



**DRAKENSTEIN**

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# Monthly Budget Monitoring Report (Section 71 of MFMA)

**Period ending: 31 October 2017**

## To the Municipal Council

I hereby wish to submit a report to the Municipal Council on the implementation of the budget and the financial state of affairs of the Municipality as at the end October 2017.

Further to the above, Section 54(1) of the MFMA determines that the Executive Mayor must consider the Section 71 report submitted by the Accounting Officer to him and check whether the Municipality's approved budget is implemented in accordance with the approved Service Delivery Budget Implementation Plan (SDBIP) and if necessary issue appropriate instructions to the Accounting Officer.



**CONRAD POOLE**  
**EXECUTIVE MAYOR**  
14 November 2017

## To the Executive Mayor

In accordance with Section 71(1) of the Municipal Finance Management Act (MFMA), I submit the required statement on the state of Drakenstein Municipality's budget reflecting the particulars up until the end of October 2017.

Section 54(1) of the MFMA requires from the mayor of a municipality to take certain actions if needed on the receipt of this report to ensure that the approved budget is implemented in accordance with the projections contained in the Service Delivery and Budget Implementation Plan (SDBIP).



**DR JH LEIBBRANDT**  
**CITY MANAGER**

14 November 2017

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## 1. Introduction

Section 71(1) of the Municipal Finance Management Act (MFMA) requires from the Municipal Manager, as Accounting Officer of the Municipality, to submit a report in a prescribed format to the Executive Mayor within 10 working days after the end of each month on the state of the municipality's budget reflecting the following particulars for that month and for the financial year up to the end of that month:-

- (a) Actual revenue per revenue source;
- (b) Actual expenditure per vote;
- (c) Actual capital expenditure per vote;
- (d) Any allocations received;
- (e) Actual expenditure on allocations received;
- (f) Actual borrowings; and
- (g) Any other budget information as may be required by National and Provincial Treasury for monitoring purposes.

This report is a summary of the main budget issues arising from the monitoring process. It compares the process of the budget to the projections contained in the Service Delivery and Budget Implementation Plan (SDBIP). Section 54 of the MFMA requires from the Executive Mayor to consider the Section 71 report and to take appropriate action, if needed, to ensure that the approved budget is implemented in accordance with the approved SDBIP.

The main budget monitoring issues will now be discussed through paragraphs 2 to 11 of this report and will include appropriate recommendations as set out in paragraph 12 of the report.

## 2. Actual operating revenue per revenue source

The actual operating revenue per revenue source is set out in Table 1 below. From Table 1 it is clear that our actual operating revenue raised and/or collected (R 976,418,608) compares favourably with the pro rata budgeted figure (R 969,824,837) – a positive variance of R 6,593,771 or 0.68% at month end.

### 2.1 Negative variances of 5% or more and/or above a monetary value of R 2,000,000 (grants excluded) are –

- Free Basic Services: (R 25,736,650 or 57.66%) – availability charges not yet performed, will be done in the next financial month;
- Transfers and Subsidies: Operational (R 26,522,906 or 96.10%) – under spending on the housing projects, which is resulting in less revenue to be recognised as specified for the conditional grant;
- Operational Revenue; (482,918 or 6.95%) – revenue (i.e. Planning fees income) is less than pro-rata budget based on historical trends;
- Service Charges: Property Rates (R 4,316,151 or 1.25%) – revenue is levied annually and therefore can decrease or increase dependent on corrections based on appeals and subsequent implementation of a supplementary valuations;
- Service Charges: other (R 1,168 or 7.59%) – less than envisioned at this stage and based on historical trends;
- Sale of Goods and Rendering of Services (R 103,516 or 98.20%) – revenue (i.e. Cleaning & Removal of trees irrigation & pesticides and Fire Services) less than anticipated due to decrease in demand for services as listed;
- Contra Account: Water Foregone (R 5,103,691 or 70.83%) - pro-rata budget based on historical trends and therefore may differ one month to another; and
- Contra Account: Property Rates (R 8,018,982 or 7.75%) - pro-rata budget based on historical trends and therefore may differ one month to another.

**2.2 Positive variances of 5% or more and/or above a monetary value of R 2,000,000 are –**

- Interest, dividends and rent on land (R 1,908,455 or 16.56%) – revenue more than envisaged;
- Rental from fixed assets (R 1,611,425 or 18.72%) - pro-rata budget based on historical trends and therefore may differ one month to another.
- Service Charges: Cleansing (R 7,609,533 or 6.83%) – revenue is more than the projected budget, calculated from prior financial period actuals;
- Service Charges: Electricity (R 13,612,575 or 3.83%) – revenue is levied annually and therefore can decrease in order to align with the budget trends;
- Service Charges: Sanitation (R 4,589,912 or 4.53%) – revenue is levied annually and therefore can decrease in order to align with the budget trends;
- Service Charges: Water (R 21,594,206 or 34.55%) – although less water is being consumed it is billed at higher tariffs as a result of the drought currently experienced in the Drakenstein Municipal area.

***Recommendation***

***(1) That it be noted that the variance between the actual operating revenue (R 976,418,608) and the pro rata budgeted operating revenue (R 969,824,837) has a positive variance of R 6,593,771 or 0.68%.***

**TABLE 1: ACTUAL REVENUE PER REVENUE SOURCE FOR OCTOBER 2017**

SERIAL NUMBER	REVENUE SOURCES	ANNUAL		MONTHLY		YEAR-TO-DATE				PROJECTED REVENUE FOR THE REST OF THE YEAR
		APPROVED BUDGET	ADJUSTED BUDGET	BUDGET	ACTUAL REVENUE	PRO RATA BUDGET	ACTUAL REVENUE	POSITIVE / (NEGATIVE) VARIANCES	POSITIVE / (NEGATIVE) VARIANCES %	
1	Fines	59,309,968	59,309,968	0	15,881	0	61,000	61,000	0.00%	59,248,968
2	Free Basic Services	120,821,000	120,821,000	9,523,469	5,067,323	44,633,246	18,896,596	(25,736,650)	-57.66%	101,924,404
3	Gains and Losses	250,000	250,000	0	0	0	0	0	0.00%	250,000
4	Interest Dividend and Rent on land	36,190,639	36,190,639	2,880,955	3,871,952	11,523,821	13,432,275	1,908,455	16.56%	22,758,364
5	Licences and Permits	16,971,823	16,971,823	1,414,319	1,658,399	5,657,274	5,560,205	(97,069)	-1.72%	11,411,618
6	Ner: Transfers and Subsidies : Operational	98,441,034	98,441,034	6,900,003	1,077,185	27,600,011	1,077,105	(26,522,906)	-96.10%	97,363,929
7	Operational Revenue	23,152,265	23,152,265	2,083,704	1,493,483	6,945,680	6,462,761	(482,918)	-6.95%	16,689,504
8	Rental from Fixed Assets	27,767,923	27,767,923	2,221,434	2,536,906	8,608,056	10,219,481	1,611,425	18.72%	17,548,442
9	Service Charges : Cleansing	120,940,260	120,940,260	109,149	1,206,147	111,488,884	119,098,417	7,609,533	6.83%	1,841,843
10	Service Charges : Electricity	1,041,773,629	1,041,773,629	94,808,210	84,755,586	355,297,286	368,909,860	13,612,575	3.83%	672,863,769
11	Service Charges : Property Rates	352,262,061	352,262,061	(302,664)	(276,214)	344,539,767	340,223,616	(4,316,151)	-1.25%	12,038,445
12	Service Charges : Sanitation	108,066,192	108,066,192	500,379	1,934,734	101,346,345	105,936,257	4,589,912	4.53%	2,129,935
13	Service Charges : Water	228,193,650	228,193,650	14,829,570	22,107,295	62,508,949	84,103,154	21,594,206	34.55%	144,090,496
14	Service Charges : Other	46,173	46,173	3,848	3,556	15,391	14,223	(1,168)	-7.59%	31,950
15	Sale Of Goods And Rendering Of Services	351,385	351,385	31,625	900	105,416	1,900	(103,516)	-98.20%	349,485
<b>16</b>	<b>Subtotal A : Operating Revenue</b>	<b>2,234,538,002</b>	<b>2,234,538,002</b>	<b>135,004,000</b>	<b>125,453,132</b>	<b>1,080,270,125</b>	<b>1,073,996,852</b>	<b>(6,273,273)</b>	<b>-0.58%</b>	<b>1,160,541,150</b>
17	Contra Account : Water Foregone	(21,615,830)	(21,615,830)	(1,801,319)	(457,733)	(7,205,277)	(2,101,585)	5,103,691	-70.83%	(19,514,245)
18	Contra Account : Property Rates	(105,815,325)	(105,815,325)	90,917	(705,452)	(103,495,640)	(95,476,658)	8,018,982	-7.75%	(10,338,667)
<b>19</b>	<b>Subtotal B : Operating Revenue Foregone</b>	<b>(127,431,155)</b>	<b>(127,431,155)</b>	<b>(1,710,403)</b>	<b>(1,163,185)</b>	<b>(110,700,917)</b>	<b>(97,578,244)</b>	<b>13,122,673</b>	<b>-11.85%</b>	<b>(29,852,911)</b>
<b>20</b>	<b>Total Operating Revenue</b>	<b>2,107,106,847</b>	<b>2,107,106,847</b>	<b>133,293,597</b>	<b>124,289,947</b>	<b>969,569,208</b>	<b>976,418,608</b>	<b>6,849,400</b>	<b>0.71%</b>	<b>1,130,688,239</b>
21	Ner : Transfers and Subsidies : Capital	94,756,000	95,693,305	85,210	0	255,629	0	(255,629)	-100.00%	95,693,305
<b>22</b>	<b>Total Operating Revenue (Capital Grants Included)</b>	<b>2,201,862,847</b>	<b>2,202,800,152</b>	<b>133,378,807</b>	<b>124,289,947</b>	<b>969,824,837</b>	<b>976,418,608</b>	<b>6,593,771</b>	<b>0.68%</b>	<b>1,226,381,544</b>

