

DRAKENSTEIN MUNICIPALITY



MONTHLY BUDGET MONITORING REPORT (SECTION 71 of MFMA)

PERIOD ENDING: 31 JULY 2017

“A City of Excellence”

To the Municipal Council

I hereby wish to submit a report to the Municipal Council on the implementation of the budget and the financial state of affairs of the Municipality as at the end July 2017.

Further to the above, Section 54(1) of the MFMA determines that the Executive Mayor must consider the Section 71 report submitted by the Accounting Officer to him and check whether the Municipality's approved budget is implemented in accordance with the approved Service Delivery Budget Implementation Plan (SDBIP) and if necessary issue appropriate instructions to the Accounting Officer.



CONRAD POOLE
EXECUTIVE MAYOR

10 August 2017

To the Executive Mayor

In accordance with Section 71(1) of the Municipal Finance Management Act (MFMA), I submit the required statement on the state of Drakenstein Municipality's budget reflecting the particulars up until the end of July 2017.

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


DR JOHAN LEIBBRANDT
CITY MANAGER

10 August 2017

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	21
10. Creditors age analysis	25
11. Bank, cash, overdraft balances and investments	26
12. Recommendations	28

1. Introduction

Section 71(1) of the Municipal Finance Management Act (MFMA) requires from the Municipal Manager, as Accounting Officer of the Municipality, to submit a report in a prescribed format to the Executive Mayor within 10 working days after the end of each month on the state of the municipality's budget reflecting the following particulars for that month and for the financial year up to the end of that month:-

- (a) Actual revenue per revenue source;
- (b) Actual expenditure per vote;
- (c) Actual capital expenditure per vote;
- (d) Any allocations received;
- (e) Actual expenditure on allocations received;
- (f) Actual borrowings; and
- (g) Any other budget information as may be required by National and Provincial Treasury for monitoring purposes.

This report is a summary of the main budget issues arising from the monitoring process. It compares the process of the budget to the projections contained in the Service Delivery and Budget Implementation Plan (SDBIP). Section 54 of the MFMA requires from the Executive Mayor to consider the Section 71 report and to take appropriate action, if needed, to ensure that the approved budget is implemented in accordance with the approved SDBIP.

The main budget monitoring issues will now be discussed through paragraphs 2 to 11 of this report and will include appropriate recommendations as set out in paragraph 12 of the report.

2. Actual operating revenue per revenue source

The actual operating revenue per revenue source is set out in Table 1 below. From Table 1 it is clear that our actual operating revenue raised and/or collected (R 577,071,715) compares favourably with the pro rata budgeted figure (R 562,830,759) – a variance of R 14,240,956 or 2.53% at month end.

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

- Free basic services (R 14,949,764 or 72.98%) – journals still to be processed for the month of July 2017;
- NER: Transfer and subsidies: Operational (R 7,524,521 or 100.00%) – journals still to be processed for the month of July 2017;
- Licences and permits (R 314,528 or 22.24%) – revenue is less than envisaged with regards to the volume of renewal of vehicle licenses and registrations;
- Operational revenue (R 222,346 or 16.01%) – revenue is less than the projected budget, calculated from prior financial period actuals (i.e. camping fees, administration handling fees, insurance refund & building plan approvals); and
- Sale of Goods and Rendering of Services (R 20,583 or 97.63%) – revenue (i.e. Cleaning & Removal of trees irrigation & pesticides and Fire Services) less than anticipated due to decrease in demand for services as listed.

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

- Service Charges: Cleansing (R 6,457,505 or 5.90%) - pro-rata budget based on historical trends and therefore may differ one month to another;
- Service charges: Electricity (R 14,264,725 or 21.42%) – pro-rata budget based on historical trends and therefore may differ one month to another;
- Service charges: Water (R 1,557,451 or 11.14%) – although less water is being consumed it is billed at higher tariffs as a result of the drought currently experienced in the Drakenstein Municipal area; and
- Service charges: Sanitation (R 1,938,923 or 2.04%) – pro-rata budget based on historical trends and therefore may differ one month to another;

Recommendation

- (1) That it be noted that the variance between the actual operating revenue (R 577,071,715) and the pro rata budgeted operating revenue (R 562,830,759) has a positive variance of R 14,240,956 or 2.53%.***

TABLE 1: ACTUAL REVENUE PER REVENUE SOURCE

REVENUE SOURCES	2017/2018 APPROVED BUDGET	2017/2018 ADJUSTED BUDGET	2017/2018 CURRENT MONTH BUDGET	2017/2018 CURRENT MONTH REVENUE	2017/2018 PRO RATA BUDGET	2017/2018 ACTUALS YEAR TO DATE	2017/2018 POSITIVE / (NEGATIVE) VARIANCES	2017/2018 POSITIVE / (NEGATIVE) VARIANCES %	PROJECTED REVENUE FOR THE REST OF 2017/2018
FINES	59,309,968	59,309,968	0	13,423	0	13,423	13,423	0.00%	59,296,545
FREE BASIC SERVICES	120,821,000	120,821,000	20,485,415	5,535,651	20,485,415	5,535,651	(14,949,764)	-72.98%	115,285,349
GAINS AND LOSSES	250,000	250,000	0	0	0	0	0	0.00%	250,000
INTEREST DIVIDEND AND RENT ON LAND	36,190,639	36,190,639	2,880,955	2,818,766	2,880,955	2,818,766	(62,189)	-2.16%	33,371,873
LICENCES AND PERMITS	16,971,823	16,971,823	1,414,319	1,099,790	1,414,319	1,099,790	(314,528)	-22.24%	15,872,033
NER: TRANSFERS AND SUBSIDIES : OPERATIONAL	118,849,667	118,849,667	7,524,521	0	7,524,521	0	(7,524,521)	-100.00%	118,849,667
OPERATIONAL REVENUE	23,152,265	23,152,265	1,389,136	1,166,789	1,389,136	1,166,789	(222,346)	-16.01%	21,985,476
RENTAL FROM FIXED ASSETS	27,767,923	27,767,923	1,943,755	2,526,149	1,943,755	2,526,149	582,395	29.96%	25,241,774
SERVICE CHARGES : CLEANSING	120,940,260	120,940,260	109,375,582	115,833,086	109,375,582	115,833,086	6,457,505	5.90%	5,107,174
SERVICE CHARGES : ELECTRICITY	1,041,773,629	1,041,773,629	66,605,116	80,869,841	66,605,116	80,869,841	14,264,725	21.42%	960,903,788
SERVICE CHARGES : PROPERTY RATES	352,262,061	352,262,061	349,743,461	348,922,255	349,743,461	348,922,255	(821,206)	-0.23%	3,339,806
SERVICE CHARGES : SANITATION	108,066,192	108,066,192	94,952,517	96,891,440	94,952,517	96,891,440	1,938,923	2.04%	11,174,752
SERVICE CHARGES : WATER	228,193,650	228,193,650	13,975,657	15,533,108	13,975,657	15,533,108	1,557,451	11.14%	212,660,542
SERVICE CHARGES : OTHER	46,173	46,173	3,848	3,556	3,848	3,556	(292)	-7.59%	42,617
SALE OF GOODS AND RENDERING OF SERVICES	351,385	351,385	21,083	500	21,083	500	(20,583)	-97.63%	350,885
SUBTOTAL A : OPERATING REVENUE	2,254,946,635	2,254,946,635	670,315,363	671,214,355	670,315,363	671,214,355	898,992	0.13%	1,583,732,280
CONTRA ACCOUNT : WATER FOREGONE	(21,615,830)	(21,615,830)	(1,801,319)	(601,000)	(1,801,319)	(601,000)	1,200,319	-66.64%	(21,014,830)
CONTRA ACCOUNT : PROPERTY RATES	(105,815,325)	(105,815,325)	(105,058,767)	(93,541,640)	(105,058,767)	(93,541,640)	11,517,127	-10.96%	(12,273,685)
SUBTOTAL B : OPERATING REVENUE FOREGONE	(127,431,155)	(127,431,155)	(106,860,087)	(94,142,640)	(106,860,087)	(94,142,640)	12,717,446	-11.90%	(33,288,515)
TOTAL OPERATING REVENUE	2,127,515,480	2,127,515,480	563,455,277	577,071,715	563,455,277	577,071,715	13,616,438	2.42%	1,550,443,765
NER : TRANSFERS AND SUBSIDIES : CAPITAL	74,347,367	74,347,367	(624,518)	0	(624,518)	0	624,518	-100.00%	74,347,367
TOTAL OPERATING REVENUE (CAPITAL GRANTS INCLUDED)	2,201,862,847	2,201,862,847	562,830,759	577,071,715	562,830,759	577,071,715	14,240,956	2.53%	1,624,791,132

