



DRAKENSTEIN

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Monthly Budget Monitoring Report (Section 71 of MFMA)

Period ending: 30 November 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 November 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.

A handwritten signature in black ink, appearing to read 'CONRAD POOLE', written over a horizontal line.

CONRAD POOLE


EXECUTIVE MAYOR

14 December 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 November 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. J. M. LEIBBRANDT
CITY MANAGER

14 December 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 1,093,030,857) compares favourably with the pro rata budgeted figure (R 1,090,954,382) – a positive variance of R 2,076,474 or 0.19% 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 30,087,571 or 55.56%) – journals not processed yet, will be done in the next month;
- Transfers and Subsidies: Operational (R 33,422,909 or 96.88%) – under spending on the housing projects, which is resulting in less revenue to be recognised as specified for the conditional grant;
- Operational Revenue (R 1,234,602 or 13.33%) – revenue (i.e. Planning fees income) is less than the pro-rata budget based on historical trends;
- Service Charges: Property Rates (R 3,810,236 or 1.11%) – 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 1,460 or 7.59%) – less than envisioned at this stage and based on historical trends;
- Sale of Goods and Rendering of Services (R 138,454 or 98.51%) – 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 6,434,444 or 71.44%) - pro-rata budget based on historical trends from previous years, but free water changed from 10kl to 6 kl in this financial year. Free water will therefore be less this financial year; and
- Contra Account: Property Rates (R 7,070,459 or 6.84%) - pro-rata budget based on historical trends from previous years however, the 1st supplementary valuation will only be implemented during January and will influence this amount considerably.

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 2,707,693 or 18.8%) – revenue more than envisaged;
- Rental from fixed assets (R 1,827,129 or 16.66%) – pro-rata budget based on historical trends and therefore may differ one month to another.
- Service Charges: Cleansing (R 8,182,895 or 7.31%) – revenue is levied annually and therefore can decrease in order to align with the budget trends;
- Service Charges: Electricity (R 10,164,028 or 2.32%) – revenue is more than the projected budget, calculated from prior financial period actuals;
- Service Charges: Sanitation (R 6,790,340 or 6.70%) – revenue is levied annually and therefore can decrease in order to align with the budget trends;
- Service Charges: Water (R 27,852,673 or 36.36%) – 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 1,093,030,857) and the pro rata budgeted operating revenue (R 1,090,954,382) has a positive variance of R 2,076,474 or 0.19%.

TABLE 1: ACTUAL REVENUE PER REVENUE SOURCE FOR NOVEMBER 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	10,799	0	71,799	71,799	0.00%	59,238,169
2	Free Basic Services	120,821,000	120,821,000	9,523,469	5,172,549	54,156,716	24,069,145	(30,087,571)	-55.56%	96,751,855
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	3,680,194	14,404,776	17,112,469	2,707,693	18.80%	19,078,170
5	Licences and Permits	16,971,823	16,971,823	1,414,319	1,522,472	7,071,593	7,082,678	11,085	0.16%	9,889,145
6	Ner: Transfers and Subsidies : Operational	98,441,034	98,441,034	6,900,003	0	34,500,014	1,077,105	(33,422,909)	-96.88%	97,363,929
7	Operational Revenue	23,152,265	23,152,265	2,315,227	1,563,542	9,260,906	8,026,304	(1,234,602)	-13.33%	15,125,961
8	Rental from Fixed Assets	27,767,923	27,767,923	2,360,274	2,575,978	10,968,330	12,795,458	1,827,129	16.66%	14,972,465
9	Service Charges : Cleansing	120,940,260	120,940,260	441,299	1,014,660	111,930,182	120,113,077	8,182,895	7.31%	827,183
10	Service Charges : Electricity	1,041,773,629	1,041,773,629	83,078,104	79,629,558	438,375,390	448,539,418	10,164,028	2.32%	593,234,211
11	Service Charges : Property Rates	352,262,061	352,262,061	(356,007)	149,908	344,183,760	340,373,524	(3,810,236)	-1.11%	11,888,537
12	Service Charges : Sanitation	108,066,192	108,066,192	41,573	2,242,001	101,387,918	108,178,258	6,790,340	6.70%	(112,066)
13	Service Charges : Water	228,193,650	228,193,650	14,100,513	20,358,981	76,609,462	104,462,135	27,852,673	36.36%	123,731,515
14	Service Charges : Other	46,173	46,173	3,848	3,556	19,239	17,779	(1,460)	-7.59%	28,394
15	Sale Of Goods And Rendering Of Services	351,385	351,385	35,139	200	140,554	2,100	(138,454)	-98.51%	349,285
16	Subtotal A : Operating Revenue	2,234,538,002	2,234,538,002	122,738,715	117,924,397	1,203,008,839	1,191,921,249	(11,087,590)	-0.92%	1,042,616,753
17	Contra Account : Water Foregone	(21,615,830)	(21,615,830)	(1,801,319)	(470,567)	(9,006,596)	(2,572,152)	6,434,444	-71.44%	(19,043,678)
18	Contra Account : Property Rates	(105,815,325)	(105,815,325)	106,940	(841,582)	(103,388,700)	(96,318,241)	7,070,459	-6.84%	(9,497,084)
19	Subtotal B : Operating Revenue Foregone	(127,431,155)	(127,431,155)	(1,694,379)	(1,312,149)	(112,395,296)	(98,890,393)	13,504,903	-12.02%	(28,540,762)
20	Total Operating Revenue	2,107,106,847	2,107,106,847	121,044,336	116,612,248	1,090,613,544	1,093,030,857	2,417,313	0.22%	1,014,075,990
21	Ner : Transfers and Subsidies : Capital	94,756,000	95,693,305	85,210	0	340,838	0	(340,838)	-100.00%	95,693,305
22	Total Operating Revenue (Capital Grants Included)	2,201,862,847	2,202,800,152	121,129,545	116,612,248	1,090,954,382	1,093,030,857	2,076,474	0.19%	1,109,769,295
							Actual Revenue to date		1,093,030,857	
							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 709,541,923 compares favourably with the pro rata budgeted expenditure of R 792,166,124 – a variance of R 82,624,201 or 10.43%.

