



DRAKENSTEIN
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Monthly and Quarterly Budget Monitoring Report (Section 71 and Section 52 of MFMA)

Period ending: 30 June 2019

To the Municipal Council

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 June 2019. Section 52(d) of the Municipal Finance Management Act (MFMA) determines that the Executive Mayor must within 30 days of the end of each quarter submit a report to the Council on the implementation of the budget and the financial state of affairs of the Municipality.

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.

The submission of this report is part of my general responsibilities as the Executive Mayor of the Drakenstein Municipality as set out in section 52 (d) of the MFMA. This report is intended to inform the Council on the state of the financial affairs of the Municipality to enable Council to exercise its oversight responsibility.



CONRAD POOLE
EXECUTIVE MAYOR
12 July 2019

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 June 2019.

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).

Section 52(d) of the MFMA required from the Mayor to submit a quarterly report to Council on the implementation of the approved budget. The period involved is 1 April 2019 to 30 June 2019.

Please note that this document was compiled inclusive of the capital roll-over budget that was approved by Council during August 2018 as well as the mid-year adjustments budget approved during February 2019. Please also note that due to the compilation of the 2018/2019 Annual Financial Statements the revenue and expenditure amounts may still change.



DR JH LEIBBRANDT
CITY MANAGER

12 July 2019

Table of Content

	Page
1. Introduction	5
2. Actual operating revenue per revenue source	6
3. Actual operating expenditure per vote	9
4. Actual operating expenditure per category	10
5. Actual capital expenditure per vote and funding source	12
6. Actual borrowings	14
7. Allocations received and actual expenditure on allocations received	16
8. Employees related costs	19
9. Debtors age analysis and payment rates	22
10. Creditors age analysis	27
11. Bank, cash, overdraft balances and investments	28
12. Recommendations	30

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 (R2,068,132,963) compares unfavourably with the budgeted revenue (R2,304,940,100) – a negative variance of R236,807,137 or 10,27% at month end. However, it needs to be noted that all year-end transactions have not been processed and that will still influence the results significantly.

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

- Service Charges: Water (R4,331,156 or 2.39%) – Year end transactions still to be captured and will be accounted for at financial year-end;
- Interest earned: outstanding debtors (R727,904 or 6.26%) – due to a change in policy that surcharges on electricity and water arear accounts no longer levied. It was replace by levying of interest on consumer accounts in arrears;
- Fines, penalties and forfeits (R56,099,260 or 57.11%) – Traffic Fine revenue still to be recognised as this will be accounted for accordingly at financial year-end;
- Licence and Permits (R486,652 or 11.93%) – The revenue is less than anticipated;
- Gains and losses (R39,840,653 or 100%) – Gains still to be recognised at financial year-end;
- Transfers and Subsidies: Operational (R94,454,192 or 36.49%) – Housing grant revenue still to be recognised is minimal. Underspending on the expenditure side is material and impacts directly on what can be recognised as income; and
- Transfers and Subsidies: Capital (R64,403,910 or 37.42%) – Some of the actual capital expenditure not yet recognised as revenue at month end.

Journals referred to above will still be processed and will have an impact on the final information that will be disclosed in the annual financial statements.

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

- Service Charges (R11,109,796 or 1.09%) – the revenue is based on historical trends and thus resulting in more revenue being received than anticipated;
- Rental of facilities (R356,476 or 9.29%) - the revenue is based on historical trends and thus resulting in more revenue being received than anticipated;
- Interest earned: external investments (R2,223,574 or 18.53%) - the interest earned is based on historical trends and thus resulting in more revenue being received than anticipated; and
- Operational Revenue (R7,664,417 or 26.15%) – due to a public auction held to sell all unused/impaired/obsolete assets at the auction camp, which resulted in more funds being received than anticipated.

Recommendation

- (1) That it be noted that the variance between the actual operating revenue (R2,068,132,963) and the budgeted operating revenue (R2,304,940,100) has a negative variance of R236,807,137 or 10,27% at this stage before all year-end transactions still to be journalised.***

TABLE 1: ACTUAL REVENUE PER REVENUE SOURCE FOR JUNE 2019

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 %	
COLUMN REFERENCE	A	B	C	D	E	F	G	H	I	J
1	Service Charges : Property Rates	305,830,748	275,982,026	896,826	1,070,197	275,982,026	276,338,033	356,007	0.13%	(356,007)
2	Service Charges : Electricity	1,066,320,982	1,020,423,516	84,951,344	95,662,722	1,020,423,516	1,031,533,312	11,109,796	1.09%	(11,109,796)
3	Service Charges : Water	246,100,090	181,585,138	10,188,721	12,025,027	181,585,138	177,253,982	(4,331,156)	-2.39%	4,331,156
4	Service Charges : Sanitation	108,044,289	94,551,214	(899,260)	(1,868,589)	94,551,214	95,330,436	779,222	0.82%	(779,222)
5	Service Charges : Cleansing	111,452,497	102,520,640	(3,096,577)	(3,138,233)	102,520,640	103,567,739	1,047,099	1.02%	(1,047,099)
6	Rental of facilities and equipment	3,726,209	3,838,762	(1,766,972)	(336,246)	3,838,762	4,195,238	356,476	9.29%	(356,476)
7	Interest earned - external investments	22,000,000	12,000,000	1,000,000	1,421,310	12,000,000	14,223,574	2,223,574	18.53%	(2,223,574)
8	Interest earned - outstanding debtors	15,977,643	11,630,075	1,059,746	910,558	11,630,075	10,902,171	(727,904)	-6.26%	727,904
9	Fines, penalties and forfeits	69,847,415	98,222,246	56,850,025	145,079	98,222,246	42,122,986	(56,099,260)	-57.11%	56,099,260
10	Licences and Permits	4,640,127	4,079,285	807,983	179,522	4,079,285	3,592,633	(486,652)	-11.93%	486,652
11	Ner: Transfers and Subsidies : Operational	265,112,381	258,835,527	90,453,799	13,825,811	258,835,527	164,381,335	(94,454,192)	-36.49%	94,454,192
12	Operational Revenue	30,023,667	29,308,593	1,789,927	5,112,428	29,308,593	36,973,010	7,664,417	26.15%	(7,664,417)
13	Gains and Losses	250,000	39,840,653	39,840,653	0	39,840,653	0	(39,840,653)	-100.00%	39,840,653
14	Total Operating Revenue	2,249,326,048	2,132,817,675	282,076,215	125,009,587	2,132,817,675	1,960,414,448	(172,403,227)	-8.08%	172,403,227
15	Ner : Transfers and Subsidies : Capital	84,933,000	172,122,425	56,438,463	7,973,693	172,122,425	107,718,515	(64,403,910)	-37.42%	64,403,910
16	Total Operating Revenue (Capital Grants Included)	2,334,259,048	2,304,940,100	338,514,678	132,983,280	2,304,940,100	2,068,132,963	(236,807,137)	-10.27%	236,807,137

Actual Revenue to date 2,068,132,963

Projected Revenue for 2018/2019 2,304,940,100

3. Actual operating expenditure per vote

The actual operating expenditure per vote is set out in Table 2 below. Total actual operating expenditure of R1,875,404,722 compares favourably with the budgeted expenditure of R2,300,362,940 with a positive variance of R424,958,218 or 18.47%. However, it needs to be noted that all year-end transactions have not been processed and that will still influence the results significantly.

