



DRAKENSTEIN
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Monthly Budget Monitoring Report (Section 71 of MFMA)

Period ending: 31 July 2019

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 of July 2019.

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 August 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 July 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).


DR JH LEIBBRANDT
CITY MANAGER
14 August 2019

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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 (R187,524,165) compares unfavourably with the pro rata budgeted figure (R187,524,165) – a negative variance of R63,433 or 0.03% at month end.

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

- Service Charges: Electricity (R6,387,348 or 6.31%) – The Pniel electricity network was transferred to Stellenbosch Municipality therefore a bulk account is levied monthly. However, the account of July 2019 was only processed in August 2019 and will reflect accordingly in next month's report. Pre-paid sales is also more than anticipated, but due to application of time of use tariff structures the amount billed on industrial users are less than anticipated;
- Service Charges: Water (R2,579,081 or 19.48 %) – The implementation of water saving measures due to the drought, had an effect on water consumption patterns and therefore the amount billed is less than projected;
- Interest earned - external investments (R800,724 or 93.42%) – the interest earned is based on historical trends and thus resulting in less revenue being received than anticipated;
- Interest earned - outstanding debtors (R203,070 or 19.41%) - due to a change in policy that surcharges on electricity and water arrear accounts no longer be levied. It was replaced by the levying of interest on consumer accounts in arrears;
- Licences and Permits (R73,675 or 20.63%) – Driver and motor vehicle licences are less than anticipated for the month; and
- Operational Revenue (R1,210,029 or 51.00%) – less revenue receipted on various line items. Most material of these transactions are the commission on transactions handling fees of traffic fines. A new service provider has been appointed, but not yet operational.

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

- Service Charges: Property Rates (R10,388,410 or 22.11%) – due to a change in policy the property rates are being levied monthly and thus the trend on which the budget has been based on is more than anticipated;
- Service Charges: Cleansing (R657,516 or 6.13%) – the services charges for cleansing is more than anticipated;
- Fines, penalties and forfeits (R56,000 or 159.59%) – estimated pound fees are based on previous year trends, while the actual are more than the budgeted amount;
- Rental of facilities and equipment (R286,895 or 21.72%) – rental facilities billed is more than the projected amount for the month;

Recommendation

- (1) The variance between the actual operating revenue (R187,524,165) and the pro rata budgeted operating revenue (R187,587,598) has a negative variance of R63,433 or 0.03%.***

TABLE 1: ACTUAL REVENUE PER REVENUE SOURCE FOR JULY 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	305,349,815	305,349,815	46,976,893	57,365,303	46,976,893	57,365,303	10,388,410	22.11%	247,984,512
2	Service Charges : Electricity	1,175,231,372	1,175,231,372	101,293,538	94,906,190	101,293,538	94,906,190	(6,387,348)	-6.31%	1,080,325,182
3	Service Charges : Water	188,636,644	188,636,644	13,236,656	10,657,575	13,236,656	10,657,575	(2,579,081)	-19.48%	177,979,069
4	Service Charges : Sanitation	116,092,167	116,092,167	9,674,347	9,476,019	9,674,347	9,476,019	(198,329)	-2.05%	106,616,148
5	Service Charges : Cleansing	125,003,755	125,003,755	10,416,980	11,074,496	10,416,980	11,074,496	657,516	6.31%	113,929,259
6	Rental of facilities and equipment	15,852,367	15,852,367	1,321,028	1,607,923	1,321,028	1,607,923	286,895	21.72%	14,244,444
7	Interest earned - external investments	12,000,000	12,000,000	857,143	56,419	857,143	56,419	(800,724)	-93.42%	11,943,581
8	Interest earned - outstanding debtors	12,555,926	12,555,926	1,046,327	843,257	1,046,327	843,257	(203,070)	-19.41%	11,712,669
9	Fines, penalties and forfeits	89,068,288	89,068,288	35,090	91,091	35,090	91,091	56,000	159.59%	88,977,197
10	Licences and Permits	4,288,949	4,288,949	357,159	283,484	357,159	283,484	(73,675)	-20.63%	4,005,465
11	Ner: Transfers and Subsidies : Operational	250,727,572	250,727,572	0	0	0	0	0	0.00%	250,727,572
12	Operational Revenue	28,469,913	28,469,913	2,372,437	1,162,408	2,372,437	1,162,408	(1,210,029)	-51.00%	27,307,505
13	Gains and Losses	8,500,000	8,500,000	0	0	0	0	0	0.00%	8,500,000
14	Total Operating Revenue	2,331,776,768	2,331,776,768	187,587,598	187,524,165	187,587,598	187,524,165	(63,433)	-0.03%	2,144,252,603
15	Ner : Transfers and Subsidies : Capital	120,907,968	120,907,968	0	0	0	0	0	0.00%	120,907,968
16	Total Operating Revenue (Capital Grants Included)	2,452,684,736	2,452,684,736	187,587,598	187,524,165	187,587,598	187,524,165	(63,433)	-0.03%	2,265,160,571
Actual Revenue to date										187,524,165
Projected Revenue for 2019/2020										2,452,684,736

3. Actual operating expenditure per vote

The actual operating expenditure per vote is set out in Table 2 below. Total actual operating expenditure of R62,580,752 compares favourably with the pro rata budgeted expenditure of R72,631,644 – a positive variance of R10,050,892 or 13.84%.

