

# **DRAKENSTEIN MUNICIPALITY**



## ***MONTHLY BUDGET MONITORING REPORT (SECTION 71 of MFMA)***


***PERIOD ENDING: 31 AUGUST 2017***

***“A City of Excellence”***

**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 August 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 September 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 August 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 JOHAN LEIBBRANDT**  
**CITY MANAGER**

14 September 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 698,433,922) compares favourably with the pro rata budgeted figure (R 669,578,305) – a variance of R 28,855,616 or 4.31% 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 16,713,916 or 65.32%) – journals still to be processed for the month of September 2017;
- Interest dividend and Rent on Land (R 688,261 or 11.95%) – journals still to be processed for the month of September 2017;
- NER: Transfer and subsidies: Operational (R 13,800,006 or 100.00%) – journals still to be processed for the month of September 2017;
- Operational revenue (R 607,495 or 20.18%) – revenue is less than the projected budget, calculated from prior financial period actuals (i.e. camping fees, administration handling fees, insurance refund & building plan approvals);
- Service chargers: other (R 584 or 7.59%) – less than envisioned at this stage and based to historical trends; and
- Sale of Goods and Rendering of Services (R 44,880 or 98.25%) – revenue (i.e. Cleaning & Removal of trees irrigation & pesticides and Fire Services) less than anticipated due to decrease in demand for services as listed.

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

- Service Charges: Cleansing (R 7,347,913 or 6.71%) - pro-rata budget based on historical trends and therefore may differ one month to another;
- Service charges: Electricity (R 23,072,353 or 17.20%) – pro-rata budget based on historical trends and therefore may differ one month to another;
- Service charges: Water (R 14,774,415 or 49.82%) – 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; and
- Rental from fixed assets (R 931,527 or 22.36%) - pro-rata budget based on historical trends and therefore may differ one month to another.

***Recommendation***

- (1) That it be noted that the variance between the actual operating revenue (R 698,433,922) and the pro rata budgeted operating revenue (R 669,578,305) has a positive variance of R 28,855,616 or 4.31%.***

TABLE 1: ACTUAL REVENUE PER REVENUE SOURCE

REVENUE SOURCES	2017/2018 APPROVED BUDGET	2017/2018 ADJUSTED BUDGET	2017/2018 CURRENT MONTH BUDGET	2017/2018 CURRENT MONTH REVENUE	2017/2018 PRO RATA BUDGET	2017/2018 ACTUALS YEAR TO DATE	2017/2018 POSITIVE / (NEGATIVE) VARIANCES	2017/2018 POSITIVE / (NEGATIVE) VARIANCES %	PROJECTED REVENUE FOR THE REST OF 2017/2018
FINES	59,309,968	59,309,968	0	14,751	0	28,173	28,173	0.00%	59,281,795
FREE BASIC SERVICES	120,821,000	120,821,000	9,523,469	4,436,344	25,586,308	8,872,689	(16,713,619)	-65.32%	111,948,311
GAINS AND LOSSES	250,000	250,000	0	0	0	0	0	0.00%	250,000
INTEREST DIVIDEND AND RENT ON LAND	36,190,639	36,190,639	2,880,955	3,038,137	5,761,910	5,073,650	(688,261)	-11.95%	31,116,989
LICENCES AND PERMITS	16,971,823	16,971,823	1,414,319	1,658,160	2,828,637	2,757,950	(70,687)	-2.50%	14,213,873
NER: TRANSFERS AND SUBSIDIES : OPERATIONAL	98,441,034	98,441,034	6,900,003	0	13,800,006	0	(13,800,006)	-100.00%	98,441,034
OPERATIONAL REVENUE	23,152,265	23,152,265	1,620,659	1,235,510	3,009,794	2,402,299	(607,495)	-20.18%	20,749,966
RENTAL FROM FIXED ASSETS	27,767,923	27,767,923	2,221,434	2,570,566	4,165,188	5,096,715	931,527	22.36%	22,671,208
SERVICE CHARGES : CLEANSING	120,940,260	120,940,260	109,973	1,000,381	109,485,554	116,833,467	7,347,913	6.71%	4,106,793
SERVICE CHARGES : ELECTRICITY	1,041,773,629	1,041,773,629	67,615,813	76,443,441	134,220,929	157,313,282	23,092,353	17.20%	884,460,347
SERVICE CHARGES : PROPERTY RATES	352,262,061	352,262,061	1,669	88,354	349,745,130	349,010,608	(734,522)	-0.21%	3,251,453
SERVICE CHARGES : SANITATION	108,066,192	108,066,192	465,084	4,017,385	99,840,177	102,008,131	2,167,955	2.17%	6,058,061
SERVICE CHARGES : WATER	228,193,650	228,193,650	15,682,337	28,899,301	29,657,994	44,432,409	14,774,415	49.82%	183,761,241
SERVICE CHARGES : OTHER	46,173	46,173	3,848	3,556	7,696	7,112	(584)	-7.59%	39,061
SALE OF GOODS AND RENDERING OF SERVICES	351,385	351,385	5,720	300	45,680	800	(44,880)	-98.25%	350,585
<b>SUBTOTAL A : OPERATING REVENUE</b>	<b>2,234,538,002</b>	<b>2,234,538,002</b>	<b>108,445,281</b>	<b>123,406,185</b>	<b>778,155,003</b>	<b>793,837,286</b>	<b>15,682,283</b>	<b>2.02%</b>	<b>1,440,700,716</b>
CONTRA ACCOUNT : WATER FOREGONE	(21,615,830)	(21,615,830)	(1,801,319)	(601,000)	(3,602,638)	(1,202,000)	2,400,638	-66.64%	(20,413,830)
CONTRA ACCOUNT : PROPERTY RATES	(105,815,325)	(105,815,325)	(501)	(659,724)	(105,059,269)	(94,201,364)	10,857,905	-10.34%	(11,613,961)
<b>SUBTOTAL B : OPERATING REVENUE FOREGONE</b>	<b>(127,431,155)</b>	<b>(127,431,155)</b>	<b>(1,801,821)</b>	<b>(1,260,724)</b>	<b>(108,661,907)</b>	<b>(95,403,365)</b>	<b>13,258,543</b>	<b>-12.20%</b>	<b>(32,027,790)</b>
<b>TOTAL OPERATING REVENUE</b>	<b>2,107,106,847</b>	<b>2,107,106,847</b>	<b>106,643,460</b>	<b>122,145,460</b>	<b>669,493,096</b>	<b>698,433,922</b>	<b>28,940,826</b>	<b>4.32%</b>	<b>1,408,672,926</b>
NER : TRANSFERS AND SUBSIDIES : CAPITAL	94,756,000	95,693,305	0	0	85,210	0	(85,210)	-100.00%	95,693,305
<b>TOTAL OPERATING REVENUE (CAPITAL GRANTS INCLUDED)</b>	<b>2,201,862,847</b>	<b>2,202,800,152</b>	<b>106,643,460</b>	<b>122,145,460</b>	<b>669,578,305</b>	<b>698,433,922</b>	<b>28,855,616</b>	<b>4.31%</b>	<b>1,504,366,231</b>

Actual Revenue to date **698,433,922**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 245,885,834 compares favourably with the pro rata budgeted expenditure of R 282,831,657 – a variance of R 36,945,821 or 13.06%.

