



DRAKENSTEIN

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Monthly Budget Monitoring Report (Section 71 of MFMA)

Period ending: 28 February 2018

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 February 2018.

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 March 2018

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 February 2018.

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



DR JH LEIBBRANDT
CITY MANAGER

14 March 2018

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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 (R1,467,057,901) compares unfavourably with the pro rata budgeted figure (R1,472,825,308) – a negative variance of R5,767,407 or 0.39% at month end.

2.1 Negative variances of 5% or more and/or above a monetary value of R2,000,000 (grants excluded) are –

- Transfers and Subsidies: Operational (R285,621 or 5.23%) – under spending on the housing projects, is resulting in less revenue being recognised as specified for the various operational conditional grants;
- Service Charges: Electricity (R2,520,880 or 0.39%) – revenue is less than the projected budget, calculated from prior financial period actuals; and
- Service Charges: Water (R2,467,211 or 1.60%) – due to the higher tariffs being levied as a result of the drought currently experienced in the Drakenstein Municipal area less water is being consumed than anticipated.

2.2 Positive variances of 5% or more and/or above a monetary value of R2,000,000 are –

- Rental from fixed assets (R1,157,096 or 5.94%) – pro-rata budget based on historical trends and therefore may differ one month to another.
- Service Charges: Property Rates (R2,155,548 or 0.88%) – revenue is levied annually and therefore can decrease or increase dependent on corrections based on appeals and subsequent implementation of a supplementary valuations; and
- Sale of Goods and Rendering of Services (R700 or 25.93%) – revenue (i.e. Cleaning & Removal of trees Irrigation & pesticides and Fire Services) less than anticipated due to decrease in demand for services as listed.

Recommendation

(1) That it be noted that the variance between the actual operating revenue (R1,467,057,901) and the pro rata budgeted operating revenue (R1,472,825,308) has a negative variance of R5,767,407 or 0.39%.

TABLE 1: ACTUAL REVENUE PER REVENUE SOURCE FOR FEBRUARY 2018

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	69,801,756	10,917	11,632	32,509,169	32,509,884	715	0.00%	37,291,872
2	Free Basic Services	120,821,000	120,821,000	6,923,336	7,003,849	52,826,258	52,906,770	80,513	0.15%	67,914,230
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	36,090,057	2,703,543	2,846,362	25,218,655	25,361,475	142,820	0.57%	10,728,582
5	Licences and Permits	16,971,823	16,971,823	1,672,615	1,489,388	11,613,635	11,430,408	(183,227)	-1.58%	5,541,415
6	Ner: Transfers and Subsidies : Operational	88,032,401	81,285,670	285,621	0	5,459,745	5,174,124	(285,621)	-5.23%	76,111,546
7	Operational Revenue	23,152,265	20,809,318	1,829,652	1,667,584	13,226,387	13,064,320	(162,068)	-1.23%	7,744,998
8	Rental from Fixed Assets	27,767,923	27,767,923	1,522,797	2,679,893	19,486,922	20,644,019	1,157,096	5.94%	7,123,904
9	Service Charges : Cleansing	91,686,961	89,290,936	(2,077,394)	(1,994,132)	96,384,949	96,468,211	83,261	0.09%	(7,177,275)
10	Service Charges : Electricity	965,303,802	969,309,098	79,415,296	76,894,416	641,463,507	638,942,627	(2,520,880)	-0.39%	330,366,471
11	Service Charges : Property Rates	230,018,850	222,925,736	(2,848,737)	(693,188)	245,842,265	247,997,814	2,155,548	0.88%	(25,072,078)
12	Service Charges : Sanitation	94,913,748	90,511,826	75,782	625,939	101,683,864	102,234,021	550,157	0.54%	(11,722,195)
13	Service Charges : Water	217,180,687	234,141,356	18,316,019	15,848,808	153,722,308	151,255,097	(2,467,211)	-1.60%	82,886,259
14	Service Charges : Other	46,173	46,173	3,556	3,556	28,446	28,446	0	0.00%	17,727
15	Sale Of Goods And Rendering Of Services	351,385	351,385	0	700	2,700	3,400	700	25.93%	347,985
16	Subtotal A : Operating Revenue	1,971,997,625	1,980,374,057	107,833,002	106,384,806	1,399,468,812	1,398,020,616	(1,448,196)	-0.10%	582,353,441
17	Contra Account : Water Foregone	(21,615,830)	(10,500,000)	(478,340)	(495,004)	(4,007,171)	(4,023,835)	(16,664)	0.42%	(6,476,165)
19	Subtotal B : Operating Revenue Foregone	(21,615,830)	(10,500,000)	(478,340)	(495,004)	(4,007,171)	(4,023,835)	(16,664)	0.42%	(6,476,165)
20	Total Operating Revenue	1,950,381,795	1,969,874,057	107,354,662	105,889,802	1,395,461,640	1,393,996,780	(1,464,860)	-0.10%	575,877,277
21	Ner : Transfers and Subsidies : Capital	105,164,633	131,232,058	4,302,547	0	77,363,668	73,061,120	(4,302,547)	-5.56%	58,170,938
22	Total Operating Revenue (Capital Grants Included)	2,055,546,428	2,101,106,115	111,657,210	105,889,802	1,472,825,308	1,467,057,901	(5,767,407)	-0.39%	634,048,214
							Actual Revenue to date			1,467,057,901
							Projected Revenue for 2017/2018			2,101,106,115

3. Actual operating expenditure per vote

The actual operating expenditure per vote is set out in Table 2 below. Total actual operating expenditure of R1,179,292,858 compares favourably with the pro rata budgeted expenditure of R1,185,932,433 – a variance of R6,639,574 or 0.56%.