TABLE 2: ACTUAL OPERATIONAL EXPENDITURE PER VOTE FOR JULY 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	4,550,856	4,550,856	323,042	283,416	323,042	283,416	39,626	12.27%	4,267,440.05
2	Department of Internal Audit	7,888,061	7,888,061	591,583	528,190	591,583	528,190	63,393	10.72%	7,359,871.45
3	Department of Risk And Fraud	2,666,019	2,666,019	253,840	188,654	253,840	188,654	65,186	25.68%	2,477,365.36
4	Department of Communication	6,660,371	6,660,371	562,318	263,616	562,318	263,616	298,702	53.12%	6,396,754.73
5	Department of IDP/PMS	6,028,344	6,028,344	406,874	321,761	406,874	321,761	85,113	20.92%	5,706,582.86
6	Corporate Services	153,099,778	152,988,778	7,233,685	6,902,528	7,233,685	6,902,528	331,157	4.58%	146,086,250
7	Community Services	452,207,903	452,207,903	22,483,783	20,321,661	22,483,783	20,321,661	2,162,122	9.62%	431,886,242
8	Financial Services	125,591,344	125,591,344	7,670,061	6,244,276	7,670,061	6,244,276	1,425,785	18.59%	119,347,068
9	Planning and Development	54,907,898	54,907,898	4,073,058	3,768,956	4,073,058	3,768,956	304,102	7.47%	51,138,942
10	Engineering Services	1,586,025,584	1,586,136,584	29,033,400	23,757,695	29,033,400	23,757,695	5,275,705	18.17%	1,562,378,889
11	Totals	2,399,626,158	2,399,626,158	72,631,644	62,580,752	72,631,644	62,580,752	10,050,892	13.84%	2,337,045,406

Actual Expenditure to date	<u>62,580,752</u>
Projected Expenditure for 2019/2020	<u>2,399,626,158</u>

Recommendation

(2) The variance between the actual operating expenditure (R62,580,752) and the pro rata budgeted operating expenditure (R72,631,644) has a positive variance of R10,050,892 or 13.84%.

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 (R62,580,752) compares favourably with the pro rata budgeted figures (R72,631,644) – a positive variance of R10,050,892 or 13.84% at month end.

TABLE 3: ACTUAL OPERATIONAL EXPENDITURE PER EXPENDITURE CATEGORY FOR JULY 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	678,529,458	678,529,458	50,728,513	48,507,372	50,728,513	48,507,372	2,221,141	4.38%	630,022,086
2	Remuneration of councillors	31,709,291	31,709,291	2,642,441	2,509,240	2,642,441	2,509,240	133,201	5.04%	29,200,051
3	Debt Impairment	125,034,743	125,034,743	0	0	0	0	0	0.00%	125,034,743
4	Depreciation and Amortisation	215,869,778	215,869,778	0	0	0	0	0	0.00%	215,869,778
5	Interest Paid	162,758,940	162,758,940	0	0	0	0	0	0.00%	162,758,940
6	Bulk Purchases Water	12,000,000	12,000,000	0	0	0	0	0	0.00%	12,000,000
7	Bulk Purchases: Electricity	781,937,527	781,937,527	0	0	0	0	0	0.00%	781,937,527
8	Contracted Services	232,467,375	232,301,502	8,022,951	3,092,020	8,022,951	3,092,020	4,930,931	61.46%	229,209,482
9	Transfers and Subsidies	18,649,823	18,565,000	3,921,265	3,900,000	3,921,265	3,900,000	21,265	0.54%	14,665,000
10	Inventory	36,738,603	36,763,226	2,727,590	2,176,641	2,727,590	2,176,641	550,949	20.20%	34,586,585
11	Operating Leases	19,980,722	20,134,722	1,633,791	964,243	1,633,791	964,243	669,548	40.98%	19,170,479
12	Operational Cost	81,949,898	82,021,971	2,955,093	1,431,235	2,955,093	1,431,235	1,523,858	51.57%	80,590,736
13	Loss On Sale of Assets	2,000,000	2,000,000	0	0	0	0	0	0.00%	2,000,000
14	TOTALS	2,399,626,158	2,399,626,158	72,631,644	62,580,752	72,631,644	62,580,752	10,050,892	13.84%	2,337,045,406
Actual Expenditure to date										62,580,752
Projected Expenditure for 2019/2020										2,399,626,157

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

- Employee Related Cost (R2,221,141 or 4.38%) – please refer to detail included in table 8;
- Contracted Services (R4,930,931 or 61.46%) - due to underspending on various line items when compared to monthly projected budgets;
- Inventory (R550,949 or 20.20%) – due to underspending on various line items when compared to monthly projected budgets;
- Operating Leases (R669,548 or 40.98%) – due to underspending on various line items when compared to monthly projected budgets; and
- Operation Cost (R1,523,858 or 51.57%) – due to underspending on various line items when compared to monthly projected budgets.

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

- No negative variances to report.

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 R773,498 compares unfavourably with the pro rata budgeted capital expenditure of R6,382,165 as per the cash flow projections of the SDBIP with a variance or underspending of R5,608,667 or 87.88%. 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 0.20% of the total capital budget of R378,029,950 after one month of the financial year. Actual and recorded committed capital expenditure (R24,580,632) represents 6.50% of the total capital budget of R378,029,950 after one month of the financial year.

TABLE 4: ACTUAL CAPITAL EXPENDITURE PER VOTE FOR JULY 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	0	0	0	0	0	0	0	0	0.00%	0
2	Department of Internal Audit	650,000	650,000	0	0	0	0	0	0	0	0.00%	650,000
3	Department of Risk And Fraud	50,712	50,712	0	0	0	0	0	0	0	0.00%	50,712
4	Department of Communication	100,000	100,000	0	0	0	0	0	0	0	0.00%	100,000
5	Department of IDP/PMS	0	0	0	0	0	0	0	0	0	0.00%	0
6	Corporate Services	12,048,000	12,048,000	0	0	0	1,843,872	0	1,843,872	0	0.00%	12,048,000
7	Community Services	123,515,468	123,515,468	2,689,833	588,841	2,689,833	2,308,107	588,841	2,896,948	(2,100,992)	-78.11%	122,926,627
8	Financial Services	13,850,000	13,850,000	0	0	0	0	0	0	0	0.00%	13,850,000
9	Planning and Development	1,615,000	1,615,000	120,000	0	120,000	0	0	0	(120,000)	-100.00%	1,615,000
10	Engineering Services	226,200,770	226,200,770	3,572,332	184,657	3,572,332	19,655,155	184,657	19,839,812	(3,387,674)	-94.83%	226,016,113
11	TOTALS	378,029,950	378,029,950	6,382,165	773,498	6,382,165	23,807,134	773,498	24,580,632	(5,608,667)	-87.88%	377,256,452
% of Approved Budget =						6.30%	0.20%	6.50%	Actual Expenditure to date			773,498
Actual Capex as a % of Pro Rata Budget =						12.12%	Projected Expenditure for 2019/2020			378,029,950		