Actual Revenue to date **976,418,608**

Projected Revenue for 2017/2018 **2,202,800,152**



### 3. Actual operating expenditure per vote

The actual operating expenditure per vote is set out in Table 2 below. Total actual operating expenditure of R 545,965,091 compares favourably with the pro rata budgeted expenditure of R 618,020,534 – a variance of R 72,055,443 or 11.66%.

**TABLE 2: ACTUAL OPERATIONAL EXPENDITURE PER VOTE FOR OCTOBER 2017**

SERIAL NUMBER	VOTE	ANNUAL		MONTHLY		YEAR-TO-DATE				PROJECTED EXPENDITURE FOR THE YEAR	
		APPROVED BUDGET	ADJUSTED BUDGET	BUDGET	ACTUAL EXPENDITURE	PRO RATA BUDGET	ACTUALS EXPENDITURE	POSITIVE / (NEGATIVE) VARIANCES	POSITIVE / (NEGATIVE) VARIANCES %		
1	City Manager	1,472,152	1,472,152	48,114	207,061	(295,725)	795,267	(1,090,992)	368.92%	676,884.90	
2	Department of Internal Audit	3,601,344	3,601,344	268,875	620,577	1,075,141	2,180,176	(1,105,035)	-102.78%	1,421,168.44	
3	Department of Risk And Fraud	2,072,263	2,072,263	169,467	163,662	677,749	635,532	42,217	6.23%	1,436,731.16	
4	Department of Communication	1,242,152	1,242,152	100,168	0	400,673	192,920	207,754	51.85%	1,049,232.20	
5	Department of IDP/PMS	1,426,234	1,426,234	97,326	772,153	388,951	1,961,264	(1,572,313)	-404.24%	(535,030.04)	
6	Corporate Services	107,191,997	107,191,997	5,261,357	9,679,191	25,550,570	39,297,543	(13,746,973)	-53.80%	67,894,454	
7	Community Services	572,357,339	572,357,339	17,406,819	16,597,444	68,309,402	64,322,806	3,986,596	5.84%	508,034,533	
8	Financial Services	72,759,720	72,759,720	5,297,037	7,508,290	22,813,026	28,376,161	(5,563,134)	-24.39%	44,383,559	
9	Planning and Development	44,429,023	44,429,023	15,111,277	10,130,663	59,038,004	36,542,529	22,495,476	38.10%	7,886,494	
10	Engineering Services	1,376,141,150	1,376,141,150	106,630,058	94,077,426	440,062,743	371,660,895	68,401,848	15.54%	1,004,480,255	
<b>11</b>	<b>Totals</b>	<b>2,182,693,374</b>	<b>2,182,693,374</b>	<b>150,390,498</b>	<b>139,756,466</b>	<b>618,020,534</b>	<b>545,965,091</b>	<b>72,055,443</b>	<b>11.66%</b>	<b>1,636,728,283</b>	
										<b>Actual Expenditure to date</b>	<b>545,965,091</b>
										<b>Projected Expenditure for 2017/2018</b>	<b>2,182,693,374</b>

#### Recommendation

**(2) That it be noted that the variance between the actual operating expenditure (R 545,965,091) and the pro rata budgeted operating expenditure (R 618,020,534) has a positive variance of R 72,055,443 or 11.66%.**

#### 4. Actual operating expenditure per category

The actual operating expenditure per category is set out in Table 3 below. From Table 3 it is clear that our actual operating expenditure incurred (R 545,965,091) do compare favourably with the pro rata budgeted figures (R 618,020,534) – a positive variance of R 72,055,441 or 11.66% at month end.

**TABLE 3: ACTUAL OPERATIONAL EXPENDITURE PER EXPENDITURE CATEGORY FOR OCTOBER 2017**

SERIAL NUMBER	EXPENDITURE CATEGORY	ANNUAL		MONTHLY		YEAR-TO-DATE				PROJECTED EXPENDITURE FOR THE YEAR
		APPROVED BUDGET	ADJUSTED BUDGET	BUDGET	ACTUAL EXPENDITURE	PRO RATA BUDGET	ACTUALS EXPENDITURE	POSITIVE / (NEGATIVE) VARIANCES	POSITIVE / (NEGATIVE) VARIANCES %	
1	Employee Related Cost	539,266,748	539,266,748	42,055,408	43,594,825	154,848,388	156,979,274	(2,130,886)	-1.38%	382,287,474
2	Councillor Related Costs	29,091,494	29,091,494	2,279,508	2,218,739	9,118,034	8,868,634	249,400	2.74%	20,222,860
3	Provision for Bad Debts	28,762,971	28,762,971	2,396,914	2,396,914	9,587,657	9,587,657	(0)	0.00%	19,175,314
4	Depreciation and Amortisation	188,506,431	188,506,431	0	(29,441)	0	0	0	0.00%	188,506,431
6	Impairment Losses	49,375,323	49,375,323	0	0	0	0	0	0.00%	49,375,323
7	Interest Paid	119,635,859	119,635,859	9,969,655	9,952,528	39,878,619	39,810,114	68,506	0.17%	79,825,745
8	Bulk Purchases Water	43,168,974	43,168,974	338,876	299,344	3,177,517	854,643	2,322,873	73.10%	42,314,331
9	Bulk Purchases: Electricity	631,669,439	631,669,439	48,414,178	43,737,260	212,341,941	194,663,578	17,678,363	8.33%	437,005,861
10	Contra Accounts: Revenue Cost of Free Basic Services	93,134,840	93,134,840	7,761,237	6,095,148	31,044,947	22,108,478	8,936,469	28.79%	71,026,362
11	Contracted Services	155,086,672	155,086,672	12,503,346	10,568,946	50,089,349	32,251,607	17,837,742	35.61%	122,835,065
12	Operational : Monetary	739,925	739,925	61,660	0	246,642	0	246,642	100.00%	739,925
13	Inventory	47,831,034	47,831,034	3,376,905	3,921,689	15,345,910	9,729,302	5,616,608	36.60%	38,101,732
14	Operating Leases	15,476,691	15,476,691	1,388,709	1,147,290	5,490,017	4,036,878	1,453,139	26.47%	11,439,813
15	Operational Cost	102,203,691	102,203,691	8,671,245	9,573,394	42,160,087	35,708,513	6,451,574	15.30%	66,495,178
16	OC: Municipal Services	53,181,576	53,181,576	4,431,798	4,955,235	17,727,190	26,797,749	(9,070,559)	-51.17%	26,383,827
17	Transfers and Subsidies: Operational	81,561,706	81,561,706	6,741,059	1,324,595	26,964,235	4,568,665	22,395,570	83.06%	76,993,041
18	Loss On Sale of Assets	4,000,000	4,000,000	0	0	0	0	0	0.00%	4,000,000
<b>19</b>	<b>TOTALS</b>	<b>2,182,693,374</b>	<b>2,182,693,374</b>	<b>150,390,498</b>	<b>139,756,466</b>	<b>618,020,534</b>	<b>545,965,091</b>	<b>72,055,441</b>	<b>11.66%</b>	<b>1,636,728,283</b>