TABLE 2: ACTUAL OPERATIONAL EXPENDITURE PER VOTE FOR FEBRUARY 2018

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	(600,457)	213,026	282,422	(489,103)	(419,706)	(69,397)	14.19%	(180,750.76)	
2	Department of Internal Audit	3,601,344	3,787,579	501,019	524,712	2,540,938	2,564,632	(23,694)	-0.93%	1,222,947.21	
3	Department of Risk And Fraud	2,072,263	2,505,964	145,460	145,395	1,297,599	1,297,535	65	0.01%	1,208,429.45	
4	Department of Communication	1,242,152	254,796	0	0	192,920	192,920	0	0.00%	61,876.20	
5	Department of IDP/PMS	1,426,234	1,605,269	265,187	334,322	1,176,946	1,246,081	(69,135)	-5.87%	359,188.03	
6	Corporate Services	107,191,997	130,215,684	10,936,452	10,584,218	67,245,441	66,893,207	352,234	0.52%	63,322,477	
7	Community Services	277,193,141	290,822,611	17,063,392	16,456,235	172,211,212	171,604,055	607,158	0.35%	119,218,556	
8	Financial Services	56,331,834	55,896,614	6,987,571	5,902,617	38,766,721	37,681,766	1,084,954	2.80%	18,214,848	
9	Planning and Development	194,115,210	194,338,345	13,322,939	7,644,222	88,173,226	82,494,510	5,678,716	6.44%	111,843,835	
10	Engineering Services	1,391,730,628	1,439,594,502	83,670,575	84,591,903	814,816,532	815,737,860	(921,328)	-0.11%	623,856,642	
11	Totals	2,036,376,955	2,118,420,907	133,105,620	126,466,046	1,185,932,433	1,179,292,858	6,639,574	0.56%	939,128,049	
							Actual Expenditure to date				1,179,292,858
							Projected Expenditure for 2017/2018				2,118,420,907

Recommendation

(2) That it be noted that the variance between the actual operating expenditure (R1,179,292,858) and the pro rata budgeted operating expenditure (R1,185,932,433) has a positive variance of R6,639,574 or 0.56%.

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 (R1,179,292,858) do compare favourably with the pro rata budgeted figures (R1,185,923,433) – a positive variance of R6,639,575 or 0.56% at month end.

TABLE 3: ACTUAL OPERATIONAL EXPENDITURE PER EXPENDITURE CATEGORY FOR FEBRUARY 2018

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	533,929,205	41,122,806	40,824,303	343,945,050	343,646,547	298,503	0.09%	190,282,658
2	Councillor Related Costs	29,091,494	29,461,662	3,073,082	2,337,733	19,447,029	18,711,680	735,349	3.78%	10,749,982
3	Provision for Bad Debts	28,762,971	36,861,006	2,396,914	2,396,914	19,175,314	19,175,314	0	0.00%	17,685,692
4	Depreciation and Amortisation	188,506,431	188,506,431	0	0	94,226,906	94,226,906	0	0.00%	94,279,526
5	Impairment Losses	49,375,323	57,558,771	0	0	26,896,622	26,896,622	0	0.00%	30,662,149
6	Interest Paid	119,635,859	125,733,235	10,797,701	10,797,701	86,381,601	86,381,601	0	0.00%	39,351,634
7	Bulk Purchases Water	43,168,974	33,023,499	363,534	363,534	2,282,496	2,282,496	(0)	0.00%	30,741,003
8	Bulk Purchases: Electricity	631,669,439	642,735,791	48,489,210	48,379,846	378,335,615	378,226,251	109,364	0.03%	264,509,540
9	Contracted Services	155,086,672	231,096,525	10,984,659	11,488,829	84,360,294	84,864,464	(504,170)	-0.60%	146,232,061
10	Operational : Monetary	739,925	739,925	0	0	0	0	0	0.00%	739,925
11	Inventory	47,831,034	42,860,495	2,875,763	2,211,112	21,380,600	20,715,948	664,652	3.11%	22,144,547
12	Operating Leases	15,476,691	20,251,921	1,147,862	1,407,093	9,631,258	9,890,488	(259,231)	-2.69%	10,361,433
13	Operational Cost	102,203,691	168,226,235	10,576,745	6,390,961	94,034,402	89,848,617	4,185,785	4.45%	78,377,618
14	OC: Municipal Services	0	0	177,639	(712,530)	(2,532,702)	(3,422,871)	890,169	-35.15%	3,422,871
15	Transfers and Subsidies: Operational	81,561,706	5,436,206	1,099,704	580,550	8,367,949	7,848,795	519,154	6.20%	(2,412,589)
16	Loss On Sale of Assets	4,000,000	2,000,000	0	0	0	0	0	0.00%	2,000,000
17	TOTALS	2,036,376,958	2,118,420,907	133,105,620	126,466,046	1,185,932,433	1,179,292,858	6,639,575	0.56%	939,128,049
Actual Expenditure to date										1,179,292,858
Projected Expenditure for 2017/2018										2,118,420,907

4.1 Positive variances of 5% or more and/or above a monetary value of R2,000,000 are –

- Operational Cost (R4,185,785 or 4.45%) – operational cost (i.e. plant and equipment: operational, external audit cost, commission paid etc.) underspend for the month; and
- Transfers and subsidies: operational (R519,154 or 6.20%) – underspending on other non-profit institutions.

4.2 Negative variances of 5% or more and/or above a monetary value of R2,000,000 are –

- Municipal Services (R890,169 or 35.15%) – 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.

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 R351,446,957 compares unfavourably with the pro rata budgeted capital expenditure of R407,264,109 as per the cash flow projections of the SDBIP with a variance or under spending of R55,817,152 or 13.71%. 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 44.55% of the total capital budget of R788,869,081 after eight months of the financial year. Actual and recorded committed capital expenditure (R619,160,028) represents 78.49% of the total capital budget of R 788,869,081 after eight months of the financial year.

TABLE 4: ACTUAL CAPITAL EXPENDITURE PER VOTE FOR FEBRUARY 2018

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	129,957	0	0	18,812	0	18,812	18,812	0	0.00%	111,145
2	Department of Internal Audit	0	12,000	0	0	10,068	0	10,068	10,068	0	0.00%	1,932
3	Department of Risk And Fraud	0	30,195	0	0	4,115	0	4,115	4,115	0	0.00%	26,080
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	18,290,502	1,300,000	1,159,090	5,092,993	6,959,309	4,952,083	11,911,392	(140,910)	-2.77%	13,338,419
7	Community Services	34,424,004	50,563,129	8,390,000	920,873	21,078,677	12,567,110	13,609,550	26,176,660	(7,469,127)	-35.43%	36,953,579
8	Financial Services	1,500,000	2,735,031	0	0	1,608,543	484,744	1,608,543	2,093,287	0	0.00%	1,126,488
9	Planning and Development	26,727,812	44,408,758	5,700,000	172,811	17,679,729	390,447	12,152,540	12,542,988	(5,527,189)	-31.26%	32,256,218
10	Engineering Services	546,851,348	672,699,509	73,962,041	31,282,115	361,771,172	247,311,460	319,091,246	566,402,706	(42,679,926)	-11.80%	353,608,263
11	TOTALS	633,141,543	788,869,081	89,352,041	33,534,889	407,264,109	267,713,071	351,446,957	619,160,028	(55,817,152)	-13.71%	437,422,124