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

TABLE 5: ACTUAL CAPITAL EXPENDITURE PER FUNDING SOURCE FOR JULY 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	222,575,332	222,575,332	4,113,919	773,498	4,113,919	15,483,593	773,498	16,257,091	(3,340,421)	-81.20%	221,801,834
2	CRR	8,881,650	8,881,650	200,000	0	200,000	657,070	0	657,070	(200,000)	-100.00%	8,881,650
3	GRANTS	146,572,968	146,572,968	2,068,246	0	2,068,246	7,666,472	0	7,666,472	(2,068,246)	-100.00%	146,572,968
4	TOTALS	378,029,950	378,029,950	6,382,165	773,498	6,382,165	23,807,134	773,498	24,580,632	(5,608,667)	-87.88%	377,256,452

Actual Expenditure to date 773,498

Projected Expenditure for 2019/2020 378,029,950

Recommendation

- (3) **The actual capital expenditure of R773,498 and the pro rata budgeted capital expenditure of R6,382,165 realised underspending of R5,608,667 or 87.88%.**
- (4) **Actual capital expenditure of R773,498 represents 0.20% of the total capital budget of R378,029,950 after one month of the financial year.**
- (5) **The actual and committed capital expenditure of R24,580,632 compared with the capital expenditure budget of R378,029,950 represent a spending percentage of 6.50% after one month 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 month with borrowing debt of R1,634,013,750 and after repayments (R0) were made and additional loans (R0) were taken up, the total borrowings outstanding as at 31 July 2019 amounts to R1,634,013,750. This borrowing debt represents 73.22% of our total operating budgeted revenue of R2,231,650,196 (conditional capital and operational grants excluded) for the 2019/2020 financial year.

Recommendation

(6) External borrowings amounted to R1,634,013,750 as at 31 July 2019 and that it represents 73.22% of Drakenstein's total budgeted operating revenue of R2,231,650,196 (conditional capital and operational grants excluded) for the 2019/2020 financial year.

TABLE 6: ACTUAL BORROWINGS FOR JULY 2019

SERIAL NUMBER	EXTERNAL LOANS PROVIDERS	INTEREST RATES	TERM ENDING	OPENING BALANCE 01/07/2019	CAPITAL REDEEMED	NEW LOANS TAKEN UP	CLOSING BALANCE 31/07/2019
COLUMN REFERENCE	A	B	C	D	E	F	G
1	ABSA BANK	9.40%	2020	1,239,691	0	0	1,239,691
2	ABSA BANK	9.21%	2019	3,130,511	0	0	3,130,511
3	DBSA	10.03%	2024	55,926,728	0	0	55,926,728
4	DBSA	9.97%	2028	112,572,452	0	0	112,572,452
5	DBSA	9.79%	2028	140,630,764	0	0	140,630,764
6	DBSA	10.70%	2028	98,084,157	0	0	98,084,157
7	DBSA	10.67%	2028	31,997,107	0	0	31,997,107
8	DBSA	10.82%	2025	220,438,799	0	0	220,438,799
9	DBSA	10.28%	2029	100,000,000	0	0	100,000,000
10	DBSA	10.13%	2029	100,000,000	0	0	100,000,000
11	DBSA	9.87%	2029	58,626,160	0	0	58,626,160
12	NEDBANK	10.64%	2021	21,297,484	0	0	21,297,484
13	NEDBANK	9.14%	2022	49,295,979	0	0	49,295,979
14	NEDBANK	9.93%	2025	140,511,526	0	0	140,511,526
15	STANDARD BANK	10.40%	2020	7,365,739	0	0	7,365,739
16	STANDARD BANK	9.36%	2020	1,517,101	0	0	1,517,101
17	STANDARD BANK	9.63%	2021	3,682,377	0	0	3,682,377
18	STANDARD BANK	9.87%	2023	11,617,468	0	0	11,617,468
19	STANDARD BANK	10.26%	2021	2,933,469	0	0	2,933,469
20	STANDARD BANK	9.68%	2022	2,995,056	0	0	2,995,056
21	STANDARD BANK	10.08%	2023	30,149,419	0	0	30,149,419
22	STANDARD BANK	10.12%	2027	433,066,762	0	0	433,066,762
23	STANDARD BANK	9.84%	2024	6,935,001	0	0	6,935,001
24	TOTALS			1,634,013,750	0	0	1,634,013,750

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 R0 were received to date. Operating grants expenditure to the amount of R0 and capital grants expenditure to the amount of R0 was spent and recorded as utilised at the end of July 2019. Taking the opening balance of R50,104,288 as well as the aforementioned into consideration, the unspent conditional grants as at the end of July 2019 is R50,104,288.