Actual Revenue to date 577,071,715Projected Revenue for 2017/2018 2,201,862,847

3. Actual operating expenditure per vote

The actual operating expenditure per vote is set out in Table 2 below. Total actual operating expenditure of R 84,109,192 compares favourably with the pro rata budgeted expenditure of R 104,661,719 – a variance of R 20,552,526 or 19.64%.

TABLE 2: ACTUAL OPERATIONAL EXPENDITURE PER VOTE

VOTE	2017/2018 APPROVED BUDGET	2017/2018 ADJUSTED BUDGET	2017/2018 CURRENT MONTH BUDGET	2017/2018 CURRENT MONTH EXPENDITURE	2017/2018 PRO RATA BUDGET	2017/2018 ACTUALS YEAR TO DATE	2017/2018 POSITIVE / (NEGATIVE) VARIANCES	2017/2018 POSITIVE / (NEGATIVE) VARIANCES %	PROJECTED EXPENDITURE FOR THE REST OF 2017/2018
OFFICE OF THE MUNICIPAL MANAGER	9,814,145	9,814,145	521,097	1,175,382	521,097	1,175,382	(654,285)	-125.56%	8,638,763.49
CORPORATE SERVICES	107,191,997	107,191,997	5,415,071	11,811,114	5,415,071	11,811,114	(6,396,043)	-118.12%	95,380,883
COMMUNITY SERVICES	572,357,339	572,357,339	37,692,411	28,956,156	37,692,411	28,956,156	8,736,255	23.18%	543,401,183
FINANCIAL SERVICES	72,759,720	72,759,720	15,507,334	5,079,797	15,507,334	5,079,797	10,427,537	67.24%	67,679,923
PLANNING AND ECONOMIC SERVICES	44,429,023	44,429,023	3,059,157	2,854,229	3,059,157	2,854,229	204,928	6.70%	41,574,794
INFRASTRUCTURE SERVICES	1,376,141,150	1,376,141,150	42,466,649	34,232,515	42,466,649	34,232,515	8,234,135	19.39%	1,341,908,635
TOTALS	2,182,693,374	2,182,693,374	104,661,719	84,109,192	104,661,719	84,109,192	20,552,526	19.64%	2,098,584,182
Actual Expenditure to date									<u>84,109,192</u>
Projected Expenditure for 2017/2018									<u>2,182,693,374</u>

Recommendation

(2) That it be noted that the variance between the actual operating expenditure (R 84,109,192) and the pro rata budgeted operating expenditure (R 104,661,719) has a positive variance of R 20,552,526 or 19.64%.

4. Actual operating expenditure per category

The actual operating expenditure per category is set out in Table 3 below. From Table 3 it is clear that our actual operating expenditure incurred (R 84,109,192) do compare favourably with the pro rata budgeted figures (R 104,661,719) – a variance of R 20,552,526 or 19.64% at month end.

TABLE 3: ACTUAL OPERATIONAL EXPENDITURE PER EXPENDITURE CATEGORY

EXPENDITURE CATEGORY	2017/2018 APPROVED BUDGET	2017/2018 ADJUSTED BUDGET	2017/2018 CURRENT MONTH BUDGET	2017/2018 CURRENT MONTH EXPENDITURE	2017/2018 PRO RATA BUDGET	2017/2018 ACTUALS YEAR TO DATE	2017/2018 POSITIVE / (NEGATIVE) VARIANCES	2017/2018 POSITIVE / (NEGATIVE) VARIANCES %	PROJECTED EXPENDITURE FOR THE REST OF 2017/2018
EMPLOYEE RELATED COST	539,266,748	539,266,748	37,851,701	36,700,193	37,851,701	36,700,193	1,151,508	3.04%	502,566,555
COUNCILLOR RELATED COSTS	29,091,494	29,091,494	2,279,508	2,217,475	2,279,508	2,217,475	62,033	2.72%	26,874,019
PROVISION FOR BAD DEBTS	28,762,971	28,762,971	2,396,914	2,396,914	2,396,914	2,396,914	(0)	0.00%	26,366,057
DEPRECIATION AND AMORTISATION	188,506,431	188,506,431	0	0	0	0	0	0.00%	188,506,431
IMPAIRMENT LOSSES	49,375,323	49,375,323	0	0	0	0	0	0.00%	49,375,323
INTEREST PAID	119,635,859	119,635,859	9,969,655	9,952,528	9,969,655	9,952,528	17,126	0.17%	109,683,331
BULK PURCHASES WATER	43,168,974	43,168,974	0	0	0	0	0	0.00%	43,168,974
BULK PURCHASES: ELECTRICITY	631,669,439	631,669,439	0	0	0	0	0	0.00%	631,669,439
CONTRA ACCOUNTS: REVENUE COST OF FREE BASIC SERVICES	93,134,840	93,134,840	14,407,479	5,037,363	14,407,479	5,037,363	9,370,116	65.04%	88,097,477
CONTRACTED SERVICES	155,086,672	155,086,672	12,707,377	1,562,906	12,707,377	1,562,906	11,144,471	87.70%	153,523,766
OPERATIONAL : MONETARY	739,925	739,925	61,660	0	61,660	0	61,660	100.00%	739,925
INVENTORY	47,831,034	47,831,034	3,982,068	935,727	3,982,068	935,727	3,046,342	76.50%	46,895,307
OPERATING LEASES	15,476,691	15,476,691	1,323,891	0	1,323,891	0	1,323,891	100.00%	15,476,691
OPERATIONAL COST	102,203,691	102,203,691	8,508,609	9,518,023	8,508,609	9,518,023	(1,009,415)	-11.86%	92,685,668
OC: MUNICIPAL SERVICES	53,181,576	53,181,576	4,431,798	15,035,992	4,431,798	15,035,992	(10,604,195)	-239.28%	38,145,584
TRANSFERS AND SUBSIDIES: OPERATIONAL	81,561,706	81,561,706	6,741,059	752,069	6,741,059	752,069	5,988,989	88.84%	80,809,637
LOSS ON SALE OF ASSETS	4,000,000	4,000,000	0	0	0	0	0	0.00%	4,000,000
TOTALS	2,182,693,374	2,182,693,374	104,661,719	84,109,192	104,661,719	84,109,192	20,552,526	19.64%	2,098,584,182
						Actual Expenditure to date			84,109,192
						Projected Expenditure for 2017/2018			2,182,693,374