% of Approved Budget = 33.94% 44.55% 78.49% Actual Expenditure to date 351,446,957

Actual Capex as a % of Pro Rata Budget = 86.29% Projected Expenditure for 2017/2018 788,869,081

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

TABLE 5: ACTUAL CAPITAL EXPENDITURE PER FUNDING SOURCE FOR FEBRUARY 2018

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	72,982,611	1,000,000	2,412,198	30,527,722	11,595,686	31,939,920	43,535,606	1,412,198	4.63%	41,042,691
2	GRANTS	84,347,367	110,520,061	8,100,000	2,601,124	81,356,187	2,112,207	75,857,311	77,969,518	(5,498,876)	-6.76%	34,662,750
3	EXTERNAL LOANS	508,794,176	605,366,409	80,252,041	28,521,566	295,380,201	254,005,178	243,649,726	497,654,904	(51,730,475)	-17.51%	361,716,683
4	TOTALS	633,141,543	788,869,081	89,352,041	33,534,889	407,264,109	267,713,071	351,446,957	619,160,028	(55,817,152)	-13.71%	437,422,124

Actual Expenditure to date 351,446,957

Projected Expenditure for 2017/2018 788,869,081

Recommendation

(3) That it be noted that the actual capital expenditure of R351,446,957 and the pro rata budgeted capital expenditure of R407,264,109 realised under spending of R55,817,152 or 13.71%.

(4) That it be noted that actual capital expenditure of R351,446,957 represents 44.55% of the total capital budget of R788,869,081 after eight months of the financial year.

(5) That it be noted that the actual and committed capital expenditure of R267,713,071 compared with the capital expenditure budget of R788,869,081 represent a spending percentage of 78.49% after eight 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 February 2018 with borrowing debt of R 1,197,072,897 and after repayments (R 0) were made and additional loans (R 0) were taken up, the total borrowings outstanding as at 28 February 2018 amounts to R1,197,072,897. This borrowing debt represents 60.77% of our total operating budgeted revenue of R1,969,874,057 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 R1,197,072,897 as at 28 February 2018 and that it represents 60.77% of Drakenstein's total budgeted operating revenue of R1,969,874,057 for the 2017/2018 financial year.

TABLE 6: ACTUAL BORROWINGS FOR FEBRUARY 2018

SERIAL NUMBER	EXTERNAL LOANS PROVIDERS	INTEREST RATES	TERM ENDING	OPENING BALANCE 01/02/2018	CAPITAL REDEEMED	NEW LOANS TAKEN UP	CLOSING BALANCE 28/02/2018
1	NEDBANK	12.65%	2018	8,272,724	0	0	8,272,724
2	NEDBANK	8.79%	2018	4,659,422	0	0	4,659,422
3	NEDBANK	8.74%	2018	377,151	0	0	377,151
4	INCA	10.03%	2018	1,755,825	0	0	1,755,825
5	DBSA	11.47%	2019	11,333,664	0	0	11,333,664
6	DBSA	6.75%	2019	2,384,826	0	0	2,384,826
7	NEDBANK	8.63%	2019	7,050,139	0	0	7,050,139
8	ABSA BANK	9.15%	2019	5,991,676	0	0	5,991,676
9	STANDARD BANK	9.94%	2019	3,585,352	0	0	3,585,352
10	ABSA BANK	9.40%	2020	2,900,841	0	0	2,900,841
11	ABSA BANK	9.21%	2020	7,329,915	0	0	7,329,915
12	STANDARD BANK	10.40%	2020	17,113,596	0	0	17,113,596
13	STANDARD BANK	9.36%	2020	3,549,730	0	0	3,549,730
14	NEDBANK	10.64%	2021	34,616,327	0	0	34,616,327
15	STANDARD BANK	10.26%	2021	4,782,242	0	0	4,782,242
16	NEDBANK	9.14%	2022	69,447,640	0	0	69,447,640
17	STANDARD BANK	9.68%	2022	4,204,854	0	0	4,204,854
18	STANDARD BANK	10.08%	2023	38,748,952	0	0	38,748,952
19	DBSA	10.03%	2024	68,061,140	0	0	68,061,140
20	DBSA	10.82%	2025	253,348,702	0	0	253,348,702
21	NEDBANK	9.93%	2025	164,694,710	0	0	164,694,710
22	STANDARD BANK	10.12%	2027	482,863,470	0	0	482,863,470
23	TOTALS			1,197,072,897	0	0	1,197,072,897

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 R147,820,005 were received to date. Operating grants expenditure to the amount of R94,039,274 and capital grants expenditure to the amount of R73,061,120 was spent and recorded as utilised at the end of February 2018. Taking the opening balance of R50,601,256 as well as the aforementioned into consideration, the unspent conditional grants as at the end of February 2018 is R31,320,866.

Recommendation

(7) That it be noted that unspent conditional and unconditional grants amounted to R31,320,866 at the end of February 2018.

TABLE 7: CONDITIONAL GRANTS

SERIAL NUMBER	DESCRIPTION	OPENING BALANCE 1 JULY 2017	OTHER INCOME	OPERATIONAL EXPENDITURE DURING THE YEAR	CAPITAL EXPENDITURE DURING THE YEAR	BALANCE AS ON 28 FEBRUARY 2018
1	CONDITIONAL GRANTS					
2	NATIONAL: EQUITABLE SHARE					
3	TRUST FUND : INDIGENT POLICY FUNDS	0	(90,298,000)	78,828,822	0	(11,469,178)
4	SUB - TOTAL	0	(90,298,000)	78,828,822	0	(11,469,178)
5	NATIONAL TREASURY					
6	MUNICIPAL INFRASTRUCTURE GRANT (MIG)	0	(28,582,000)	0	21,625,747	(6,956,253)
7	MUNICIPAL FINANCE MANAGEMENT GRANT (FMG)	(5)	(1,550,000)	429,177	0	(1,120,828)
8	TRUST FUND:ELECTRICITY DEMAND SIDE GRANT	(318,155)	0	316,404	0	(1,751)
9	TRUST FUND :COMMUNITY DEV WORKER (CDW)	(473,931)	(111,000)	39,037	0	(545,894)
10	TRUST FUND : ELECTRIFICATION FUNDING	(1,011,231)	(1,000,000)	0	3,594,817	1,583,586
11	SUB - TOTAL	(1,803,322)	(31,243,000)	784,617	25,220,564	(7,041,140)
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	4,384,316	0	3,955,173