Recommendation

(7) *Unspent conditional and unconditional grants amounted to R50,104,288 at the end of July 2019.*

TABLE 7: CONDITIONAL GRANTS

SERIAL NUMBER	DESCRIPTION	OPENING BALANCE 1 JULY 2019	OTHER INCOME	OPERATIONAL EXPENDITURE DURING THE YEAR	CAPITAL EXPENDITURE DURING THE YEAR	BALANCE AS ON 31 JULY 2019
COLUMN REFERENCE	A	B	C	D	E	F
1	CONDITIONAL GRANTS					
2	NATIONAL: EQUITABLE SHARE					
3	G/F : INDIGENT POLICY FUNDS	0	0	0	0	0
4	SUB - TOTAL	0	0	0	0	0
5	NATIONAL TREASURY					
6	G/F : MUNICIPAL INFRASTRUCTURE GRANT (MIG)	0	0	0	0	0
7	G/F : FINANCE MANAGEMENT GRANT	0	0	0	0	0
8	G/F : EPWP GRANT	0	0	0	0	0
9	G/F : ELECTRICITY DEMAND SIDE GRANT	0	0	0	0	0
10	G/F : COMMUNITY DEV WORKER (CDW)	(516,212)	0	0	0	(516,212)
11	G/F : ELECTRIFICATION FUNDING	(4)	0	0	0	(4)
12	SUB - TOTAL	(516,216)	0	0	0	(516,216)

ANNEXURE A

SERIAL NUMBER	DESCRIPTION	OPENING BALANCE 1 JULY 2019	OTHER INCOME	OPERATIONAL EXPENDITURE DURING THE YEAR	CAPITAL EXPENDITURE DURING THE YEAR	BALANCE AS ON 31 JULY 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	(341,699)	0	0	0	(341,699)
18	G/F : DROMMEDARIS	(732,415)	0	0	0	(732,415)
19	G/F : SCHEME 49	(1,262,587)	0	0	0	(1,262,587)
20	G/F : CARTERVILLE	(956,503)	0	0	0	(956,503)
21	G/F : SIYASHALA	27,793	0	0	0	27,793
22	G/F : P59 FAIRYLANDS	(7,492,039)	0	0	0	(7,492,039)
23	G/F : PAARL EAST HOUSING	(320,971)	0	0	0	(320,971)
24	G/F : PAARL EAST HOUSING	(140,064)	0	0	0	(140,064)
25	G/F : ERF 2220	(802,653)	0	0	0	(802,653)
26	G/F : DE KRAAL	(964,748)	0	0	0	(964,748)
27	G/F : HUMAN SETTLEMENTS	(672,000)	0	0	0	(672,000)
28	G/F : KINGSTON TOWN	1,521,838	0	0	0	1,521,838
29	G/F : NEW SIYAZAMA	(916,838)	0	0	0	(916,838)
30	G/F : CHICARGO	(8,500)	0	0	0	(8,500)
31	G/F : TITLE DEEDS	(2,784,000)	0	0	0	(2,784,000)
32	G/ F : NCEDOLWETHU/CHRIS HANI	(2,000)	0	0	0	(2,000)
33	G/F : CAPACITY BUILDING	(360,000)	0	0	0	(360,000)
34	G/F : GOUDA INCOME	(704,674)	0	0	0	(704,674)
35	G/F : VLAKKELAND	(5,986,706)	0	0	0	(5,986,706)
36	G/F : SARON ROADS	(639,324)	0	0	0	(639,324)
37	G/F : DALJOSAPHAT TRANSFERS	(453,180)	0	0	0	(453,180)
38	G/F : AMSTELHOF PROJECT 35	(10,348)	0	0	0	(10,348)
39	G/F : LIBRARY GRANT	(92,142)	0	0	0	(92,142)
40	G/F : CAPACITY BUILDING	(179,751)	0	0	0	(179,751)
41	G/F : WESTERN CAPE SPORT	(67,098)	0	0	0	(67,098)
42	G/F : CAPACITY BUILDING	(72,000)	0	0	0	(72,000)
43	G/F : TRAINING LEVY	(1,886,078)	0	0	0	(1,886,078)
44	SUB - TOTAL	(26,748,686)	0	0	0	(26,748,686)

ANNEXURE A

SERIAL NUMBER	DESCRIPTION	OPENING BALANCE 1 JULY 2019	OTHER INCOME	OPERATIONAL EXPENDITURE DURING THE YEAR	CAPITAL EXPENDITURE DURING THE YEAR	BALANCE AS ON 31 JULY 2019
COLUMN REFERENCE	A	B	C	D	E	F
45	G/F : ERF 2220:STROMWATER UPGRADE	(383,312)	0	0	0	(383,312)
46	G/F : EMERGENCY KITS:O R THAMBO INF SETTLE	(1,191,615)	0	0	0	(1,191,615)
47	G/F : BULK SERVICES WATER	(4,900,197)	0	0	0	(4,900,197)
48	G/F : BULK SERVICES ELECTRICAL	1,869,573	0	0	0	1,869,573
49	G/F : BULK SERVICES SEWERAGE	(4,838,123)	0	0	0	(4,838,123)
50	G/F : BULK SERVICE REFUSE	(1,642,365)	0	0	0	(1,642,365)
51	G/F : BULK SERVICE ROADS	(1,493,602)	0	0	0	(1,493,602)
52	G/F : SARON ROADS	(7,399,194)	0	0	0	(7,399,194)
53	G/F : MANDELA ROUTE	(15,000)	0	0	0	(15,000)
54	G/F : NUMARKT	(558,344)	0	0	0	(558,344)
55	SUB - TOTAL	(20,552,178)	0	0	0	(20,552,178)
56	OTHER: CONDITIONAL GRANTS					
57	G/F : COLIN D BROWN GUARANTEE PIPELINE BUILD	(1,300,000)	0	0	0	(1,300,000)
58	G/F : PROJECT 59	(623,636)	0	0	0	(623,636)
59	G/F : MUN WEDUWEE & WESE PENSIOEN	(363,572)	0	0	0	(363,572)
60	SUB - TOTAL	(2,287,208)	0	0	0	(2,287,208)
61	TOTAL - CONDITIONAL GRANTS	(50,104,288)	0	0	0	(50,104,288)

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 R48,507,372 compared with the pro rata budgeted amount of R50,728,513 – an underspending of R2,221,141 or 4.38%.

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

- Underspending on various line items due to expenditure being less than envisaged.

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

- Overtime Payments (R374,561 or 18.37%) – due to an increase in overtime payments compared to historical trends, refer to table 9.