TABLE 2: ACTUAL OPERATIONAL EXPENDITURE PER VOTE FOR JUNE 2019

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 %	
COLUMN REFERENCE	A	B	C	D	E	F	G	H	I	J
1	City Manager	4,622,438	5,127,700	277,680	1,309,712	5,127,700	4,651,052	476,648	9.30%	476,647.71
2	Department of Internal Audit	8,132,711	8,411,992	892,667	613,678	8,411,992	8,048,147	363,845	4.33%	363,844.56
3	Department of Risk And Fraud	2,694,163	2,399,360	327,628	128,830	2,399,360	2,256,183	143,177	5.97%	143,176.91
4	Department of Communication	5,534,452	4,665,327	78,084	351,171	4,665,327	4,009,610	655,717	14.06%	655,717.10
5	Department of IDP/PMS	6,110,139	5,335,262	566,344	463,485	5,335,262	5,310,343	24,919	0.47%	24,919.01
6	Corporate Services	137,049,122	152,294,505	36,456,292	15,032,106	152,294,505	130,160,509	22,133,996	14.53%	22,133,996
7	Community Services	492,933,606	458,145,323	163,003,300	19,836,757	458,145,323	303,695,419	154,449,904	33.71%	154,449,904
8	Financial Services	109,476,590	132,397,457	32,328,475	23,775,765	132,397,457	118,727,044	13,670,413	10.33%	13,670,413
9	Planning and Development	61,890,148	57,166,752	5,728,769	5,623,519	57,166,752	54,429,867	2,736,885	4.79%	2,736,885
10	Engineering Services	1,506,249,201	1,474,419,262	284,536,701	55,562,229	1,474,419,262	1,244,116,548	230,302,714	15.62%	230,302,714
11	Totals	2,334,692,570	2,300,362,940	524,195,940	122,697,252	2,300,362,940	1,875,404,722	424,958,218	18.47%	424,958,218

Actual Expenditure to date **1,875,404,722**
 Projected Expenditure for 2018/2019 **2,300,362,940**

Recommendation

(2) That it be noted that the variance between the actual operating expenditure (R1,875,404,722) and the budgeted operating expenditure (R2,300,362,940) has a positive variance of R424,958,218 or 18.47% at this stage before all year-end transactions still to be journalised.

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 (R1,875,404,722) do compare favourably with the budgeted expenditure (R2,300,362,940) – a positive variance of R424,958,218 or 18.47% at month end. However, it needs to be noted that all year-end transactions have not been processed and that will still influence the results significantly.

TABLE 3: ACTUAL OPERATIONAL EXPENDITURE PER EXPENDITURE CATEGORY FOR JUNE 2019

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 %	
COLUMN REFERENCE	A	B	C	D	E	F	G	H	I	J
1	Employee Related Cost	625,426,030	637,181,224	66,270,165	51,622,537	637,181,224	622,682,082	14,499,142	2.28%	14,499,142
2	Remuneration of councillors	31,229,363	30,147,397	2,692,910	2,508,583	30,147,397	29,945,188	202,209	0.67%	202,209
3	Debt Impairment	100,409,320	129,548,663	55,609,123	6,939,906	129,548,663	83,166,158	46,382,505	35.80%	46,382,505
4	Depreciation and Amortisation	201,673,156	208,426,443	107,589,865	0	208,426,443	99,838,548	108,587,895	52.10%	108,587,895
5	Finance Charges	0	14,173,929	14,173,929	14,165,305	14,173,929	14,165,305	8,624	0.06%	8,624
6	Interest Paid	144,574,379	152,085,592	19,623,680	9,806,064	152,085,592	142,123,618	9,961,974	6.55%	9,961,974
7	Bulk Purchases Water	22,655,849	5,620,034	2,292,484	337,485	5,620,034	3,668,094	1,951,940	34.73%	1,951,940
8	Bulk Purchases: Electricity	689,784,051	676,241,051	123,857,174	(438,888)	676,241,051	551,939,887	124,301,164	18.38%	124,301,164
9	Contracted Services	293,276,792	240,535,226	81,318,793	21,907,093	240,535,226	154,210,279	86,324,947	35.89%	86,324,947
10	Transfers and Subsidies	20,563,462	23,680,885	1,609,735	204,704	23,680,885	22,156,399	1,524,486	6.44%	1,524,486
11	Inventory	51,193,184	40,947,470	6,167,729	3,655,958	40,947,470	38,525,721	2,421,749	5.91%	2,421,749
12	Operating Leases	22,712,631	29,054,346	4,485,633	2,684,140	29,054,346	26,430,042	2,624,304	9.03%	2,624,304
13	Operational Cost	129,194,353	91,820,680	17,604,719	9,304,365	91,820,680	86,553,400	5,267,280	5.74%	5,267,280
14	Disposal of Assets	0	12,000,000	12,000,000	0	12,000,000	0	12,000,000	100.00%	12,000,000
15	Loss On Sale of Assets	2,000,000	8,900,000	8,900,000	0	8,900,000	0	8,900,000	100.00%	8,900,000
16	TOTALS	2,334,692,570	2,300,362,940	524,195,940	122,697,252	2,300,362,940	1,875,404,722	424,958,218	18.47%	424,958,218
Actual Expenditure to date										1,875,404,722
Projected Expenditure for 2018/2019										2,300,362,939

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

- Employee Related Cost (R14,499,142 or 2.28%) – Underspending at this stage. However, overtime for June 2019 and other employee related expenditure still to be recorded through year-end journals and procedures to be followed;
- Debt Impairment (R46,382,505 or 35.80%) – The information from the final debtors has not been received as yet and therefore the final amount to account for impairment in terms of the required accounting standards still needs to be journalised;
- Depreciation and Amortisation (R108,587,895 or 52.10%) – Various financial year-end procedures on assets still needs to be finalised before final depreciation run can be done. The remaining budgeted amount should be utilised;
- Interest paid (R9,961,974 or 6.55%) – accrued interest still needs to be recognised and will be accounted for accordingly at financial year-end;
- Bulk Purchases Water (R1,951,940 or 34.73%) – Due to the drought, the community is utilising less water which implies less water being purchased from the City of Cape Town;
- Bulk Purchases: Electricity (R124,301,164 or 18.38%) – The account for May 2019 (R48.0 million) and June 2019 (R73.3 million) still needs to be journalised accordingly. Even taking that expenditure into consideration an underspending is still envisaged at this stage (R3.0 million);
- Contracted Services (R86,324,947 or 35.89%) - Underspending on this line item relates largely to underspending on the Housing allocation. Security services for the month of June 2019 still needs to be paid;
- Transfers and subsidies (R1,524,486 or 6.44%) – still needs to be recognised and will be accounted for accordingly at financial year-end;
- Inventory (R2,421,749 or 5.91%) – Various inventory expenditure line items (i.e. housing inventory, tyres; chemicals, etc.) of various departments are underspent for the month and year-to-date;
- Operating Leases (R2,624,304 or 9.03%) – Leasing of machinery and equipment expenditure was less than anticipated, due to lease “smoothing” according to GRAP 12. However, there is still operating lease transactions to be journalised;
- Operational Cost (R5,267,280 or 5.74%) – Provision for the rehabilitation of landfill sites still needs to be processed. The journal will be finalised as soon as the final reports from the specialists are received;
- Disposal on Assets (R12,000,000 or 100%) – The final GRAP adjustments have not yet been journalised as it is dependent on year-end processes that is still in progress to finalise the assets register; and
- Loss on sale of land (R8,900,000 or 100%) – The final GRAP adjustments have not yet been journalised as it is dependent on year-end processes that is still in progress to finalise the assets register.