TABLE 2: ACTUAL OPERATIONAL EXPENDITURE PER VOTE FOR NOVEMBER 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	1,072,752	84,986	287,728	(210,739)	1,082,995	(1,293,734)	613.90%	(10,243.22)
2	Department of Internal Audit	3,601,344	3,602,424	582,831	869,201	1,657,972	3,049,376	(1,391,405)	-83.92%	553,047.55
3	Department of Risk And Fraud	2,072,263	2,072,743	206,661	225,522	884,410	861,054	23,356	2.64%	1,211,688.98
4	Department of Communication	1,242,152	1,242,152	138,293	0	538,966	192,920	346,046	64.21%	1,049,232.20
5	Department of IDP/PMS	1,426,234	1,426,834	251,617	487,614	640,568	2,448,878	(1,808,309)	-282.30%	(1,022,043.62)
6	Corporate Services	107,191,997	106,938,837	6,768,174	11,817,438	32,318,744	51,114,981	(18,796,237)	-58.16%	55,823,856
7	Community Services	572,357,339	277,184,701	24,116,142	23,093,151	92,425,544	87,415,957	5,009,587	5.42%	189,768,744
8	Financial Services	72,759,720	72,783,240	7,619,450	9,934,553	30,432,476	38,310,714	(7,878,237)	-25.89%	34,472,526
9	Planning and Development	44,429,023	194,002,512	17,228,958	12,523,486	76,266,962	49,066,014	27,200,948	35.67%	144,936,498
10	Engineering Services	1,376,141,150	1,517,250,221	117,148,478	104,338,139	557,211,221	475,999,034	81,212,186	14.57%	1,041,251,187
11	Totals	2,182,693,374	2,177,576,416	174,145,590	163,576,832	792,166,124	709,541,923	82,624,201	10.43%	1,468,034,493

Actual Expenditure to date **709,541,923**

Projected Expenditure for 2017/2018 **2,177,576,416**

Recommendation

(2) That it be noted that the variance between the actual operating expenditure (R 709,541,923) and the pro rata budgeted operating expenditure (R 792,166,124) has a positive variance of R 82,624,201 or 10.43%.

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 709,541,923) do compare favourably with the pro rata budgeted figures (R 792,166,123) – a positive variance of R 82,624,199 or 10.43% at month end.

TABLE 3: ACTUAL OPERATIONAL EXPENDITURE PER EXPENDITURE CATEGORY FOR NOVEMBER 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	37,877,503	38,199,139	217,807,277	218,269,488	(462,210)	-0.21%	320,997,260
2	Councillor Related Costs	29,091,494	29,091,494	2,279,508	2,213,778	11,397,542	11,084,726	312,816	2.74%	18,006,768
3	Provision for Bad Debts	28,762,971	28,762,971	2,396,914	2,396,914	11,984,571	11,984,571	(0)	0.00%	16,778,400
4	Depreciation and Amortisation	188,506,431	188,506,431	0	0	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	49,848,274	49,762,642	85,632	0.17%	69,873,217
8	Bulk Purchases Water	43,168,974	40,168,974	242,537	284,435	3,147,070	1,521,377	1,625,693	51.66%	38,647,597
9	Bulk Purchases: Electricity	631,669,439	631,669,439	79,435,851	76,336,284	264,159,173	238,945,815	25,213,358	9.54%	392,723,625
10	Contra Accounts: Revenue Cost of Free Basic Services	93,134,840	93,134,840	7,761,237	5,946,796	38,806,183	28,336,135	10,470,048	26.98%	64,798,705
11	Contracted Services	155,086,672	148,938,329	12,417,072	10,807,534	62,445,469	50,859,957	11,585,512	18.55%	98,078,372
12	Operational : Monetary	739,925	739,925	61,660	0	308,302	0	308,302	100.00%	739,925
13	Inventory	47,831,034	42,155,198	3,987,476	2,626,243	18,697,068	13,578,719	5,118,350	27.38%	28,576,479
14	Operating Leases	15,476,691	17,018,691	1,385,375	1,648,903	6,931,101	5,969,239	961,861	13.88%	11,049,452
15	Operational Cost	102,203,691	111,030,412	8,223,615	5,605,837	50,768,874	44,328,497	6,440,376	12.69%	66,701,915
16	OC: Municipal Services	53,181,576	53,181,576	4,431,798	2,393,554	22,158,988	29,381,638	(7,222,650)	-32.59%	23,799,938
17	Transfers and Subsidies: Operational	81,561,706	80,900,206	6,741,059	1,910,845	33,706,231	5,519,121	28,187,111	83.63%	75,381,085
18	Loss On Sale of Assets	4,000,000	4,000,000	0	0	0	0	0	0.00%	4,000,000
19	TOTALS	2,182,693,374	2,177,576,416	177,211,261	160,322,791	792,166,123	709,541,923	82,624,199	10.43%	1,468,034,493

Actual Expenditure to date **709,541,923**

Projected Expenditure for 2017/2018 **1,468,034,493**

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

- Bulk Purchases Water (R 1,625,693 or 51.66%) – 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 25,213,358 or 9.54%) - the amount of electricity purchased is less than the actual trend from historical information;
- Contra Accounts: Revenue Cost of Free Basic Services (R 10,470,048 or 26.98%) – journals not processed yet, will be done in the next month;
- Contracted services (R 11,585,512 or 18.55%) – contracted services (research and development, resealing of streets and maintenance on unspecified assets and equipment) are underspend for the month;
- Operational Monetary (R 308,302 or 100.00%) – budgeted donations still to be expensed to approved beneficiaries;
- Inventory (R 5,118,350 or 27.38%) – inventory expenditure (i.e. petrol and diesel; housing inventory, tyres; chemicals, etc.) underspend for the month;
- Operating Leases (R 961,861 or 13.88%) – leasing of machinery and equipment expenditure was less than anticipated;
- Operational Cost (R 6,440,376 or 12.69%) – underspending envisioned at this stage; and
- Transfers and subsidies: operational (R 28,187,111 or 83.63%) – 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 7,222,650 or 32.59%) – overspending on internal use of electricity. Pro-rata budget of refuse is incorrect as it was appropriated monthly whilst refuse is a service that is billed annually. This will be corrected.