SERIAL NUMBER	DESCRIPTION	OPENING BALANCE 1 JULY 2017	OTHER INCOME	OPERATIONAL EXPENDITURE DURING THE YEAR	CAPITAL EXPENDITURE DURING THE YEAR	BALANCE AS ON 28 FEBRUARY 2018
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)	(79,200)	0	0	(4,969,302)
27	NEW SIYAZAMA EXPENDITURE	4,890,102	0	0	0	4,890,102
28	ERF 2220	(802,653)	0	0	0	(802,653)
29	CHICARGO	0	(8,500)	0	0	(8,500)
30	LANTANA	0	(1,821,488)	0	0	(1,821,488)
31	GOUDA INCOME	(971,063)	0	0	0	(971,063)
32	GOUDA EXPENDITURE	491	0	0	0	491
33	ACCELERATED HOUSING PROJECTS	0	0	0	9,805,020	9,805,020
34	DALIOSAPHAT TRANSFERS	(453,180)	0	0	0	(453,180)
35	TRUST FUND : KINGSTON INCOME	(10,982,731)	0	0	0	(10,982,731)
36	TRUST FUND : KINGSTON EXPENDITURE	10,982,731	0	0	0	10,982,731
37	TRUST FUND : AMSTELHOF PROJECT 35	(10,348)	0	0	0	(10,348)
38	TRUST FUND : LIBRARY GRANT (PROV)	(97,638)	(19,041,000)	0	84,972	(19,053,667)
39	CAPACITY BUILDING	0	(240,000)	0	0	(240,000)
40	TRUST FUND : SOCCERFIELD	(6,237)	0	0	0	(6,237)
41	T/F:INV LAND FOR PROV OF IND&RES PURPOSE	(13)	0	0	0	(13)
42	DEPARTMENT OF PUBLIC WORKS (TAXI RANK)	829	(1,105,000)	94,461	0	(1,009,710)
43	TRUST FUND : BULK SERVICES ROADS	0	0	0	37,950,564	37,950,564
44	TRUST FUND : TRAINING LEVY	(1,961,867)	(520,914)	624,371	0	(1,858,410)
45	SUB - TOTAL	(32,025,727)	(22,816,102)	5,103,147	47,840,556	(1,898,126)
46	GRANTS: OTHER INSTITUTIONS					
47	TRUST FUND : ERF 2220:STROMWATER UPGRADE	(383,312)	0	0	0	(383,312)
48	WATER&SEWER MASTERPLANS	(300,000)	0	0	0	(300,000)
49	T/F:EMERGENCY KITS:O R THAMBO INF SETTLE	(1,191,615)	0	0	0	(1,191,615)
50	TRUST FUND : BULK SERVICES WATER	(7,670,341)	(2,053,649)	4,145,391	0	(5,578,598)
51	TRUST FUND : BULK SERVICES ELECTRICAL	(4,810,822)	0	5,177,296	0	366,474
52	TRUST FUND : BULK SERVICES ROADS	0	(556,025)	0	0	(556,025)
53	TRUST FUND : BULK SERVICES SEWERAGE	0	(204,221)	0	0	(204,221)
54	TRUST FUND : BULK SERVICE REFUSE					
55	MANDELA ROUTE	0	(100,000)	0	0	(100,000)
56	NUMARKT	(12,033)	(549,008)	0	0	(561,041)
57	SUB - TOTAL	(14,368,123)	(3,462,903)	9,322,687	0	(8,508,338)
58	OTHER: CONDITIONAL GRANTS					
59	COLIN D BROWN GUARANTEE PIPELINE BUILD	(1,300,000)	0	0	0	(1,300,000)
60	UNSPENT MONEY PRECT 59	(623,636)	0	0	0	(623,636)
61	TRUST FUND : MUN WEDUWEE & WESE PENSIOEN	(363,572)	0	0	0	(363,572)
62	T/FUND :GUARANTEE:D V RENSBURG(BURGERSDR	(38,488)	0	0	0	(38,488)
63	DONATIONS WATER WEEK	(78,388)	0	0	0	(78,388)
64	SUB - TOTAL	(2,404,084)	0	0	0	(2,404,084)
65	TOTAL - CONDITIONAL GRANTS	(50,601,256)	(147,820,005)	94,039,274	73,061,120	(31,320,866)

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 R343,646,547 compared with the pro rata budgeted amount of R343,945,050 – an underspending of R298,503 or 0.09%.

8.1 Positive variances of 5% or more and/or above a monetary value of R500,000 are –

- Overtime payments (R615,416 or 2.62%) – budget adjusted during the adjustment budget process in February 2018 and projections based on historical information.

8.2 Negative variances of 5% or more and/or above a monetary value of R500,000 are –

- Workmen's compensation fund (R300 or 10.72%) – budget adjusted during the adjustment budget process in February 2018 and projections based on historical information.

Recommendation

(8) That it be noted that the actual employee related cost expenditure of R343,646,547 compared with the pro rata budgeted expenditure of R343,945,050 relates to a positive variance of R298,503 or 0.09%.