Recommendation

(8) The actual employee related cost expenditure of R48,507,372 compared with the pro rata budgeted expenditure of R50,728,513 relates to a positive variance of R2,221,141 or 4.38%.

TABLE 8 : EMPLOYEE RELATED COST AS AT 31 JULY 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	427,218,177	427,218,177	35,601,518	34,099,548	35,601,518	34,099,548	1,501,970	4.22%	393,118,629
2	Bonusses	36,728,008	36,728,008	0	0	0	0	0	0.00%	36,728,008
3	Leave Pay	7,642,393	7,642,393	0	0	0	0	0	0.00%	7,642,393
4	Performance Bonusses	1,471,428	1,471,428	0	0	0	0	0	0.00%	1,471,428
5	Long Services Awards	7,105,624	7,105,624	0	0	0	0	0	0.00%	7,105,624
6	Ex Gratia Allowances - Pensioners	16,841,000	16,841,000	0	0	0	0	0	0.00%	16,841,000
7	Overtime Payments	24,473,101	24,473,101	2,039,430	2,413,991	2,039,430	2,413,991	(374,561)	-18.37%	22,059,110
8	Subsidy House Loans	5,204,587	5,204,587	433,736	321,290	433,736	321,290	112,446	25.92%	4,883,297
9	Travel Allowances	26,754,462	26,754,462	2,229,537	2,123,365	2,229,537	2,123,365	106,172	4.76%	24,631,097
10	Housing Allowance	731,783	731,783	60,987	58,331	60,987	58,331	2,656	4.35%	673,452
11	Acting Allowance	0	0	0	0	0	0	0	0.00%	-
12	Standby Allowance	10,824,879	10,824,879	902,077	834,896	902,077	834,896	67,181	7.45%	9,989,983
13	Night Shift Allowance	2,415,416	2,415,416	201,287	214,433	201,287	214,433	(13,146)	-6.53%	2,200,983
14	Cell Allowance	2,820,972	2,820,972	235,102	289,919	235,102	289,919	(54,817)	-23.32%	2,531,053
15	Group Insurance	5,024,537	5,024,537	418,716	394,073	418,716	394,073	24,643	5.89%	4,630,464
16	Medical Aid Fund Contr	27,345,230	27,345,230	2,278,772	1,884,839	2,278,772	1,884,839	393,933	17.29%	25,460,391
17	Pension Fund Contr	68,346,357	68,346,357	5,695,539	5,317,455	5,695,539	5,317,455	378,084	6.64%	63,028,902
18	Provident Fund Contr	4,480,782	4,480,782	373,400	290,038	373,400	290,038	83,362	22.33%	4,190,744
19	Unemployment Insurance Fund Contr	3,100,722	3,100,722	258,412	265,192	258,412	265,192	(6,780)	-2.62%	2,835,530
20	Totals	678,529,458	678,529,458	50,728,513	48,507,372	50,728,513	48,507,372	2,221,141	4.38%	630,022,086

Actual Expenditure to date **48,507,372**
Projected Expenditure for 2019/2020 **678,529,458**

Detail on the overtime expenditure was identified as being a concern by management, refer to the detailed table below on the expenditure.

TABLE 9 : OVERTIME EXPENDITURE AS AT 31 JULY 2019

SERIAL NUMBER	DEPARTMENT EXPENDITURE	ANNUAL		YEAR-TO-DATE			
		APPROVED BUDGET	ADJUSTED BUDGET	PRO RATA BUDGET	ACTUALS EXPENDITURE	POSITIVE / (NEGATIVE) VARIANCES	POSITIVE / (NEGATIVE) VARIANCES %
COLUMN REFERENCE	A	B	C	F	G	H	I
1	City Manager	0	0	0	0	0	0.00%
2	Department of Internal Audit	0	0	0	0	0	0.00%
3	Department of Risk And Fraud	0	0	0	0	0	0.00%
4	Department of Communication	0	0	0	0	0	0.00%
5	Department of IDP/PMS	174,376	174,376	14,531	3,911	10,620	73.09%
6	Corporate Services	0	0	0	2,019	(2,019)	0.00%
7	Community Services	9,670,388	9,670,388	805,869	963,992	(158,123)	-19.62%
8	Financial Services	731,936	731,936	60,995	43,447	17,548	28.77%
9	Planning and Development	0	0	0	0	0	0.00%
10	Engineering Services	13,896,401	13,896,401	1,158,035	1,352,632	(194,597)	-16.80%
11	TOTAL	24,473,101	24,473,101	2,039,430	2,366,000	(326,570)	-16.01%

9. Debtors age analysis and payment rates

9.1 Debtors age analysis per service

The municipality's total outstanding debtors amounted to R345,815,205 as at 31 July 2019 compared with the R304,701,740 as at 30 June 2019. As reflected in Table 10 below, current debt represent 50.03% of the total outstanding debt compared with the 38.92% of June 2019; 30 days and older debt 4.61% compared with the 5.56% for June 2019; 60 days and older debt 2.55% compared with the 3.27% of June 2019; and 90 days and older debt 42.80% compared with the 52.25% of June 2019.

The debtors test ratio (before bad debt provision) shows an increase of 0.1 days from 60.1 days in May 2019 to 60.2 days in June 2019 and a increase of 2.5 days to 62.7 days in July 2019. The debtors test ratio (after bad debt provision) shows an decrease of 1.5 days from 42.6 days in May 2019 to 41.1 days in June 2019 and a increase of 7.3 days to 48.4 days in July 2019. The acceptable norm is 45 days.

Current debt increased with R54,441,709 to R118,582,369 compared with the R173,024,078 as at 30 June 2019; 30 days + debt decreased with R979,551 to R15,957,699; 60 days + debt decreased with R1,147,113 to R8,823,072 and 90 days and older debt as at 31 July 2019 has decreased with R11,201,581 to R148,010,355 compared with the R159,211,936 as at 30 June 2019.