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

- Contra Accounts: Revenue Cost of Free Basic Services (R 9,370,116 or 65.04%) – journals still to be processed for the month of July 2017;
- Contracted services: (R 11,144,471 or 87.70%) – underspending on maintenance of assets; consulting fees and other contracted services;
- Operational Monetary: (R 61,660 or 100.00%) – budgeted donations still to be expensed to approved beneficiaries;
- Inventory (R 3,046,342 or 76.50%) – inventory expenditure (i.e. petrol and diesel; housing inventory, tyres; chemicals, etc.) underspend for the month;
- Operating Leases: (R 1,323,891 or 100.00%) – leasing of machinery and equipment expenditure was less than anticipated; and
- Transfers and subsidies: operational (R 5,988,989 or 88.84%) – underspending on the Housing allocation due to various factors.

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

- Operational Cost: (R 1,009,415 and 11.86%) – overspending of research and advisory expenditure; telephone expenditure; internal transport; and
- Municipal Services (R 10,604,195 or 239.28%) – due to the annual services being levied and an increase in water tariffs, this has a direct impact on the rand value of the expense.

5 Actual capital expenditure per vote and funding source

The actual capital expenditure per vote is set out in Table 4 below. The actual and committed capital expenditure of R 8,093,180 compares unfavourably with the pro rata budgeted capital expenditure of R 19,520,000 as per the cash flow projections of the SDBIP with a variance of under spending of R 11,426,820 or 58.54%. In the case of capital expenditure one wants to spend all capital expenditure to improve service delivery and the quality of life of the local community or customers.

Actual and recorded committed capital expenditure (R 8,093,180) represents 1.28% of the total capital budget of R 633,141,543 after one month of the financial year.

TABLE 4: ACTUAL CAPITAL EXPENDITURE PER VOTE

VOTE	2017/2018 APPROVED BUDGET	2017/2018 ADJUSTED BUDGET	2017/2018 CURRENT MONTH BUDGET	2017/2018 CURRENT MONTH EXPENDITURE	2017/2018 PRO RATA BUDGET	2017/2018 COMMITMENTS	2017/2018 ACTUALS YEAR TO DATE	2017/2018 COMMITMENTS + ACTUALS	2017/2018 POSITIVE / (NEGATIVE) VARIANCES	2017/2018 POSITIVE / (NEGATIVE) VARIANCES %	PROJECTED CAPITAL EXPENDITURE FOR THE REST OF 2017/2018
OFFICE OF THE MUNICIPAL MANAGER	10,218,379	10,079,597	(11,565)	0	(11,565)	0	0	0	11,565	-100.00%	10,079,597
CORPORATE SERVICES	13,420,000	13,426,204	517	0	517	0	0	0	(517)	-100.00%	13,426,204
COMMUNITY SERVICES	56,524,004	58,492,789	395,000	2,900	395,000	62,354	2,900	65,254	(329,746)	-83.48%	58,489,889
FINANCIAL SERVICES	1,500,000	1,632,578	11,048	0	11,048	0	0	0	(11,048)	-100.00%	1,632,578
PLANNING AND ECONOMIC SERVICES	4,627,812	4,627,812	0	390	0	0	390	390	390	0.00%	4,627,422
INFRASTRUCTURE SERVICES	546,851,348	544,882,563	19,125,000	0	19,125,000	8,027,536	0	8,027,536	(11,097,464)	-58.03%	544,882,563
TOTALS	633,141,543	633,141,543	19,520,000	3,290	19,520,000	8,089,890	3,290	8,093,180	(11,426,820)	-58.54%	633,138,253
				% of Approved Budget =		1.28%	0.00%	1.28%	Actual Expenditure to date		3,290
				Actual and Committed Capex as a % of Pro Rata Budget =		41.46%	Projected Expenditure for 2017/2018				633,141,543

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

TABLE 5: ACTUAL CAPITAL EXPENDITURE PER FUNDING SOURCE

FUNDING SOURCES	2017/2018 APPROVED BUDGET	2017/2018 ADJUSTED BUDGET	2017/2018 CURRENT MONTH BUDGET	2017/2018 CURRENT MONTH EXPENDITURE	2017/2018 PRO RATA BUDGET	2017/2018 COMMITMENTS	2017/2018 ACTUALS YEAR TO DATE	2017/2018 COMMITMENTS + ACTUALS	2017/2018 POSITIVE / (NEGATIVE) VARIANCES	2017/2018 POSITIVE / (NEGATIVE) VARIANCES %	PROJECTED CAPITAL EXPENDITURE FOR THE REST OF 2017/2018
CRR	39,965,000	39,965,000	55,000	390	55,000	43,497	390	43,887	(11,113)	-20.20%	39,964,610
GRANTS	81,399,911	81,399,911	6,250,000	2,900	6,250,000	5,552,250	2,900	5,555,150	(694,850)	-11.12%	81,397,011
EXTERNAL LOANS	511,776,632	511,776,632	13,215,000	0	13,215,000	2,494,142	0	2,494,142	(10,720,858)	-81.13%	511,776,632
TOTALS	633,141,543	633,141,543	19,520,000	3,290	19,520,000	8,089,890	3,290	8,093,180	(11,426,820)	-58.54%	633,138,253
Actual Expenditure to date											<u>3,290</u>
Projected Expenditure for 2017/2018											<u>633,141,543</u>

Recommendation

- (3) That it be noted that the actual and committed capital expenditure of R 8,093,180 and the pro rata budgeted capital expenditure of R 19,520,000 realised under spending of R 11,426,820 or 58.54%.
- (4) That it be noted that the actual and committed capital expenditure of R 8,093,180 compared with the capital expenditure budget of represent a spending percentage of 1.28% 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's opening balance for borrowing debt was R 1,190,488,686 for the month of July 2017, repayments (R 0) were made and additional loans (R 0) were taken up. Total borrowings outstanding as at 31 July 2017 is R 1,190,488,686. This borrowing debt represents 54.07% of our total operating budgeted revenue of R 2,008,665,813 for the 2017/2018 financial year. The conservative norm is 40% and some banks may be comfortable to borrow up to 50% of total operating revenue. However, the higher the percentage the higher the expected interest rates to be charged by borrowing institutions.