TABLE 8 : EMPLOYEE RELATED COST AS AT 28 FEBRUARY 2018

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	328,767,133	27,015,839	26,799,257	214,819,890	214,603,308	216,582	0.10%	114,163,825
2	Bonusses	21,736,829	23,185,704	227,943	609,212	22,761,447	23,142,716	(381,269)	-1.68%	42,988
3	Leave Pay	0	4,038,379	0	0	0	0	0	0.00%	4,038,379
4	Performance Bonusses	892,029	892,029	0	0	0	0	0	0.00%	892,029
5	Long Services Awards	6,246,510	6,239,597	797	797	6,373	6,373	0	0.00%	6,233,224
6	Ex Gratia Allowances - Pensioners	16,835,000	16,835,000	781,460	822,211	5,367,405	5,408,157	(40,751)	-0.76%	11,426,843
8	Overtime Payments	30,879,699	34,241,402	3,467,173	2,851,758	23,446,899	22,831,483	615,416	2.62%	11,409,919
9	Subsidy House Loans	8,743,940	4,871,824	393,189	388,059	3,235,998	3,230,869	5,130	0.16%	1,640,955
10	Travel Allowances	13,009,135	17,102,172	1,264,900	1,327,582	10,640,774	10,703,456	(62,682)	-0.59%	6,398,716
11	Housing Allowance	1,598,347	892,852	70,826	73,663	596,371	599,207	(2,836)	-0.48%	293,645
12	Acting Allowance	1,324,502	1,696,185	61,430	180,274	1,029,450	1,148,293	(118,843)	-11.54%	547,892
13	Standby Allowance	6,619,536	8,910,091	959,378	799,583	6,555,231	6,395,436	159,795	2.44%	2,514,655
14	Night Shift Allowance	3,957,704	4,081,702	332,344	319,857	2,630,045	2,617,557	12,487	0.47%	1,464,145
15	Cell Allowance	1,098,719	1,295,949	107,053	132,367	862,607	887,920	(25,314)	-2.93%	408,029
16	Group Insurance	3,494,370	3,655,770	311,665	313,211	2,433,429	2,434,975	(1,546)	-0.06%	1,220,795
17	Medical Aid Fund Contr	19,026,487	19,779,971	1,625,064	1,665,631	12,412,628	12,453,195	(40,567)	-0.33%	7,326,776
18	Pension Fund Contr	47,262,669	49,944,394	4,067,002	4,103,026	33,580,735	33,616,759	(36,024)	-0.11%	16,327,635
19	Workmens Compensation Fund	2,181,442	2,181,442	0	300	2,798	3,098	(300)	-10.72%	2178344.3
20	Provident Fund Contr	2,416,645	2,396,134	187,253	190,764	1,611,057	1,614,569	(3,511)	-0.22%	781,566
21	Unemployment Insurance Fund Contr	2,938,260	2,921,475	249,489	246,752	1,951,913	1,949,176	2,737	0.14%	972,299
22	TOTALS	539,266,748	533,929,205	41,122,806	40,824,303	343,945,050	343,646,547	298,503	0.09%	190,282,658

Actual Expenditure to date **343,646,547**Projected Expenditure for 2017/2018 **533,929,205**

9. Debtors age analysis and payment rates

9.1 Debtors age analysis per service

The municipality's total outstanding debtors amounted to R331,013,066 as at 28 February 2018 compared with the R315,457,945 as at 31 January 2018. As reflected in Table 9 below, current debt represent 37.38% of the total outstanding debt compared with the 37.36% of January 2018; 30 days and older debt 8.51% compared with the 7.39% for January 2018; 60 days and older debt 4.85% compared with the 6.22% of January 2018; and 90 days and older debt 49.27% compared with the 49.03% of January 2018.

The debtors test ratio (before bad debt provision) shows an increase of 2.3 days from 66.2 days in December 2017 to 68.5 days in January 2018 and an increase of 3.3 days to 71.8 days in February 2018. The debtors test ratio (after bad debt provision) shows an increase of 2.4 days from 45.2 days in December 2017 to 47.6 days in January 2018 and an increase of 3.5 days to 51.1 days in February 2018. The acceptable norm is 45 days.

Current debt increased with R5,785,232 to R123,514,362 compared with the R117,729,130 as at 31 January 2018; 30 days + debt increased with R4,858,690 60 days + decreased with R3,577,065 and 90 days and older debt as at 28 February 2018 has increased with R8,396,976 to R163,079,195 compared with the R154,682,219 as at 31 January 2018.

TABLE 9 : DEBTORS AGE ANALYSIS PER SERVICE AS AT 28 FEBRUARY 2018

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	15,288	16,662,330	3,187,191	1,268,849	18,134,419	39,268,077	11.86%
2	Water	30,853	24,881,711	11,841,402	8,986,063	56,402,732	102,142,761	30.86%
3	Electricity	41,268	66,404,292	6,431,277	2,271,518	19,194,009	94,342,364	28.50%
4	Sewerage	13,409	6,127,046	1,504,568	1,055,223	17,664,541	26,364,786	7.96%
5	Refuse	7,638	6,431,317	2,136,783	1,605,980	30,334,911	40,516,628	12.24%
6	Housing	580	584,075	365,553	438,070	8,090,036	9,478,313	2.86%
7	Others	99,793	2,423,592	2,692,720	425,485	13,258,548	18,900,138	5.71%
8	TOTAL	208,828	123,514,362	28,159,494	16,051,188	163,079,195	331,013,067	100.00%
	2018/02 % =	37.38%		8.51%	4.85%	49.27%	100.00%	
	2018/01 % =	37.36%		7.39%	6.22%	49.03%	100.00%	

Debtors owe the municipality property rates (11.86%); water (30.86%); electricity (28.50%); sewerage (7.96%); refuse (12.24%); housing (2.86%), and sundry debt (5.71%).

9.2 Debtors age analysis per debtor type

Agricultural debtors owes the municipality R20,623,650 (6.2%); business debtors R59,593,164 (18.0%); domestic debtors R224,377,172 (67.8%); Government accounts R12,240,112 (3.7%); Municipal accounts R1,553,021 (0.5%) and other debtors R12,625,948 (3.8%) of the total outstanding debt of R331,013,067 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 28 FEBRUARY 2018

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	1,594.92	11,469,318.85	1,283,329.98	550,050.48	5,436,403.00	18,740,697	1,882,953.02	20,623,650	6.2%
2	Bussiness	46,986.62	41,734,028.35	2,732,456.67	882,012.10	7,928,990.31	53,324,474	6,268,689.96	59,593,164	18.0%
3	Domestic	146,736.77	50,905,183.73	17,278,114.48	12,174,006.83	122,670,719.96	203,174,762	21,202,409.99	224,377,172	67.8%
4	Government	257.72	4,553,444.34	1,683,611.84	562,967.69	4,322,219.83	11,122,501	1,117,610.29	12,240,112	3.7%
5	Municipal	0.00	127,625.10	72,831.06	95,393.57	1,161,402.75	1,457,252	95,768.42	1,553,021	0.5%
6	Sundry Accounts	1,612.40	1,970,356.14	2,241,969.89	156,005.88	7,182,249.59	11,552,194	1,073,754.47	12,625,948	3.8%
7	TOTAL	197,188	110,759,957	25,292,314	14,420,437	148,701,985	299,371,881	31,641,186	331,013,067	100.0%