**TABLE 2: ACTUAL OPERATIONAL EXPENDITURE PER VOTE**

VOTE	2017/2018 APPROVED BUDGET	2017/2018 ADJUSTED BUDGET	2017/2018 CURRENT MONTH BUDGET	2017/2018 CURRENT MONTH EXPENDITURE	2017/2018 PRO RATA BUDGET	2017/2018 ACTUALS YEAR TO DATE	2017/2018 POSITIVE / (NEGATIVE) VARIANCES	2017/2018 POSITIVE / (NEGATIVE) VARIANCES %	PROJECTED EXPENDITURE FOR THE REST OF 2017/2018
OFFICE OF THE MUNICIPAL MANAGER	9,814,145	9,814,145	520,861	1,223,649	1,041,727	2,399,031	(1,357,303)	-130.29%	7,415,114.49
CORPORATE SERVICES	107,191,997	107,191,997	5,413,015	10,177,697	10,826,073	21,988,810	(11,162,738)	-103.11%	85,203,187
COMMUNITY SERVICES	572,357,339	277,193,141	16,915,252	14,838,613	33,833,329	33,096,743	736,586	2.18%	244,096,398
FINANCIAL SERVICES	72,759,720	72,759,720	4,909,737	9,854,497	9,819,583	14,934,294	(5,114,711)	-52.09%	57,825,426
PLANNING AND DEVELOPMENT	44,429,023	194,115,210	14,637,478	8,282,441	29,275,213	16,062,510	13,212,702	45.13%	178,052,700
ENGINEERING SERVICES	1,376,141,150	1,521,619,161	142,559,610	117,399,746	198,035,732	157,404,446	40,631,286	20.52%	1,364,214,715
<b>TOTALS</b>	<b>2,182,693,374</b>	<b>2,182,693,374</b>	<b>184,955,952</b>	<b>161,776,642</b>	<b>282,831,657</b>	<b>245,885,834</b>	<b>36,945,821</b>	<b>13.06%</b>	<b>1,936,807,540</b>
							Actual Expenditure to date		<u>245,885,834</u>
							Projected Expenditure for 2017/2018		<u>2,182,693,374</u>

#### Recommendation

(2) That it be noted that the variance between the actual operating expenditure (R 245,885,834) and the pro rata budgeted operating expenditure (R 282,831,657) has a positive variance of R 36,945,821 or 13.06%.

#### 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 245,885,834) do compare favourably with the pro rata budgeted figures (R 282,831,657) – a variance of R 36,945,821 or 13.06% at month end.

**TABLE 3: ACTUAL OPERATIONAL EXPENDITURE PER EXPENDITURE CATEGORY**

EXPENDITURE CATEGORY	2017/2018 APPROVED BUDGET	2017/2018 ADJUSTED BUDGET	2017/2018 CURRENT MONTH BUDGET	2017/2018 CURRENT MONTH EXPENDITURE	2017/2018 PRO RATA BUDGET	2017/2018 ACTUALS YEAR TO DATE	2017/2018 POSITIVE / (NEGATIVE) VARIANCES	2017/2018 POSITIVE / (NEGATIVE) VARIANCES %	PROJECTED EXPENDITURE FOR THE REST OF 2017/2018
EMPLOYEE RELATED COST	539,266,748	539,266,748	37,453,855	38,485,117	74,915,478	75,185,310	(269,832)	-0.36%	464,081,438
COUNCILLOR RELATED COSTS	29,091,494	29,091,494	2,279,508	2,218,641	4,559,017	4,436,117	122,900	2.70%	24,655,377
PROVISION FOR BAD DEBTS	28,762,971	28,762,971	2,396,914	2,396,914	4,793,828	4,793,829	(0)	0.00%	23,969,143
DEPRECIATION AND AMORTISATION	188,506,431	188,506,431	0	29,441	0	29,441	(29,441)	0.00%	188,476,990
IMPAIRMENT LOSSES	49,375,323	49,375,323	0	0	0	0	0	0.00%	49,375,323
INTEREST PAID	119,635,859	119,635,859	9,969,655	9,952,528	19,939,310	19,905,057	34,253	0.17%	99,730,802
BULK PURCHASES WATER	43,168,974	43,168,974	2,596,104	270,864	2,596,104	270,864	2,325,240	0.00%	42,898,110
BULK PURCHASES: ELECTRICITY	631,669,439	631,669,439	84,491,912	74,590,034	84,491,912	74,590,034	9,901,878	0.00%	557,079,405
CONTRA ACCOUNTS: REVENUE COST OF FREE BASIC SERVICES	93,134,840	93,134,840	7,761,237	5,029,171	15,522,473	10,066,533	5,455,940	35.15%	83,068,307
CONTRACTED SERVICES	155,086,672	155,086,672	12,423,442	9,312,221	25,168,932	10,875,128	14,293,804	56.79%	144,211,544
OPERATIONAL : MONETARY	739,925	739,925	61,660	0	123,321	0	123,321	100.00%	739,925
INVENTORY	47,831,034	47,831,034	3,987,426	2,245,643	7,981,529	3,181,370	4,800,159	60.14%	44,649,664
OPERATING LEASES	15,476,691	15,476,691	1,385,375	1,240,685	2,715,933	1,240,685	1,475,248	54.32%	14,236,006
OPERATIONAL COST	102,203,691	102,203,691	8,976,007	11,011,259	17,678,108	20,529,282	(2,851,174)	-16.13%	81,674,409
OC: MUNICIPAL SERVICES	53,181,576	53,181,576	4,431,798	4,412,968	8,863,595	19,448,960	(10,585,365)	-119.43%	33,732,616
TRANSFERS AND SUBSIDIES: OPERATIONAL	81,561,706	81,561,706	6,741,059	581,155	13,482,118	1,333,225	12,148,893	90.11%	80,228,481
LOSS ON SALE OF ASSETS	4,000,000	4,000,000	0	0	0	0	0	0.00%	4,000,000
<b>TOTALS</b>	<b>2,182,693,374</b>	<b>2,182,693,374</b>	<b>184,955,952</b>	<b>161,776,642</b>	<b>282,831,657</b>	<b>245,885,834</b>	<b>36,945,821</b>	<b>13.06%</b>	<b>1,936,807,540</b>
						Actual Expenditure to date			<b>245,885,834</b>
						Projected Expenditure for 2017/2018			<b>2,182,693,374</b>

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

- Contra Accounts: Revenue Cost of Free Basic Services (R 5,455,940 or 35.15%) - journals still to be processed for the month of September 2017;
- Contracted services: (R 14,293,804 or 56.79%) – underspending on maintenance of assets; consulting fees and other contracted services;
- Operational Monetary: (R 123,321 or 100.00%) – budgeted donations still to be expensed to approved beneficiaries;
- Inventory (R 4,800,159 or 60.14%) – inventory expenditure (i.e. petrol and diesel; housing inventory, tyres; chemicals, etc.) underspend for the month;
- Operating Leases: (R 1,475,248 or 54.32%) – leasing of machinery and equipment expenditure was less than anticipated; and
- Transfers and subsidies: operational (R 12,148,893 or 90.11%) – underspending on the Housing allocation due to various factors.