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 226,489,539 compares unfavourably with the pro rata budgeted capital expenditure of R 235,461,347 as per the cash flow projections of the SDBIP with a variance or under spending of R 8,971,808 or 3.81%. 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 capital expenditure amounts to 27.79% of the total capital budget of R 815,135,300 after five months of the financial year. Actual and recorded committed capital expenditure (R 555,588,196) represents 68.16% of the total capital budget of R 815,135,300 after five months of the financial year.

TABLE 4: ACTUAL CAPITAL EXPENDITURE PER VOTE FOR NOVEMBER 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	6,219,301	1,066	8,805	8,133	0	14,805	14,805	6,672	82.04%	6,204,496
2	Department of Internal Audit	0	12,000	0	10,068	12,000	0	10,068	10,068	(1,932)	0.00%	1,932
3	Department of Risk And Fraud	0	29,324	14,894	4,115	16,698	0	4,115	4,115	(12,583)	0.00%	25,209
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	20,572,889	2,880,188	225,940	6,591,111	1,346,961	1,737,890	3,084,852	(4,853,220)	-73.63%	18,834,999
7	Community Services	34,424,004	51,890,125	3,818,190	1,458,974	13,928,987	10,746,243	7,897,095	18,643,338	(6,031,892)	-43.30%	43,993,030
8	Financial Services	1,500,000	2,123,322	790,744	69,538	1,090,744	766,744	686,555	1,453,299	(404,189)	0.00%	1,436,767
9	Planning and Development	26,727,812	19,931,673	885,501	3,668,548	2,351,721	151,974	7,747,129	7,899,103	5,395,408	229.42%	12,184,544
10	Engineering Services	546,851,348	714,356,666	75,906,809	86,982,417	211,461,953	316,086,735	208,391,882	524,478,617	(3,070,071)	-1.45%	505,964,784
11	TOTALS	633,141,543	815,135,300	84,297,392	92,428,405	235,461,347	329,098,657	226,489,539	555,588,196	(8,971,808)	-3.81%	588,645,761

% of Approved Budget = 40.37% 27.79% 68.16% Actual Expenditure to date 226,489,539

Actual Capex as a % of Pro Rata Budget = 96.19% 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 NOVEMBER 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	67,081,782	8,452,646	9,706,353	27,471,281	16,515,291	22,036,783	38,552,074	(5,434,498)	-19.78%	45,044,999
2	GRANTS	84,347,367	85,284,672	9,512,000	15,153,455	45,852,260	15,449,427	57,584,176	73,033,603	11,731,916	25.59%	27,700,496
3	EXTERNAL LOANS	508,794,176	662,768,846	66,332,746	67,568,598	162,137,805	297,133,939	146,868,580	444,002,519	(15,269,226)	-9.42%	515,900,266
4	TOTALS	633,141,543	815,135,300	84,297,392	92,428,405	235,461,347	329,098,657	226,489,539	555,588,196	(8,971,808)	-3.81%	588,645,761

Actual Expenditure to date 226,489,539

Projected Expenditure for 2017/2018 815,135,300

Recommendation

- (3) That it be noted that actual capital expenditure of R 226,489,539 represents 27.79% of the total capital budget of R 815,135,300 after five months of the financial year.**
- (4) That it be noted that the actual capital expenditure of R 226,489,539 and the pro rata budgeted capital expenditure of R 235,461,347 realised under spending of R 8,971,808 or 3.81%.**
- (5) That it be noted that the actual and committed capital expenditure of R 555,588,196 compared with the capital expenditure budget of R 815,135,300 represent a spending percentage of 68.16% after five 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 and after repayments (R 7,584,869) were made and additional loans (R 0) were taken up, the total borrowings outstanding as at 30 November 2017 amounts to R 1,181,262,164. This borrowing debt represents 56.06% 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

(6) That it be noted that external borrowings amounted to R 1,181,262,164 as at 30 November 2017 and that it represents 56.06% of Drakenstein's total budgeted operating revenue of R 2,107,106,847 for the 2017/2018 financial year.

TABLE 6: ACTUAL BORROWINGS FOR NOVEMBER 2017

SERIAL NUMBER	EXTERNAL LOANS PROVIDERS	INTEREST RATES	TERM ENDING	OPENING BALANCE 01/11/2017	CAPITAL REDEEMED	NEW LOANS TAKEN UP	CLOSING BALANCE 30/11/2017
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	360,985	0	377,151
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	7,223,884	0	164,694,710
22	STANDARD BANK	10.12%	2027	413,221,763	0	0	413,221,763
23	TOTALS			1,188,847,033	7,584,869	0	1,181,262,164

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 77,020,002 were received to date. Operating grants expenditure to the amount of R 52,979,915 and capital grants expenditure to the amount of R 0 was spent and recorded as utilised at the end of November 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 November 2017 is R 74,641,342.

Recommendation

(7) That it be noted that unspent conditional and unconditional grants amounted to R 74,641,342 at the end of November 2017.

