TOTAL LIABILITIES		597 535	419 516	–	(506 763)	419 516
NET ASSETS	2	4 346 674	4 864 059	–	1 893 407	4 864 059
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		4 346 674	–	–	(537 545)	–
Reserves		–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2	4 346 674	–	–	(537 545)	–

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
R thousands	1									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		167 227	151 613	-	11 226	32 357	38 972	(6 615)	-17%	151 613
Service charges		925 944	799 475	-	70 670	222 849	196 894	25 956	13%	799 475
Other revenue		12 282	61 558	-	1 228	3 410	14 959	(11 549)	-77%	61 558
Government - operating		345 657	241 917	-	-	97 843	56 722	41 121	72%	241 917
Government - capital		-	120 647	-	-	35 420	29 250	6 170	21%	120 647
Interest		54 002	40 967	-	4 888	10 596	4 770	5 826	122%	40 967
Dividends		4	-	-	-	-	-	-		-
Payments										
Suppliers and employees		(1 269 134)	(1 413 586)	-	(127 764)	(346 337)	(351 065)	(4 728)	1%	(1 413 586)
Finance charges		(4 803)	-	-	-	-	-	-		-
Transfers and Grants		(3 293)	(8 315)	-	-	-	-	-		(8 315)
NET CASH FROM/(USED) OPERATING ACTIVITIES		227 885	(5 725)	-	(39 752)	56 139	(9 499)	(65 637)	691%	(5 725)
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		-	-	-	-	-	-	-		-
Decrease (increase) in non-current debtors		-	560	-	-	(24 005)	6 000	(30 005)	-500%	560
Decrease (increase) other non-current receivables		-	33 600	-	-	-	44 500	(44 500)	-100%	33 600
Decrease (increase) in non-current investments		-	-	-	-	-	-	-		-
Payments										
Capital assets		(178 327)	(132 447)	-	(8 023)	(11 903)	(60 374)	(48 472)	80%	(132 447)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(178 327)	(98 287)	-	(8 023)	(35 908)	(9 874)	26 033	-264%	(98 287)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		-	-	-	-	-	-	-		-
Borrowing long term/refinancing		-	-	-	-	-	-	-		-
Increase (decrease) in consumer deposits		1 619	-	-	-	-	-	-		-
Payments										
Repayment of borrowing		-	-	-	-	-	-	-		-
NET CASH FROM/(USED) FINANCING ACTIVITIES		1 619	-	-	-	-	-	-		-
NET INCREASE/ (DECREASE) IN CASH HELD		51 177	(104 011)	-	(47 775)	20 231	(19 373)			(104 011)
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	-	-	266 877	149 627			142 635

6. DEBTORS AGE ANALYSIS

Description	NT Code	Budget Year 2018/19										Total over 90 days	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				
R thousands														
Debtors Age Analysis By Income Source														
Trade and Other Receivables from Exchange Transactions - Water	1200	13 258	4 766	2 674	2 068	1 211	1 129	1 069	51 408	77 582	56 884			
Trade and Other Receivables from Exchange Transactions - Electricity	1300	61 568	17 989	4 804	2 831	3 438	3 041	2 417	46 519	142 608	58 247			
Receivables from Non-exchange Transactions - Property Rates	1400	12 886	5 835	3 906	2 462	2 280	1 732	1 464	39 573	70 138	47 511			
Receivables from Exchange Transactions - Waste Water Management	1500	7 894	2 401	1 621	1 360	1 252	950	924	29 112	45 514	33 598			
Receivables from Exchange Transactions - Waste Management	1600	4 320	2 175	1 344	1 092	982	896	854	21 694	33 357	25 518			
Receivables from Exchange Transactions - Property Rental Debtors	1700	36	13	5	4	2	2	2	76	139	85			
Interest on Arrear Debtor Accounts	1810	2 993	3 015	2 871	2 850	2 761	2 611	2 566	34 801	54 468	45 589			
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-			
Other	1900	(7 131)	4 494	1 645	2 238	1 158	988	877	38 341	42 609	43 602			
Total By Income Source	2000	95 825	40 687	18 870	14 904	13 085	11 349	10 173	261 524	466 416	311 035	-	-	
2017/18 - totals only										-	-			
Debtors Age Analysis By Customer Group														
Organs of State	2200	32 925	8 370	2 896	1 247	788	633	617	16 540	64 016	19 825			
Commercial	2300	24 189	3 230	1 669	1 656	2 304	1 049	875	27 130	62 102	33 014			
Households	2400	38 710	29 087	14 304	12 001	9 993	9 678	8 669	217 854	340 297	258 195			
Other	2500	(0)	0	(0)	(0)	0	(11)	11	0	0	0			
Total By Customer Group	2600	95 825	40 687	18 870	14 904	13 085	11 349	10 173	261 524	466 416	311 035	-	-	

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)

Department	Balance July 2018	Balance August 2018	Balance September 2018
Department of Transport	1 319 237	1 465 769	1 357 131
Public Works Provincial	3 585 787	3 840 024	4 049 233
National Housing Board	99 719	109 335	117 285
Department of Agriculture	903 531	1 391 817	1 349 220
Department of Education & Schools	8 996 086	13 350 779	13 582 819
North West University	10 269 431	20 125 748	10 317 363
Telecommunication and Postage	373 125	646 041	333 441
Department of Health	3 479 810	4 833 780	5 086 675
Public Works National	9 998 423	9 201 699	18 953 641
Rural Development and Land Reform	6 286 039	6 504 211	6 712 915
Department of Water Affairs	806 539	987 641	715 673
RSA	1 187 245	1 194 414	1 201 582
Provincial Social Development	3 766 864	172 555	227 084
SANRAL	16 867	12 262	12 503
TOTAL(Nett)	51 088 552	63 835 972	64 016 453

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		
R thousands												
Creditors Age Analysis By Customer Type												
Bulk Electricity	0100	47 520	4 660	6 306					4 833	63 318		
Bulk Water	0200		12						11 379	11 391		
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	998	1 830	1 023	-				12 853	16 704		
Total By Customer Type	1000	48 518	6 502	7 329	-	-	-	-	29 100	91 449	-	

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 September 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 Sept 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 September 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
2018.10.17

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

MM JANSEN

DATE