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

- Operational Cost: (R 2,851,174 and 16.13%) – overspending of research and advisory expenditure; telephone expenditure; internal transport; and
- Municipal Services (R 10,585,365 or 119.43%) – due to the annual services being levied and an increase in water tariffs, this has a direct impact on the rand value of the expense.

## 5 Actual capital expenditure per vote and funding source

The actual capital expenditure per vote is set out in Table 4 below. The actual and committed capital expenditure of R 114,494,342 compares unfavourably with the pro rata budgeted capital expenditure of R 69,287,001 as per the cash flow projections of the SDBIP with a variance of under spending of R 45,207,342 or 65.25%. 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 114,494,342) represents 14.05% of the total capital budget of R 815,135,300 after two months of the financial year.

**TABLE 4: ACTUAL CAPITAL EXPENDITURE PER VOTE**

VOTE	2017/2018 APPROVED BUDGET	2017/2018 ADJUSTED BUDGET	2017/2018 CURRENT MONTH BUDGET	2017/2018 CURRENT MONTH EXPENDITURE	2017/2018 PRO RATA BUDGET	2017/2018 COMMITMENTS	2017/2018 ACTUALS YEAR TO DATE	2017/2018 COMMITMENTS + ACTUALS	2017/2018 POSITIVE / (NEGATIVE) VARIANCES	2017/2018 POSITIVE / (NEGATIVE) VARIANCES %	PROJECTED CAPITAL EXPENDITURE FOR THE REST OF 2017/2018
OFFICE OF THE MUNICIPAL MANAGER	10,218,379	10,085,557	656	0	656	0	0	0	(656)	-100.00%	10,085,557
CORPORATE SERVICES	13,420,000	19,197,213	1,344,637	16,709	1,344,637	58,863	16,709	75,572	(1,269,066)	-94.38%	19,180,505
COMMUNITY SERVICES	34,424,004	50,433,015	1,193,657	2,817,187	1,588,657	1,580,285	2,820,087	4,400,372	2,811,716	176.99%	47,612,928
FINANCIAL SERVICES	1,500,000	2,123,322	44,613	0	44,613	1,632,576	0	1,632,576	1,587,963	3559.41%	2,123,322
PLANNING AND DEVELOPMENT	26,727,812	23,397,920	137,464	21,284	137,464	0	21,674	21,674	(115,790)	-84.23%	23,376,246
ENGINEERING SERVICES	546,851,348	709,898,273	47,045,973	20,805,532	66,170,973	87,558,616	20,805,532	108,364,148	42,193,175	63.76%	689,092,741
<b>TOTALS</b>	<b>633,141,543</b>	<b>815,135,300</b>	<b>49,767,001</b>	<b>23,660,713</b>	<b>69,287,001</b>	<b>90,830,340</b>	<b>23,664,002</b>	<b>114,494,342</b>	<b>45,207,342</b>	<b>65.25%</b>	<b>791,471,298</b>
						% of Approved Budget =	11.14%	2.90%	14.05%	Actual Expenditure to date	23,664,002
						Actual and Committed Capex as a % of Pro Rata Budget =	165.25%	Projected Expenditure for 2017/2018	815,135,300		

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

**TABLE 5: ACTUAL CAPITAL EXPENDITURE PER FUNDING SOURCE**

FUNDING SOURCES	2017/2018 APPROVED BUDGET	2017/2018 ADJUSTED BUDGET	2017/2018 CURRENT MONTH BUDGET	2017/2018 CURRENT MONTH EXPENDITURE	2017/2018 PRO RATA BUDGET	2017/2018 COMMITMENTS	2017/2018 ACTUALS YEAR TO DATE	2017/2018 COMMITMENTS + ACTUALS	2017/2018 POSITIVE / (NEGATIVE) VARIANCES	2017/2018 POSITIVE / (NEGATIVE) VARIANCES %	PROJECTED CAPITAL EXPENDITURE FOR THE REST OF 2017/2018
CRR	40,000,000	67,081,782	2,982,094	638,766	3,037,094	11,068,693	639,156	11,707,849	8,670,755	285.50%	66,442,626
GRANTS	84,347,367	85,284,672	9,335,210	20,349,629	15,585,210	37,817,274	20,352,529	58,169,803	42,584,593	273.24%	64,932,143
EXTERNAL LOANS	508,794,176	662,768,846	37,449,697	2,672,317	50,664,697	41,944,372	2,672,317	44,616,689	(6,048,008)	-11.94%	660,096,529
<b>TOTALS</b>	<b>633,141,543</b>	<b>815,135,300</b>	<b>49,767,001</b>	<b>23,660,713</b>	<b>69,287,001</b>	<b>90,830,339</b>	<b>23,664,002</b>	<b>114,494,341</b>	<b>45,207,341</b>	<b>65.25%</b>	<b>791,471,298</b>
Actual Expenditure to date											<u>23,664,002</u>
Projected Expenditure for 2017/2018											<u>815,135,300</u>

**Recommendation**

- (3) *That it be noted that the actual and committed capital expenditure of R 114,494,342 and the pro rata budgeted capital expenditure of R 69,287,001 realised over spending of R 45,207,342 or 65.25%.*
- (4) *That it be noted that the actual and committed capital expenditure of R 114,494,342 compared with the capital expenditure budget of R 815,135,300 represent a spending percentage of 14.05% after two months of the financial year.*

## 6 Actual borrowings

The municipality's position on external loans is set out in Table 6 below. The municipality's opening balance for borrowing debt was R 1,190,488,686 for the month of August 2017, repayments (R 0) were made and additional loans (R 0) were taken up. Total borrowings outstanding as at 31 August 2017 is R 1,190,488,686. This borrowing debt represents 59.27% of our total operating budgeted revenue of R 2,008,665,813 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 1,190,488,686 as at 31 August 2017 and that it represents 59.27% of Drakenstein's total budgeted operating revenue of R 2,008,665,813 for the 2017/2018 financial year.*

**TABLE 6: ACTUAL BORROWINGS**

<b>EXTERNAL LOANS PROVIDERS</b>	<b>OPENING BALANCE 01/08/2017</b>	<b>CAPITAL REDEEMED</b>	<b>NEW LOANS TAKEN UP</b>	<b>CLOSING BALANCE 31/08/2017</b>
DBSA	14,703,321	0	0	14,703,321
DBSA	3,127,657	0	0	3,127,657
DBSA	71,728,832	0	0	71,728,832
DBSA	263,221,588	0	0	263,221,588
NEDBANK	16,049,361	0	0	16,049,361
NEDBANK	312	0	0	312
NEDBANK	38,608,022	0	0	38,608,022
NEDBANK	0	0	0	0
NEDBANK	9,200,101	0	0	9,200,101
NEDBANK	75,509,843	0	0	75,509,843
NEDBANK	9,119,996	0	0	9,119,996
NEDBANK	171,918,595	0	0	171,918,595
ABSA BANK	738,136	0	0	738,136
ABSA BANK	3,403,559	0	0	3,403,559
ABSA BANK	8,607,090	0	0	8,607,090
ABSA BANK	0	0	0	0
STANDARD BANK	7,815,651	0	0	7,815,651
STANDARD BANK	4,669,415	0	0	4,669,415
STANDARD BANK	5,339,511	0	0	5,339,511
STANDARD BANK	41,323,441	0	0	41,323,441
STANDARD BANK	9	0	0	9
STANDARD BANK	20,037,019	0	0	20,037,019
STANDARD BANK	413,221,763	0	0	413,221,763
STANDARD BANK	4,157,770	0	0	4,157,770
STANDARD BANK	4,560,171	0	0	4,560,171
INCA	3,427,524	0	0	3,427,524
<b>TOTALS</b>	<b>1,190,488,686</b>	<b>0</b>	<b>0</b>	<b>1,190,488,686</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 68,706,668 were received to date. Operating grants expenditure to the amount of R 16,873,678 and capital grants expenditure to the amount of R 8,381,298 was spent and recorded as utilised at the end of August 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 August 2017 is R 122,365,846.