Actual Expenditure to date **545,965,091**  
 Projected Expenditure for 2017/2018 **2,182,693,374**

**4.1 Positive variances of 5% or more and/or above a monetary value of R 2,000,000 are –**

- Bulk Purchases Water (R 2,322,873 or 73.10%) – the amount of water purchased is less than the actual trend from historical information and the municipality receives free water units before the payment is required;
- Bulk Purchases Electricity (R 17,678,363 or 8.33%) - the amount of electricity purchased is less than the actual trend from historical information;
- Contra Accounts: Revenue Cost of Free Basic Services (R 8,936,469 or 28.79%) – underspending envisioned at this stage;
- Contracted services (R 17,837,742 or 35.61%) – contracted services (research and development, resealing of streets and maintenance on unspecified assets and equipment) are underspend for the month;
- Operational Monetary (R 246,642 or 100.00%) – budgeted donations still to be expensed to approved beneficiaries;
- Inventory (R 5,616,608 or 36.60%) – inventory expenditure (i.e. petrol and diesel; housing inventory, tyres; chemicals, etc.) underspend for the month;
- Operating Leases (R 1,453,139 or 26.47%) – leasing of machinery and equipment expenditure was less than anticipated;
- Operational Cost (R 6,451,574 or 15.30%) – underspending envisioned at this stage; and
- Transfers and subsidies: operational (R 22,395,570 or 83.06%) – year end recognition of expenditure still needs to be journalised.

**4.2 Negative variances of 5% or more and/or above a monetary value of R 2,000,000 are –**

- Employee related costs (2,130,886 or 1.38%) – due to TASK implementation and the back pay thereof; and
- Municipal Services (R 9,070,559 or 51.17%) - the expenditure was more than anticipated.

## 5 Actual capital expenditure per vote and funding source

The actual capital expenditure per vote is set out in Table 4 below. The actual capital expenditure of R 134,061,134 compares unfavourably with the pro rata budgeted capital expenditure of R 157,563,955 as per the cash flow projections of the SDBIP with a variance or under spending of R 23,502,821 or 14.92%. In the case of capital expenditure one wants to spend all capital expenditure to improve service delivery and the quality of life of the local community or customers.

Actual and recorded committed capital expenditure (R 516,590,063) represents 63.37% of the total capital budget of R 815,135,300 after four months of the financial year.

**TABLE 4: ACTUAL CAPITAL EXPENDITURE PER VOTE FOR OCTOBER 2017**

SERIAL NUMBER	VOTE	ANNUAL		MONTHLY		YEAR-TO-DATE					PROJECTED EXPENDITURE FOR THE YEAR	
		APPROVED BUDGET	ADJUSTED BUDGET	BUDGET	ACTUAL EXPENDITURE	PRO RATA BUDGET	COMMITMENTS	ACTUALS YEAR TO DATE	COMMITMENTS + ACTUALS	POSITIVE / (NEGATIVE) VARIANCES ON ACTUALS		POSITIVE / (NEGATIVE) VARIANCES % ON ACTUALS
1	City Manager	10,218,379	6,483,054	1,066	6,000	7,066	0	6,000	6,000	(1,066)	-15.09%	6,477,054
2	Department of Internal Audit	0	12,000	12,000	0	12,000	0	0	0	(12,000)	0.00%	12,000
3	Department of Risk And Fraud	0	29,324	1,804	0	1,804	0	0	0	(1,804)	0.00%	29,324
4	Department of Communication	0	0	0	0	0	0	0	0	0	0.00%	0
5	Department of IDP/PMS	0	0	0	0	0	0	0	0	0	0.00%	0
6	Corporate Services	13,420,000	20,585,889	1,114,412	531,824	3,710,923	965,575	1,511,950	2,477,525	(2,198,973)	-59.26%	19,073,939
7	Community Services	34,424,004	51,890,125	3,206,190	723,686	10,110,797	13,611,796	6,438,121	20,049,917	(3,672,676)	-36.32%	45,452,004
8	Financial Services	1,500,000	2,123,322	300,000	497,768	300,000	837,297	617,017	1,454,314	317,017	0.00%	1,506,305
9	Planning and Development	26,727,812	19,647,920	852,329	4,056,907	1,466,220	122,350	4,078,581	4,200,932	2,612,361	178.17%	15,569,339
10	Engineering Services	546,851,348	714,363,666	52,511,092	61,430,341	141,955,144	366,991,911	121,409,465	488,401,376	(20,545,679)	-14.47%	592,954,201
11	<b>TOTALS</b>	<b>633,141,543</b>	<b>815,135,300</b>	<b>57,998,893</b>	<b>67,246,527</b>	<b>157,563,955</b>	<b>382,528,929</b>	<b>134,061,134</b>	<b>516,590,063</b>	<b>(23,502,821)</b>	<b>-14.92%</b>	<b>681,074,166</b>

% of Approved Budget = 46.93%      16.45%      63.37%      Actual Expenditure to date      134,061,134

Actual Capex as a % of Pro Rata Budget = 85.08%      Projected Expenditure for 2017/2018      815,135,300

The actual capital expenditure per funding source is set out in Table 5 below.

**TABLE 5: ACTUAL CAPITAL EXPENDITURE PER FUNDING SOURCE FOR OCTOBER 2017**

SERIAL NUMBER	FUNDING SOURCES	ANNUAL		MONTHLY		YEAR-TO-DATE					PROJECTED EXPENDITURE FOR THE YEAR	
		APPROVED BUDGET	ADJUSTED BUDGET	BUDGET	ACTUAL EXPENDITURE	PRO RATA BUDGET	COMMITMENTS	ACTUALS YEAR TO DATE	COMMITMENTS + ACTUALS	POSITIVE / (NEGATIVE) VARIANCES ON ACTUALS		POSITIVE / (NEGATIVE) VARIANCES % ON ACTUALS
1	CRR	40,000,000	69,081,782	7,110,396	4,989,701	19,240,857	20,730,893	12,330,430	33,061,323	(6,910,427)	-35.92%	56,751,352
2	GRANTS	84,347,367	85,284,672	10,050,260	6,491,281	36,340,260	26,832,487	42,430,722	69,263,208	6,090,462	16.76%	42,853,950
3	EXTERNAL LOANS	508,794,176	660,768,846	32,983,377	31,669,622	101,982,838	334,965,549	79,299,982	414,265,531	(22,682,856)	-22.24%	581,468,864
4	<b>TOTALS</b>	<b>633,141,543</b>	<b>815,135,300</b>	<b>50,144,034</b>	<b>43,150,604</b>	<b>157,563,955</b>	<b>382,528,929</b>	<b>134,061,134</b>	<b>516,590,063</b>	<b>(23,502,821)</b>	<b>-14.92%</b>	<b>681,074,166</b>

Actual Expenditure to date 134,061,134

Projected Expenditure for 2017/2018 815,135,300

**Recommendation**

**(3) That it be noted that the actual capital expenditure of R 134,061,134 and the pro rata budgeted capital expenditure of R 157,563,955 realised under spending of R 23,502,821 or 14.92%.**

**(4) That it be noted that the actual and committed capital expenditure of R 516,590,063 compared with the capital expenditure budget represent a spending percentage of 63.37% after four months of the financial year.**

## 6 Actual borrowings

The municipality's position on external loans is set out in Table 6 below. The municipality started the 2017/2018 financial year with borrowing debt of R 1,188,847,033 repayments (R 0) were made and additional loans (R 0) were taken up. Total borrowings outstanding as at 31 October 2017 is R 1,188,847,033. This borrowing debt represents 56.42% of our total operating budgeted revenue of R 2,107,106,847 for the 2017/2018 financial year. The conservative norm is 40% and some banks may be comfortable to borrow up to 50% of total operating revenue. However, the higher the percentage the higher the expected interest rates to be charged by borrowing institutions.