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 R537,227,555 compares unfavourably with the budgeted capital expenditure of R615,303,550 as per the cash flow projections of the SDBIP with a negative variance or under spending of R78,075,995 or 12.69% at month end. 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 87.31% of the total capital budget of R615,303,550 after twelve months of the financial year. After recording all 2018/2019 invoices received, this figure will still change. At this stage committed funds of approximately R50 million is envisaged, compared to the R180 million for the 2017/2018 financial year.

TABLE 4: ACTUAL CAPITAL EXPENDITURE PER VOTE FOR JUNE 2019

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	
COLUMN REFERENCE	A	B	C	D	E	F	G	H	I	J	K	L
1	City Manager	0	25,000	12,500	0	25,000	0	0	0	(25,000)	0.00%	25,000
2	Department of Internal Audit	0	59,506	0	0	59,506	0	59,506	0	(0)	0.00%	0
3	Department of Risk And Fraud	0	0	0	0	0	0	0	0	0	0.00%	0
4	Department of Communication	0	275,000	250,000	2,725	275,000	0	24,773	0	(250,227)	0.00%	250,227
5	Department of IDP/PMS	0	0	0	0	0	0	0	0	0	0.00%	0
6	Corporate Services	7,691,789	10,377,919	2,954,615	3,046,342	10,377,919	0	7,877,211	0	(2,500,708)	-24.10%	2,500,708
7	Community Services	85,811,237	121,907,958	38,246,576	25,780,668	121,907,958	0	78,814,956	0	(43,093,002)	-35.35%	43,093,002
8	Financial Services	1,000,000	1,693,709	80,417	589,135	1,693,709	0	1,259,955	0	(433,754)	-25.61%	433,754
9	Planning and Development	4,600,000	1,224,294	208,164	237,288	1,224,294	0	943,294	0	(281,000)	-22.95%	281,000
10	Engineering Services	355,687,340	479,740,164	105,429,914	83,424,671	479,740,164	0	448,247,862	0	(31,492,302)	-6.56%	31,492,302
11	TOTALS	454,790,366	615,303,550	147,182,185	113,080,830	615,303,550	0	537,227,555	0	(78,075,995)	-12.69%	78,075,995
				% of Approved Budget =		0.00%	87.31%	0.00%	Actual Expenditure to date		537,227,555	
				Actual Capex as a % of Pro Rata Budget =		87.31%		Projected Expenditure for 2018/2019		615,303,550		

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

TABLE 5: ACTUAL CAPITAL EXPENDITURE PER FUNDING SOURCE FOR JUNE 2019

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	
COLUMN REFERENCE	A	B	C	D	E	F	G	H	I	J	K	L
1	EXTERNAL LOANS	331,834,792	390,672,504	95,202,585	70,730,981	390,672,504	0	341,472,068	0	(49,200,436)	-12.59%	49,200,436
2	CRR	48,448,618	67,142,431	13,764,922	15,311,767	67,142,431	0	58,329,009	0	(8,813,422)	-13.13%	8,813,422
3	GRANTS	74,506,956	157,488,615	38,214,679	27,038,083	157,488,615	0	137,426,479	0	(20,062,136)	-12.74%	20,062,136
4	TOTALS	454,790,366	615,303,550	147,182,185	113,080,830	615,303,550	0	537,227,555	0	(78,075,995)	-12.69%	78,075,995

Actual Expenditure to date 537,227,555

Projected Expenditure for 2018/2019 615,303,550

Recommendation

- (3) That it be noted that the actual capital expenditure of R537,227,555 and the budgeted capital expenditure of R615,303,550 realised under spending of R78,075,995 or 12,69%.**
- (4) That it be noted that actual capital expenditure of R537,227,555 represents 87.31% of the total capital budget of R615,303,550 after twelve 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 year with borrowing debt of R1,630,790,380 and after repayments (R79,885,557) were made and additional loans (R58,626,160) were taken up, the total borrowings outstanding as at 30 June 2019 amounts to R1,609,530,982. This borrowing debt represents 77.83% of our total operating budgeted revenue of R2,068,132,963 (conditional capital and operational grants excluded) for the 2018/2019 financial year. The conservative norm is 40% and some banks may be comfortable to borrow up to 50% of total operating revenue. However, the higher the percentage the higher the expected interest rates to be charged by borrowing institutions.

Recommendation

(5) That it be noted that external borrowings amounted to R1,609,530,982 as at 30 June 2019 and that it represents 77.83% of Drakenstein's total budgeted operating revenue of R2,068,132,963 (conditional capital and operational grants excluded) for the 2018/2019 financial year.