9.3 Debtors age analysis per ward

In Table 11 below the total outstanding debt of R331,013,067 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 25 of the 33 wards is above 50%. Notably is the percentages of ward 5 (74.3%); ward 6 (88.8%); ward 7 (78.9%); ward 8 (74.1%); ward 9 (85.4%); ward 10 (65.1%); ward 11 (74.5%); ward 12 (87.1%); ward 13 (80.2%); ward 14 (88.6%); ward 16 (66.9%); ward 18 (60.3%); ward 20 (86.0%); ward 21 (87.2%); ward 22 (64.1%); ward 23 (70.5%); ward 24 (87.9%); ward 25 (68.3%); ward 26 (76.7%); ward 27 (83.5%); ward 29 (50.9%); ward 30 (83.8%) ; ward 31 (89.7%); ward 32 (86.4%) and ward 33 (68.3%).

Wards that owes the municipality more than R10,000,000 monetary wise are ward 4 (R15,908,434); ward 9 (R12,009,071); ward 11 (R10,645,698); ward 12 (R11,469,627); ward 15 (R16,069,577); ward 16 (R13,394,984); ward 17 (R11,041,378); ward 18 (R23,341,378); ward 19 (R19,096,104); ward 22 (R10,718,683); ward 28 (R15,436,863); ward 30 (R51,067,230); and ward 31 (R15,142,533).

Recommendation

(9) That it be noted that total outstanding debtors as at 28 February 2018 amounted to R331,013,067 and that 30 days and older debt constitutes 62.6% of total outstanding debtors.

(10) That it be noted that domestic consumers owe the municipality R224,377,172 or 67.8% of the municipality's total debtor's book.

TABLE 11: OUTSTANDING DEBTORS PER WARD AS AT 28 FEBRUARY 2018

WARD	CURRENT 1 (Levied but not billed as yet)	CURRENT 2 (Levied and billed)	30 DAYS +	60 DAYS +	90 DAYS +	TOTAL OUTSTANDING DEBT 28/02/2018	30 DAYS AND OLDER AS A % OF TOTAL DEBT	TOTAL OUTSTANDING DEBT 31/01/2018	INCREASE / (DECREASE)	WARD COUNCILLOR
1	1,752.18	7,391,587.53	760,506.46	251,019.96	1,418,139.06	9,823,005	24.7%	8,621,874	1,201,132	C KROUTZ
2	7,571.08	3,313,737.77	510,884.59	150,379.34	997,214.91	4,979,788	33.3%	5,027,851	(48,063)	HJ KOTZE
3	7,505.30	4,329,543.77	204,740.16	100,312.12	1,119,541.68	5,761,643	24.7%	5,208,803	552,840	WE SMIT
4	5,442.72	10,907,585.78	911,665.27	377,504.76	3,706,235.65	15,908,434	31.4%	15,249,739	658,695	J MILLER
5	320.40	1,471,911.89	540,120.70	551,156.91	3,154,586.00	5,718,096	74.3%	5,201,533	516,563	NP MBENENE
6	3,645.21	747,742.30	538,984.47	403,476.24	5,023,192.83	6,717,041	88.8%	6,577,647	139,394	TZ NQORO / NOMANA
7	2,275.55	866,207.96	507,428.38	271,273.21	2,467,940.31	4,115,125	78.9%	4,154,161	(39,036)	RB ARNOLDS
8	0.00	808,626.09	323,900.91	179,238.22	1,805,274.08	3,117,039	74.1%	2,674,185	442,854	N.ZIKHALI
9	3,560.90	1,752,890.23	942,899.01	728,925.30	8,580,795.50	12,009,071	85.4%	11,719,680	289,391	TC MANGENA
10	467.30	701,479.70	269,085.75	177,520.51	865,509.12	2,014,062	65.1%	1,998,307	15,756	C KEARNS
11	5,238.60	2,711,590.65	1,051,316.94	730,985.36	6,146,566.49	10,645,698	74.5%	9,538,857	1,106,841	AC STOWMAN
12	13,312.71	1,465,534.38	851,039.40	731,757.88	8,407,982.43	11,469,627	87.1%	10,872,076	597,551	MD NOBULA
13	640.80	564,661.54	274,262.25	194,333.72	1,821,678.37	2,855,577	80.2%	2,839,683	15,894	S ROSS
14	1,556.34	679,963.67	564,062.93	470,154.00	4,240,223.60	5,955,961	88.6%	5,964,933	(8,972)	J DE WET
15	3,587.36	12,663,297.44	1,109,251.24	371,414.80	1,922,026.37	16,069,577	21.2%	15,407,091	662,486	LW NIEHAUS
16	6,067.90	4,433,897.26	1,149,914.94	868,663.78	6,936,440.34	13,394,984	66.9%	13,758,083	(363,098)	DS BLANCKENBERG
17	28,937.46	7,234,564.79	1,022,627.38	304,204.73	2,451,044.13	11,041,378	34.2%	11,766,287	(724,909)	HJN MATTHEE
18	11,022.12	9,261,702.15	3,095,481.67	543,335.38	10,429,839.45	23,341,381	60.3%	22,718,072	623,309	AML BUCKLE
19	4,716.81	13,896,705.43	896,728.94	457,866.59	3,840,086.31	19,096,104	27.2%	18,357,989	738,115	TE BESTER
20	3,430.90	863,777.76	595,314.25	396,038.85	4,317,289.74	6,175,852	86.0%	6,172,079	3,773	PBA CUPIDO
21	0.00	651,339.76	391,029.78	237,147.72	3,791,588.94	5,071,106	87.2%	5,092,171	(21,065)	E GOUWS
22	10,749.32	3,836,889.84	920,820.64	516,347.19	5,433,875.72	10,718,683	64.1%	11,134,434	(415,751)	FP CUPIDO
23	3,992.97	1,443,383.22	385,847.61	213,444.14	2,863,124.56	4,909,793	70.5%	4,989,482	(79,690)	F JACOBS
24	752.70	540,135.80	256,128.38	221,118.59	3,449,609.72	4,467,745	87.9%	4,469,728	(1,983)	MM ADRIAANSE
25	7,863.65	2,123,809.23	1,053,379.09	469,359.62	3,070,335.14	6,724,747	68.3%	6,184,868	539,879	LT VAN NIEKERK
26	37,442.38	1,177,103.48	512,467.84	397,189.79	3,080,228.11	5,204,432	76.7%	5,100,527	103,905	JV ANDERSON
27	1,839.96	520,675.67	365,163.96	218,405.23	2,065,470.34	3,171,555	83.5%	3,100,622	70,933	VC BOOYSEN
28	20,657.38	10,276,096.31	2,197,121.94	374,187.12	2,568,800.13	15,436,863	33.3%	13,575,682	1,861,181	RH VAN NIEWENHUYZEN
29	6,015.53	2,934,115.72	756,146.42	260,078.68	2,031,405.38	5,987,762	50.9%	5,888,633	99,129	L WILLEMSE
30	1,793.57	8,247,400.62	2,831,691.38	3,122,335.91	36,864,008.17	51,067,230	83.8%	45,250,265	5,816,965	J SMIT
31	5,561.89	1,547,268.29	855,114.92	685,840.49	12,048,747.65	15,142,533	89.7%	14,336,343	806,190	GH FORD
32	1,107.40	754,934.07	841,538.13	605,810.97	3,367,366.73	5,570,757	86.4%	5,335,432	235,326	LV NZELE
33	0.00	1,209,277.05	446,579.02	300,276.70	1,855,353.16	3,811,486	68.3%	3,854,601	(43,116)	SE SEPTEMBER
SUNDRIES	0.00	2,184,925.08	226,248.86	170,084.14	937,674.70	3,518,933	37.9%	3,316,230	202,703	SUNDRIES
TOTAL	208,828	123,514,362	28,159,494	16,051,188	163,079,195	331,013,067	62.6%	315,457,946	15,555,121	