TABLE 10 : DEBTORS AGE ANALYSIS PER SERVICE AS AT 31 JULY 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	0	54,847,639	3,714,520	1,300,893	14,514,001	74,377,053	21.51%
2	Water	916	14,490,827	4,469,826	3,459,140	54,542,820	76,963,529	22.26%
3	Electricity	1,678	78,274,176	3,656,063	1,319,321	18,375,658	101,626,895	29.39%
4	Sewerage	27	10,081,425	1,432,574	909,309	15,082,727	27,506,062	7.95%
5	Refuse	0	11,753,227	1,908,601	1,343,017	25,324,140	40,328,984	11.66%
6	Housing	0	1,910,120	227,434	260,017	7,386,744	9,784,315	2.83%
7	Others	19,725	1,644,318	548,682	231,376	12,784,266	15,228,368	4.40%
8	TOTAL	22,346	173,001,732	15,957,699	8,823,072	148,010,355	345,815,205	100.00%
	2019/07 =		50.03%	4.61%	2.55%	42.80%	100.00%	
	2019/06 =		38.92%	5.56%	3.27%	52.25%	100.00%	

Debtors owe the municipality property rates (21.51%); water (22.26%); electricity (29.39%); sewerage (7.95%); refuse (11.66%); housing (2.83%), and sundry debt (4.40%).

9.2 Debtors age analysis per debtor type

Agricultural debtors owes the municipality R19,099,295 (5.5%); business debtors R84,986,294 (24.6%); domestic debtors R205,879,293 (59.5%); government accounts R24,685,343 (7.1%); sundry accounts R11,164,980 (3.2%) and of the total outstanding debt of R345,815,205 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 31 JULY 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	13,472,520	463,941	343,559	4,819,276	19,099,295	5.5%
2	Business	5,203	71,760,129	2,270,410	617,585	10,332,967	84,986,294	24.6%
3	Domestic	16,593	64,521,332	11,941,497	7,306,122	122,093,749	205,879,293	59.5%
4	Government	0	20,911,306	1,017,899	413,570	2,342,568	24,685,343	7.1%
5	Sundry Accounts	550	2,336,445	263,952	142,237	8,421,796	11,164,980	3.2%
6	TOTAL	22,346	173,001,732	15,957,699	8,823,072	148,010,355	345,815,205	100.0%

9.3 Debtors age analysis per ward

In Table 12 below the total outstanding debt of R345,815,205 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 23 of the 33 wards is above 50%. Notably is the percentages of ward 5 (73.8%); ward 6 (83.8%); ward 7 (58.8%); ward 8 (82.6%); ward 9 (81.6%); ward 10 (61.5%); ward 11 (71.9%); ward 12 (85.2%); ward 13 (71.5%); ward 14 (80.0%); ward 16 (51.4%); ward 20 (72.9%); ward 21 (74.0%); ward 22 (52.8%); ward 23 (53.1%); ward 24 (71.1%); ward 25 (55.1%); ward 26 (63.8%); ward 27 (80.8%); ward 30 (94.4%); ward 31 (83.9%); ward 32 (80.7%) and ward 33 (54.6%).

Wards that owe the municipality more than R10,000,000 monetary wise are ward 1 (R11,519,356); ward 4 (R22,551,118); ward 9 (R11,437,733); ward 11 (R10,623,874); ward 15 (R18,872,395); ward 16 (R12,891,291); ward 17 (R15,979,285); ward 18 (R24,538,446); ward 19 (R27,411,550); ward 22 (R12,863,308); ward 28 (R21,214,938); ward 30 (R23,616,474); ward 31 (R18,465,145).

Recommendation

(9) Total outstanding debtors as at 31 July 2019 amounted to R345,815,205 and that 30 days and older debt constitutes 50.0% of total outstanding debtors.

(10) Domestic consumers owe the municipality R205,879,293 or 59.5% of the municipality's total debtor's book.