TABLE 6: ACTUAL BORROWINGS FOR JUNE 2019

SERIAL NUMBER	EXTERNAL LOANS PROVIDERS	INTEREST RATES	TERM ENDING	OPENING BALANCE 01/06/2019	CAPITAL REDEEMED	NEW LOANS TAKEN UP	CLOSING BALANCE 30/06/2019
COLUMN REFERENCE	A	B	C	D	E	F	G
1	ABSA BANK	9.15%	2019	2,087,289	2,087,289	0	0
2	ABSA BANK	9.40%	2020	1,818,458	578,767	0	1,239,691
3	ABSA BANK	9.21%	2020	4,594,066	1,463,556	0	3,130,511
4	DBSA	11.47%	2019	3,992,725	3,992,723	0	2
5	DBSA	6.75%	2019	821,751	821,751	0	0
6	DBSA	10.03%	2024	60,219,430	4,292,702	0	55,926,728
7	DBSA	9.97%	2028	116,458,528	3,930,545	0	112,527,983
8	DBSA	9.79%	2028	145,528,605	4,951,818	0	140,576,787
9	DBSA	10.70%	2028	98,084,157	3,202,247	0	94,881,910
10	DBSA	10.70%	2028	33,078,427	1,081,320	0	31,997,107
11	DBSA	10.82%	2025	232,192,264	11,753,466	0	220,438,799
12	DBSA	10.28%	2029	100,000,000	0	0	100,000,000
13	DBSA	10.28%	2029	100,000,000	0	0	100,000,000
14	DBSA	9.87%	2029	0	0	58,626,160	58,626,160
15	NEDBANK	8.63%	2019	2,449,168	2,449,168	0	0
16	NEDBANK	10.64%	2021	25,957,158	4,659,674	0	21,297,484
17	NEDBANK	9.14%	2022	56,308,895	7,012,916	0	49,295,979
18	NEDBANK	9.93%	2025	140,511,526	0	0	140,511,526
19	STANDARD BANK	10.40%	2020	10,783,516	3,417,777	0	7,365,739
20	STANDARD BANK	9.36%	2020	1,517,101	740,780	0	776,321
21	STANDARD BANK	9.63%	2021	3,682,377	854,219	0	2,828,159
22	STANDARD BANK	9.87%	2023	11,617,468	1,210,060	0	10,407,408
23	STANDARD BANK	10.26%	2021	2,933,469	0	0	2,933,469
24	STANDARD BANK	9.68%	2022	2,995,056	425,155	0	2,569,901
25	STANDARD BANK	10.08%	2023	33,157,184	3,007,765	0	30,149,419
26	STANDARD BANK	10.12%	2027	433,066,762	17,951,862	0	415,114,900
27	STANDARD BANK	9.84%	2024	6,935,000	0	0	6,935,000
28	TOTALS			1,630,790,380	79,885,557	58,626,160	1,609,530,982

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 R295,893,166 were received to date. Operating grants expenditure to the amount of R185,467,721 and capital grants expenditure to the amount of R108,326,753 was spent and recorded as utilised at the end of June 2019. Taking the opening balance of R84,051,233 as well as the aforementioned into consideration, the unspent conditional grants as at the end of June 2019 is R86,149,926.

Recommendation

(6) That it be noted that unspent conditional and unconditional grants amounted to R86,149,926 at the end of June 2019.

TABLE 7: CONDITIONAL GRANTS

SERIAL NUMBER	DESCRIPTION	OPENING BALANCE 1 JUNE 2019	OTHER INCOME	OPERATIONAL EXPENDITURE DURING THE YEAR	CAPITAL EXPENDITURE DURING THE YEAR	BALANCE AS ON 30 JUNE 2019
COLUMN REFERENCE	A	B	C	D	E	F
1	CONDITIONAL GRANTS					
2	NATIONAL: EQUITABLE SHARE					
3	G/F : INDIGENT POLICY FUNDS	1	(137,518,000)	137,518,831	0	832
4	SUB - TOTAL	1	(137,518,000)	137,518,831	0	832
5	NATIONAL TREASURY					
6	G/F : MUNICIPAL INFRASTRUCTURE GRANT (MIG)	0	(34,484,000)	0	29,561,210	(4,922,790)
7	G/F : FINANCE MANAGEMENT GRANT	0	(1,550,000)	1,550,000	0	0
8	G/F : EPWP GRANT	0	(4,657,000)	4,433,000	0	(224,000)
9	G/F : ELECTRICITY DEMAND SIDE GRANT	(155)	0	155	0	(0)
10	G/F :COMMUNITY DEV WORKER (CDW)	(516,212)	0	0	0	(516,212)
11	G/F : ELECTRIFICATION FUNDING	(4)	(5,738,000)	0	5,738,004	0
12	SUB - TOTAL	(516,371)	(46,429,000)	5,983,155	35,299,214	(5,663,002)

ANNEXURE A

SERIAL NUMBER	DESCRIPTION	OPENING BALANCE 1 JUNE 2019	OTHER INCOME	OPERATIONAL EXPENDITURE DURING THE YEAR	CAPITAL EXPENDITURE DURING THE YEAR	BALANCE AS ON 30 JUNE 2019
COLUMN REFERENCE	A	B	C	D	E	F
13	PROVINCIAL TREASURY					
14	G/F : N-GOV: HUMAN SETTLEM CAPACITY GRT SCH 5B	(300,000)	0	0	0	(300,000)
15	G/F : HUMAN SETTLEMENT DEVEL	(90,000)	0	0	0	(90,000)
16	G/F : SILVERTOWN	(60,000)	0	0	0	(60,000)
17	G/F : 1068 HUISE WDR SKENKING	(604,713)	0	0	0	(604,713)
18	G/F : DROMMEDARIS	0	(925,135)	6,358,719	0	5,433,584
19	G/F : SCHEME 49	(130,183)	0	0	0	(130,183)
20	G/F : CARTERVILLE	(956,503)	0	0	0	(956,503)
21	G/F : FMG WESTERN CAPE	(60,000)	0	60,000	0	0
22	G/F : P59 FAIRYLANDS	(7,956,417)	(114,000)	0	0	(8,070,417)
23	G/F : PAARL EAST HOUSING	(85,078)	(1,752,948)	0	0	(1,838,026)
24	G/F : ERF 2220	(802,653)	0	0	0	(802,653)
25	G/F : DE KRAAL	0	(964,748)	0	0	(964,748)
26	G/F : KINGSTON TOWN	0	(1,156,404)	0	0	(1,156,404)
27	G/F : NEW SIYAZAMA	0	(1,698,175)	0	0	(1,698,175)
28	G/F : HUMAN SETTLEMENT		(672,000)	0	0	(672,000)
29	G/F : CHICARGO	(8,500)	0	0	0	(8,500)
30	G/F : CHRIS HANI	(2,000)	(2,784,000)	0	0	(2,786,000)
31	G/F : GOUDA INCOME	(762,363)	0	0	0	(762,363)
32	G/F : VLAKKELAND	(10,572,401)	(27,325,000)	0	10,021,883	(27,875,518)
33	G/F : DALJOSAPHAT TRANSFERS	(453,180)	0	0	0	(453,180)
34	G/F : AMSTELHOF PROJECT 35	(10,348)	0	0	0	(10,348)
35	G/F : LIBRARY GRANT	(57,295)	(21,736,000)	16,953,337	4,839,957	(1)
36	G/F : CAPACITY BUILDING	(179,751)	0	0	0	(179,751)
37	G/F : FIRE CAPITAL GRANT	0	(1,483,000)	0	0	(1,483,000)
38	G/F : ROADS	200	(38,618,862)	0	33,043,277	(5,575,384)
39	G/F : DISASTER RELIEF	(10,643,584)	0	0	5,439,643	(5,203,941)
40	G/F : DROUGHT RELIEF	(21,615,960)	0	0	19,682,778	(1,933,182)
41	G/F : GRANT	0	(360,000)	239,195	0	(120,805)
42	G/F : WESTERN FMG		(255,000)	0	0	(255,000)
43	G/F : WESTERN CAPE SPORT	0	(228,098)	140,000	0	(88,098)
44	G/F : SPORT	(4,919)	0	4,919	0	(0)
45	G/F : CAPACITY BUILDING	0	(72,000)	0	0	(72,000)
46	G/F : TRAINING LEVY	(730,908)	(1,155,170)	0	0	(1,886,078)
47	SUB - TOTAL	(56,086,555)	(101,300,539)	23,756,170	73,027,539	(60,603,386)