### ***Recommendation***

- (6) That it be noted that of the R 68,706,668 grants received during the current financial year an amount of R 25,254,976 or 36.76% have been utilised as at 31 August 2017. The amount of R 25,254,976 is made up of operating expenditure of R 16,873,678 and capital expenditure of R 8,381,298 utilised on operating and capital projects / programmes.***



**TABLE 7: CONDITIONAL GRANTS**

DESCRIPTION	OPENING BALANCE 1 AUGUST 2017	OTHER INCOME	OPERATIONAL EXPENDITURE DURING THE YEAR	CAPITAL EXPENDITURE DURING THE YEAR	BALANCE AS ON 31 AUGUST 2017
<b>CONDITIONAL GRANTS</b>					
<b>NATIONAL: EQUITABLE SHARE</b>					
TRUST FUND : INDIGENT POLICY FUNDS	0	(50,343,000)	16,744,916	0	(67,087,916)
<b>SUB - TOTAL</b>	<b>0</b>	<b>(50,343,000)</b>	<b>16,744,916</b>	<b>0</b>	<b>(67,087,916)</b>
<b>NATIONAL TREASURY</b>					
MUNICIPAL INFRASTRUCTURE GRANT (MIG)	0	(5,200,000)	0	8,381,298	3,181,298
TRUST FUND : BUCKET ERADICATION; WC056	0	0	0	0	0
TRUST FUND : CMIP PROJECTS	0	0	0	0	0
TRUST FUND:WATER SERVICE ASET MAN PLAN	0	0	0	0	0
MUNICIPAL FINANCE MANAGEMENT GRANT (FMG)	(5)	(1,550,000)	128,762	0	(1,678,767)
FMG TRAINING GRANT	0	0	0	0	0
TRUST FUND:ELECTRICITY DEMAND SIDE GRANT	(318,155)	(3,000,000)	0	0	(3,318,155)
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>(9,750,000)</b>	<b>128,762</b>	<b>8,381,298</b>	<b>(3,300,786)</b>
<b>PROVINCIAL TREASURY</b>					
TRUST FUND : PROCLAIMED ROADS SUBSIDIES	0	0	0	0	0
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
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 : SPORTFONDS	0	0	0	0	0
MUNICIPAL SYSTEM IMPROVEMENT GRANT(MSIG)	0	0	0	0	0
TRUST FUND : LIBRARY BUILDING GRANT	0	0	0	0	0
TRUST FUND : SOCCERFIELD	(6,237)	0	0	0	(6,237)
TRUST FUND : WRITING FESTIVAL (DON FUND)	0	0	0	0	0
TRUST FUND : SIMONDIUM PIRMER BIBLIOTEEK	0	0	0	0	0
T/F:INV LAND FOR PROV OF IND&RES PURPOSE	(13)	0	0	0	(13)
TRUST FUND : RBIG	0	0	0	0	0
TRUST FUND : VPUU	0	0	0	0	0
DEPARTMENT OF PUBLIC WORKS (TAXI RANK)	829	0	0	0	829
TRUST FUND : TRAINING LEVY	(1,961,867)	0	0	0	(1,961,867)
<b>SUB - TOTAL</b>	<b>(32,025,727)</b>	<b>(8,613,668)</b>	<b>0</b>	<b>0</b>	<b>(40,639,395)</b>
<b>GRANTS: OTHER INSTITUTIONS</b>					
TRUST FUND : IDP - BDR	0	0	0	0	0
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)	0	0	0	0
WATER	0	0	0	0	0
NUMARKT	(12,033)	0	0	0	(12,033)
EPWP : ROADS AND CLEANSING	0	0	0	0	0
<b>SUB - TOTAL</b>	<b>(14,368,123)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(9,557,301)</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	0
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)	0	0	0	(78,388)
<b>SUB - TOTAL</b>	<b>(2,404,084)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1,780,448)</b>
<b>TOTAL - CONDITIONAL GRANTS</b>	<b>(50,601,256)</b>	<b>(68,706,668)</b>	<b>16,873,678</b>	<b>8,381,298</b>	<b>(122,365,846)</b>

## 8. Employee related costs

Employee related costs for the last month of the financial year is set out in Table 8 below. Actual employee related costs as a whole amounts to R 75,185,310 compared with the pro rata budgeted amount of R 74,185,310 – an overspending of R 269,832 or 0.36%.

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

CATEGORY OF EXPENDITURE	2017/2018 APPROVED BUDGET	2017/2018 ADJUSTED BUDGET	2017/2018 CURRENT MONTH BUDGET	2017/2018 CURRENT MONTH EXPENDITURE	2017/2018 PRO RATA BUDGET	2017/2018 ACTUALS YEAR TO DATE	2017/2018 POSITIVE / (NEGATIVE) VARIANCES	2017/2018 POSITIVE / (NEGATIVE) VARIANCES %	PROJECTED EXPENDITURE FOR THE REST OF 2017/2018
SALARIES	349,004,925	349,004,925	25,804,379	25,254,095	51,608,758	50,808,703	800,055	1.55%	298,196,222
BONUSES	21,736,829	21,736,829	0	45,644	0	91,249	(91,249)	0.00%	21,645,580
PERFORMANCE BONUSES	892,029	892,029	0	0	0	0	0	0.00%	892,029
LONG SERVICES AWARDS	6,246,510	6,246,510	1,373	797	2,745	1,593	1,152	41.97%	6,244,917
EX GRATIA ALLOWANCES - PENSIONERS	16,835,000	16,835,000	0	0	0	794,818	(794,818)	0.00%	16,040,182
OVERTIME PAYMENTS	30,879,699	30,879,699	2,208,643	2,260,379	4,410,025	4,853,679	(443,654)	-10.06%	26,026,020
SUBSIDY HOUSE LOANS	8,743,940	8,743,940	728,661	402,910	1,457,322	826,859	630,463	43.26%	7,917,081
TRAVEL ALLOWANCES	13,009,135	13,009,135	1,084,094	1,199,969	2,168,189	2,428,128	(259,939)	-11.99%	10,581,007
HOUSING ALLOWANCE	1,598,347	1,598,347	133,195	72,430	266,391	159,127	107,264	40.27%	1,439,220
ACTING ALLOWANCE	1,324,502	1,324,502	110,375	77,037	220,750	309,914	(89,164)	-40.39%	1,014,588
STANDBY ALLOWANCE	6,619,536	6,619,536	551,628	729,834	1,103,256	1,505,857	(402,602)	-36.49%	5,113,679
NIGHT SHIFT ALLOWANCE	3,957,704	3,957,704	304,395	315,054	608,283	634,877	(26,594)	-4.37%	3,322,827
CELL ALLOWANCE	1,098,719	1,098,719	91,560	95,356	183,119	192,719	(9,599)	-5.24%	906,000
GROUP INSURANCE	3,494,370	3,494,370	291,197	296,838	582,394	594,831	(12,437)	-2.14%	2,899,539
MEDICAL AID FUND CONTR	19,026,487	19,026,487	1,585,540	1,519,981	3,171,080	3,048,595	122,485	3.86%	15,977,892
PENSION FUND CONTR	47,262,669	47,262,669	3,938,555	3,995,441	7,877,110	8,055,567	(178,456)	-2.27%	39,207,102
WORKMENS COMPENSATION FUND	2,181,442	2,181,442	181,786	0	363,573	0	363,573	100.00%	2181442
PROVIDENT FUND CONTR	2,416,645	2,416,645	201,387	204,544	402,774	415,081	(12,307)	-3.06%	2,001,564
UNEMPLOYMENT INSURANCE FUND CONTR	2,938,260	2,938,260	244,854	229,885	489,708	463,714	25,994	5.31%	2,474,546
<b>TOTALS</b>	<b>539,266,748</b>	<b>539,266,748</b>	<b>37,461,623</b>	<b>36,700,193</b>	<b>74,915,478</b>	<b>75,185,310</b>	<b>(269,832)</b>	<b>-0.36%</b>	<b>464,081,438</b>
							Actual Expenditure to date		<u>75,185,310</u>
							Projected Expenditure for 2017/2018		<u>539,266,748</u>