TABLE 12: OUTSTANDING DEBTORS PER WARD AS AT 31 JULY 2019

WARD	CURRENT 1 (Levied but not billed as yet)	CURRENT 2 (Levied and billed)	30 DAYS +	60 DAYS +	90 DAYS +	TOTAL OUTSTANDING DEBT 31/07/2019	30 DAYS AND OLDER AS A % OF TOTAL DEBT	TOTAL OUTSTANDING DEBT 30/06/2019	INCREASE / (DECREASE)	WARD COUNCILLOR
COLUMN REFERENCE	A	B	C	D	E	F	G	H	I	J
1	0	9,153,023	538,996	229,167	1,598,171	11,519,356	20.5%	9,279,933	2,239,423	C KROUTZ
2	2,694	6,086,264	312,165	147,094	1,123,007	7,671,223	20.6%	5,215,157	2,456,067	HJ KOTZE
3	0	4,002,890	64,316	43,147	950,086	5,060,440	20.9%	2,991,886	2,068,554	WE SMIT
4	935	17,308,876	1,019,209	432,442	3,789,657	22,551,118	23.2%	16,887,897	5,663,221	J MILLER
5	260	1,437,544	216,979	195,712	3,638,419	5,488,913	73.8%	5,551,807	(62,895)	NP MBENENE
6	0	1,086,649	434,353	361,675	4,845,416	6,728,093	83.8%	7,199,501	(471,408)	TZ NQORO / NOMANA
7	190	1,660,215	185,810	139,398	2,043,749	4,029,362	58.8%	3,513,765	515,597	RB ARNOLDS
8	0	569,416	297,770	102,116	2,297,766	3,267,068	82.6%	3,457,493	(190,425)	N.ZIKHALI
9	4,702	2,094,618	407,136	428,253	8,503,025	11,437,733	81.6%	12,464,605	(1,026,872)	TC MANGENA
10	50	892,885	221,712	178,364	1,025,080	2,318,091	61.5%	2,205,465	112,626	C KEARNS
11	150	2,981,260	559,159	391,404	6,691,902	10,623,874	71.9%	10,924,930	(301,055)	AC STOWMAN
12	190	1,482,254	367,569	388,085	7,759,355	9,997,453	85.2%	10,962,749	(965,296)	MD NOBULA
13	0	878,746	164,692	93,682	1,942,560	3,079,680	71.5%	2,940,506	139,174	S ROSS
14	0	1,358,788	697,331	277,859	4,452,577	6,786,555	80.0%	6,555,554	231,001	J DE WET
15	400	15,823,774	798,464	250,213	1,999,544	18,872,395	16.2%	15,975,073	2,897,322	LW NIEHAUS
16	0	6,261,051	588,488	365,815	5,675,937	12,891,291	51.4%	13,785,131	(893,840)	DS BLANCKENBERG
17	1,334	12,564,812	733,507	226,243	2,453,390	15,979,285	21.4%	11,430,466	4,548,820	HJN MATTHEE
18	5,192	14,106,077	727,910	377,928	9,321,339	24,538,446	42.5%	20,214,809	4,323,637	AML BUCKLE
19	625	23,471,540	603,809	297,868	3,037,708	27,411,550	14.4%	18,648,499	8,763,050	TE BESTER
20	2,567	1,369,846	209,240	124,935	3,356,192	5,062,780	72.9%	4,844,770	218,009	PBA CUPIDO
21	0	1,548,859	214,428	108,144	4,094,278	5,965,709	74.0%	5,400,172	565,537	E GOUWS
22	1,728	6,075,308	778,244	383,177	5,624,851	12,863,308	52.8%	11,033,422	1,829,886	FP CUPIDO
23	0	2,147,555	302,194	130,699	1,996,511	4,576,959	53.1%	4,126,348	450,611	F JACOBS
24	137	1,572,967	453,278	113,621	3,307,100	5,447,102	71.1%	4,465,832	981,270	MM ADRIAANSE
25	0	3,227,196	576,908	541,968	2,848,967	7,195,039	55.1%	5,799,419	1,395,620	LT VAN NIEKERK
26	0	2,004,061	264,501	199,668	3,062,494	5,530,724	63.8%	5,169,175	361,549	JV ANDERSON
27	167	684,850	192,303	118,221	2,581,306	3,576,847	80.8%	3,625,351	(48,504)	VC BOOYSEN
28	799	16,277,011	1,807,871	422,737	2,706,519	21,214,938	23.3%	16,210,838	5,004,100	RH VAN NIEWENHUYZEN
29	200	4,282,270	325,208	293,323	2,550,896	7,451,896	42.5%	6,303,882	1,148,014	L WILLEMSE
30	0	1,323,606	593,196	547,690	21,151,982	23,616,474	94.4%	23,865,025	(248,550)	J SMIT
31	0	2,974,050	549,202	552,647	14,389,246	18,465,145	83.9%	16,984,986	1,480,159	GH FORD
32	27	1,133,131	272,332	216,155	4,237,289	5,858,934	80.7%	6,405,078	(546,144)	LV NZELE
33	0	2,062,953	409,672	129,922	1,944,634	4,547,181	54.6%	3,876,076	671,105	SE SEPTEMBER
SUNDRIES	0	3,097,388	69,750	13,702	1,009,405	4,190,244	26.1%	6,386,142	(2,195,898)	SUNDRIES
TOTAL	22,346	173,001,732	15,957,699	8,823,072	148,010,355	345,815,205	50.0%	304,701,740	41,113,465	

10. Creditors age analysis

The municipality's creditor's age analysis amounted to R1,251,281 as at 31 May 2019 as set out in Table 13 below. Creditors 30 days and older amount to R0.

Recommendation

(11) *Outstanding creditors amounted to R1,251,281 as at 31 July 2019.*

TABLE 13: CREDITORS AGE ANALYSIS AS AT 31 JULY 2019

SERIAL NUMBER	CREDITOR	CURRENT	30 DAYS +	60 DAYS +	90 DAYS +	TOTAL AS AT 31/07/2019
COLUMN REFERENCE	A	B	C	D	E	F
1	AFRITURF CC	22712.5	0	0	0	22,713
2	AC REWINDERS	4,945	0	0	0	4,945
3	ALSU ONDERNEMINGS PTY LTD	46,510	0	0	0	46,510
4	BOUDEL MOTORS PTY LTD T/A THORP PAARL	82,469	0	0	0	82,469
5	CAPE HEAT EXCHANGE PTY LTD	4,195	0	0	0	4,195
6	DJL BURNERS AND BOILERS CC	124,042	0	0	0	124,042
7	ENGEN PETROLEUM LIMITED	290,169	0	0	0	290,169
8	FILCO PARTS BK	2,527	0	0	0	2,527
9	INTROSTAT (PTY) LTD	31,384	0	0	0	31,384
10	JEFFS GLASS	2,650	0	0	0	2,650
11	JLM 24 SERVICE	9,000	0	0	0	9,000
12	WYNLAND HOUT CC T/A LUMBER KING	7,212	0	0	0	7,212
13	ABERDARE CABLES (PTY) LTD	425,250	0	0	0	425,250
14	SA DRIVER	20,949	0	0	0	20,949
15	SC STATIONERY AGENCIES (PTY) LTD	460	0	0	0	460
16	STELMED	10,317	0	0	0	10,317
17	SUMMERLANE TRADING 222 CC T/A FEEDRITE ENGIN	11,012	0	0	0	11,012
18	BIDVEST WALTONS (PTY) LTD	113,839	0	0	0	113,839
19	WELLINGTON PAINT & HARDWARE	12,702	0	0	0	12,702
20	WILLIAM MATTHYSE T/S WM UPHOLSTERS	1,200	0	0	0	1,200
21	XERACOTE CC T/A OLYMPIA INTERNATIONAL PAINTS	27,738	0	0	0	27,738
22	TOTAL	1,251,281	0	0	0	1,251,281

11. Bank, cash, overdraft balances and investments

The municipality's primary and secondary bank accounts reconciles as at 31 July 2019 as can be seen in table 14 below. The primary bank account showed a positive cashbook balance of R52,278,807 at the end of July 2019 whilst the actual bank balance was a positive R58,419,892.