ANNEXURE A

SERIAL NUMBER	DESCRIPTION	OPENING BALANCE 1 JUNE 2019	OTHER INCOME	OPERATIONAL EXPENDITURE DURING THE YEAR	CAPITAL EXPENDITURE DURING THE YEAR	BALANCE AS ON 30 JUNE 2019
COLUMN REFERENCE	A	B	C	D	E	F
48	GRANTS: OTHER INSTITUTIONS					
50	G/F : ERF 2220:STROMWATER UPGRADE	(383,312)	0	0	0	(383,312)
51	G/F : EMERGENCY KITS:O R THAMBO INF SETTLE	(1,191,615)	0	0	0	(1,191,615)
52	G/F : BULK SERVICES WATER	(3,737,655)	(1,162,542)	0	0	(4,900,197)
53	G/F : BULK SERVICES ELECTRICAL	(14,333,873)	0	18,171,064	0	3,837,191
54	G/F : BULK SERVICES SEWERAGE	(3,890,984)	(947,138)	0	0	(4,838,122)
55	G/F : BULK SERVICE REFUSE	(1,009,132)	(633,233)	0	0	(1,642,365)
56	G/F : BULK SERVICE ROADS	0	(1,493,602)	0	0	(1,493,602)
57	G/F : SARON ROADS	0	(4,132,029)	0	0	(4,132,029)
58	G/F : SARON ROADS	0	(2,121,578)	0	0	(2,121,578)
59	G/F : MANDELA ROUTE	(15,000)	0	0	0	(15,000)
60	G/F : NUMARKT	(561,041)	(155,505)	0	0	(716,546)
61	SUB - TOTAL	(25,122,612)	(10,645,627)	18,171,064	0	(17,597,175)
62	OTHER: CONDITIONAL GRANTS					
63	G/F : COLIN D BROWN GUARANTEE PIPELINE BUILD	(1,300,000)	0	0	0	(1,300,000)
64	G/F : PROJECT 59	(623,636)	0	0	0	(623,636)
65	G/F : MUN WEDUWEE & WESE PENSIOEN	(363,572)	0	0	0	(363,572)
66	G/F : GUARANTEE:D V RENSBURG(BURGERSDR	(38,488)	0	38,501	0	13
67	SUB - TOTAL	(2,325,696)	0	38,501	0	(2,287,195)
68	TOTAL - CONDITIONAL GRANTS	(84,051,233)	(295,893,166)	185,467,721	108,326,753	(86,149,926)

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 R622,682,082 compared with the budgeted amount of R637,181,224 – an underspending of R14,499,142 or 2.28%.

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

- Underspending on various line items due to expenditure being less than envisaged. Year-end journals still needs to be processed after calculations are finalised based on information from the payroll system and received from the actuaries.

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

- Overtime Payments (R7,286,155 or 24.55%) – due to an increase in overtime payments compared to historical trends, refer to more details on this expenditure below;
- Travel Allowances (R537,150 or 1.91%) – over spending due to TASK implementation;
- Standby Allowances (R1,278,820 or 13.34%) – due to an increase in standby payments compared to historical trends.

Recommendation

- (7) That it be noted that the actual employee related cost expenditure of R622,682,082 compared with the budgeted expenditure of R637,181,224 relates to a positive variance of R14,499,142 or 2.28%.**

TABLE 8 : EMPLOYEE RELATED COST AS AT 30 JUNE 2019

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 %	
COLUMN REFERENCE	A	B	C	D	E	F	G	H	I	J
1	Salaries	417,778,589	404,003,474	33,123,190	33,347,071	404,003,474	398,080,875	5,922,599	1.47%	5,922,599
2	Bonusses	24,913,050	30,993,267	1,207,090	40,643	30,993,267	28,037,189	2,956,078	9.54%	2,956,078
3	Leave Pay	4,339,238	7,175,957	598,001	1,661,766	7,175,957	7,175,957	0	0.00%	-
4	Performance Bonusses	958,485	958,485	79,871	1,010,876	958,485	1,010,876	(52,391)	-5.47%	(52,391)
5	Long Services Awards	6,349,356	7,725,000	7,725,000	0	7,725,000	0	7,725,000	100.00%	7,725,000
6	Ex Gratia Allowances - Pensioners	16,405,000	16,405,000	9,418,960	882,358	16,405,000	8,648,873	7,756,127	47.28%	7,756,127
7	Overtime Payments	34,687,342	29,682,055	2,476,089	2,549,326	29,682,055	36,968,210	(7,286,155)	-24.55%	(7,286,155)
8	Subsidy House Loans	5,075,519	3,988,574	327,123	315,214	3,988,574	3,966,132	22,442	0.56%	22,442
9	Travel Allowances	16,127,291	28,096,451	2,341,249	2,080,157	28,096,451	28,633,601	(537,150)	-1.91%	(537,150)
10	Housing Allowance	933,777	896,637	61,220	100,854	896,637	895,019	1,618	0.18%	1,618
11	Acting Allowance	1,438,000	964,557	80,333	44,743	964,557	1,222,607	(258,050)	-26.75%	(258,050)
12	Standby Allowance	9,585,008	9,585,008	798,725	1,146,382	9,585,008	10,863,828	(1,278,820)	-13.34%	(1,278,820)
13	Night Shift Allowance	2,289,541	2,855,969	238,421	228,563	2,855,969	2,778,156	77,813	2.72%	77,813
14	Cell Allowance	1,312,530	2,459,067	203,087	295,688	2,459,067	2,697,370	(238,303)	-9.69%	(238,303)
15	Group Insurance	3,914,640	4,358,548	368,747	386,390	4,358,548	4,365,489	(6,941)	-0.16%	(6,941)
16	Medical Aid Fund Contr	21,254,579	21,338,227	1,761,886	1,898,123	21,338,227	21,432,266	(94,039)	-0.44%	(94,039)
17	Pension Fund Contr	52,428,780	59,308,913	4,929,442	5,097,629	59,308,913	59,517,448	(208,535)	-0.35%	(208,535)
18	Provident Fund Contr	2,414,442	3,109,482	259,107	271,203	3,109,482	3,167,814	(58,332)	-1.88%	(58,332)
19	Unemployment Insurance Fund Contr	3,220,863	3,276,553	272,625	265,553	3,276,553	3,220,372	56,181	1.71%	56,181
20	Totals	625,426,030	637,181,224	66,270,165	51,622,537	637,181,224	622,682,082	14,499,142	2.28%	14,499,142

Actual Expenditure to date **622,682,082**
Projected Expenditure for 2018/2019 **637,181,224**