Recommendation

(5) That it be noted that external borrowings amounted to R 1,190,488,686 as at 31 July 2017 and that it represents 59.27% of Drakenstein's total budgeted operating revenue of R 2,008,665,813 for the 2017/2018 financial year.

TABLE 6: ACTUAL BORROWINGS

EXTERNAL LOANS PROVIDERS	OPENING BALANCE 01/07/2017	CAPITAL REDEEMED	NEW LOANS TAKEN UP	CLOSING BALANCE 31/07/2017
DBSA	14,703,321	0	0	14,703,321
DBSA	3,127,657	0	0	3,127,657
DBSA	71,728,832	0	0	71,728,832
DBSA	263,221,588	0	0	263,221,588
NEDBANK	16,049,361	0	0	16,049,361
NEDBANK	312	0	0	312
NEDBANK	38,608,022	0	0	38,608,022
NEDBANK	0	0	0	0
NEDBANK	9,200,101	0	0	9,200,101
NEDBANK	75,509,843	0	0	75,509,843
NEDBANK	9,119,996	0	0	9,119,996
NEDBANK	171,918,595	0	0	171,918,595
ABSA BANK	738,136	0	0	738,136
ABSA BANK	3,403,559	0	0	3,403,559
ABSA BANK	8,607,090	0	0	8,607,090
ABSA BANK	0	0	0	0
STANDARD BANK	7,815,651	0	0	7,815,651
STANDARD BANK	4,669,415	0	0	4,669,415
STANDARD BANK	5,339,511	0	0	5,339,511
STANDARD BANK	41,323,441	0	0	41,323,441
STANDARD BANK	9	0	0	9
STANDARD BANK	20,037,019	0	0	20,037,019
STANDARD BANK	413,221,763	0	0	413,221,763
STANDARD BANK	4,157,770	0	0	4,157,770
STANDARD BANK	4,560,171	0	0	4,560,171
INCA	3,427,524	0	0	3,427,524
TOTALS	1,190,488,686	0	0	1,190,488,686

7. Allocations received and actual expenditure on allocations received

The municipality's position with regard to grant allocations received and the actual expenditure on the grant allocations received are set out in Table 7 below. Unconditional grants (equitable share) and conditional grants (FMG; MSIG; housing grants; INEP, library grant, MIG, etcetera) to the value of R 68,706,668 were received to date. Operating grants expenditure to the amount of R 0 and capital grants expenditure to the amount of R 0 was spent and recorded as utilised at the end of June 2017. Taking the opening balance of R 62,996,196 as well as the aforementioned into consideration, the unspent conditional grants as at the end of June 2017 is R 131,702,864.

Recommendation

- (6) That it be noted that of the R 68,706,668 grants received during the current financial year an amount of R 0 or 0% have been utilised as at 31 July 2017. The amount of R 0 is made up of operating expenditure of R 0 and capital expenditure of R 0 utilised on operating and capital projects / programmes.***

TABLE 7: CONDITIONAL GRANTS

DESCRIPTION	OPENING BALANCE 1 JULY 2017	OTHER INCOME	OPERATIONAL EXPENDITURE DURING THE YEAR	CAPITAL EXPENDITURE DURING THE YEAR	BALANCE AS ON 31 JULY 2017
CONDITIONAL GRANTS					
NATIONAL: EQUITABLE SHARE					
TRUST FUND : INDIGENT POLICY FUNDS	0	(50,343,000)	0	0	(50,343,000)
SUB - TOTAL	0	(50,343,000)	0	0	(50,343,000)
NATIONAL TREASURY					
MUNICIPAL INFRASTRUCTURE GRANT (MIG)	(34,817)	(5,200,000)	0	0	(5,234,817)
TRUST FUND : BUCKET ERADICATION; WC056	(755)	0	0	0	(755)
TRUST FUND : CMP PROJECTS	(8)	0	0	0	(8)
TRUST FUND:WATER SERVICE ASET MAN PLAN	(43,997)	0	0	0	(43,997)
MUNICIPAL FINANCE MANAGEMENT GRANT (FMG)	(123,310)	(1,550,000)	0	0	(1,673,310)
FMG TRAINING GRANT	(26,400)	0	0	0	(26,400)
TRUST FUND:ELECTRICITY DEMAND SIDE GRANT	(933,563)	(3,000,000)	0	0	(3,933,563)
TRUST FUND :COMMUNITY DEV WORKER (CDW)	(473,931)	0	0	0	(473,931)
TRUST FUND : ELECTRIFICATION FUNDING	(1,075,415)	0	0	0	(1,075,415)
SUB - TOTAL	(2,712,196)	(9,750,000)	0	0	(12,462,196)
PROVINCIAL TREASURY					
TRUST FUND : PROCLAIMED ROADS SUBSIDIES	(707,411)	0	0	0	(707,411)
N-GOV: REGION BULK INFRA GRT SCHEDULE 6B	(17,700,000)	0	0	0	(17,700,000)
N-GOV: HUMAN SETTLEM CAPACITY GRT SCH 5B	(2,000)	0	0	0	(2,000)
PD WC - HOUSING: HUMAN SETTELMENT DEVEL	(90,000)	0	0	0	(90,000)
SILVERTOWN OPENING BALANCE	(60,000)	0	0	0	(60,000)
TRUST FUND : CARTERVILLE HOUSING PROJECT	(956,503)	0	0	0	(956,503)
TRUST FUND : 1068 HUISE WDR SKENKING	(738,659)	0	0	0	(738,659)
TRUST FUND: DROMMEDARIS	196,660	0	0	0	196,660
SCHEME 49 OPERATING EXPENDITURE	(130,183)	0	0	0	(130,183)
FMG WESTERN CAPE	(60,000)	0	0	0	(60,000)
TRUST FUND : HOUSING PROJECT 59	(1,160,688)	0	0	0	(1,160,688)
P59 FAIRYLANDS OPERATING EXPENDITURE	(6,826,015)	0	0	0	(6,826,015)
NEW SIYAZAMA	0	0	0	0	0