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

- Salaries (R 800,055 or 1.55%) – underspending envisioned at this stage due to delay in appointment of personnel;
- Long Service Awards (R 1,152 or 41.97%) – the expenditure should be allocated to the relevant provision liability vote, but for control measures are only journalised at the end of the financial year ;
- Subsidy House Loans (R 630,463 or 43.26%) – underspending envisioned at this stage due to delay in appointment of personnel;
- Housing Allowance (R 107,264 or 40.27%) – underspending envisioned at this stage due to delay in appointment of personnel;
- Workmen’s compensation fund (R 363,573 or 100.00%) – underspending envisioned at this stage due to delay in appointment of personnel; and
- Unemployment insurance fund (R 25,994 or 5.31%) underspend envisioned at this stage due to delay in appointment of personnel.

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

- Travel Allowance (R 259,939 or 11.99%) – due to TASK implementation adjustments;
- Standby Allowance (R 402,602 or 36.49%) – due to TASK implementation adjustments;
- Overtime payments (R 443,654 or 10.06%) – due to TASK implementation adjustments;
- Cell allowance (R 9,599 or 5.24%) – due to TASK implementation adjustments; and
- Acting Allowance (R 89,164 or 40.39%) – due to TASK implementation adjustments.

***Recommendation***

***(7) That it be noted that the actual employee related cost expenditure of R 75,186,310 compared with the pro rata budgeted expenditure of R 74,916,478 relates to a negative variance of R269, 832 or 0.36%.***

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

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

The municipality's total outstanding debtors amounted to R 337,292,172 as at 31 August 2017 compared with the R 319,672,179 as at 31 July 2017. As reflected in Table 9 below, current debt represent 53.57% of the total outstanding debt compared with the 38.05% of July 2017; 30 days and older debt 5.53% compared with the 5.14% for July 2017; 60 days and older debt 3.02% compared with the 3.29% of July 2017; and 90 days and older debt 37.88% compared with the 53.52% of July 2017.

Debtors days for the month of August 2017 increased with 3.8 days to 73.2 days, compared to the 69.4 days of July 2017. Taking into consideration the provision for bad debts, the debtors days increased with 7.6 days to 52.5 days, compared to the 48.7 days in July 2017.

Current debt increased with R 15,657,437 to R 135,482,061 compared with the R 119,824,624 as at 31 July 2017; 30 days + debt increased with R 2 136 919; 60 days + decreased with R 3,170,655 and 90 days and older debt as at 31 August 2017 has decreased with R 668,608 to R 127,750,430 compared with the R 128,419,038 as at 31 July 2017.

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

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
RATES	34,146,611	16,627,757	2,198,072	932,794	15,123,789	65,851,339	19.52%
WATER	220,767	14,841,640	6,026,204	1,874,654	33,389,030	73,599,900	21.82%
ELECTRICITY	245,981	72,204,479	4,754,999	1,972,898	18,233,309	97,607,181	28.94%
SEWERAGE	6,782,175	6,400,685	1,060,622	696,333	16,068,121	30,698,514	9.10%
REFUSE	6,437,029	7,133,700	1,524,329	1,104,918	27,752,353	43,803,235	12.99%
HOUSING	2,607	935,806	278,799	216,647	7,515,349	9,349,404	2.77%
OTHERS	53,427	1,680,557	671,539	227,112	10,337,086	16,382,599	4.86%
<b>TOTAL</b>	<b>45,212,187</b>	<b>135,482,061</b>	<b>18,651,483</b>	<b>10,196,011</b>	<b>127,750,430</b>	<b>337,292,172</b>	<b>100.00%</b>
2017/08 % =	53.57%		5.53%	3.02%	37.88%	100.00%	
2017/07 % =	38.05%		5.14%	3.29%	53.52%	100.00%	

Debtors owe the municipality property rates (19.52%); water (21.82%); electricity (28.94%); sewerage (9.10%); refuse (12.99%) housing (2.77%), and sundry debt (4.86%).

## 9.2 Debtors age analysis per debtor type

Agricultural debtors owes the municipality R 24,802,144 (7.4%); business debtors R 71,059,008 (21.1%); domestic debtors R 192,316,538 (57.0%); Government accounts R 36,882,070 (10.9%); Municipal accounts R 1,687,089 (0.5%) and other debtors R 10,545,323 (3.1%) of the total outstanding debt of R 337,292,172 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 AUGUST 2017

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
AGRICULTURE	7,132,614.91	10,819,923.91	1,109,275.16	345,904.97	3,503,918.52	23,022,908	1,705,044	24,802,144	7.4%
BUSSINESS	8,537,193.42	45,494,738.31	1,941,853.68	668,402.54	7,244,836.31	63,860,673	7,063,615	71,059,008	21.1%
DOMESTIC	10,193,775.81	45,189,135.34	8,045,182.14	4,937,185.08	98,479,425.04	175,124,170	15,860,550	192,316,538	57.0%
GOVERNMENT	19,642,987.73	5,107,248.19	3,469,665.58	274,493.50	1,516,458.62	34,512,697	1,752,805	36,882,070	10.9%
MUNICIPAL	679,418.83	57,766.20	28,785.20	24,548.88	850,332.98	1,604,346	77,941	1,687,089	0.5%
SUNDRY ACCOUNTS	30,689.95	855,345.25	332,099.10	130,324.24	6,076,278.59	9,734,395	492,416	10,545,323	3.1%
<b>TOTAL</b>	<b>43,715,615</b>	<b>120,980,029</b>	<b>16,929,271</b>	<b>9,203,075</b>	<b>117,031,199</b>	<b>307,859,189</b>	<b>29,432,983</b>	<b>337,292,172</b>	<b>100.0%</b>

### 9.3 Debtors age analysis per ward

In Table 11 below the total outstanding debt of R 337,292,172 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 19 of the 33 wards is above 50%. Notably is the percentages of ward 5 (64.9%); ward 6 (67.5%); ward 7 (53.4%); ward 8 (78.5%); ward 9 (77.4%); ward 11 (65.7%); ward 12 (67.1%); ward 13 (63.8%); ward 14 (78.0%); ward 20 (77.7%); ward 21 (72.5%); ward 23 (54.5%); ward 24 (70.2%); ward 26 (61.0%); ward 27 (75.8%); ward 30 (90.3%); ward 31 (74.6%); ward 32 (76.6%) and ward 33 (50.2%).