10. Creditors age analysis

The municipality's creditor's age analysis amounted to R3,829,592.03 as at 28 February 2018 as set out in Table 12 below. Creditors 30 days and older amount to R 0.

Recommendation

(11) That it be noted that outstanding creditors amounted to R3,829,592.03 as at 28 February 2018.

TABLE 12: CREDITORS AGE ANALYSIS AS AT 28 FEBRUARY 2018

SERIAL NUMBER	CREDITOR	CURRENT	30 DAYS +	60 DAYS +	90 DAYS +	TOTAL AS AT 28/02/2018
1	AAD TRUCK AND BUS (PTY) LTD T/A AAD TRUCK AN	44,392.38	0.00	0.00	0.00	44,392.38
2	ATLANTIS CORPORATE TRAVEL (PTY) LTD	0.00	4,517.27	0.00	0.00	4,517.27
3	AC REWINDERS	3,876.00	0.00	0.00	0.00	3,876.00
4	AL ABBOTT AND ASSOCIATES PTY LTD	16,783.08	3,367.56	0.00	0.00	20,150.64
5	ARB ELECTRICAL WHOLESALERS (PTY) LTD	7,974.91	0.00	0.00	0.00	7,974.91
6	AUTO PARTS CC	5,016.32	0.00	0.00	0.00	5,016.32
7	BROADWAY TIMBERS PTY LTD T/A BROADWAY TIMBER	12,364.00	0.00	0.00	0.00	12,364.00
8	BRAYCHEL ENTERPRISE	56,373.00	0.00	0.00	0.00	56,373.00
9	BFECT PTY LTD T/A BODY FUEL EXPRESS	0.00	1,481.36	0.00	0.00	1,481.36
10	BIDTIQ T/A RC SUPPLIERS	333.45	0.00	0.00	0.00	333.45
11	BERGRIVIER GRONDVERSKUIWING MEGANIES CC	54,211.71	0.00	0.00	0.00	54,211.71
12	BLACK ON CIVILS T/A K CON CIVILS	358,070.56	0.00	0.00	0.00	358,070.56
13	BOUDEL MOTORS PTY LTD T/A THORP PAARL	1,542.36	0.00	0.00	0.00	1,542.36
14	BOLAND PROMOTIONS PTY LTD	29,959.20	0.00	0.00	0.00	29,959.20
15	BDCE (PTY) LTD T/A BDCE	44,460.00	0.00	0.00	0.00	44,460.00
16	C AND A JOHNSON METERLEESDIENSTE CC	12,591.07	0.00	0.00	0.00	12,591.07
17	CS TRAFFIC ENGINEERING AND CONSUL SERVICES C	18,227.46	0.00	0.00	0.00	18,227.46
18	CBI ELECTRIC AFRICAN CABLES T/A ATC (PTY) LT	0.00	1,674,083.96	0.00	0.00	1,674,083.96
19	GROUNDWATER SOLUTIONS T/A AB PUMPS	207,258.04	0.00	0.00	0.00	207,258.04
20	INTEGRAL LABORATORIES	85,198.47	0.00	0.00	0.00	85,198.47
21	INTROSTAT (PTY) LTD	17,185.50	0.00	0.00	0.00	17,185.50
22	J F AUTO REPAIRS & SERVICES L/N JPA FRANCKE	661.20	0.00	0.00	0.00	661.20
23	J SIMONSE T/A JEFF'S MOTORS	20,393.13	0.00	0.00	0.00	20,393.13
24	C AND E AUTOLEC CC T/A MOTOLEK PAARL	26,147.04	0.00	0.00	0.00	26,147.04
25	JOBE ENVIRONMENTAL SYSTEMS PTY LTD	182,833.20	0.00	0.00	0.00	182,833.20
26	TITANCOR TWO CC T/A PAARL MICA	23,777.37	0.00	0.00	0.00	23,777.37
27	RAYCAPE CC	1,596.00	0.00	0.00	0.00	1,596.00
28	SMK CIVILS PTY LTD T/A SMK CIVILS	8,016.50	0.00	0.00	0.00	8,016.50
29	STRAND FLOORING PTY LTD	3,819.00	0.00	0.00	0.00	3,819.00
30	SUMMERLANE TRADING 222 CC T/A FEEDRITE ENGIN	181,944.00	0.00	0.00	0.00	181,944.00
31	TUBOSEAL SERVICES PTY LTD	497,879.27	27,132.00	0.00	0.00	525,011.27
32	VOLTEX PAARL	44,743.00	0.00	0.00	0.00	44,743.00
33	WCC CABLES PTY LTD	1,161.66	0.00	0.00	0.00	1,161.66
34	WAB PRINTMEDIA (PTY) LTD	725.00	0.00	0.00	0.00	725.00
35	WESTERN PROVINCE SUPPLIERS (PTY) LTD	115,938.00	0.00	0.00	0.00	115,938.00
36	WILLY'S FUNERAL SERVICES BK	11,970.00	0.00	0.00	0.00	11,970.00
37	YMCM CONSTRUCTION L/N RR KERMIS	21,588.00	0.00	0.00	0.00	21,588.00
38	TOTAL	2,119,009.88	1,710,582.15	0.00	0.00	3,829,592.03