TABLE 9 : OVERTIME EXPENDITURE AS AT 30 JUNE 2019

SERIAL NUMBER	CATEGORY OF EXPENDITURE	ANNUAL		MONTHLY		YEAR-TO-DATE			
		APPROVED BUDGET	ADJUSTED BUDGET	BUDGET	ACTUAL EXPENDITURE	PRO RATA BUDGET	ACTUALS EXPENDITURE	POSITIVE / (NEGATIVE) VARIANCES	POSITIVE / (NEGATIVE) VARIANCES %
COLUMN REFERENCE	A	B	C	D	E	F	G	H	I
1	City Manager	0	0	0	0	0	0	0	0.00%
2	Department of Internal Audit	0	0	0	0	0	0	0	0.00%
3	Department of Risk And Fraud	0	0	0	0	0	0	0	0.00%
4	Department of Communication	0	0	0	0	0	1,026	(1,026)	0.00%
5	Department of IDP/PMS	16,494	12,835	3,687	16,846	12,835	155,394	(142,559)	-1110.70%
6	Corporate Services	123,354	123,354	10,274	9,394	123,354	266,239	(142,885)	-115.83%
7	Community Services	13,138,310	12,040,930	1,003,387	1,138,752	12,040,930	14,874,560	(2,833,630)	-23.53%
8	Financial Services	609,525	609,525	50,780	18,287	609,525	663,287	(53,762)	-8.82%
9	Planning and Development	12,000	16,078	1,338	0	16,078	180,003	(163,925)	-1019.56%
10	Engineering Services	20,787,659	16,879,333	1,406,623	1,303,886	16,879,333	20,800,356	(3,921,023)	-23.23%
11	Totals	34,687,342	29,682,055	2,476,089	2,487,165	29,682,055	36,940,865	(7,258,810)	-24.46%

9. Debtors age analysis and payment rates

9.1 Debtors age analysis per service

The municipality's total outstanding debtors amounted to R304,701,740 as at 30 June 2019 compared with the R304,934,364 as at 31 May 2019. As reflected in Table 9 below, current debt represent 38.92% of the total outstanding debt compared with the 40.25% of May 2019; 30 days and older debt 5.56% compared with the 5.31% for May 2019; 60 days and older debt 3.27% compared with the 3.41% of May 2019; and 90 days and older debt 52.25% compared with the 51.03% of May 2019.

The debtors test ratio (before bad debt provision) shows a decrease of days from 61.8 days in April 2019 to 60.1 days in May 2019 and no movement in June 2019. The debtors test ratio (after bad debt provision) shows a decrease of 2.9 days from 45.5 days in April 2019 to 42.6 days in May 2019 and no movement in June 2019. **The latter result will still change after the final journal for bad debt provision has been processed.** The acceptable norm is 45 days.

Current debt decreased with R4,154,937 to R118,582,369 compared with the R122,737,305 as at 31 May 2019; 30 days + debt increased with R755,255 to R16,937,250; 60 days + debt decreased with R422,400 to R9,970,185 and 90 days and older debt as at 30 June 2019 has increased with R3,589,457 to R159,211,936 compared with the R155,622,479 as at 31 May 2019.

TABLE 10 : DEBTORS AGE ANALYSIS PER SERVICE AS AT 30 JUNE 2019

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
COLUMN REFERENCE	A	B	C	D	E	F	G	H
1	Rates	845	20,055,927	2,503,082	966,592	14,769,456	38,295,903	12.57%
2	Water	11,937	14,896,044	6,541,726	4,554,630	64,148,018	90,152,355	29.59%
3	Electricity	3,626,062	62,051,530	3,829,582	1,450,400	18,627,558	89,585,131	29.40%
4	Sewerage	2,628	7,342,904	1,416,361	901,248	15,324,128	24,987,269	8.20%
5	Refuse	25,853	8,094,388	1,940,969	1,378,682	25,884,162	37,324,055	12.25%
6	Housing	-	449,504	340,626	298,379	7,642,829	8,731,338	2.87%
7	Others	68,240	1,956,506	364,904	420,253	12,815,785	15,625,689	5.13%
8	TOTAL	3,735,566	114,846,803	16,937,250	9,970,185	159,211,936	304,701,740	100.00%
	2019/06 % =	38.92%		5.56%	3.27%	52.25%	100.00%	
	2019/05 % =	40.25%		5.31%	3.41%	51.03%	100.00%	

Debtors owe the municipality property rates (12.57%); water (29.59%); electricity (29.40%); sewerage (8.20%); refuse (12.25%); housing (2.87%), and sundry debt (5.13%).

9.2 Debtors age analysis per debtor type

Agricultural debtors owes the municipality R13,793,726 (4.5%); business debtors R66,300,406 (21.8%); domestic debtors R202,097,867 (66.3%); government accounts R8,689,771 (2.9%); Sundry Accounts R13,819,971 (4.5%) of the total outstanding debt of R304,701,740 as set out in Table 11 below. Most of the domestic debt and other debt will be irrecoverable and most probably will have to be written-off.

TABLE 11 : DEBTORS AGE ANALYSIS PER DEBTOR TYPE AS AT 30 JUNE 2019

SERIAL NUMBER	DEBTOR TYPE	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
COLUMN REFERENCE	A	B	C	D	E	F	G	H
1	Agriculture	0	7,919,772	693,005	311,544	4,869,405	13,793,726	4.5%
2	Bussiness	34,097	52,650,366	2,345,684	598,952	10,671,307	66,300,406	21.8%
3	Domestic	108,337	47,425,020	12,935,454	8,601,290	133,027,765	202,097,867	66.3%
4	Government	0	5,539,184	676,590	266,670	2,207,327	8,689,771	2.9%
5	Sundry Accounts	3,593,132	1,312,461	286,516	191,730	8,436,132	13,819,971	4.5%
6	TOTAL	3,735,566	114,846,803	16,937,250	9,970,185	159,211,936	304,701,740	100.0%

9.3 Debtors age analysis per ward

In Table 11 below the total outstanding debt of R304,701,740 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 (80.0%); ward 6 (90.9%); ward 7 (79.5%); ward 8 (85.2%); ward 9 (88.6%); ward 10 (68.6%); ward 11 (83.9%); ward 12 (92.6%); ward 13 (82.8%); ward 14 (84.4%); ward 16 (67.9%); ward 18 (52.2%); ward 20 (83.8%); ward 21 (88.3%); ward 22 (64.2%); ward 23 (60.9%); ward 24 (82.0%); ward 25 (67.8%); ward 26 (77.9%); ward 27 (89.1%); ward 29 (51.7%); ward 30 (96.8%); ward 31 (94.0%); ward 32 (86.0%) and ward 33 (64.5%).

Wards that owes the municipality more than R 10,000,000 monetary wise are ward 4 (R16,887,897); ward 9 (R12,464,605); ward 11 (R10,924,930); ward 12 (R10,962,749); ward 15 (R15,975,073); ward 16 (R13,785,131); ward 17 (R11,430,466); ward 18 (R20,214,809); ward 19 (R18,648,499); ward 22 (R11,033,422); ward 28 (R16,210,838); ward 30 (R23,865,025); and ward 31 (R16,984,986).