### ***Recommendation***

***(5) That it be noted that external borrowings amounted to R 1,188,847,355 as at 31 October 2017 and that it represents 56.42% of Drakenstein's total budgeted operating revenue of R 2,107,106,847 for the 2017/2018 financial year.***

**TABLE 6: ACTUAL BORROWINGS FOR OCTOBER 2017**

SERIAL NUMBER	EXTERNAL LOANS PROVIDERS	INTEREST RATES	TERM ENDING	OPENING BALANCE 01/10/2017	CAPITAL REDEEMED	NEW LOANS TAKEN UP	CLOSING BALANCE 31/10/2017
1	NEDBANK	12.65%	2018	16,049,361	0	0	16,049,361
2	NEDBANK	8.79%	2018	9,119,996	0	0	9,119,996
3	ABSA BANK	8.74%	2018	738,136	0	0	738,136
4	INCA	10.03%	2018	3,427,524	0	0	3,427,524
5	DBSA	11.47%	2019	14,703,321	0	0	14,703,321
6	DBSA	6.75%	2019	3,127,657	0	0	3,127,657
7	NEDBANK	8.63%	2019	9,200,101	0	0	9,200,101
8	ABSA BANK	9.15%	2019	7,815,651	0	0	7,815,651
9	STANDARD BANK	9.94%	2019	3,585,352	0	0	3,585,352
10	ABSA BANK	9.40%	2020	3,403,559	0	0	3,403,559
11	ABSA BANK	9.21%	2020	8,607,090	0	0	8,607,090
12	STANDARD BANK	10.40%	2020	20,037,019	0	0	20,037,019
13	STANDARD BANK	9.36%	2020	4,157,770	0	0	4,157,770
14	NEDBANK	10.64%	2021	38,608,022	0	0	38,608,022
15	STANDARD BANK	10.26%	2021	4,782,242	0	0	4,782,242
16	NEDBANK	9.14%	2022	75,509,843	0	0	75,509,843
17	STANDARD BANK	9.68%	2022	4,560,171	0	0	4,560,171
18	STANDARD BANK	10.08%	2023	41,323,441	0	0	41,323,441
19	DBSA	10.03%	2024	71,728,832	0	0	71,728,832
20	DBSA	10.82%	2025	263,221,588	0	0	263,221,588
21	NEDBANK	9.93%	2025	171,918,595	0	0	171,918,595
22	STANDARD BANK	10.12%	2027	413,221,763	0	0	413,221,763
<b>23</b>	<b>TOTALS</b>			<b>1,188,847,033</b>	<b>0</b>	<b>0</b>	<b>1,188,847,033</b>

## 7. Allocations received and actual expenditure on allocations received

The municipality's position with regard to grant allocations received and the actual expenditure on the grant allocations received are set out in Table 7 below. Unconditional grants (equitable share) and conditional grants (FMG; MSIG; housing grants; INEP, library grant, MIG, etcetera) to the value of R 56,944,959 were received to date. Operating grants expenditure to the amount of R 30,582,742 and capital grants expenditure to the amount of R 0 was spent and recorded as utilised at the end of October 2017. Taking the opening balance of R 50,601,256 as well as the aforementioned into consideration, the unspent conditional grants as at the end of October 2017 is R 76,963,473.

### *Recommendation*

*(6) That it be noted that unspent conditional and unconditional grants amounted to R 76,963,473 at the end of October 2017.*

**TABLE 7: CONDITIONAL GRANTS**

DESCRIPTION	OPENING BALANCE 1 OCTOBER 2017	OTHER INCOME	OPERATIONAL EXPENDITURE DURING THE YEAR	CAPITAL EXPENDITURE DURING THE YEAR	BALANCE AS ON 31 OCTOBER 2017
<b>CONDITIONAL GRANTS</b>					
<b>NATIONAL: EQUITABLE SHARE</b>					
TRUST FUND : INDIGENT POLICY FUNDS	0	(42,705,464)	27,130,508	0	(15,574,956)
<b>SUB - TOTAL</b>	<b>0</b>	<b>(42,705,464)</b>	<b>27,130,508</b>	<b>0</b>	<b>(15,574,956)</b>
<b>NATIONAL TREASURY</b>					
MUNICIPAL INFRASTRUCTURE GRANT (MIG)	0	(5,200,000)	0	0	(5,200,000)
MUNICIPAL FINANCE MANAGEMENT GRANT (FMG)	(5)	0	0	0	(5)
TRUST FUND:ELECTRICITY DEMAND SIDE GRANT	(318,155)	0	316,404	0	(1,751)
TRUST FUND :COMMUNITY DEV WORKER (CDW)	(473,931)	0	0	0	(473,931)
TRUST FUND : ELECTRIFICATION FUNDING	(1,011,231)	0	0	0	(1,011,231)
<b>SUB - TOTAL</b>	<b>(1,803,322)</b>	<b>(5,200,000)</b>	<b>316,404</b>	<b>0</b>	<b>(6,686,918)</b>



<b>PROVINCIAL TREASURY</b>					
TRUST FUND : HEALTH SUBSIDIES					
N-GOV: REGION BULK INFRA GRT SCHEDULE 6B	(17,700,000)	0	0	0	(17,700,000)
N-GOV: HUMAN SETTLEM CAPACITY GRT SCH 5B	(2,000)	0	0	0	(2,000)
PD WC - HOUSING: HUMAN SETTELMENT DEVEL	(90,000)	0	0	0	(90,000)
SILVERTOWN OPENING BALANCE	(60,000)	0	0	0	(60,000)
TRUST FUND : CARTERVILLE HOUSING PROJECT	(956,503)	0	0	0	(956,503)
TRUST FUND : 1068 HUISE WDR SKENKING	(738,659)	0	0	0	(738,659)
TRUST FUND: DROMMEDARIS	(429,143)	0	0	0	(429,143)
TRUST FUND : DROMMEDARIS STREET EHP	429,143	0	0	0	429,143
SCHEME 49 OPERATING EXPENDITURE	(130,183)	0	0	0	(130,183)
FMG WESTERN CAPE	(60,000)	0	0	0	(60,000)
P59 FAIRYLANDS OPERATING INCOME	(8,116,015)	0	0	0	(8,116,015)
P59 FAIRYLANDS OPERATING EXPENDITURE	129,312	0	0	0	129,312
NEW SIYAZAMA INCOME	(4,890,102)	0	0	0	(4,890,102)
NEW SIYAZAMA EXPENDITURE	4,890,102	0	0	0	4,890,102
ERF 2220	(802,653)	0	0	0	(802,653)
GOUDA INCOME	(971,063)	0	0	0	(971,063)
GOUDA EXPENDITURE	491	0	0	0	491
SIYASHLALA	0	(79,200)	0	0	(79,200)
DALJOSAPHAT TRANSFERS	(453,180)	0	0	0	(453,180)
TRUST FUND : KINGSTON INCOME	(10,982,731)	0	0	0	(10,982,731)
TRUST FUND : KINGSTON EXPENDITURE	10,982,731	0	0	0	10,982,731
TRUST FUND : AMSTELHOF PROJECT 35	(10,348)	0	0	0	(10,348)
TRUST FUND : LIBRARY GRANT (PROV)	(97,638)	(8,613,668)	0	0	(8,711,306)
TRUST FUND : SOCCERFIELD	(6,237)	0	0	0	(6,237)
T/F:INV LAND FOR PROV OF IND&RES PURPOSE	(13)	0	0	0	(13)
DEPARTMENT OF PUBLIC WORKS (TAXI RANK)	829	0	0	0	829
TRUST FUND : TRAINING LEVY	(1,961,867)	(260,806)	13,026	0	(2,209,647)
<b>SUB - TOTAL</b>	<b>(32,025,727)</b>	<b>(8,953,674)</b>	<b>13,026</b>	<b>0</b>	<b>(40,966,375)</b>
<b>GRANTS: OTHER INSTITUTIONS</b>					
TRUST FUND : ERF 2220:STROMWATER UPGRADE	(383,312)	0	0	0	(383,312)
WATER&SEWER MASTERPLANS	(300,000)	0	0	0	(300,000)
T/F:EMERGENCY KITS:O R THAMBO INF SETTLE	(1,191,615)	0	0	0	(1,191,615)
TRUST FUND : BULK SERVICES WATER & SEWER	(7,670,341)	0	0	0	(7,670,341)
TRUST FUND : BULK SERVICES ELECTRICAL	(4,810,822)		3,122,805		(1,688,017)
NUMARKT	(12,033)	0	0	0	(12,033)
<b>SUB - TOTAL</b>	<b>(14,368,123)</b>	<b>0</b>	<b>3,122,805</b>	<b>0</b>	<b>(11,245,318)</b>
<b>OTHER: CONDITIONAL GRANTS</b>					
COLIN D BROWN GUARANTEE PIPELINE BUILD	(1,300,000)	0	0	0	(1,300,000)
UNSPENT MONEY PRECT 59	(623,636)	0	0	0	(623,636)
TRUST FUND : MUN WEDUWEE & WESE PENSIOEN	(363,572)	0	0	0	(363,572)
T/FUND :GUARANTEE:D V RENSBURG(BURGERSDR	(38,488)	0	0	0	(38,488)
DONATIONS WATER WEEK	(78,388)	(85,822)		0	(164,209)
<b>SUB - TOTAL</b>	<b>(2,404,084)</b>	<b>(85,822)</b>	<b>0</b>	<b>0</b>	<b>(2,489,906)</b>
<b>TOTAL - CONDITIONAL GRANTS</b>	<b>(50,601,256)</b>	<b>(56,944,959)</b>	<b>30,582,742</b>	<b>0</b>	<b>(76,963,473)</b>

## 8. Employee related costs

Employee related costs for the month of the financial year is set out in Table 8 below. Actual employee related costs as a whole amounts to R 156,979,274 compared with the pro rata budgeted amount of R 154,848,388 – an overspending of R 2,130,886 or 1.38%.