ERF 2220	(802,653)	0	0	0	(802,653)
GOUDA	(971,063)	0	0	0	(971,063)
DALJOSAPHAT TRANSFERS	(453,180)	0	0	0	(453,180)
TRUST FUND : KINGSTON	(170,049)	0	0	0	(170,049)
TRUST FUND : AMSTELHOF PROJECT 35	(10,348)	0	0	0	(10,348)
TRUST FUND : LIBRARY GRANT (PROV)	(7,712,980)	(8,613,668)	0	0	(16,326,648)
TRUST FUND : SPORTFONDS	(6,237)	0	0	0	(6,237)
MUNICIPAL SYSTEM IMPROVEMENT GRANT(MSIG)	(120,000)	0	0	0	(120,000)
TRUST FUND : LIBRARY BUILDING GRANT	(20,791)	0	0	0	(20,791)
TRUST FUND : SOCCERFIELD	(19,033)	0	0	0	(19,033)
TRUST FUND : WRITING FESTIVAL (DON FUND)	(25,100)	0	0	0	(25,100)
TRUST FUND : SIMONDIUM PIRMER BIBLIOTEEK	(10,000)	0	0	0	(10,000)
T/F:INV LAND FOR PROV OF IND&RES PURPOSE	(51,093)	0	0	0	(51,093)
TRUST FUND : RBIG	(7,210,302)	0	0	0	(7,210,302)
TRUST FUND : VPUU	(31,847)	0	0	0	(31,847)
DEPARTMENT OF PUBLIC WORKS (TAXI RANK)	(170,778)	0	0	0	(170,778)
TRUST FUND : TRAINING LEVY	(1,961,867)	0	0	0	(1,961,867)
TRUST FUND : DROMMEDARIS STREET EHP	429,143	0	0	0	429,143
SUB - TOTAL	(47,552,977)	(8,613,668)	0	0	(56,166,645)
GRANTS: OTHER INSTITUTIONS					
TRUST FUND : IDP - BDR	(219,298)	0	0	0	(219,298)
TRUST FUND : ERF 2220:STROMWATER UPGRADE	(383,312)	0	0	0	(383,312)
WATER&SEWER MASTERPLANS	(300,000)	0	0	0	(300,000)
T/F:EMERGENCY KITS:O R THAMBO INF SETTLE	(1,815,250)	0	0	0	(1,815,250)
TRUST FUND : BULK SERVICES WATER & SEWER	(6,691,149)	0	0	0	(6,691,149)
WATER	(500,000)	0	0	0	(500,000)
NUMARKT	(12,033)	0	0	0	(12,033)
EPWP : ROADS AND CLEANSING	(1,005,882)	0	0	0	(1,005,882)
SUB - TOTAL	(10,926,925)	0	0	0	(10,926,925)
OTHER: CONDITIONAL GRANTS					
COLIN D BROWN GUARANTEE PIPELINE BUILD	(1,300,000)	0	0	0	(1,300,000)
TRUST FUND : MUN WEDUWEE & WESE PENSIOEN	(363,572)	0	0	0	(363,572)
T/FUND :GUARANTEE:D V RENSBURG(BURGERSDR	(38,488)	0	0	0	(38,488)
DONATIONS WATER WEEK	(102,037)	0	0	0	(102,037)
SUB - TOTAL	(1,804,098)	0	0	0	(1,804,098)
TOTAL - CONDITIONAL GRANTS	(62,996,196)	(68,706,668)	0	0	(131,702,864)

Employee related costs

Employee related costs for the last month of the financial year is set out in Table 8 below. Actual employee related costs as a whole amounts to R 36,700,193 compared with the pro rata budgeted amount of R 37,851,701 – an underspending of R 1,151,508 or 3.04%.

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

- Salaries (R 550,284 or 2.13%) – underspending envisioned at this stage due to delay in appointment of personnel;
- Long Service Awards (R 576 or 41.97%) – the expenditure should be allocated to the relevant provision liability vote, but for control measures are only journalised at the end of the financial year ;
- Overtime payments (R 312,929 or 12.16%) – underspending envisioned at this stage due to delay in appointment of personnel;
- Subsidy House Loans (R 325,751 or 44.71%) – underspending envisioned at this stage due to delay in appointment of personnel;
- Housing Allowance (R 60,766 or 45.62%) – underspending envisioned at this stage due to delay in appointment of personnel;
- Acting Allowance (R 33,338 or 30.20%) – underspending envisioned at this stage due to delay in appointment of personnel; and
- Workmen’s compensation fund (R 181,786 or 100.00%) – underspending envisioned at this stage due to delay in appointment of personnel.

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

- Travel Allowance (R 115,874 or 10.69%) – due to TASK implementation adjustments; and
- Standby Allowance (R 178,206 or 32.31%) – due to TASK implementation adjustments.

Recommendation

(7) That it be noted that the actual employee related cost expenditure of R 36,700,193 compared with the pro rata budgeted expenditure of R 37,851,701 relates to a positive variance of R 1,151,508 or 3.04%.

TABLE 8 : EMPLOYEE RELATED COST AS AT 31 JULY 2017

CATEGORY OF EXPENDITURE	2017/2018 APPROVED BUDGET	2017/2018 ADJUSTED BUDGET	2017/2018 CURRENT MONTH BUDGET	2017/2018 CURRENT MONTH EXPENDITURE	2017/2018 PRO RATA BUDGET	2017/2018 ACTUALS YEAR TO DATE	2017/2018 POSITIVE / (NEGATIVE) VARIANCES	2017/2018 POSITIVE / (NEGATIVE) VARIANCES %	PROJECTED EXPENDITURE FOR THE REST OF 2017/2018
SALARIES	349,004,925	349,004,925	25,804,379	25,254,095	25,804,379	25,254,095	550,284	2.13%	323,750,830
BONUSES	21,736,829	21,736,829	0	45,644	0	45,644	(45,644)	0.00%	21,691,185
PERFORMANCE BONUSES	892,029	892,029	0	0	0	0	0	0.00%	892,029
LONG SERVICES AWARDS	6,246,510	6,246,510	1,373	797	1,373	797	576	41.97%	6,245,713
EX GRATIA ALLOWANCES - PENSIONERS	16,835,000	16,835,000	0	0	0	0	0	0.00%	16,835,000
OVERTIME PAYMENTS	30,879,699	30,879,699	2,573,308	2,260,379	2,573,308	2,260,379	312,929	12.16%	28,619,320
SUBSIDY HOUSE LOANS	8,743,940	8,743,940	728,661	402,910	728,661	402,910	325,751	44.71%	8,341,030
TRAVEL ALLOWANCES	13,009,135	13,009,135	1,084,094	1,199,969	1,084,094	1,199,969	(115,874)	-10.69%	11,809,166
HOUSING ALLOWANCE	1,598,347	1,598,347	133,195	72,430	133,195	72,430	60,766	45.62%	1,525,917
ACTING ALLOWANCE	1,324,502	1,324,502	110,375	77,037	110,375	77,037	33,338	30.20%	1,247,465
STANDBY ALLOWANCE	6,619,536	6,619,536	551,628	729,834	551,628	729,834	(178,206)	-32.31%	5,889,702
NIGHT SHIFT ALLOWANCE	3,957,704	3,957,704	329,809	315,054	329,809	315,054	14,754	4.47%	3,642,650
CELL ALLOWANCE	1,098,719	1,098,719	91,560	95,356	91,560	95,356	(3,797)	-4.15%	1,003,363
GROUP INSURANCE	3,494,370	3,494,370	291,197	296,838	291,197	296,838	(5,641)	-1.94%	3,197,532
MEDICAL AID FUND CONTR	19,026,487	19,026,487	1,585,540	1,519,981	1,585,540	1,519,981	65,559	4.13%	17,506,506
PENSION FUND CONTR	47,262,669	47,262,669	3,938,555	3,995,441	3,938,555	3,995,441	(56,886)	-1.44%	43,267,228
WORKMENS COMPENSATION FUND	2,181,442	2,181,442	181,786	0	181,786	0	181,786	100.00%	2181442
PROVIDENT FUND CONTR	2,416,645	2,416,645	201,387	204,544	201,387	204,544	(3,157)	-1.57%	2,212,101
UNEMPLOYMENT INSURANCE FUND CONTR	2,938,260	2,938,260	244,854	229,885	244,854	229,885	14,969	6.11%	2,708,375
TOTALS	539,266,748	539,266,748	37,851,701	36,700,193	37,851,701	36,700,193	1,151,508	3.04%	502,566,555