Recommendation

- (8) That it be noted that total outstanding debtors as at 30 June amounted to R304,704,740 and that 30 days and older debt constitutes 61.1% of total outstanding debtors.***

- (9) That it be noted that domestic consumers owe the municipality R202,097,867 or 66.3% of the municipality's total debtor's book.***

TABLE 12: OUTSTANDING DEBTORS PER WARD AS AT 30 JUNE 2019

WARD	CURRENT 1 (Levied but not billed as yet)	CURRENT 2 (Levied and billed)	30 DAYS +	60 DAYS +	90 DAYS +	TOTAL OUTSTANDING DEBT 30/06/2019	30 DAYS AND OLDER AS A % OF TOTAL DEBT	TOTAL OUTSTANDING DEBT 31/05/2019	INCREASE / (DECREASE)	WARD COUNCILLOR
COLUMN REFERENCE	A	B	C	D	E	F	G	H	I	J
1	0	6,820,675	727,331	108,625	1,623,302	9,279,933	26.5%	9,604,914	(324,981)	C KROUTZ
2	3,678	3,660,410	308,598	98,605	1,143,866	5,215,157	29.7%	4,882,143	333,013	HJ KOTZE
3	19	1,809,668	136,005	67,421	978,772	2,991,886	39.5%	3,370,666	(378,780)	WE SMIT
4	19,964	11,836,619	910,319	313,842	3,807,153	16,887,897	29.8%	16,100,798	787,099	J MILLER
5	950	1,109,421	342,849	289,200	3,809,388	5,551,807	80.0%	5,530,885	20,922	NP MBENENE
6	2,328	650,581	476,737	188,649	5,881,206	7,199,501	90.9%	6,944,458	255,043	TZ NQORO / NOMANA
7	348	720,094	275,353	190,609	2,327,361	3,513,765	79.5%	3,500,030	13,735	RB ARNOLDS
8	141	512,667	141,888	156,385	2,646,411	3,457,493	85.2%	3,269,010	188,482	N.ZIKHALI
9	0	1,421,132	702,115	499,929	9,841,429	12,464,605	88.6%	12,355,744	108,861	TC MANGENA
10	393	691,151	263,951	126,219	1,123,751	2,205,465	68.6%	2,100,387	105,078	C KEARNS
11	4,102	1,751,346	727,595	513,358	7,928,529	10,924,930	83.9%	10,815,479	109,451	AC STOWMAN
12	1,151	807,373	1,121,781	437,847	8,594,598	10,962,749	92.6%	10,714,396	248,353	MD NOBULA
13	753	505,924	193,572	111,463	2,128,795	2,940,506	82.8%	2,972,940	(32,434)	S ROSS
14	4,163	1,018,879	404,430	507,451	4,620,632	6,555,554	84.4%	6,106,220	449,335	J DE WET
15	3,947	13,114,244	646,241	223,594	1,987,047	15,975,073	17.9%	16,070,422	(95,349)	LW NIEHAUS
16	0	4,422,870	1,055,161	539,104	7,767,996	13,785,131	67.9%	13,314,511	470,620	DS BLANCKENBERG
17	2,005	8,130,099	518,761	224,481	2,555,119	11,430,466	28.9%	12,287,892	(857,426)	HJN MATTHEE
18	19,239	9,644,817	756,809	465,934	9,328,011	20,214,809	52.2%	20,036,055	178,754	AML BUCKLE
19	9,195	14,277,908	627,823	192,401	3,541,173	18,648,499	23.4%	18,632,618	15,881	TE BESTER
20	4,219	780,519	224,535	156,645	3,678,851	4,844,770	83.8%	4,765,586	79,185	PBA CUPIDO
21	0	631,273	221,221	199,726	4,347,953	5,400,172	88.3%	5,371,849	28,324	E GOUWS
22	10,228	3,942,872	833,952	386,476	5,859,895	11,033,422	64.2%	10,974,160	59,262	FP CUPIDO
23	348	1,614,847	300,260	145,920	2,064,973	4,126,348	60.9%	4,215,080	(88,732)	F JACOBS
24	0	805,825	180,042	163,740	3,316,226	4,465,832	82.0%	4,195,401	270,432	MM ADRIAANSE
25	0	1,868,220	704,347	316,590	2,910,262	5,799,419	67.8%	5,905,972	(106,553)	LT VAN NIEKERK
26	0	1,142,229	355,537	232,897	3,438,513	5,169,175	77.9%	5,107,643	61,532	JV ANDERSON
27	0	395,300	197,180	199,365	2,833,505	3,625,351	89.1%	3,533,051	92,300	VC BOOYSEN
28	35,580	11,967,314	1,030,951	382,473	2,794,520	16,210,838	26.0%	16,066,976	143,861	RH VAN NIEWENHUYZEN
29	3,261	3,041,247	468,707	279,890	2,510,777	6,303,882	51.7%	6,192,180	111,702	L WILLEMSE
30	9,665	764,877	607,919	612,526	21,870,038	23,865,025	96.8%	23,354,594	510,430	J SMIT
31	3,359	1,013,458	669,035	1,148,080	14,151,054	16,984,986	94.0%	16,941,789	43,196	GH FORD
32	840	896,443	392,782	296,929	4,818,084	6,405,078	86.0%	6,031,069	374,009	LV NZELE
33	3,611	1,371,223	355,648	107,911	2,037,682	3,876,076	64.5%	3,871,243	4,832	SE SEPTEMBER
SUNDRIES	3,592,081	1,705,277	57,818	85,901	945,064	6,386,142	17.0%	9,798,203	(3,412,062)	SUNDRIES
TOTAL	3,735,566	114,846,803	16,937,250	9,970,185	159,211,936	304,701,740	61.1%	304,934,364	(232,624)	

10. Creditors age analysis

The municipality's creditor's age analysis amounted to R0 as at 30 June 2019 as set out in Table 12 below. Creditors 30 days and older amount to R0 on the financial system due to cancelling of all outstanding orders for financial year-end. A complete listing of all accrued creditors journalised at financial year end will be disclosed in the annual financial statements for the year ending 30 June 2019.

Recommendation

(10) That it be noted that outstanding creditors amounted to R0 as at 30 June 2019.

TABLE 13: CREDITORS AGE ANALYSIS AS AT 30 JUNE 2019

SERIAL NUMBER	CREDITOR	CURRENT	30 DAYS +	60 DAYS +	90 DAYS +	TOTAL AS AT 30/06/2019
COLUMN REFERENCE	A	B	C	D	E	F
1		0	0	0	0	0
2		0	0	0	0	0

11. Bank, cash, overdraft balances and investments

The municipality's primary and secondary bank accounts reconciles as at 30 June 2019 as can be seen in table 13 below. The primary bank account showed a positive cashbook balance of R9,502,734 at the end of June 2019 whilst the actual bank balance was a positive R8,777,432.