### 8.1 Positive variances of 5% or more and/or above a monetary value of R 500,000 are –

- Salaries (R 1,872,125 or 1.74%) - expenditure is less than envisaged;
- Long Services Awards (R 2,304 or 41.97%) – provision journals not yet processed for Long Services expenses;
- Subsidy House Loans (R 1,275,192 or 43.75%) – expenditure is less than envisaged;
- Housing allowance (R 223,760 or 42.00%) – expenditure is less than envisaged;
- Workmen’s compensation fund (R 724,348 or 99.62%) – the expenditure is based on actual historical information and will be adjusted in the Adjustment Budget to align with the current year actuals; and

### 8.2 Negative variances of 5% or more and/or above a monetary value of R 500,000 are –

- Ex Gratia Allowances – Pensioners (2,282,690 or 0.00%) - due to TASK implementation adjustments;
- Overtime payments (R 1,131,567 or 12.01%) – due to TASK implementation adjustments;
- Travel Allowance (R 686,844 or 15.83%) – due to TASK implementation adjustments;
- Acting Allowance (R 94,754 or 21.46%) – due to TASK implementation adjustments.
- Standby Allowance (R 960,479 or 43.53%) – expenditure is more than envisaged;
- Cell allowance (R 58,109 or 15.87%) - expenditure is more than envisaged; and
- Pension Fund Contribution (R 1,092,142 or 6.93%) - due to TASK implementation adjustments.

### **Recommendation**

***(7) That it be noted that the actual employee related cost expenditure of R 156,979,274 compared with the pro rata budgeted expenditure of R 154,848,388 relates to a negative variance of R 2,130,886 or 1.38%.***

**TABLE 8 : EMPLOYEE RELATED COST AS AT 31 OCTOBER 2017**

SERIAL NUMBER	CATEGORY OF EXPENDITURE	ANNUAL		MONTHLY		YEAR-TO-DATE				PROJECTED EXPENDITURE FOR THE YEAR
		APPROVED BUDGET	ADJUSTED BUDGET	BUDGET	ACTUAL EXPENDITURE	PRO RATA BUDGET	ACTUALS EXPENDITURE	POSITIVE / (NEGATIVE) VARIANCES	POSITIVE / (NEGATIVE) VARIANCES %	
1	Salaries	349,004,925	348,988,925	30,175,087	29,580,695	107,588,224	105,716,099	1,872,125	1.74%	243,272,826
2	Bonusses	21,736,829	21,736,829	0	18,987	0	122,451	(122,451)	0.00%	21,614,378
3	Performance Bonusses	892,029	892,029	0	0	0	0	0	0.00%	892,029
4	Long Services Awards	6,246,510	6,246,510	1,373	797	5,491	3,186	2,304	41.97%	6,243,324
5	Ex Gratia Allowances - Pensioners	16,835,000	16,835,000	0	734,842	0	2,282,690	(2,282,690)	0.00%	14,552,310
6	Overtime Payments	30,879,699	30,879,699	2,415,525	3,140,269	9,422,979	10,554,546	(1,131,567)	-12.01%	20,325,153
7	Subsidy House Loans	8,743,940	8,743,940	728,661	407,492	2,914,644	1,639,453	1,275,192	43.75%	7,104,487
8	Travel Allowances	13,009,135	13,025,135	1,085,872	1,242,333	4,338,155	5,025,000	(686,844)	-15.83%	8,000,135
9	Housing Allowance	1,598,347	1,598,347	133,195	76,426	532,782	309,022	223,760	42.00%	1,289,325
10	Acting Allowance	1,324,502	1,324,502	110,375	62,502	441,500	536,254	(94,754)	-21.46%	788,248
11	Standby Allowance	6,619,536	6,619,536	551,628	813,823	2,206,511	3,166,990	(960,479)	-43.53%	3,452,546
12	Night Shift Allowance	3,957,704	3,957,704	318,813	322,609	1,258,586	1,281,150	(22,565)	-1.79%	2,676,554
13	Cell Allowance	1,098,719	1,098,719	91,560	132,512	366,238	424,347	(58,109)	-15.87%	674,372
14	Group Insurance	3,494,370	3,494,370	291,197	301,226	1,164,788	1,192,822	(28,034)	-2.41%	2,301,548
15	Medical Aid Fund Contr	19,026,487	19,026,487	1,585,540	1,526,499	6,342,160	6,093,185	248,975	3.93%	12,933,302
16	Pension Fund Contr	47,262,669	47,262,669	3,938,555	4,767,818	15,754,220	16,846,362	(1,092,142)	-6.93%	30,416,307
17	Workmens Compensation Fund	2,181,442	2,181,442	181,786	2,798	727,146	2,798	724,348	99.62%	2178644.3
18	Provident Fund Contr	2,416,645	2,416,645	201,387	215,556	805,548	837,936	(32,388)	-4.02%	1,578,709
19	Unemployment Insurance Fund Contr	2,938,260	2,938,260	244,854	247,643	979,417	944,981	34,435	3.52%	1,993,279
<b>20</b>	<b>TOTALS</b>	<b>539,266,748</b>	<b>539,266,748</b>	<b>42,055,408</b>	<b>43,594,825</b>	<b>154,848,388</b>	<b>156,979,274</b>	<b>(2,130,886)</b>	<b>-1.38%</b>	<b>382,287,474</b>

Actual Expenditure to date **156,979,274**

Projected Expenditure for 2017/2018 **539,266,748**

## **9. Debtors age analysis and payment rates**

### **9.1 Debtors age analysis per service**

The municipality's total outstanding debtors amounted to R 299,716,334 as at 31 October 2017 compared with the R 322,072,652 as at 31 September 2017. As reflected in Table 9 below, current debt represent 38.40% of the total outstanding debt compared with the 48.08% of September 2017; 30 days and older debt 12.37% compared with the 8.89% for September 2017; 60 days and older debt 6.22% compared with the 3.60% of September 2017; and 90 days and older debt 43.01% compared with the 39.42% of September 2017.

The debtors test ratio (before bad debt provision) shows a decrease of 3.3 days from 73.2 days in August 2017 to 69.9 days in September 2017 and a decrease of 4.8 days to 65.0 days in October 2017. The debtors test ratio (after bad debt provision) shows a decrease of 3.3 days from 52.5 days in August 2017 to 49.2 days in September 2017 and a decrease of 4.8 days to 44.4 days in October 2017. The acceptable norm is 45 days.

Current debt decreased with R 39,891,151 to R 114,879,922 compared with the R 154,771,073 as at 30 September 2017; 30 days + debt increased with R 8,435,148; 60 days + increased with R 7,029,474 and 90 days and older debt as at 31 October 2017 has increased with R 1,943,694 to R 128,913,525 compared with the R 126,969,831 as at 30 September 2017.

**TABLE 9 : DEBTORS AGE ANALYSIS PER SERVICE AS AT 31 OCTOBER 2017**

SERIAL NUMBER	SERVICE	CURRENT 1 (Levied but not billed as yet)	CURRENT 2 (Levied and billed)	30 Days +	60 Days +	90 Days +	TOTAL OUTSTANDING DEBTORS	PERCENTAGE OF TOTAL OUTSTANDING DEBTORS
1	Rates	8,525	14,352,274	10,842,622	1,180,869	14,457,584	40,841,874	13.63%
2	Water	37,451	25,773,805	12,262,115	9,697,555	33,813,431	81,584,357	27.22%
3	Electricity	47,371	58,775,739	7,110,135	3,149,731	18,560,954	87,643,930	29.24%
4	Sewerage	30,196	5,801,096	2,452,105	1,049,791	16,338,594	25,671,782	8.57%
5	Refuse	10,451	6,421,842	3,107,560	1,725,275	27,989,024	39,254,152	13.10%
6	Housing	-	587,170	453,847	374,933	7,655,733	9,071,682	3.03%
7	Others	76,293	3,167,996	844,168	1,461,893	10,098,207	15,648,557	5.22%
<b>8</b>	<b>TOTAL</b>	<b>210,288</b>	<b>114,879,922</b>	<b>37,072,551</b>	<b>18,640,047</b>	<b>128,913,525</b>	<b>299,716,334</b>	<b>100.00%</b>
	<b>2017/10 % =</b>	<b>38.40%</b>		<b>12.37%</b>	<b>6.22%</b>	<b>43.01%</b>	<b>100.00%</b>	
	<b>2017/09 % =</b>	<b>48.08%</b>		<b>8.89%</b>	<b>3.60%</b>	<b>39.42%</b>	<b>100.00%</b>	

Debtors owe the municipality property rates (15.34%); water (23.24%); electricity (31.58%); sewerage (9.08%); refuse (13.28%); housing (2.84%), and sundry debt (4.64%).