Wards that owes the municipality more than R 10,000,000 monetary wise are ward 1 (R 10,827,515); ward 4 (R 20,652,025); ward 9 (R 10,103,768); ward 12 (R 10,888,678); ward 15 (R 18,884,865); ward 16 (R 11,992,147); ward 17 (R 14,256,030); ward 18 (R 24,999,070); ward 19 (R 25,743,594); ward 22 (R 11,870,287); ward 28 (R 19,774,241); ward 30 (R 32,916,513); and ward 31 (R 17,074,362).

It is imperative that critical vacant positions in the credit control, customer care, and indigent and revenue protection sections as approved in the new functional organisational structure be filled to enforce Council's Credit Control and Debt Collection Policy.

**Recommendation**

- (8) That it be noted that total outstanding debtors as at 31 August 2017 amounted to R 337,292,172 and that 30 days and older debt constitutes 46.4% of total outstanding debtors.**
  
- (9) That it be noted that domestic consumers owe the municipality R 192,316,538 or 57.0% of the municipality's total debtor's book.**



TABLE 11: OUTSTANDING DEBTORS PER WARD AS AT 31 AUGUST 2017

WARD	CURRENT 1 (Levied but not billed as yet)	CURRENT 2 (Levied and billed)	30 DAYS +	60 DAYS +	90 DAYS +	TOTAL OUTSTANDING DEBT 31/08/2017	30 DAYS AND OLDER AS A % OF TOTAL DEBT	TOTAL OUTSTANDING DEBT 31/07/2017	INCREASE / (DECREASE)	WARD COUNCILLOR
1	2,301,145.11	6,803,499.93	616,580.69	102,976.89	1,003,312.10	10,827,515	15.9%	11,254,659	(427,144)	C KROUTZ
2	2,410,396.93	3,462,209.05	292,936.51	127,023.46	956,077.16	7,248,643	19.0%	7,438,318	(189,675)	HJ KOTZE
3	1,807,680.36	4,502,548.67	279,253.39	58,514.99	763,971.81	7,411,969	14.9%	6,991,967	420,003	WE SMIT
4	5,407,836.67	10,928,533.59	714,213.16	302,993.11	3,298,448.67	20,652,025	20.9%	21,169,225	(517,200)	J MILLER
5	76,566.74	1,487,968.45	395,148.44	248,068.63	2,243,505.21	4,451,257	64.9%	4,001,365	449,892	NP MBENENE
6	1,117,462.61	689,527.00	251,496.41	141,417.30	3,365,937.86	5,565,841	67.5%	5,345,735	220,106	TZ NQORO / NOMANA
7	616,771.14	1,518,540.99	395,911.28	110,774.72	1,944,559.83	4,586,558	53.4%	3,930,229	656,329	RB ARNOLDS
8	60,407.35	439,853.35	139,725.76	54,943.03	1,635,526.49	2,330,456	78.5%	2,237,416	93,040	N.ZIKHALI
9	306,497.27	1,979,831.72	603,337.60	247,436.03	6,966,665.40	10,103,768	77.4%	9,494,593	609,175	TC MANGENA
10	536,834.14	762,030.85	189,237.24	51,454.40	725,307.50	2,264,864	42.7%	2,080,004	184,860	C KEARNS
11	906,497.38	2,293,085.35	746,054.29	274,687.37	5,095,026.42	9,315,351	65.7%	8,813,688	501,662	AC STOWMAN
12	221,774.86	3,360,794.64	504,943.02	218,809.60	6,582,355.44	10,888,678	67.1%	8,326,835	2,561,842	MD NOBULA
13	199,818.68	746,474.02	189,256.59	80,322.17	1,401,231.28	2,617,103	63.8%	2,447,198	169,905	S ROSS
14	157,750.76	999,338.26	455,293.73	150,902.20	3,488,428.56	5,251,714	78.0%	5,011,947	239,766	J DE WET
15	2,528,233.31	13,369,437.93	829,301.31	415,552.86	1,742,339.92	18,884,865	15.8%	17,865,143	1,019,723	LW NIEHAUS
16	295,229.00	6,278,319.87	815,936.38	288,033.10	4,314,629.03	11,992,147	45.2%	11,108,328	883,819	DS BLANCKENBERG
17	1,983,011.48	9,227,537.91	708,867.08	214,252.66	2,122,361.06	14,256,030	21.4%	15,399,432	(1,143,402)	HJN MATTHEE
18	4,620,025.10	11,245,726.66	911,641.29	545,904.68	7,675,772.19	24,999,070	36.5%	23,234,470	1,764,600	AML BUCKLE
19	6,672,857.36	14,558,268.44	899,670.72	203,634.66	3,409,162.79	25,743,594	17.5%	26,658,164	(914,570)	TE BESTER
20	100,467.77	1,217,333.03	441,873.30	199,864.77	3,951,761.26	5,911,300	77.7%	5,442,785	468,515	PBA CUPIDO
21	372,398.64	968,554.16	304,423.34	112,423.20	3,126,276.86	4,884,076	72.5%	4,444,042	440,034	E GOUWS
22	1,398,254.93	4,722,480.32	653,497.81	264,226.94	4,831,826.84	11,870,287	48.4%	11,331,740	538,547	FP CUPIDO
23	366,540.56	1,953,403.91	338,114.25	209,587.90	2,231,441.33	5,099,088	54.5%	5,200,349	(101,261)	F JACOBS
24	489,407.30	937,217.63	268,474.14	101,256.75	2,997,648.22	4,794,004	70.2%	4,404,702	389,302	MM ADRIAANSE
25	1,540,604.73	3,385,879.64	1,210,438.95	127,557.35	2,587,751.82	8,852,232	44.3%	7,089,605	1,762,627	LT VAN NIEKERK
26	513,071.58	1,480,464.13	329,186.93	128,492.00	2,662,753.45	5,113,968	61.0%	5,028,860	85,108	JV ANDERSON
27	26,762.42	635,136.66	261,353.56	102,233.60	1,707,172.30	2,732,659	75.8%	2,500,091	232,567	VC BOOYSEN
28	3,144,098.66	12,742,502.10	1,587,182.44	357,616.99	1,942,840.85	19,774,241	19.7%	16,749,651	3,024,590	RH VAN NIEWENHUYZEN
29	1,158,584.19	3,230,433.54	502,804.41	138,241.28	1,640,410.22	6,670,474	34.2%	6,556,344	114,129	L WILLEMSE
30	349,959.40	2,847,976.76	1,353,876.28	617,851.16	27,746,849.21	32,916,513	90.3%	30,778,355	2,138,158	J SMIT
31	2,421,206.84	1,923,017.18	678,362.36	3,622,227.25	8,429,548.39	17,074,362	74.6%	16,122,238	952,124	GH FORD
32	98,343.61	940,087.45	377,120.57	153,752.89	2,859,921.75	4,429,226	76.6%	4,004,288	424,939	LV NZELE
33	499,452.08	1,514,163.60	203,374.71	94,689.02	1,728,513.02	4,040,192	50.2%	3,868,700	171,492	SE SEPTEMBER
<b>SUNDRIES</b>	506,238.00	2,329,884.19	202,594.85	128,288.33	571,095.26	3,738,101	24.1%	3,341,710	396,391	<b>SUNDRIES</b>
<b>TOTAL</b>	<b>45,212,187</b>	<b>135,482,061</b>	<b>18,651,483</b>	<b>10,196,011</b>	<b>127,750,430</b>	<b>337,292,172</b>	<b>46.4%</b>	<b>319,672,179</b>	<b>17,619,993</b>	

## **10. Creditors age analysis**

The municipality's creditor's age analysis amounted to R 4,028,030 as at 31 August 2017 as set out in Table 12 below. Creditors 30 days and more, but not current amount to R 21,385; 60 days and more R 1,801 and 90 days and more R 0.