TABLE 7: CONDITIONAL GRANTS

SERIAL NUMBER	DESCRIPTION	OPENING BALANCE 1 NOVEMBER 2017	OTHER INCOME	OPERATIONAL EXPENDITURE DURING THE YEAR	CAPITAL EXPENDITURE DURING THE YEAR	BALANCE AS ON 30 NOVEMBER 2017
1	CONDITIONAL GRANTS					
2	NATIONAL: EQUITABLE SHARE					
3	TRUST FUND : INDIGENT POLICY FUNDS	0	(50,343,000)	47,409,762	0	(2,933,238)
4	SUB - TOTAL	0	(50,343,000)	47,409,762	0	(2,933,238)
5	NATIONAL TREASURY					
6	MUNICIPAL INFRASTRUCTURE GRANT (MIG)	0	(5,200,000)	0	0	(5,200,000)
7	MUNICIPAL FINANCE MANAGEMENT GRANT (FMG)	(5)	(1,550,000)	0	0	(1,550,005)
8	TRUST FUND:ELECTRICITY DEMAND SIDE GRANT	(318,155)	0	316,404	0	(1,751)
9	TRUST FUND :COMMUNITY DEV WORKER (CDW)	(473,931)	(1,105,000)	0	0	(1,578,931)
10	TRUST FUND : ELECTRIFICATION FUNDING	(1,011,231)	0	0	0	(1,011,231)
11	SUB - TOTAL	(1,803,322)	(7,855,000)	316,404	0	(9,341,918)
12	PROVINCIAL TREASURY					
13	TRUST FUND : HEALTH SUBSIDIES					
14	N-GOV: REGION BULK INFRA GRT SCHEDULE 6B	(17,700,000)	0	0	0	(17,700,000)
15	N-GOV: HUMAN SETTLEM CAPACITY GRT SCH 5B	(2,000)	0	0	0	(2,000)
16	PD WC - HOUSING: HUMAN SETTLEMENT DEVEL	(90,000)	0	0	0	(90,000)
17	SILVERTOWN OPENING BALANCE	(60,000)	0	0	0	(60,000)
18	TRUST FUND : CARTERVILLE HOUSING PROJECT	(956,503)	0	0	0	(956,503)
19	TRUST FUND : 1068 HUISE WDR SKENKING	(738,659)	0	0	0	(738,659)
20	TRUST FUND: DROMMEDARIS	(429,143)	0	0	0	(429,143)

21	TRUST FUND : DROMMEDARIS STREET EHP	429,143	0	0	0	429,143
22	SCHEME 49 OPERATING EXPENDITURE	(130,183)	0	0	0	(130,183)
23	FMG WESTERN CAPE	(60,000)	0	0	0	(60,000)
24	P59 FAIRYLANDS OPERATING INCOME	(8,116,015)	0	0	0	(8,116,015)
25	P59 FAIRYLANDS OPERATING EXPENDITURE	129,312	0	0	0	129,312
26	NEW SIYAZAMA INCOME	(4,890,102)	0	0	0	(4,890,102)
27	NEW SIYAZAMA EXPENDITURE	4,890,102	0	0	0	4,890,102
28	ERF 2220	(802,653)	0	0	0	(802,653)
29	LANTANA	0	(1,821,488)	0	0	(1,821,488)
30	GOUDA INCOME	(971,063)	0	0	0	(971,063)
31	GOUDA EXPENDITURE	491	0	0	0	491
32	SIYASHLALA	0	(79,200)	0	0	(79,200)
33	DALJOSAPHAT TRANSFERS	(453,180)	0	0	0	(453,180)
34	TRUST FUND : KINGSTON INCOME	(10,982,731)	0	0	0	(10,982,731)
35	TRUST FUND : KINGSTON EXPENDITURE	10,982,731	0	0	0	10,982,731
36	TRUST FUND : AMSTELHOF PROJECT 35	(10,348)	0	0	0	(10,348)
37	TRUST FUND : LIBRARY GRANT (PROV)	(97,638)	(13,827,334)	0	0	(13,924,972)
38	TRUST FUND : SOCCERFIELD	(6,237)	0	0	0	(6,237)
39	T/F:INV LAND FOR PROV OF IND&RES PURPOSE	(13)	0	0	0	(13)
40	DEPARTMENT OF PUBLIC WORKS (TAXI RANK)	829	0	0	0	829
41	TRUST FUND : TRAINING LEVY	(1,961,867)	(401,507)	410,262	0	(1,953,112)
42	SUB - TOTAL	(32,025,727)	(16,129,529)	410,262	0	(47,744,994)
43	GRANTS: OTHER INSTITUTIONS					
44	TRUST FUND : ERF 2220:STROMWATER UPGRADE	(383,312)	0	0	0	(383,312)
45	WATER&SEWER MASTERPLANS	(300,000)	0	0	0	(300,000)
46	T/F:EMERGENCY KITS:O R THAMBO INF SETTLE	(1,191,615)	0	0	0	(1,191,615)
47	TRUST FUND : BULK SERVICES WATER & SEWER	(7,670,341)	(274,506.91)	0	0	(7,944,847)
48	TRUST FUND : BULK SERVICES ELECTRICAL	(4,810,822)	(1,704,328)	4,843,487	0	(1,671,663)
49	TRUST FUND : BULK SERVICES SEWERAGE	0	(188,685)	0	0	(188,685)
50	TRUST FUND : BULK SERVICES ROADS	0	(524,953)	0	0	(524,953)
51	NUMARKT	(12,033)	0	0	0	(12,033)
52	SUB - TOTAL	(14,368,123)	(2,692,473)	4,843,487	0	(12,217,109)
53	OTHER: CONDITIONAL GRANTS					
54	COLIN D BROWN GUARANTEE PIPELINE BUILD	(1,300,000)	0	0	0	(1,300,000)
55	UNSPENT MONEY PRECT 59	(623,636)	0	0	0	(623,636)
56	TRUST FUND : MUN WEDUWEE & WESE PENSIOEN	(363,572)	0	0	0	(363,572)
57	T/FUND :GUARANTEE:D V RENSBURG(BURGERSDR	(38,488)	0	0	0	(38,488)
58	DONATIONS WATER WEEK	(78,388)	0	0	0	(78,388)
59	SUB - TOTAL	(2,404,084)	0	0	0	(2,404,084)
60	TOTAL - CONDITIONAL GRANTS	(50,601,256)	(77,020,002)	52,979,915	0	(74,641,342)

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 218,269,488 compared with the pro rata budgeted amount of R 217,807,277 – an overspending of R 462,210 or 0.21%.