Actual Expenditure to date 36,700,193

Projected Expenditure for 2017/2018 539,266,748

9. Debtors age analysis and payment rates

9.1 Debtors age analysis per service

The municipality's total outstanding debtors amounted to R 319,672,179 as at 31 July 2017 compared with the R 269,727,118 as at 30 June 2017. As reflected in Table 9 below, current debt represent 52.59% of the total outstanding debt compared with the 38.05% of June 2017; 30 days and older debt 5.17% compared with the 5.14% for June 2017; 60 days and older debt 2.20% compared with the 3.29% of June 2017; and 90 days and older debt 40.17% compared with the 53.52% of June 2017.

Current debt increased with R 17,485,411 to R 119,824,624 compared with the R 102,339,213 as at 30 July 2017; 30 days + debt increased with R 2,644,426; 60 days + decreased with R 1,844,645 and 90 days and older debt as at 30 June 2017 has decreased with R 15,932,527 to R 128,419,038 compared with the R 144,351,565 as at 30 June 2017.

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

SERVICE	CURRENT 1 (Levied but not billed as yet)	CURRENT 2 (Levied and billed)	30 Days +	60 Days +	90 Days +	TOTAL OUTSTANDING DEBTORS	PERCENTAGE OF TOTAL OUTSTANDING DEBTORS
RATES	34,146,611	16,627,757	2,198,072	932,794	15,123,789	69,029,023	21.59%
WATER	220,767	14,841,640	6,026,204	1,874,654	33,389,030	56,352,295	17.63%
ELECTRICITY	245,981	72,204,479	4,754,999	1,972,898	18,233,309	97,411,667	30.47%
SEWERAGE	6,782,175	6,400,685	1,060,622	696,333	16,068,121	31,007,936	9.70%
REFUSE	6,437,029	7,133,700	1,524,329	1,104,918	27,752,353	43,952,329	13.75%
HOUSING	2,607	935,806	278,799	216,647	7,515,349	8,949,207	2.80%
OTHERS	53,427	1,680,557	671,539	227,112	10,337,086	12,969,721	4.06%
TOTAL	47,888,597	119,824,624	16,514,564	7,025,356	128,419,038	319,672,179	100.00%
2017/07 % =	52.46%		5.17%	2.20%	40.17%	100.00%	
2017/06 % =	38.05%		5.14%	3.29%	53.52%	100.00%	

Debtors owe the municipality property rates (21.59%); water (17.63%); electricity (30.47%); sewerage (9.70%); refuse (13.75%) housing (2.80%), and sundry debt (4.06%).

9.2 Debtors age analysis per debtor type

Agricultural debtors owes the municipality R 24,616,682 (7.7%); business debtors R 70,950,639 (22.2%); domestic debtors R 182,705,253 (57.2%); Government accounts R 31,763,658 (9.9%); Municipal accounts R 1,718,793 (0.5%) and other debtors R 7,917,153 (2.5%) of the total outstanding debt of R 319,672,179 as set out in Table 10 below. Most of the domestic debt and other debt will be irrecoverable and most probably will have to be written-off.

TABLE 10 : DEBTORS AGE ANALYSIS PER DEBTOR TYPE AS AT 31 JULY 2017

DEBTOR TYPE	CURRENT 1 (Levied but not billed as yet)	CURRENT 2 (Levied and billed)	30 Days +	60 Days +	90 Days +	SUBTOTAL	VAT	TOTAL OUTSTANDING DEBTORS	PERCENTAGE OF TOTAL OUTSTANDING DEBTORS
AGRICULTURE	7,132,614.91	10,819,923.91	1,109,275.16	345,904.97	3,503,918.52	22,911,637	1,705,044	24,616,682	7.7%
BUSINESS	8,537,193.42	45,494,738.31	1,941,853.68	668,402.54	7,244,836.31	63,887,024	7,063,615	70,950,639	22.2%
DOMESTIC	10,193,775.81	45,189,135.34	8,045,182.14	4,937,185.08	98,479,425.04	166,844,703	15,860,550	182,705,253	57.2%
GOVERNMENT	19,642,987.73	5,107,248.19	3,469,665.58	274,493.50	1,516,458.62	30,010,854	1,752,805	31,763,658	9.9%
MUNICIPAL	679,418.83	57,766.20	28,785.20	24,548.88	850,332.98	1,640,852	77,941	1,718,793	0.5%
SUNDRY ACCOUNTS	30,689.95	855,345.25	332,099.10	130,324.24	6,076,278.59	7,424,737	492,416	7,917,153	2.5%
TOTAL	46,216,681	107,524,157	14,926,861	6,380,859	117,671,250	292,719,808	26,952,371	319,672,179	100.0%

9.3 Debtors age analysis per ward

In Table 11 below the total outstanding debt of R 319,672,179 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 20 of the 33 wards is above 50%. Notably is the percentages of ward 5 (67.2%); ward 6 (70.3%); ward 7 (58.0%); ward 8 (80.5%); ward 9 (80.4%); ward 11 (67.8%); ward 12 (86.9%); ward 13 (68.1%); ward 14 (80.6%); ward 20 (80.5%); ward 21 (76.8%); ward 22 (52.5%); ward 23 (67.9%); ward 24 (73.5%); ward 26 (64.7%); ward 27 (77.7%); ward 30 (93.7%); ward 31 (76.1%); ward 32 (80.8%) and ward 33 (53.0%).

Wards that owes the municipality more than R 10,000,000 monetary wise are ward 1 (R 11,254,659); ward 4 (R 21,169,255); ward 15 (R 17,865,143); ward 16 (R 11,108,328); ward 17 (R 15,399,432); ward 18 (R 23,234,470); ward 19 (R 26,658,164); ward 22 (R 11,331,740); ward 28 (R 16,749,651); ward 30 (R 30,778,355); and ward 31 (R 16,122,238).