11. Bank, cash, overdraft balances and investments

The municipality's primary and secondary bank accounts reconciles as at 28 February 2018 as can be seen in table 13 below. The primary bank account showed a negative cashbook balance of R13,666,144 at the end of February 2018 whilst the actual bank balance was a positive R200,119,007.

TABLE 13: BANK RECONCILIATION AS AT 28 FEBRUARY 2018

SERIAL NUMBER	DESCRIPTION	FNB Primary Account	FNB Billing & Sundry Receipt Account	FNB Traffic Account	TOTALS
		62702310385	62702312349	62071526514	
1	Cashbook balance as per 01/02/2018	(13,643,889)	(22,255)	0	(13,666,144)
2	In CB not in GL : Direct Deposit Transfers	150,076,533	29,861	0	150,106,394
3	In GL not in CB : ACB's	61,631,385	0	0	61,631,385
4	In GL not in CB : Cheques	(4,660)	0	0	(4,660)
5	Direct-Deposito-Transfer-in-Cashook	(3,193,107)	(7,606)	0	(3,200,713)
6	Less : Amount receipted but not yet banked	(3,595,238)	0	0	(3,595,238)
7	Partially Process - ACB's	0	0	0	0
8	Plus : Cheques issued but not yet cashed	714,377	0	0	714,377
9	Plus : ACB's issued but not yet cashed	8,133,606	0	0	8,133,606
10	Bank statement balance as per 28/02/2018	200,119,007	0	0	200,119,007

Surplus cash is invested on a daily basis. The municipality's investments as at 28 February 2018 is as set out in Table 15 below. The municipality started the beginning of the month with total investments of R135,720,691 and after investments made R(0), withdrawn (R40,000,000) and interest capitalised (R811,858) closed with an investments balance of R96,532,550 at the five listed local banks and at Eskom where we do have some shares.

TABLE 15 : INVESTMENTS AS AT 28 FEBRUARY 2018

SERIAL NUMBER	BANK	BALANCE AT 1 FEBRUARY 2018	INVESTMENTS MADE	INVESTMENTS WITHDRAWN	INTEREST CAPITALISED	BALANCE AT 28 FEBRUARY 2018	INTEREST EARNED YEAR-TO-DATE	INTEREST RATE
1	ABSA BANK	8,059,734	0	(8,000,000)	44,836	104,570	722,257	6.750%
2	ABSA BANK	7,949,599	0	(7,500,000)	44,224	493,822	717,961	6.750%
3	ABSA BANK	8,708,376	0	(8,500,000)	48,445	256,821	747,557	6.750%
4	ABSA BANK	7,783,998	0	(7,500,000)	43,302	327,301	711,502	6.750%
5	ABSA BANK	8,794,274	0	(8,500,000)	48,923	343,196	719,200	6.750%
6	FNB	93,911,580	0	0	580,104	94,491,684	2,491,684	7.090%
7	STANDARD BANK	380,140	0	0	2,024	382,164	4,382,164	6.700%
8	NEDBANK	(0)	0	0	0	(0)	513,615	6.550%
9	ESKOM	132,990	0	0	0	132,990	0	13.500%
10	GRAND TOTAL	135,720,691	0	(40,000,000)	811,858	96,532,550	11,005,941	8.118%

Recommendation

(12) That it be noted that the primary bank account had a positive bank balance at 28 February 2018 which amounted to R200,119,007.

(13) That it be noted that total investments in cash and shares amounted to R96,532,550 as at 28 February 2018 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 (R1,467,057,901) and the pro rata budgeted operating revenue (R1,472,825,308) has a negative variance of R5,767,407 or 0.39%.
- (2) That it be noted that the variance between the actual operating expenditure (R1,179,292,858) and the pro rata budgeted operating expenditure (R1,185,932,433) has a positive variance of R6,639,575 or 0.56%.
- (3) That it be noted that the actual capital expenditure of R351,446,957 and the pro rata budgeted capital expenditure of R407,264,109 realised under spending of R55,817,152 or 13.71%.
- (4) That it be noted that actual capital expenditure of R351,446,957 represents 44.55% of the total capital budget of R788,869,081 after eight months of the financial year.
- (5) That it be noted that the actual and committed capital expenditure of R267,713,071 compared with the capital expenditure budget of R788,869,081 represent a spending percentage of 78.49% after eight months of the financial year.
- (6) That it be noted that external borrowings amounted to R1,197,072,897 as at 28 February 2018 and that it represents 60.77% of Drakenstein's total budgeted operating revenue of R1,969,874,057 for the 2017/2018 financial year.
- (7) That it be noted that unspent conditional and unconditional grants amounted to R31,320,866 at the end of February 2018.

- (8) That it be noted that the actual employee related cost expenditure of R343,646,547 compared with the pro rata budgeted expenditure of R343,945,050 relates to a positive variance of R298,503 or 0.09%.
 - (9) That it be noted that total outstanding debtors as at 28 February 2018 amounted to R331,013,067 and that 30 days and older debt constitutes 62.6% of total outstanding debtors.
 - (10) That it be noted that domestic consumers owe the municipality R224,377,172 or 67.8% of the municipality's total debtor's book.
 - (11) That it be noted that outstanding creditors amounted to R3,829,592.03 as at 28 February 2018.
 - (12) That it be noted that the primary bank account had a positive bank balance at 28 February 2018, which amounted to R200,119,007.
 - (13) That it be noted that total investments in cash and shares amounted to R96,532,550 as at 28 February 2018 at the five local banks and Eskom.
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