## 9.2 Debtors age analysis per debtor type

Agricultural debtors owes the municipality R 18,990,172 (6.3%); business debtors R 53,648,154 (17.9%); domestic debtors R 195,767,191 (65.3%); Government accounts R 20,624,701 (6.9%); Municipal accounts R 1,296,115 (0.4%) and other debtors R 9,390,000 (3.1%) of the total outstanding debt of R 299,716,334 as set out in Table 10 below. Most of the domestic debt and other debt will be irrecoverable and most probably will have to be written-off.

**TABLE 10 : DEBTORS AGE ANALYSIS PER DEBTOR TYPE AS AT 31 OCTOBER 2017**

SERIAL NUMBER	DEBTOR TYPE	CURRENT 1 (Levied but not billed as yet)	CURRENT 2 (Levied and billed)	30 Days +	60 Days +	90 Days +	SUBTOTAL	VAT	TOTAL OUTSTANDING DEBTORS	PERCENTAGE OF TOTAL OUTSTANDING DEBTORS
1	Agriculture	15,237.18	9,838,194.52	3,373,101.01	470,715.36	3,696,541.58	17,393,790	1,596,382	<b>18,990,172</b>	6.3%
2	Bussiness	35,974.07	38,235,559.00	2,260,127.77	570,893.66	6,932,644.67	48,035,199	5,612,955	<b>53,648,154</b>	17.9%
3	Domestic	138,709.45	47,402,786.06	18,420,091.74	12,509,538.64	99,126,856.69	177,597,983	18,169,209	<b>195,767,191</b>	65.3%
4	Government	3,199.84	6,249,058.87	9,382,584.84	1,737,341.58	1,492,366.08	18,864,551	1,760,149	<b>20,624,701</b>	6.9%
5	Municipal	0.00	106,661.66	291,273.84	68,041.18	773,683.72	1,239,660	56,455	<b>1,296,115</b>	0.4%
6	Sundry Accounts	654.82	1,036,843.70	360,825.83	1,278,587.87	6,043,397.71	8,720,310	669,690	<b>9,390,000</b>	3.1%
<b>7</b>	<b>TOTAL</b>	<b>193,775</b>	<b>102,869,104</b>	<b>34,088,005</b>	<b>16,635,118</b>	<b>118,065,490</b>	<b>271,851,493</b>	<b>27,864,841</b>	<b>299,716,334</b>	<b>100.0%</b>

### 9.3 Debtors age analysis per ward

In Table 11 below the total outstanding debt of R 299,716,334 is reflected per ward. It is of great concern to note that 30 days and older debt as a percentage of the current debt of 24 of the 33 wards is above 50%. Notably is the percentages of ward 5 (75.1%); ward 6 (85.3%); ward 7 (74.6%); ward 8 (83.2%); ward 9 (82.3%); ward 10 (60.9%); ward 11 (77.7%); ward 12 (85.7%); ward 13 (72.9%); ward 14 (84.6%); ward 16 (57.1%); ward 18 (51.9%); ward 20 (79.9%); ward 21 (81.0%); ward 22 (61.4%); ward 23 (64.6%); ward 24 (84.0%); ward 25 (70.0%); ward 26 (70.8%); ward 27 (80.2%); ward 30 (91.7%); ward 31 (87.5%); ward 32 (82.8%) and ward 33 (61.4%).

Wards that owes the municipality more than R 10,000,000 monetary wise are ward 4 (R 15,470,329); ward 9 (R 10,879,618); ward 15 (R 14,377,017); ward 16 (R 11,397,875); ward 17 (R 11,428,775); ward 18 (R 20,624,713); ward 19 (R 18,149,837); ward 22 (R 10,814,571); ward 28 (R 16,084,996); ward 30 (R 37,602,241); and ward 31 (R 13,835,190).

#### **Recommendation**

**(8) That it be noted that total outstanding debtors as at 31 October 2017 amounted to R 299,716,334 and that 30 days and older debt constitutes 61.6% of total outstanding debtors.**

**(9) That it be noted that domestic consumers owe the municipality R 195,767,191 or 65.3% of the municipality's total debtor's book.**

**TABLE 11: OUTSTANDING DEBTORS PER WARD AS AT 31 OCTOBER 2017**

WARD	CURRENT 1 (Levied but not billed as yet)	CURRENT 2 (Levied and billed)	30 DAYS +	60 DAYS +	90 DAYS +	TOTAL OUTSTANDING DEBT 31/10/2017	30 DAYS AND OLDER AS A % OF TOTAL DEBT	TOTAL OUTSTANDING DEBT 30/09/2017	INCREASE / (DECREASE)	WARD COUNCILLOR
1	23.50	5,560,021.38	1,553,627.47	190,635.70	1,181,081.24	8,485,389	34.5%	11,290,923	(2,805,533)	C KROUTZ
2	3,541.22	3,847,611.85	624,851.40	169,699.83	852,045.43	5,497,750	30.0%	6,676,542	(1,178,792)	HJ KOTZE
3	614.20	3,849,542.89	597,975.71	86,514.34	770,509.00	5,305,156	27.4%	6,143,385	(838,229)	WE SMIT
4	10,914.92	9,973,332.89	1,716,863.74	433,896.57	3,335,320.86	15,470,329	35.5%	18,372,215	(2,901,886)	J MILLER
5	872.60	1,157,202.02	541,180.74	583,946.12	2,361,362.48	4,644,564	75.1%	4,569,188	75,376	NP MBENENE
6	365.30	735,853.32	616,130.81	371,921.56	3,287,988.47	5,012,259	85.3%	5,746,437	(734,178)	TZ NQORO / NOMANA
7	356.65	1,042,198.54	612,507.60	431,701.76	2,024,454.74	4,111,219	74.6%	4,056,812	54,408	RB ARNOLDS
8	0.00	410,378.17	235,620.71	127,898.43	1,672,314.62	2,446,212	83.2%	2,332,751	113,461	N.ZIKHALI
9	3,422.41	1,922,120.99	1,256,749.48	806,668.61	6,890,656.48	10,879,618	82.3%	10,488,873	390,745	TC MANGENA
10	1,662.55	737,555.34	270,290.73	132,016.17	748,754.64	1,890,279	60.9%	1,893,891	(3,612)	C KEARNS
11	0.00	2,083,500.00	1,504,130.42	719,211.23	5,034,556.30	9,341,398	77.7%	9,357,706	(16,308)	AC STOWMAN
12	146.90	1,416,722.57	880,452.48	1,286,807.82	6,323,200.54	9,907,330	85.7%	10,045,405	(138,075)	MD NOBULA
13	0.00	717,961.51	317,881.69	183,982.09	1,425,075.28	2,644,901	72.9%	2,534,655	110,245	S ROSS
14	0.00	879,547.43	763,936.92	502,751.16	3,573,928.72	5,720,164	84.6%	5,567,371	152,793	J DE WET
15	8,301.75	11,166,952.77	1,254,723.18	311,435.37	1,635,604.39	14,377,017	22.3%	16,336,805	(1,959,788)	LW NIEHAUS
16	0.00	4,890,871.13	1,125,170.01	1,135,813.70	4,246,020.39	11,397,875	57.1%	11,598,070	(200,194)	DS BLANCKENBERG
17	64,498.62	7,831,690.42	1,103,277.87	374,189.13	2,055,119.32	11,428,775	30.9%	14,216,909	(2,788,134)	HJN MATTHEE
18	31,450.29	9,893,436.21	2,022,135.49	1,280,124.25	7,397,567.25	20,624,713	51.9%	23,898,910	(3,274,196)	AML BUCKLE
19	6,592.77	12,384,773.45	1,891,995.96	480,121.61	3,386,353.46	18,149,837	31.7%	23,923,450	(5,773,613)	TE BESTER
20	684.81	1,188,976.97	483,750.02	369,329.64	3,888,611.12	5,931,353	79.9%	5,795,062	136,291	PBA CUPIDO
21	0.00	884,359.21	341,692.54	249,005.60	3,182,628.07	4,657,685	81.0%	4,587,556	70,130	E GOUWS
22	3,601.33	4,172,114.62	1,332,069.39	559,712.94	4,747,072.67	10,814,571	61.4%	11,187,355	(372,784)	FP CUPIDO
23	2,186.00	1,766,400.98	658,895.36	316,300.13	2,249,061.10	4,992,844	64.6%	5,100,211	(107,367)	F JACOBS
24	0.00	720,446.68	448,403.36	255,068.19	3,068,217.74	4,492,136	84.0%	4,386,564	105,572	MM ADRIAANSE
25	0.00	2,697,479.40	2,563,214.94	1,164,674.74	2,572,594.05	8,997,963	70.0%	9,892,097	(894,134)	LT VAN NIEKERK
26	596.70	1,417,230.92	596,733.21	293,945.12	2,554,513.65	4,863,020	70.8%	4,807,673	55,346	JV ANDERSON
27	0.00	571,974.81	328,101.43	237,148.31	1,745,123.71	2,882,348	80.2%	2,777,654	104,694	VC BOOYSEN
28	65,973.41	8,759,129.13	4,409,934.33	896,310.35	1,953,648.61	16,084,996	45.1%	16,935,437	(850,442)	RH VAN NIEWENHUYZEN
29	3,173.85	3,015,529.93	634,340.95	333,815.35	1,734,764.42	5,721,625	47.2%	6,848,052	(1,126,428)	L WILLEMSE
30	0.00	3,138,186.91	2,721,455.10	2,530,742.26	29,211,856.84	37,602,241	91.7%	35,097,247	2,504,994	J SMIT
31	567.00	1,729,131.83	2,323,986.63	1,060,997.77	8,720,507.01	13,835,190	87.5%	13,464,726	370,464	GH FORD
32	0.00	785,352.22	579,735.89	410,865.91	2,779,976.27	4,555,930	82.8%	4,539,249	16,682	LV NZELE
33	465.33	1,387,984.30	373,538.48	171,584.94	1,667,734.81	3,601,308	61.4%	3,629,605	(28,297)	SE SEPTEMBER
SUNDRIES	276.30	2,144,351.13	387,197.04	181,210.36	635,301.69	3,348,337	35.9%	3,973,866	(625,530)	SUNDRIES
<b>TOTAL</b>	<b>210,288</b>	<b>114,879,922</b>	<b>37,072,551</b>	<b>18,640,047</b>	<b>128,913,525</b>	<b>299,716,334</b>	<b>61.6%</b>	<b>322,072,652</b>	<b>(22,356,318)</b>	