TABLE 14: BANK RECONCILIATION AS AT 30 JUNE 2019

SERIAL NUMBER	DESCRIPTION	FNB Primary Account 62702310385	FNB Billing & Sundry Receipt Account 62702312349	FNB Traffic Account 62071526514	FNB Motor Vehicle Licencing Account 62804637570	TOTALS
COLUMN REFERENCE	A	B	C	D	E	F
1	Cashbook balance - beginning of the month	(68,073,106)	(10,306,955)	134	0	(78,379,928)
2	Add: Receipts	143,399,112	93,095,032	504,775	93,445	237,092,363
3	Add: Investments withdrawn	198,749,180	0	0	0	198,749,180
4	Less: Payments	(347,932,523)	(26,137)	(221)	0	(347,958,881)
5	Add/Less: Sweeping of Balance	83,352,333	(82,754,334)	(504,554)	(93,445)	0
6	Cashbook balance - end of period of the month	9,494,995	7,605	134	0	9,502,734
7	Balance as per bank statement	8,777,432	0	0	0	8,777,432
8	Add: Transactions receipt on cash book, but not reflecting on bank statement					
9	Cashier receipts not yet banked	2,602,191	0	0	0	2,602,191
10	Third party receipts received but not banked: Easy pay	622,904	0	0	0	622,904
11	Direct deposit/Transfer in cash book	(885,219)	7,605	134	0	(877,480)
12	Less: Payments issued in cash book, but not reflecting on bank statement					
13	Cheque payments	(1,184,003)	0	0	0	(1,184,003)
14	ACB (Automatic Clearing Bureau) payments/System generated payments	(426,951)	0	0	0	(426,951)
15	Less: Transactions on bank statement, but not reflecting in cashbook					
16	Electronic transfers received in bank statement not yet receipted	(11,358)	0	0	0	(11,358)
17	Balance as per cash book	9,494,995	7,605	134	0	9,502,734

Surplus cash is invested on a daily basis. The municipality's investments as at 30 June 2019 is as set out in Table 15 below. The municipality started the beginning of the month with total investments of R257,712,494 and after investments made (R0), withdrawn (R198,749,180) and interest capitalised (R1,042,672) closed with an investments balance of R60,005,986 at the five listed local banks and at Eskom where we do have some shares.

TABLE 15 : INVESTMENTS AS AT 30 JUNE 2019

SERIAL NUMBER	BANK	BALANCE AT 31 MAY 2019	INVESTMENTS MADE	INVESTMENTS WITHDRAWN	INTEREST CAPITALISED	BALANCE AT 30 JUNE 2019	INTEREST ACCRUED	INTEREST EARNED YEAR-TO-DATE	INTEREST RATE
COLUMN REFERENCE	A	B	C	D	E	G	H	I	J
1	ABSA BANK	9,034,362	0	(6,000,000)	50,258	3,084,620	45,677	924,254	6.550%
2	ABSA BANK	14,537,916	0	(10,600,000)	83,344	4,021,260	74,320	1,061,056	6.550%
3	ABSA BANK	14,276,944	0	(10,300,000)	81,848	4,058,792	73,085	1,042,027	6.550%
4	ABSA BANK	14,353,443	0	(10,400,000)	82,287	4,035,729	73,439	1,046,570	6.550%
5	ABSA BANK	9,253,722	0	(6,000,000)	51,479	3,305,201	46,865	899,715	6.550%
6	ABSA BANK	45,000,000	0	(5,200,000)	276,216	40,076,216	256,504	276,216	7.000%
7	FNB	1,269,763	0	0	7,257	1,277,020	0	87,378	6.950%
8	FNB	0	0	0	0	0	0	32,989	6.600%
9	INVESTEC	50,454,892	0	(50,454,892)	18,385	18,385	0	473,277	6.650%
10	NEDBANK	(0)	0	0	0	(0.00)	0	210,205	7.750%
11	NEDBANK	(0)	0	0	0	(0)	0	339,726	7.750%
12	NEDBANK	0	0	0	0	0	0	292,493	7.850%
13	STANDARD BANK	1,566,975	0	(1,567,845)	869	(0)	0	1,329,597	6.750%
14	STANDARD BANK	417,194	0	(417,425)	231	(0)	0	24,835	6.750%
15	STANDARD BANK	1,368,359	0	(1,369,118)	759	0	0	81,456	6.750%
16	STANDARD BANK	165,794	0	(165,886)	92	0	0	165,886	6.750%
17	STANDARD BANK	79,116	0	(79,160)	44	(0)	0	79,160	6.750%
18	STANDARD BANK	40,489,943	0	(40,603,348)	113,405	0	0	603,348	6.750%
19	STANDARD BANK	55315308.22	0	(55,591,506)	276,198	(0)	0	591,506	6.750%
20	ESKOM	128,762	0	0	0	128,762	0	15,120	13.500%
21	GRAND TOTAL	257,712,494	0	(198,749,180)	1,042,672	60,005,986	569,891	9,576,813	7.20%

Recommendation

(11) That it be noted that the primary bank account had a positive bank balance at 30 June 2019 which amounted to R8,777,432.

(12) That it be noted that total investments in cash and shares amounted to R60,005,986 as at 30 June 2019 at the five local banks and Eskom.

12. RECOMMENDATIONS

Based on the contents of this report it is recommended to the Mayoral Committee and Council that:

- (1) That it be noted that the variance between the actual operating revenue (R2,068,132,963) and the budgeted operating revenue (R2,304,940,100) has a negative variance of R236,807,137 or 10,27% at this stage before all year-end transactions still to be journalised;
- (2) That it be noted that the variance between the actual operating expenditure (R1,875,404,722) and the budgeted operating expenditure (R2,300,362,940) has a positive variance of R424,958,218 or 18.47% at this stage before all year-end transactions still to be journalised;
- (3) That it be noted that the actual capital expenditure of R537,227,555 and the budgeted capital expenditure of R615,303,550 realised under spending of R78,075,995 or 12,69%;
- (4) That it be noted that actual capital expenditure of R537,227,555 represents 87.31% of the total capital budget of R615,303,550 after twelve months of the financial year;
- (5) That it be noted that external borrowings amounted to R1,609,530,982 as at 30 June 2019 and that it represents 77.83% of Drakenstein's total budgeted operating revenue of R2,068,132,963 (conditional capital and operational grants excluded) for the 2018/2019 financial year;
- (6) That it be noted that unspent conditional and unconditional grants amounted to R86,149,926 at the end of June 2019;
- (7) That it be noted that the actual employee related cost expenditure of R622,682,082 compared with the budgeted expenditure of R637,181,224 relates to a positive variance of R14,499,142 or 2.28%;

- (8) That it be noted that total outstanding debtors as at 30 June amounted to R304,704,740 and that 30 days and older debt constitutes 61.1% of total outstanding debtors;
 - (9) That it be noted that domestic consumers owe the municipality R202,097,867 or 66.3% of the municipality's total debtor's book;
 - (10) That it be noted that outstanding creditors amounted to R0 as at 30 June 2019;
 - (11) That it be noted that the primary bank account had a positive bank balance at 30 June 2019 which amounted to R8,777,432; and
 - (12) That it be noted that total investments in cash and shares amounted to R60,005,986 as at 30 June 2019 at the five local banks and Eskom.
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