TABLE 14: BANK RECONCILIATION AS AT 31 JULY 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	7,755,278	7,605	-	-	7,762,883
2	Add: Receipts	178,266,458	72,340,326	685,783	2,306,589	253,599,156
3	Add: Investments withdrawn	56,000,000	-	-	-	56,000,000
4	Less: Payments	(265,063,666)	(19,438)	(128)	-	(265,083,232)
5	Add/Less: Sweeping of Balance	77,621,311	(74,629,068)	(685,654)	(2,306,589)	(0)
6	Cashbook balance - end of period of the month	54,579,381	(2,300,574)	-	-	52,278,807
9	Balance as per bank statement	58,419,892	-	-	-	58,419,892
10	Add: Transactions receipt on cash book, but not reflecting on bank statement					
11	Cashier receipts not yet banked	1,082,249	-	-	-	1,082,249
12	Third party receipts received but not banked: Easy pay	174,828	-	-	-	174,828
13	Direct deposit/Transfer in cash book	(1,090,769)	7,605	-	-	(1,083,164)
14	Less: Payments issued in cash book, but not reflecting on bank statement					
15	Cheque payments	(636,766)	-	-	-	(636,766)
16	ACB (Automatic Clearing Bureau) payments/System generated payments	(3,458,888)	(2,308,179)	-	-	(5,767,067)
17	Less: Transactions on bank statement, but not reflecting in cashbook					
18	Electronic transfers received in bank statement not yet receipted	86,334	-	-	-	86,334
19	Cheques issued and cancelled after month-end	2,500	-	-	-	2,500
20	Balance as per cash book	54,579,381	(2,300,574)	-	-	52,278,807

Surplus cash is invested on a daily basis. The municipality's investments as at 31 July 2019 is as set out in Table 15 below. The municipality started the beginning of the month with total investments of R60,005,986 and after investments made (R0), withdrawn (R56,000,000) and interest capitalised (R569,891) closed with an investments balance of R4,572,082 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 30 JUNE 2019	INVESTMENTS MADE	INVESTMENTS WITHDRAWN	INTEREST CAPITALISED	BALANCE AT 31 JULY 2019	INTEREST ACCRUED	INTEREST EARNED YEAR-TO-DATE	INTEREST RATE
COLUMN REFERENCE	A	B	C	D	E	G	H	I	J
1	ABSA BANK	3,084,620	0	(2,500,000)	45,677	630,297	4,772	45,677	6.250%
2	ABSA BANK	4,021,260	0	(3,500,000)	74,320	595,580	5,122	74,320	6.250%
3	ABSA BANK	4,058,792	0	(3,500,000)	73,085	631,878	5,319	73,085	6.250%
4	ABSA BANK	4,035,729	0	(3,500,000)	73,439	609,168	5,195	73,439	6.250%
5	ABSA BANK	3,305,201	0	(3,000,000)	46,865	352,066	3,529	46,865	6.250%
6	ABSA BANK	40,076,216	0	(40,000,000)	256,504	332,720	24,961	256,504	6.750%
7	FNB	1,277,020	0	0	0	1,277,020	7,420	0	6.840%
8	INVESTEC	18,385	0	0	0	18,385	102	0	6.400%
9	ESKOM	124,968	0	0	0	124,968	0	0	13.500%
10	GRAND TOTAL	60,005,986	0	(56,000,000)	569,891	4,572,082	56,419	569,891	7.19%

Recommendation

(12) The primary bank account had a positive bank balance at 31 July 2019 which amounted to R58,419,892.

(13) Total investments in cash and shares amounted to R4,572,082 as at 31 July 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 it be noted that:

- (1) The variance between the actual operating revenue (R187,524,165) and the pro rata budgeted operating revenue (R187,587,598) has a negative variance of R63,433 or 0.03%.
- (2) The variance between the actual operating expenditure (R62,580,752) and the pro rata budgeted operating expenditure (R72,631,644) has a positive variance of R10,050,892 or 13.84%.
- (3) The actual capital expenditure of R773,498 and the pro rata budgeted capital expenditure of R6,382,165 realised underspending of R5,605,667 or 87.88%.
- (4) Actual capital expenditure of R773,498 represents 0.20% of the total capital budget of R378,029,950 after one month of the financial year.
- (5) The actual and committed capital expenditure of R24,580,632 compared with the capital expenditure budget of R378,029,950 represent a spending percentage of 6.50% after one month of the financial year.
- (6) External borrowings amounted to R1,634,013,750 as at 31 July 2019 and that it represents 73.22% of Drakenstein's total budgeted operating revenue of R2,231,650,196 (conditional capital and operational grants excluded) for the 2019/2020 financial year.
- (7) Unspent conditional and unconditional grants amounted to R50,104,288 at the end of July 2019.
- (8) The actual employee related cost expenditure of R48,507,372 compared with the pro rata budgeted expenditure of R50,728,513 relates to a positive variance of R2,221,141 or 4.38%.

- (9) Total outstanding debtors as at 31 July 2019 amounted to R345,815,205 and that 30 days and older debt constitutes 50.0% of total outstanding debtors.
 - (10) Domestic consumers owe the municipality R205,879,293 or 59.5% of the municipality's total debtor's book.
 - (11) Outstanding creditors amounted to R1,251,281 as at 31 July 2019.
 - (12) The primary bank account had a positive bank balance at 31 July 2019 which amounted to R58,419,892.
 - (13) Total investments in cash and shares amounted to R4,572,082 as at 31 July 2019 at the five local banks and Eskom.
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