## 10. Creditors age analysis

The municipality's creditor's age analysis amounted to R 17,549,774 as at 31 October 2017 as set out in Table 12 below. Creditors 30 days and older amount to R 1,375,353.

### Recommendation

(10) That it be noted that outstanding creditors amounted to R 17,549,774 as at 31 October 2017.

**TABLE 12: CREDITORS AGE ANALYSIS AS AT 31 OCTOBER 2017**

SERIAL NUMBER	CREDITOR	CURRENT	30 DAYS +	60 DAYS +	90 DAYS +	TOTAL AS AT 31/10/2017
1	Atuba Construction Pty Ltd	3,860,755.03	0.00	0.00	0.00	3,860,755.03
2	AAD Truck And Bus (Pty) Ltd T/A AAD Truck An	38,437.82	0.00	0.00	0.00	38,437.82
3	Atlantis Corporate Travel (Pty) Ltd	5,929.68	10,096.16	0.00	0.00	16,025.84
4	Aurecon South Africa Pty Ltd	5,910,194.46	0.00	0.00	0.00	5,910,194.46
5	Al Abbott and Associates Pty Ltd	26,550.60	0.00	0.00	0.00	26,550.60
6	CC Auto Supplies CC T/A Midas Paarl	1,484.12	665.08	0.00	0.00	2,149.20
7	Alsundernemings Pty Ltd	111,692.34	26,122.42	0.00	0.00	137,814.76
8	Aon South Africa (Pty) Ltd	0.00	28,441.31	0.00	0.00	28,441.31
9	Berleen Enterprises CC T/A Autacs	893.57	5,199.65	0.00	0.00	6,093.22
10	Auto Parts CC	1,402.08	0.00	0.00	0.00	1,402.08
11	Avis Van Rental T/A Jt Van Rentals	22,341.77	19,521.70	0.00	0.00	41,863.47
12	Bfect Pty Ltd T/A Body Fuel Express	1,596.00	3,593.04	0.00	0.00	5,189.04
13	Bidtiq T/A Rc Suppliers	665.65	0.00	0.00	0.00	665.65
14	Bergrivier Besproeiing BK	22,120.72	0.00	0.00	0.00	22,120.72
15	Aecom Sa (Pty) Ltd	28,500.00	0.00	0.00	0.00	28,500.00
16	Black On Civils T/A K Con Civils	254,660.85	0.00	0.00	0.00	254,660.85
17	Boland Promotions Pty Ltd	9,097.20	0.00	0.00	0.00	9,097.20
18	Broadway Hardware Cc	35.00	0.00	0.00	0.00	35.00
19	Chm Vuwani Computer Solutions National Pty L	19,833.83	0.00	0.00	0.00	19,833.83
20	Cs Traffic Engineering And Consul Services C	141,673.50	0.00	0.00	0.00	141,673.50
21	Carp Civils CC	455,360.35	0.00	0.00	0.00	455,360.35
22	Argenture Radio & Tv (Pty)Ltd T/A Cathmar Tv	3,559.00	0.00	0.00	0.00	3,559.00
23	Conchem-Saligna Bee CC	65,632.08	0.00	0.00	0.00	65,632.08
24	CSM Consulting Services (Pty) Ltd	74,421.91	0.00	0.00	0.00	74,421.91
25	Hd Transmissions (Pty) Ltd	15,268.24	0.00	0.00	0.00	15,268.24
26	Hbc System (Pty) Ltd	1,111.50	0.00	0.00	0.00	1,111.50
27	Idexx Laboratories (Pty) Ltd	6,418.20	0.00	0.00	0.00	6,418.20
28	Ikusasa Chemicals (Pty) Ltd	118,018.50	0.00	0.00	0.00	118,018.50
29	Independent Newspapers Cape Ltd	12,763.65	0.00	0.00	0.00	12,763.65
30	Inenzo Water (Pty) Ltd	3,560,872.26	0.00	0.00	0.00	3,560,872.26
31	Integral Laboratories	167,878.68	0.00	0.00	0.00	167,878.68
32	Introstat (Pty) Ltd	970.14	0.00	0.00	0.00	970.14