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

- Salaries (R 5,884,091 or 4.27%) - expenditure is less than envisaged;
- Long Services Awards (R 2,880 or 41.97%) – provision journals not yet processed for Long Services expenses;
- Subsidy House Loans (R 1,597,387 or 43.84%) – expenditure is less than envisaged;
- Housing allowance (R 284,282 or 42.69%) – expenditure is less than envisaged;
- Workmen’s compensation fund (R 906,135 or 99.69%) – 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 –

- Bonuses (R 1,061,219 or 5.14%) – due to TASK implementation adjustment;
- Ex Gratia Allowances – Pensioners (R 3,044,934 or 0.00%) - due to TASK implementation adjustments;
- Overtime payments (R 1,482,262 or 12.27%) – due to TASK implementation adjustments;
- Travel Allowance (R 1,031,098 or 19.01%) – due to TASK implementation adjustments;
- Acting Allowance (R 225,512 or 40.86%) – due to TASK implementation adjustments.
- Standby Allowance (R 1,167,073 or 42.31%) – expenditure is more than envisaged;
- Cell allowance (R 82,795 or 18.09%) – expenditure is more than envisaged
- Provident Fund Contribution (R 73,162 or 7.27%) – expenditure is more than envisaged; and
- Pension Fund Contribution (R 1,219,471 or 6.19%) - due to TASK implementation adjustments.

Recommendation

(8) That it be noted that the actual employee related cost expenditure of R 218,269,488 compared with the pro rata budgeted expenditure of R 217,807,277 relates to a negative variance of R 462,210 or 0.21%.

TABLE 8 : EMPLOYEE RELATED COST AS AT 30 NOVEMBER 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	25,804,379	25,326,701	137,763,310	131,879,219	5,884,091	4.27%	217,109,706
2	Bonusses	21,736,829	21,736,829	0	12,215	20,649,988	21,711,207	(1,061,219)	-5.14%	25,622
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	6,863	3,983	2,880	41.97%	6,242,527
5	Ex Gratia Allowances - Pensioners	16,835,000	16,835,000	0	753,030	0	3,044,934	(3,044,934)	0.00%	13,790,066
6	Overtime Payments	30,879,699	30,879,699	2,597,429	2,560,598	12,075,482	13,557,744	(1,482,262)	-12.27%	17,321,955
7	Subsidy House Loans	8,743,940	8,743,940	728,661	405,102	3,643,306	2,045,918	1,597,387	43.84%	6,698,022
8	Travel Allowances	13,009,135	13,025,135	1,084,094	1,354,538	5,424,027	6,455,126	(1,031,098)	-19.01%	6,570,009
9	Housing Allowance	1,598,347	1,598,347	133,195	73,470	665,977	381,695	284,282	42.69%	1,216,652
10	Acting Allowance	1,324,502	1,324,502	110,375	163,839	551,875	777,387	(225,512)	-40.86%	547,115
11	Standby Allowance	6,619,536	6,619,536	551,628	847,310	2,758,139	3,925,212	(1,167,073)	-42.31%	2,694,324
12	Night Shift Allowance	3,957,704	3,957,704	331,490	323,664	1,593,913	1,615,260	(21,346)	-1.34%	2,342,444
13	Cell Allowance	1,098,719	1,098,719	91,560	99,117	457,798	540,593	(82,795)	-18.09%	558,126
14	Group Insurance	3,494,370	3,494,370	291,197	296,765	1,455,985	1,502,490	(46,505)	-3.19%	1,991,880
15	Medical Aid Fund Contr	19,026,487	19,026,487	1,585,540	1,518,092	7,927,700	7,624,298	303,403	3.83%	11,402,189
16	Pension Fund Contr	47,262,669	47,262,669	3,938,555	4,022,978	19,692,776	20,912,247	(1,219,471)	-6.19%	26,350,422
17	Workmens Compensation Fund	2,181,442	2,181,442	181,786	0	908,932	2,798	906,135	99.69%	2178644.3
18	Provident Fund Contr	2,416,645	2,416,645	201,387	207,298	1,006,935	1,080,097	(73,162)	-7.27%	1,336,548
19	Unemployment Insurance Fund Contr	2,938,260	2,938,260	244,854	233,624	1,224,271	1,209,280	14,991	1.22%	1,728,980
20	TOTALS	539,266,748	539,266,748	37,877,503	38,199,139	217,807,277	218,269,488	(462,210)	-0.21%	320,997,260

Actual Expenditure to date **218,269,488**

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 298,288,134 as at 30 November 2017 compared with the R 299,716,334 as at 31 October 2017. As reflected in Table 9 below, current debt represent 39.10% of the total outstanding debt compared with the 38.40% of October 2017; 30 days and older debt 8.53% compared with the 12.37% for October 2017; 60 days and older debt 7.28% compared with the 6.22% of October 2017; and 90 days and older debt 45.09% compared with the 43.01% of October 2017.

The debtors test ratio (before bad debt provision) shows a decrease of 4.9 days from 69.9 days in September 2017 to 65.0 days in October 2017 and a decrease of 0.3 days to 64.7 days in November 2017. The debtors test ratio (after bad debt provision) shows a decrease of 4.8 days from 49.2 days in September 2017 to 44.4 days in October 2017 and a decrease of 0.3 days to 44.1 days in November 2017. The acceptable norm is 45 days.

Current debt increased with R 1,436,207 to R 116,316,129 compared with the R 114,879,922 as at 31 October 2017; 30 days + debt decreased with R 11,620,593; 60 days + increased with R 3,072,026 and 90 days and older debt as at 31 October 2017 has increased with R 5,591,869 to R 134,505,394 compared with the R 128,913,525 as at 31 October 2017.