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

Recommendation

- (8) That it be noted that total outstanding debtors as at 31 July 2017 amounted to R 319,672,179 and that 30 days and older debt constitutes 47.5% of total outstanding debtors.***

- (9) That it be noted that domestic consumers owe the municipality R 182,705,253 or 57.2% of the municipality's total debtor's book.***

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

WARD	CURRENT 1 (Levied but not billed as yet)	CURRENT 2 (Levied and billed)	30 DAYS +	60 DAYS +	90 DAYS +	TOTAL OUTSTANDING DEBT 31/07/2017	30 DAYS AND OLDER AS A % OF TOTAL DEBT	TOTAL OUTSTANDING DEBT 30/06/2017	INCREASE / (DECREASE)	WARD COUNCILLOR
1	2,392,028.34	6,837,218.36	913,218.79	109,252.29	1,002,941.31	11,254,659	18.0%	7,169,528	4,085,131	C KROUTZ
2	2,485,169.38	3,581,750.92	315,804.98	119,243.14	936,349.38	7,438,318	18.4%	4,417,018	3,021,300	HJ KOTZE
3	1,850,164.62	4,131,534.48	158,786.44	52,061.82	799,419.21	6,991,967	14.4%	4,382,331	2,609,636	WE SMIT
4	5,882,788.40	10,956,321.07	756,484.88	230,577.87	3,343,053.06	21,169,225	20.5%	15,248,805	5,920,420	J MILLER
5	87,074.52	1,224,635.41	349,095.49	143,651.19	2,196,908.47	4,001,365	67.2%	4,075,106	(73,741)	NP MBENENE
6	1,115,136.46	471,910.00	162,518.58	165,224.46	3,430,945.75	5,345,735	70.3%	5,031,387	314,348	TZ NQORO / NOMANA
7	620,576.35	1,032,000.25	216,570.05	115,044.23	1,946,038.24	3,930,229	58.0%	3,225,809	704,420	RB ARNOLDS
8	70,331.17	365,632.98	111,506.97	54,852.47	1,635,092.56	2,237,416	80.5%	3,320,061	(1,082,645)	N.ZIKHALI
9	333,461.31	1,525,002.90	326,919.72	316,957.21	6,992,252.07	9,494,593	80.4%	9,977,981	(483,388)	TC MANGENA
10	570,653.23	596,842.61	108,940.55	65,920.00	737,647.48	2,080,004	43.9%	1,558,093	521,910	C KEARNS
11	932,518.80	1,907,484.32	469,041.89	336,125.35	5,168,517.98	8,813,688	67.8%	8,013,828	799,860	AC STOWMAN
12	216,530.78	873,075.13	264,685.19	221,149.39	6,751,394.87	8,326,835	86.9%	10,183,106	(1,856,271)	MD NOBULA
13	229,618.78	551,187.48	138,704.58	108,453.77	1,419,233.38	2,447,198	68.1%	2,264,500	182,698	S ROSS
14	159,153.26	814,724.75	206,804.72	193,501.90	3,637,762.58	5,011,947	80.6%	5,037,986	(26,039)	J DE WET
15	2,575,694.62	12,523,884.87	831,427.95	287,008.34	1,647,127.05	17,865,143	15.5%	13,340,583	4,524,560	LW NIEHAUS
16	307,046.06	5,719,872.05	353,967.20	306,333.78	4,421,108.91	11,108,328	45.7%	10,957,195	151,133	DS BLANCKENBERG
17	2,287,143.03	9,951,683.75	759,828.38	288,040.72	2,112,735.92	15,399,432	20.5%	11,397,144	4,002,287	HJN MATTHEE
18	4,803,939.01	9,233,073.29	1,009,964.98	452,018.12	7,735,474.97	23,234,470	39.6%	17,496,891	5,737,579	AML BUCKLE
19	7,257,185.20	15,036,207.62	687,336.40	272,280.74	3,405,154.21	26,658,164	16.4%	17,306,551	9,351,613	TE BESTER
20	102,700.34	961,330.85	270,279.48	202,910.02	3,905,564.41	5,442,785	80.5%	5,357,687	85,098	PBA CUPIDO
21	385,504.68	647,055.64	140,317.87	140,983.71	3,130,179.83	4,444,042	76.8%	4,795,619	(351,578)	E GOUWS
22	1,423,141.41	3,955,974.21	523,910.16	306,815.99	5,121,898.52	11,331,740	52.5%	9,707,392	1,624,349	FP CUPIDO
23	365,865.38	1,824,225.21	564,339.68	205,252.28	2,240,666.88	5,200,349	57.9%	4,490,066	710,283	F JACOBS
24	547,891.60	619,541.66	138,225.96	104,530.53	2,994,511.89	4,404,702	73.5%	4,087,165	317,536	MM ADRIAANSE
25	1,589,839.87	2,512,299.21	204,792.28	138,464.64	2,644,209.49	7,089,605	42.1%	4,595,484	2,494,122	LT VAN NIEKERK
26	573,313.55	1,202,522.63	212,102.92	148,459.26	2,892,461.84	5,028,860	64.7%	4,517,264	511,597	JV ANDERSON
27	26,758.73	531,067.86	142,132.26	105,252.64	1,694,879.79	2,500,091	77.7%	2,812,959	(312,868)	VC BOOYSEN
28	3,170,428.24	10,419,910.43	941,142.31	310,203.74	1,907,966.21	16,749,651	18.9%	10,849,804	5,899,847	RH VAN NIEWENHUYZEN
29	1,220,457.85	3,209,988.12	310,830.63	124,878.22	1,690,189.67	6,556,344	32.4%	4,672,139	1,884,205	L WILLEMSE
30	361,713.47	1,575,302.36	670,970.45	713,993.39	27,456,375.14	30,778,355	93.7%	34,720,182	(3,941,828)	J SMIT
31	2,688,169.63	1,170,673.30	3,682,180.42	287,100.39	8,294,114.31	16,122,238	76.1%	14,649,357	1,472,881	GH FORD
32	107,386.34	660,888.31	197,687.68	167,368.02	2,870,957.19	4,004,288	80.8%	4,228,570	(224,282)	LV NZELE
33	637,455.45	1,182,751.02	185,562.51	110,219.18	1,752,712.24	3,868,700	53.0%	3,188,549	680,151	SE SEPTEMBER
SUNDRIES	511,756.98	2,017,050.84	188,481.39	121,227.66	503,192.78	3,341,710	24.3%	2,650,977	690,732	SUNDRIES
TOTAL	47,888,597	119,824,624	16,514,564	7,025,356	128,419,038	319,672,179	47.5%	269,727,118	49,945,061	

10. Creditors age analysis

The municipality's creditor's age analysis amounted to R 311,707 as at 31 June 2017 as set out in Table 12 below. Creditors 30 days and more, but not current amount to R 0; 60 days and more R 0 and 90 days and more R 0.

Recommendation

(10) That it be noted that outstanding creditors amounted to R 311,707 as at 31 July 2017.