### ***Recommendation***

***(10) That it be noted that outstanding creditors amounted to R 4,028,030 as at 31 August 2017.***

TABLE 12: CREDITORS AGE ANALYSIS AS AT 31 AUGUST 2017

CREDITOR	CURRENT	30 DAYS +	60 DAYS +	90 DAYS +	TOTAL AS AT 31/08/2017
AVALON TECHNOLOGY GROUP (PTY) LTD	1,890	0	0	0	1,890
AAD TRUCK AND BUS (PTY) LTD T/A AAD TRUCK	14,723	0	0	0	14,723
ATARAXIA SECURITY SYSTEMS (PTY) LTD	42,613	0	0	0	42,613
ALLSEAL (PAARL) CC	433	0	0	0	433
CC AUTO SUPPLIES CC T/A MIDAS PAARL	1,623	0	0	0	1,623
ALSU ONDERNEMINGS PTY LTD	103,820	0	0	0	103,820
ACTOM ELECTRICAL PRODUCTS A DIVISION OF	165,476	0	0	0	165,476
AON SOUTH AFRICA (PTY) LTD	24,500	0	0	0	24,500
BROADWAY TIMBERS PTY LTD T/A BROADWAY	105,542	0	0	0	105,542
BIDSERV INDUSTRIAL PRODUCTS (PTY) LTD	33,884	0	0	0	33,884
BERMAR HYDRAULICS (PTY) LTD	27,763	0	0	0	27,763
BOUDEL MOTORS PTY LTD T/A THORP PAARL	4,552	0	0	0	4,552
BOLAND PROMOTIONS PTY LTD	1,129	0	0	0	1,129
BOOKS MAGAZINES AND STATIONARY CC T/A B	3,066	3,640	0	0	6,706
BROADWAY HARDWARE CC	21,099	0	0	0	21,099
ARGENTURE RADIO & TV (PTY)LTD T/A CATHMA	350	0	0	0	350
DYNAMIC TONER SOLUTIONS CC	3,682	0	0	0	3,682
DIRK LOCHNER TRANSPORT CC	199,500	0	0	0	199,500
DYKON ENGINEERING PTY LTD	6,327	0	0	0	6,327
ELEKTRO VROOMEN (PTY) LTD	69,512	0	0	0	69,512
ELECTRO INDUCTIVE INDUSTRIES (PTY) LTD	113,175	0	0	0	113,175
ENVIREX CC	0	6,475	0	0	6,475
FILCO PARTS BK	2,028	0	0	0	2,028
HIRETECH CONSTRUCTION EQUIPMENT PTY L	6,977	0	0	0	6,977
HSM AMANZI PUMP AND SEWERAGE ENGINEER	5,636	0	0	0	5,636
HYDRABERG HYDRAULICS	49,612	0	0	0	49,612
BERGRVIER HIDROLIES BK T/A HYDRAQUIP	632	0	0	0	632
INDEPENDENT NEWSPAPERS CAPE LTD	51,028	0	0	0	51,028
INTEGRAL LABORATORIES	7,063	0	0	0	7,063

JG AFRIKA (PTY) LTD	30,664	0	0	0	30,664
JEFFS GLASS	975	0	0	0	975
J SIMONSE T/A JEFF'S MOTORS	20,118	0	0	0	20,118
KC DOMESTIC REPAIRS CC	2,252	0	0	0	2,252
KILOTREADS PAARL (PTY)LTD	109,529	0	0	0	109,529
LG TOW IN BK	2,498	0	0	0	2,498
LAST SAMURAI PROP.HOLD.2 CC T/A ITHUBA IN	21,038	0	0	0	21,038
LUMBER & LAWN (EDMS) BPK	17,655	2,180	0	0	19,835
M&M ELECTRONICS CC	2,770	0	0	0	2,770
MUNSTEL BK	0	7,288	0	0	7,288
MASSAMATIC (PTY) LTD	5,334	0	0	0	5,334
MARTIN AND EAST PTY LTD	745,414	0	0	0	745,414
MAXDEALS 139 CC T/A J&J LOCK SMITHING & KE	220	0	0	0	220
NEW HEMISPHERE RETAILER (PAARL)(PTY) LTD	17,628	0	0	0	17,628
NOVEL MOTOR COMPANY PAARL/CARGEN PTY	0	891	0	0	891
POWERTECH SYSTEM INTEGRATORS (PTY) LT	87,011	0	0	0	87,011
PVM MOTORS CC	29,047	0	0	0	29,047
PAARL EXHAUST CC	1,400	0	0	0	1,400
TITANCOR TWO CC T/A PAARL MICA	10,046	0	0	0	10,046
PAARL SLOOTGRAWEDIENS BK	23,666	0	0	0	23,666
PATCH INDUSTRIAL SUPPLIES AND CONSULTIN	132,054	0	0	0	132,054
LABRUSCA BESTUURSDIENSTE CC T/A PEN & I	21,746	0	0	0	21,746
PRIMA BANDE BK	0	320	0	0	320
RENTOKIL INITIAL (PTY)LTD	16,751	0	0	0	16,751
SIZABANTU PIPING SYSTEMS PTY LTD	2,206	0	0	0	2,206
STARTUNE PTY LTD	329,889	0	0	0	329,889
SIMPLY SILK FLOWER RENTAL	0	590	0	0	590
SIZWE AFRICA IT GROUP PTY LTD	0	0	1,801	0	1,801
RELIANCE GROUP TRADING(PTY) LTD	3,419	0	0	0	3,419
SIYAPHAMBILI ELECTRICAL & INDUSTRIAL SUPPL	328,625	0	0	0	328,625
T AND T FIRE AND SAFETY CC T/A TNT FIRE	1,169	0	0	0	1,169
TAFELBERG MEUBELWINKELS BPK	1,798	0	0	0	1,798
TO-NETT'S VERHURINGS CC T/A TO-NETT'S VE	1,425	0	0	0	1,425
UDS AFRICA PROFESSIONAL SERVICES PROVI	97,135	0	0	0	97,135
VS TECH PLANT CC	372,811	0	0	0	372,811
VOLTEX PAARL	25,188	0	0	0	25,188
WCC CABLES PTY LTD	69,184	0	0	0	69,184
WELLINGTON PAINT & HARDWARE	119,989	0	0	0	119,989
WESTERN PROVINCE SUPPLIERS (PTY) LTD	254,972	0	0	0	254,972
WORTH IT ENGINEERING SUPPLIES T/A HYDRA	21,318	0	0	0	21,318
WYNLAND AUTO ELECTRICAL	10,266	0	0	0	10,266
<b>TOTAL</b>	<b>4,004,845</b>	<b>21,385</b>	<b>1,801</b>	<b>0</b>	<b>4,028,030</b>

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

The municipality's bank accounts reconciles as at 31 August 2017 as can be seen in table 13 below. The primary bank account showed a positive cashbook balance of R 225,362,933 at the end of August 2017 whilst the actual bank balance was a positive R 223,354,988.