TABLE 9 : DEBTORS AGE ANALYSIS PER SERVICE AS AT 30 NOVEMBER 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	36,224	14,786,119	2,268,056	5,429,111	14,172,943	36,692,453	12.30%
2	Water	5,441	25,506,965	11,889,364	9,034,078	39,000,761	85,436,608	28.64%
3	Electricity	93,811	60,287,296	5,846,088	2,222,619	18,441,031	86,890,845	29.13%
4	Sewerage	18,037	5,915,497	1,413,698	1,703,458	16,151,784	25,202,474	8.45%
5	Refuse	2,691	6,287,505	2,149,054	2,290,577	28,013,720	38,743,548	12.99%
6	Housing	-	530,846	373,370	372,109	7,745,285	9,021,609	3.02%
7	Others	146,377	3,001,901	1,512,327	660,121	10,979,871	16,300,597	5.46%
8	TOTAL	302,581	116,316,129	25,451,958	21,712,073	134,505,394	298,288,134	100.00%
	2017/11 % =	39.10%		8.53%	7.28%	45.09%	100.00%	
	2017/10 % =	38.40%		12.37%	6.22%	43.01%	100.00%	

Debtors owe the municipality property rates (12.30%); water (28.64%); electricity (29.13%); sewerage (8.45%); refuse (12.99%); housing (3.02%), and sundry debt (5.46%).

9.2 Debtors age analysis per debtor type

Agricultural debtors owes the municipality R 18,241,696 (6.1%); business debtors R 55,115,438 (18.5%); domestic debtors R 200,306,251 (67.2%); Government accounts R 13,197,112 (4.4%); Municipal accounts R 1,378,146 (0.5%) and other debtors R 10,049,490 (3.4%) of the total outstanding debt of R 298,288,134 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 30 NOVEMBER 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	23,215.17	9,700,235.45	1,215,703.51	1,831,031.19	3,858,344.02	16,628,529	1,613,166	18,241,696	6.1%
2	Bussiness	47,791.79	39,289,253.73	1,502,588.52	1,175,102.99	7,295,211.75	49,309,949	5,805,489	55,115,438	18.5%
3	Domestic	208,905.76	47,914,837.84	17,217,181.51	13,559,253.32	102,695,431.83	181,595,610	18,710,641	200,306,251	67.2%
4	Government	1,417.46	5,183,050.12	2,454,673.31	2,829,073.09	1,481,528.52	11,949,743	1,247,370	13,197,112	4.4%
5	Municipal	320.40	106,293.75	101,535.27	262,999.86	838,551.19	1,309,700	68,445	1,378,146	0.5%
6	Sundry Accounts	4,848.49	1,949,266.31	331,463.85	239,305.25	6,767,213.61	9,292,098	757,393	10,049,490	3.4%
7	TOTAL	286,499	104,142,937	22,823,146	19,896,766	122,936,281	270,085,629	28,202,505	298,288,134	100.0%

9.3 Debtors age analysis per ward

In Table 11 below the total outstanding debt of R 298,288,134 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 (73.7%); ward 6 (77.4%); ward 7 (77.0%); ward 8 (83.4%); ward 9 (83.4%); ward 10 (63.0%); ward 11 (79.3%); ward 12 (80.9%); ward 13 (78.0%); ward 14 (86.3%); ward 16 (50.0%); ward 18 (50.9%); ward 20 (83.4%); ward 21 (85.6%); ward 22 (61.0%); ward 23 (58.0%); ward 24 (84.3%); ward 25 (64.6%); ward 26 (73.1%); ward 27 (82.8%); ward 30 (92.2%); ward 31 (89.3%); ward 32 (82.1%) and ward 33 (64.7%).

Wards that owes the municipality more than R 10,000,000 monetary wise are ward 4 (R 14,409,378); ward 9 (R 11,178,851); ward 12 (R 10,862,981); ward 15 (R 14,290,193); ward 16 (R 13,485,262); ward 17 (R 11,523,015); ward 18 (R 21,399,336); ward 19 (R 17,540,416); ward 22 (R 10,715,346); ward 28 (R 13,602,241); ward 30 (R 39,949,691); and ward 31 (R 13,578,339).

Recommendation

(9) That it be noted that total outstanding debtors as at 30 November 2017 amounted to R 298,288,134 and that 30 days and older debt constitutes 60.9% of total outstanding debtors.

(10) That it be noted that domestic consumers owe the municipality R 200,306,251 or 67.2% of the municipality's total debtor's book.