33	Johann Bergh Electronics Bk	6,402.24	0.00	0.00	0.00	6,402.24
34	JA Clift (Pty) Ltd	4,800.00	0.00	0.00	0.00	4,800.00
35	Kermis Construction	9,678.60	0.00	0.00	0.00	9,678.60
36	Kilotreads Paarl (Pty)Ltd	71,822.85	0.00	0.00	0.00	71,822.85
37	Last Samurai Prop.Hold.2 CC T/A Ithuba Indus	13,565.09	0.00	0.00	0.00	13,565.09
38	Wynland Hout CC T/A Lumber King	3,797.53	0.00	0.00	0.00	3,797.53
39	Lumber & Lawn (Edms) Bpk	93,488.97	32,832.00	0.00	0.00	126,320.97
40	Bidvest McCarthy	6,709.76	0.00	0.00	0.00	6,709.76
41	Momotheka Trade 1011 CC	13,671.79	1,204,182.29	0.00	0.00	1,217,854.08
42	C And E Autolec Cc T/A Motolek Paarl	8,197.74	0.00	0.00	0.00	8,197.74
43	New Hemisphere Retailer (Paarl)(Pty) Ltd T/A	5,387.50	0.00	0.00	0.00	5,387.50
44	Powertech System Integrators (Pty) Ltd	253,621.69	0.00	0.00	0.00	253,621.69
45	P Masondo Traders	287,256.06	0.00	0.00	0.00	287,256.06
46	Prima Bande Bk	7,663.96	0.00	0.00	0.00	7,663.96
47	Servelec	3,882.84	0.00	0.00	0.00	3,882.84
48	Rodpro 129 Cc T/A Basson Workwear	7,381.50	0.00	0.00	0.00	7,381.50
49	Rzt Zelpy 5386 (Pty)Ltd T/A Droomers Nissan	1,713.01	0.00	0.00	0.00	1,713.01
50	Rentokil Initial (Pty)Ltd	13,338.00	0.00	0.00	0.00	13,338.00
51	Sa Driver	0.00	10,968.62	0.00	0.00	10,968.62
52	S and T Infrastruxe Projex Pty Ltd	11,032.77	0.00	0.00	0.00	11,032.77
53	S Andrews	2,700.00	0.00	0.00	0.00	2,700.00
54	Simply Silk Flower Rental	3,350.00	590.00	0.00	0.00	3,940.00
55	Sizwe Africa It Group Pty Ltd	0.00	1,800.74	0.00	0.00	1,800.74
56	Spectrum Communications (Pty) Ltd	6,757.92	0.00	0.00	0.00	6,757.92
57	Stelmed	260.00	0.00	0.00	0.00	260.00
58	Siyaphambili Electrical & Indstrial Supplies	19,950.00	15,050.28	0.00	0.00	35,000.28
59	To-Nett's Verhurings Cc T/A To-Nett's Verhur	1,050.00	0.00	0.00	0.00	1,050.00
60	UDS Africa Professional Services Provider An	41,168.64	0.00	0.00	0.00	41,168.64
61	Universiteit Van Stellenbosch	91,250.00	0.00	0.00	0.00	91,250.00
62	Voltex Paarl	216.19	0.00	0.00	0.00	216.19
63	WCC Cables Pty Ltd	55,586.17	0.00	0.00	0.00	55,586.17
64	W.J. Hamman T/A Victory Engineering	820.80	0.00	0.00	0.00	820.80
65	Bidvest Waltons (Pty) Ltd	33,648.52	13,290.45	0.00	0.00	46,938.97
66	Wellington Paint & Hardware	24,104.76	2,999.40	0.00	0.00	27,104.16
67	Western Province Suppliers (Pty) Ltd	96,615.00	0.00	0.00	0.00	96,615.00
68	Wilmar Bouhandelaar Edms Bpk	3,381.20	0.00	0.00	0.00	3,381.20
69	Wynland Auto Electrical	593.37	0.00	0.00	0.00	593.37
70	YMCM Construction L/N Rr Kermis	29,418.00	0.00	0.00	0.00	29,418.00
	<b>TOTAL</b>	<b>16,174,421</b>	<b>1,375,353</b>	<b>0</b>	<b>0</b>	<b>17,549,774</b>

## 11. Bank, cash, overdraft balances and investments

The municipality's primary and secondary bank accounts reconciles as at 31 October 2017 as can be seen in table 13 below. The primary bank account showed a negative cashbook balance of R 14,893,726 at the end of October whilst the actual bank balance was a positive R 51,309,892.

**TABLE 13: BANK RECONCILIATION AS AT 31 OCTOBER 2017**

SERIAL NUMBER	DESCRIPTION	FNB Primary Account 62702310385	FNB Billing & Sundry Receipt 62702312349	FNB Traffic Account 62071526514	Nedbank Primary Account 1498121861	Nedbank Secondary Account 1498121853	TOTALS
1	Cashbook balance as per 31/10/2017	(112,857,444)	31,230,444	0	3,308,653	63,424,621	(14,893,726)
2	In CB not in GL : Direct Deposit Transfers	11,358	126,247	0	6,038,701	258,539	6,434,845
3	In GL not in CB : ACB's	63,382,104	0	0	0	0	63,382,104
4	In GL not in CB : Cheques	800	0	0	0	0	800
5	In CB not in GL : Canceled ACB'S	5,835	0	0	0	0	5,835
6	Direct-Deposito-Transfer-in-Cashook	55,075,168	(31,356,691)	0	34,150,597	(63,683,160)	(5,814,086)
7	Less : Amount receipted but not yet banked	(2,970,100)	0	0	0	0	(2,970,100)
8	Plus : Cheques issued but not yet cashed	604,509	0	0	198,460	0	802,969
9	Plus : ACB's issued but not yet cashed	4,293,909	0	0	67,342	0	4,361,251
10	Bank statement balance as per 31/10/2017	7,546,139	0	0	43,763,753	0	51,309,892

Surplus cash is invested on a daily basis. The municipality's investments as at 31 October 2017 is as set out in Table 14 below. The municipality started the beginning of the month with total investments of R 372,156,258 and after investments made R (0), withdrawn (R 10,000,000) and interest capitalised (R 1,739,755) closed with an investments balance of R 363,896,013 at the five listed local banks and at Eskom where we do have some shares.

**TABLE 14 : INVESTMENTS AS AT 31 OCTOBER 2017**

SERIAL NUMBER	BANK	BALANCE AT 31 JULY 2017	INVESTMENTS MADE	INVESTMENTS WITHDRAWN	INTEREST CAPITALISED	BALANCE AT 31 OCTOBER 2017	INTEREST EARNED YEAR-TO-DATE	INTEREST RATE
1	ABSA BANK	20,619,490	0	0	114,396	20,733,886	351,572	6.750%
2	ABSA BANK	20,511,799	0	0	113,798	20,625,597	349,736	6.750%
3	ABSA BANK	21,253,737	0	0	117,915	21,371,651	362,387	6.750%
4	ABSA BANK	20,349,874	0	0	112,900	20,462,774	346,975	6.750%
5	ABSA BANK	20,358,167	0	0	112,946	20,471,113	347,117	6.750%
6	FNB	92,000,000	0	0	196,571	92,196,571	196,571	7.090%
7	STANDARD BANK	151,791,127	0	0	835,891	152,627,018	2,627,018	6.700%
8	NEDBANK	25,139,075	0	(10,000,000)	135,338	15,274,413	416,913	6.550%
9	ESKOM	132,990	0	0	0	132,990	0	13.500%
<b>10</b>	<b>GRAND TOTAL</b>	<b>372,156,258</b>	<b>0</b>	<b>(10,000,000)</b>	<b>1,739,755</b>	<b>363,896,013</b>	<b>4,998,289</b>	<b>7.510%</b>

**Recommendation**

**(11) That it be noted that the primary bank account had a positive bank balance at 31 October 2017 which amounted to R 51,309,892.**

**(12) That it be noted that total investments in cash and shares amounted to R 363,896,013 as at 31 October 2017 at the five local banks and Eskom.**

## 12. RECOMMENDATIONS

Based on the contents of this report it is recommended to the Executive Mayor and his Mayoral Committee, the Finance Portfolio Committee and Council.

- (1) That it be noted that the variance between the actual operating revenue (R 976,418,608) and the pro rata budgeted operating revenue (R 969,824,837) has a positive variance of R 6,593,771 or 0.68%.
- (2) That it be noted that the variance between the actual operating expenditure (R 545,965,091) and the pro rata budgeted operating expenditure (R 618,020,534) has a positive variance of R 72,055,443 or 11.66%.
- (3) That it be noted that the actual capital expenditure of R 134,061,134 and the pro rata budgeted capital expenditure of R 157,563,955 realised under spending of R 23,502,821 or 14.92%.
- (4) That it be noted that the actual and committed capital expenditure of R 516,590,063 compared with the capital expenditure budget represent a spending percentage of 63.37% after four months of the financial year.
- (5) That it be noted that external borrowings amounted to R 1,188,847,355 as at 31 October 2017 and that it represents 56.42% of Drakenstein's total budgeted operating revenue of R 2,107,106,847 for the 2017/2018 financial year.
- (6) That it be noted that unspent conditional and unconditional grants amounted to R 76,963,473 at the end of October 2017.
- (7) That it be noted that the actual employee related cost expenditure of R 156,979,274 compared with the pro rata budgeted expenditure of R 154,848,388 relates to a negative variance of R 2,130,886 or 1.38%.
- (8) That it be noted that total outstanding debtors as at 31 October 2017 amounted to R 299,716,334 and that 30 days and older debt constitutes 61.6% of total outstanding debtors.

- (9) That it be noted that domestic consumers owe the municipality R 195,767,191 or 65.3% of the municipality's total debtor's book.
  - (10) That it be noted that outstanding creditors amounted to R 17,549,774 as at 31 October 2017
  - (11) That it be noted that the primary bank account had a positive bank balance at 31 October 2017 which amounted to R 51,309,892.
  - (12) That it be noted that total investments in cash and shares amounted to R 363,896,013 as at 31 October 2017 at the five local banks and Eskom.
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