TABLE 12: CREDITORS AGE ANALYSIS AS AT 31 JULY 2017

CREDITOR	CURRENT	30 DAYS +	60 DAYS +	90 DAYS +	TOTAL AS AT 31/07/2017
AC REWINDERS	1,140	0	0	0	1,140
BARLOWORLD SA (PTY)LTD T/A BARLOWORLD TOYOTA	5,397	0	0	0	5,397
BERGRIVIER GRONDVERSKUIWING MEGANIES CC	572	0	0	0	572
BOLAND PROMOTIONS PTY LTD	1,363	0	0	0	1,363
DYNAMIC TONER SOLUTIONS CC	31,163	0	0	0	31,163
DIE BURGER C/O MEDIA24 EIENDOMS BEPERK	79,361	0	0	0	79,361
DRC TRUST T/A DIESEL REPAIR CENTRE	8,880	0	0	0	8,880
NIS HOORZUK T/A DRAKENSTEIN GENERAL SERVICES	14,976	0	0	0	14,976
LANDIS & GYR PTY LTD (ENERGY MEASUREMENTS)	68,034	0	0	0	68,034
EXCELLENT GLASS CC	490	0	0	0	490
JOHANN BERGH ELECTRONICS BK	11,582	0	0	0	11,582
LG TOW IN BK	2,621	0	0	0	2,621
C AND E AUTOLEC CC T/A MOTOLEK PAARL	28,175	0	0	0	28,175
PAARL EXHAUST CC	750	0	0	0	750
LABRUSCA BESTUURSDIENSTE CC T/A PEN & INK	3,563	0	0	0	3,563
SPECIALISED MUNICIPAL EQUIPMENT (PTY) LTD	23,354	0	0	0	23,354
SIMPLY SILK FLOWER RENTAL	0	0	0	0	0
W.J. HAMMAN T/A VICTORY ENGINEERING	4,001	0	0	0	4,001
WELLINGTON PAINT & HARDWARE	26,284	0	0	0	26,284
TOTAL	311,707	0	0	0	311,707

11. Bank, cash, overdraft balances and investments

The municipality's bank accounts reconciles as at 31 July 2017 as can be seen in table 13 below. The primary bank account showed a positive cashbook balance of R 74,275,803 at the end of July 2017 whilst the actual bank balance was a positive R 64,453,074.

TABLE 13: BANK RECONCILIATION AS AT 31 JULY 2017

	FNB Primary Account 62702310385	FNB Billing & Sundry Receipt Account 62702312349	FNB Traffic Account 62071526514	Nedbank Primary Account 1498121861	Nedbank Secondary Account 1498121853	TOTALS
Cashbook balance as per 31/07/2017	74,268,524	6,500	0	779	0	74,275,803
In CB not in GL : Direct Deposit Transfers	0	1,105	0	0	0	1,105
In GL not in CB : ACB's	33,204	0	0	0	0	33,204
In GL not in CB : Cheques	1,123	0	0	(779)	0	344
In CB not in GL : Cancel Cheques	1,123	0	0	0	0	1,123
Direct-Deposit-Transfer-in-Cashook	(1,628,961)	0	0	0	0	(1,628,961)
Less : Amount receipted but not yet banked	(20,797,883)	(7,605)	0	0	0	(20,805,489)
Partially Process - ACB's	(11,653)	0	0	11,773,961	0	11,762,308
Plus : Cheques issued but not yet cashed	58,881	0	0	0	0	58,881
Plus : ACB's issued but not yet cashed	754,755	0	0	0	0	754,755
Balance bank statement as per 31/07/2017	52,679,113	0	0	11,773,961	0	64,453,074

Surplus cash is invested on a daily basis. The municipality's investments as at 31 July 2017 is as set out in Table 14 below. The municipality started the beginning of the month with total investments of R 276,910,727 and after investments made (R 0), withdrawn (R 177,897) and interest capitalised (R 164,894) closed with an investments balance of R 276,897,724 at the five listed local banks and at Eskom where we do have some shares.

TABLE 14 : INVESTMENTS AS AT 31 JULY 2017

BANK	BALANCE AT 30 JUNE 2017	INVESTMENTS MADE	INVESTMENTS WITHDRAWN	INTEREST CAPITALISED	BALANCE AT 31 JULY 2017	INTEREST EARNED YEAR-TO-DATE	INTEREST RATE
ABSA BANK	20,357,078	0	0	25,236	20,382,313	119,641	6.750%
ABSA BANK	20,251,216	0	0	24,645	20,275,861	119,017	6.750%
ABSA BANK	20,980,551	0	0	28,713	21,009,265	123,322	6.750%
ABSA BANK	20,090,370	0	0	25,429	20,115,799	118,077	6.750%
ABSA BANK	20,098,522	0	0	25,474	20,123,996	118,125	6.750%
SUB-TOTAL	101,777,736	0	0	129,497	101,907,234	598,182	6.750%
STANDARD BANK	150,000,000	0	0	0	150,000,000	932,260	6.700%
SUB-TOTAL	150,000,000	0	0	0	150,000,000	932,260	6.700%
NEDBANK	25,000,000	0	(177,897)	35,397	24,857,500	142,500	6.550%
SUB-TOTAL	25,000,000	0	(177,897)	35,397	24,857,500	142,500	6.550%
ESKOM	132,990	0	0	0	132,990	0	13.500%
SUB-TOTAL	132,990	0	0	0	132,990	0	13.500%
GRAND TOTAL	276,910,727	0	(177,897)	164,894	276,897,724	1,672,942	8.375%

Recommendation

(11) That it be noted that the primary bank account had a positive bank balance at 31 July 2017 which amounted to R 64,453,074.

(12) That it be noted that total investments in cash and shares amounted to R 276,897,724 as at 31 July 2017 at the five local banks and Eskom.

12. RECOMMENDATIONS

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

- (1) That it be noted that the variance between the actual operating revenue (R 577,071,715) and the pro rata budgeted operating revenue (R 562,830,759) has a positive variance of R 14,240,956 or 2.53%.
- (2) That it be noted that the variance between the actual operating expenditure (R 84,109,192) and the pro rata budgeted operating expenditure (R 104,661,719) has a positive variance of R 20,552,526 or 19.64%.
- (3) That it be noted that the actual and committed capital expenditure of R 8,093,180 and the pro rata budgeted capital expenditure of R 19,520,000 realised under spending of R 11,426,820 or 58.54%.
- (4) That it be noted that the actual and committed capital expenditure of R 8,093,180 compared with the capital expenditure budget represent a spending percentage of 1.28% after one month of the financial year.
- (5) That it be noted that external borrowings amounted to R 1,190,488,686 as at 31 July 2017 and that it represents 59.27% of Drakenstein's total budgeted operating revenue of R 2,008,665,813 for the 2017/2018 financial year.
- (6) That it be noted that of the R 68,706,668 grants received during the current financial year an amount of R 0 or 0.00% have been utilised as at 31 July 2017. The amount of R 0 is made up of operating expenditure of R 0 and capital expenditure of R 0 utilised on operating and capital projects / programmes.
- (7) That it be noted that the actual employee related cost expenditure of R 36,700,193 compared with the pro rata budgeted expenditure of R 37,851,701 relates to a positive variance of R 1,151,508 or 3.04%.
- (8) That it be noted that total outstanding debtors as at 31 July 2017 amounted to R 319,672,179 and that 30 days and older debt constitutes 47.5% of total outstanding debtors.

- (9) That it be noted that domestic consumers owe the municipality R 182,705,253 or 57.2% of the municipality's total debtor's book.
 - (10) That it be noted that outstanding creditors amounted to R 311,707 as at 31 July 2017.
 - (11) That it be noted that the primary bank account had a positive bank balance at 31 July 2017 which amounted to R 64,453,074.
 - (12) That it be noted that total investments in cash and shares amounted to R 276,897,724 as at 31 July 2017 at the five local banks and Eskom.
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