TABLE 11: OUTSTANDING DEBTORS PER WARD AS AT 30 NOVEMBER 2017

WARD	CURRENT 1 (Levied but not billed as yet)	CURRENT 2 (Levied and billed)	30 DAYS +	60 DAYS +	90 DAYS +	TOTAL OUTSTANDING DEBT 30/11/2017	30 DAYS AND OLDER AS A % OF TOTAL DEBT	TOTAL OUTSTANDING DEBT 31/10/2017	INCREASE / (DECREASE)	WARD COUNCILLOR
1	5,140.16	5,973,405.17	760,460.35	428,581.53	1,155,142.77	8,322,730	28.2%	8,485,389	(162,659)	C KROUTZ
2	5,483.95	3,235,423.26	289,716.72	362,744.79	839,428.73	4,732,797	31.5%	5,497,750	(764,952)	HJ KOTZE
3	5,680.04	3,479,139.40	356,760.40	428,029.15	741,271.67	5,010,881	30.5%	5,305,156	(294,275)	WE SMIT
4	34,980.94	9,630,779.56	946,414.47	452,537.83	3,344,665.49	14,409,378	32.9%	15,470,329	(1,060,951)	J MILLER
5	8,667.38	1,198,606.17	479,999.24	426,890.57	2,480,221.43	4,594,385	73.7%	4,644,564	(50,179)	NP MBENENE
6	0.00	1,344,476.51	515,088.42	546,345.40	3,538,825.52	5,944,736	77.4%	5,012,259	932,476	TZ NQORO / NOMANA
7	201.59	921,450.98	451,355.32	406,277.17	2,223,768.82	4,003,054	77.0%	4,111,219	(108,165)	RB ARNOLDS
8	7,835.49	384,933.29	222,357.22	179,802.75	1,577,150.62	2,372,079	83.4%	2,446,212	(74,133)	N.ZIKHALI
9	953.71	1,857,775.99	1,070,598.71	1,110,750.05	7,138,772.78	11,178,851	83.4%	10,879,618	299,233	TC MANGENA
10	159.88	683,375.00	230,125.03	182,126.91	749,201.30	1,844,988	63.0%	1,890,279	(45,291)	C KEARNS
11	16,805.76	1,832,342.34	986,122.10	1,059,431.03	5,056,200.74	8,950,902	79.3%	9,341,398	(390,496)	AC STOWMAN
12	0.00	2,076,735.88	1,066,976.91	788,132.99	6,931,135.04	10,862,981	80.9%	9,907,330	955,651	MD NOBULA
13	2,052.59	570,818.67	358,466.44	217,141.86	1,453,266.38	2,601,746	78.0%	2,644,901	(43,155)	S ROSS
14	1,913.19	767,025.11	620,315.47	582,215.09	3,657,401.44	5,628,870	86.3%	5,720,164	(91,294)	J DE WET
15	22,982.27	11,273,361.81	807,602.47	535,149.13	1,651,097.73	14,290,193	21.0%	14,377,017	(86,824)	LW NIEHAUS
16	385.77	6,746,816.54	1,077,931.13	906,404.86	4,753,723.89	13,485,262	50.0%	11,397,387	2,087,387	DS BLANCKENBERG
17	9,478.49	8,056,063.56	826,589.84	466,970.55	2,163,912.42	11,523,015	30.0%	11,428,775	94,240	HJN MATTHEE
18	15,396.58	10,495,468.49	1,177,635.14	1,464,482.51	8,246,353.19	21,399,336	50.9%	20,624,713	774,622	AML BUCKLE
19	26,886.86	12,718,278.63	845,251.97	678,544.35	3,271,453.75	17,540,416	27.3%	18,149,837	(609,422)	TE BESTER
20	6,796.26	980,343.46	642,999.99	357,180.71	3,944,976.37	5,932,297	83.4%	5,931,353	944	PBA CUPIDO
21	2,556.25	675,248.99	438,969.96	276,039.35	3,316,903.05	4,709,718	85.6%	4,657,685	52,032	E GOUWS
22	32,457.29	4,142,971.53	936,667.29	909,249.87	4,693,999.61	10,715,346	61.0%	10,814,571	(99,225)	FP CUPIDO
23	28,243.54	2,194,953.70	462,243.25	327,455.61	2,279,244.67	5,292,141	58.0%	4,992,844	299,297	F JACOBS
24	4,237.09	693,684.79	347,229.13	320,767.87	3,073,284.26	4,439,203	84.3%	4,492,136	(52,933)	MM ADRIAANSE
25	761.10	2,309,617.37	1,046,384.95	511,938.66	2,661,473.41	6,530,175	64.6%	8,997,963	(2,467,788)	LT VAN NIEKERK
26	20,122.26	1,326,386.56	561,148.88	445,960.46	2,650,705.71	5,004,324	73.1%	4,863,020	141,304	JV ANDERSON
27	440.40	505,509.18	325,212.06	253,475.18	1,861,676.69	2,946,314	82.8%	2,882,348	63,965	VC BOOYSEN
28	11,403.53	8,629,030.09	1,980,313.64	1,038,753.41	1,942,740.16	13,602,241	36.5%	16,084,996	(2,482,755)	RH VAN NIEWENHUYZEN
29	7,117.77	2,861,120.42	433,340.86	381,015.77	1,758,901.02	5,441,496	47.3%	5,721,625	(280,129)	L WILLEMSE
30	213.67	3,111,105.89	2,905,738.57	2,682,896.46	31,249,736.19	39,949,691	92.2%	37,602,241	2,347,450	J SMIT
31	7,952.73	1,448,276.38	1,163,925.78	2,017,238.03	8,940,946.24	13,578,339	89.3%	13,835,190	(256,851)	GH FORD
32	3,051.23	803,694.16	513,004.84	437,967.72	2,737,864.82	4,495,583	82.1%	4,555,930	(60,348)	LV NZELE
33	8,851.15	1,255,416.68	416,518.92	220,129.40	1,679,429.59	3,580,346	64.7%	3,601,308	(20,962)	SE SEPTEMBER
SUNDRIES	3,372.12	2,132,493.63	188,492.47	309,445.70	740,517.46	3,374,321	36.7%	3,348,337	25,985	SUNDRIES
TOTAL	302,581	116,316,129	25,451,958	21,712,073	134,505,393	298,288,134	60.9%	299,716,334	(1,428,200)	

10. Creditors age analysis

The municipality's creditor's age analysis amounted to R 416,288 as at 30 November 2017 as set out in Table 12 below. Creditors 30 days and older amount to R 33,420.

Recommendation

(11) *That it be noted that outstanding creditors amounted to R 416,288 as at 30 November 2017.*

TABLE 12: CREDITORS AGE ANALYSIS AS AT 30 NOVEMBER 2017

SERIAL NUMBER	CREDITOR	CURRENT	30 DAYS +	60 DAYS +	90 DAYS +	TOTAL AS AT 30/11/2017
1	ALSU Ondernemings Pty Ltd	157,619	0	0	0	157,619
2	Berleen Enterprises Cc T/A Autacs	380	0	0	0	380
3	Broadway Timbers Pty Ltd T/A Broadway Timber	7,622	0	0	0	7,622
4	Bfect Pty Ltd T/A Body Fuel Express	10,141	0	0	0	10,141
5	Bidtiq T/A Rc Suppliers	5,640	0	0	0	5,640
6	Bergrivier Grondverskuiwing Meganies Cc	5,432	0	0	0	5,432
7	BDCE (Pty) Ltd T/A Bdce	76,950	0	0	0	76,950
8	Cape Armature Winders (Pty)Ltd.	28,440	0	0	0	28,440
9	Conchem-Saligna Bee Cc	5,545	0	0	0	5,545
10	Drakenstein Security And Cctv Room	17,791	594	0	0	18,385
11	Die Burger C/O Media24 Eiendoms Beperk	39,524	31,145	0	0	70,669
12	Independent Newspapers Cape Ltd	14,848	1,681	0	0	16,528
13	Juta & Co Ltd	9,111	0	0	0	9,111
14	New Hemisphere Retailer (Paarl)(Pty) Ltd	3,827	0	0	0	3,827
15	TOTAL	382,868	33,420	0	0	416,288

11. Bank, cash, overdraft balances and investments

The municipality's primary and secondary bank accounts reconciles as at 30 November 2017 as can be seen in table 13 below. The primary bank account showed a positive cashbook balance of R 91,275,863 at the end of November whilst the actual bank balance was a positive R 62,045,146.