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

	FNB Primary Account 62702310385	FNB Billing & Sundry Receipt Account 62702312349	FNB Traffic Account 62071526514	Nedbank Primary Account 1498121861	Nedbank Secondary Account 1498121853	TOTALS
<b>Cashbook balance as per 31/08/2017</b>	<b>102,790,154</b>	<b>2,835</b>	<b>0</b>	<b>5,757,860</b>	<b>116,812,084</b>	<b>225,362,933</b>
In CB not in GL : Direct Deposit Transfers	132,395	4,770	0	65,564	3,424	<b>206,153</b>
In GL not in CB : ACB's	9,773,155	0	0	0	0	<b>9,773,155</b>
In GL not in CB : Cheques	175,041	0	0	0	0	<b>175,041</b>
Direct-Deposit- Transfer-in-Cashook	(2,085,229)	(7,605)	0	58,609,046	(116,815,508)	<b>(60,299,296)</b>
Less : Amount receipted but not yet banked	(40,958,813)	0	0	0	0	<b>(40,958,813)</b>
Plus : Cheques issued but not yet cashed	261,886	0	0	268,124	0	<b>530,010</b>
Plus : ACB's issued but not yet cashed	88,498,463	0	0	67,342	0	<b>88,565,805</b>
<b>Balance bank statement as per 31/08/2017</b>	<b>158,587,052</b>	<b>0</b>	<b>0</b>	<b>64,767,936</b>	<b>0</b>	<b>223,354,988</b>

Surplus cash is invested on a daily basis. The municipality's investments as at 31 August 2017 is as set out in Table 14 below. The municipality started the beginning of the month with total investments of R 276,910,727 and after investments made (R 0), withdrawn (R 0) and interest capitalised (R 1,672,942) closed with an investments balance of R 278,570,665 at the five listed local banks and at Eskom where we do have some shares.

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

<b>BANK</b>	<b>BALANCE AT 31 JULY 2017</b>	<b>INVESTMENTS MADE</b>	<b>INVESTMENTS WITHDRAWN</b>	<b>INTEREST CAPITALISED</b>	<b>BALANCE AT 31 AUGUST 2017</b>	<b>INTEREST EARNED YEAR-TO-DATE</b>	<b>INTEREST RATE</b>
ABSA BANK	20,382,313	-	-	119,641	20,501,955	119,641	6.750%
ABSA BANK	20,275,861	-	-	119,017	20,394,878	119,017	6.750%
ABSA BANK	21,009,265	-	-	123,322	21,132,586	123,322	6.750%
ABSA BANK	20,115,799	-	-	118,077	20,233,876	118,077	6.750%
ABSA BANK	20,123,996	-	-	118,125	20,242,121	118,125	6.750%
<b>SUB-TOTAL</b>	<b>101,907,234</b>	<b>-</b>	<b>-</b>	<b>598,182</b>	<b>102,505,415</b>	<b>598,182</b>	<b>6.750%</b>
STANDARD BANK	150,000,000	-	-	932,260	150,932,260	932,260	6.700%
<b>SUB-TOTAL</b>	<b>150,000,000</b>	<b>-</b>	<b>-</b>	<b>932,260</b>	<b>150,932,260</b>	<b>932,260</b>	<b>6.700%</b>
NEDBANK	24,857,500	-	-	142,500	25,000,000	142,500	6.550%
<b>SUB-TOTAL</b>	<b>24,857,500</b>	<b>-</b>	<b>-</b>	<b>142,500</b>	<b>25,000,000</b>	<b>142,500</b>	<b>6.550%</b>
ESKOM	132,990	-	-	-	132,990	-	13.500%
<b>SUB-TOTAL</b>	<b>132,990</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>132,990</b>	<b>-</b>	<b>13.500%</b>
<b>GRAND TOTAL</b>	<b>276,897,724</b>	<b>-</b>	<b>-</b>	<b>1,672,942</b>	<b>278,570,665</b>	<b>1,672,942</b>	<b>8.375%</b>

**Recommendation**

*(11) That it be noted that the primary bank account had a positive bank balance at 31 August 2017 which amounted to R 223,354,986.*

*(12) That it be noted that total investments in cash and shares amounted to R 278,570,665 as at 31 August 2017 at the five local banks and Eskom.*

## 12. RECOMMENDATIONS

Based on the contents of this report it is recommended to the Mayoral Committee, the Finance Portfolio Committee and Council –

- (1) That it be noted that the variance between the actual operating revenue (R 698,433,922) and the pro rata budgeted operating revenue (R 669,578,305) has a positive variance of R 28,855,616 or 4.31%.
- (2) That it be noted that the variance between the actual operating expenditure (R 245,885,834) and the pro rata budgeted operating expenditure (R 282,831,657) has a positive variance of R 36,945,821 or 13.06%.
- (3) That it be noted that the actual and committed capital expenditure of R 114,494,342 and the pro rata budgeted capital expenditure of R 69,287,001 realised under spending of R 45,207,342 or 65.25%.
- (4) That it be noted that the actual and committed capital expenditure of R 114,494,342 compared with the capital expenditure budget of R 815,135,300 represent a spending percentage of 14.05% after two months of the financial year.
- (5) That it be noted that external borrowings amounted to R 1,190,488,686 as at 31 August 2017 and that it represents 59.27% of Drakenstein's total budgeted operating revenue of R 2,008,665,813 for the 2017/2018 financial year.
- (6) That it be noted that of the R 68,706,668 grants received during the current financial year an amount of R 25,254,976 or 36.76% have been utilised as at 31 August 2017. The amount of R 25,254,976 is made up of operating expenditure of R 16,873,678 and capital expenditure of R 8,381,298 utilised on operating and capital projects / programmes.
- (7) That it be noted that the actual employee related cost expenditure of R 75,186,310 compared with the pro rata budgeted expenditure of R 74,916,478 relates to a negative variance of R269, 832 or 0.36%.

- (8) That it be noted that total outstanding debtors as at 31 August 2017 amounted to R 337,292,172 and that 30 days and older debt constitutes 46.4% of total outstanding debtors.
  - (9) That it be noted that domestic consumers owe the municipality R 192,316,538 or 57.0% of the municipality's total debtor's book.
  - (10) That it be noted that outstanding creditors amounted to R 4,028,030 as at 31 August 2017.
  - (11) That it be noted that the primary bank account had a positive bank balance at 31 August 2017 which amounted to R 223,354,986.
  - (12) That it be noted that total investments in cash and shares amounted to R 278,570,665 as at 31 August 2017 at the five local banks and Eskom.
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