TABLE 13: BANK RECONCILIATION AS AT 30 NOVEMBER 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 30/11/2017	31,216,007	(54,009,641)	0	90,424,593	23,644,904	91,275,863
2	In CB not in GL : Direct Deposit Transfers	497,027	12,066	0	31,093	1,107,962	1,648,148
3	In GL not in CB : ACB's	60,016,176	0	0	0	0	60,016,176
4	In GL not in CB : Cheques	7,089	0	0	0	0	7,089
5	In CB not in GL : Canceled ACB'S	1,110	0	0	0	0	1,110
6	Direct-Deposito-Transfer-in-Cashook	(34,824,461)	53,997,575	0	(86,493,656)	(24,752,866)	(92,073,408)
7	Less : Amount receipted but not yet banked	(3,596,152)	0	0	0	0	(3,596,152)
8	Plus : Cheques issued but not yet cashed	389,581	0	0	198,460	0	588,041
9	Plus : ACB's issued but not yet cashed	4,110,937	0	0	67,342	0	4,178,279
10	Bank statement balance as per 30/11/2017	57,817,314	0	0	4,227,832	0	62,045,146

Surplus cash is invested on a daily basis. The municipality's investments as at 30 November 2017 is as set out in Table 14 below. The municipality started the beginning of the month with total investments of R 363,896,013 and after investments made R (0), withdrawn (R 121,371,115) and interest capitalised (R 2,122,165) closed with an investments balance of R 244,647,062 at the five listed local banks and at Eskom where we do have some shares.

TABLE 14 : INVESTMENTS AS AT 30 NOVEMBER 2017

SERIAL NUMBER	BANK	BALANCE AT 31 OCTOBER 2017	INVESTMENTS MADE	INVESTMENTS WITHDRAWN	INTEREST CAPITALISED	BALANCE AT 30 NOVEMBER 2017	INTEREST EARNED YEAR-TO-DATE	INTEREST RATE
3	ABSA BANK	20,733,886	0	0	118,865	20,852,750	470,437	6.750%
4	ABSA BANK	20,625,597	0	0	118,244	20,743,841	467,980	6.750%
5	ABSA BANK	21,371,651	0	0	122,521	21,494,172	484,908	6.750%
6	ABSA BANK	20,462,774	0	0	117,311	20,580,085	464,286	6.750%
7	ABSA BANK	20,471,113	0	0	117,358	20,588,471	464,475	6.750%
8	FNB	92,196,571	0	0	562,653	92,759,225	759,225	7.090%
9	STANDARD BANK	152,627,018	0	(106,000,000)	868,510	47,495,528	3,495,528	6.700%
10	NEDBANK	15,274,413	0	(15,371,115)	96,702	(0)	513,615	6.550%
11	ESKOM	132,990	-	-	-	132,990	-	13.500%
12	GRAND TOTAL	363,896,013	-	(121,371,115)	2,122,165	244,647,062	7,120,454	7.510%

Recommendation

(12) That it be noted that the primary bank account had a positive bank balance at 30 November 2017 which amounted to R 62,045,146.

(13) That it be noted that total investments in cash and shares amounted to R 244,647,062 as at 30 November 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 1,093,030,857) and the pro rata budgeted operating revenue (R 1,090,954,382) has a positive variance of R 2,076,474 or 0.19%.
- (2) That it be noted that the variance between the actual operating expenditure (R 709,541,923) and the pro rata budgeted operating expenditure (R 792,166,124) has a positive variance of R 82,624,201 or 10.43%.
- (3) That it be noted that actual capital expenditure of R 226,489,539 represents 27.79% of the total capital budget of R 815,135,300 after five months of the financial year.
- (4) That it be noted that the actual capital expenditure of R 226,489,539 and the pro rata budgeted capital expenditure of R 235,461,347 realised under spending of R 8,971,808 or 3.81%.
- (5) That it be noted that the actual and committed capital expenditure of R 555,588,196 compared with the capital expenditure budget of R 815,135,300 represent a spending percentage of 68.16% after five months of the financial year.
- (6) That it be noted that external borrowings amounted to R 1,181,262,164 as at 30 November 2017 and that it represents 56.06% of Drakenstein's total budgeted operating revenue of R 2,107,106,847 for the 2017/2018 financial year.
- (7) That it be noted that unspent conditional and unconditional grants amounted to R 74,641,342 at the end of November 2017.
- (8) That it be noted that the actual employee related cost expenditure of R 218,269,488 compared with the pro rata budgeted expenditure of R 217,807,277 relates to a negative variance of R 462,210 or 0.21%.

- (9) That it be noted that total outstanding debtors as at 30 November 2017 amounted to R 298,288,134 and that 30 days and older debt constitutes 60.9% of total outstanding debtors.
 - (10) That it be noted that domestic consumers owe the municipality R 200,306,251 or 67.2% of the municipality's total debtor's book.
 - (11) That it be noted that outstanding creditors amounted to R 416,288 as at 30 November 2017
 - (12) That it be noted that the primary bank account had a positive bank balance at 30 November 2017 which amounted to R 62,045,146.
 - (13) That it be noted that total investments in cash and shares amounted to R 244,647,062 as at 30 November 2017 at the five local banks and Eskom.
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