



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

Period ending: 31 March 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 March 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.

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 April 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 March 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 January 2019 to 31 March 2019.

  
DR JH LEIBBRANDT  
CITY MANAGER

12 April 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 (R1,732,976,804) compares favourably with the pro rata budgeted figure (R1,730,059,142) – a positive variance of R2,917,662 or 0.17% at month end.

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

- Rental of facilities and equipment (R323,890 or 6.18%) – the rental of facilities pro-rata budget is based on historical trends and thus resulting in less revenue being received than anticipated; and
- Transfers and Subsidies: Capital (R1,924,737 or 2.15%) – R1,924,737 of the actual capital expenditure not recognised as revenue at month end.

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

- Service Charges: Sanitation (R3,213,356 or 3.29%) – the service charges for sanitation is based on historical trends and thus resulting in more revenue being received than anticipated; and
- Interest earned – external investments (R1,143,446 or 12.70%) – the interest earned is based on historical trends and thus resulting in more revenue being received than anticipated.

### ***Recommendation***

***(1) The variance between the actual operating revenue (R1,732,976,804) and the pro rata budgeted operating revenue (R1,730,059,142) has a positive variance of R2,917,662 or 0.17%.***

TABLE 1: ACTUAL REVENUE PER REVENUE SOURCE FOR MARCH 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	(125,761)	451,756	275,384,985	275,666,816	281,831	0.10%	315,210	
2	Service Charges : Electricity	1,066,320,982	1,020,423,516	81,862,235	82,927,052	770,399,222	769,976,730	(422,492)	-0.05%	250,446,786	
3	Service Charges : Water	246,100,090	181,585,138	16,289,031	20,966,557	144,794,238	144,305,370	(488,868)	-0.34%	37,279,768	
4	Service Charges : Sanitation	108,044,289	94,551,214	(331,160)	282,527	97,564,195	100,777,551	3,213,356	3.29%	(6,226,337)	
5	Service Charges : Cleansing	111,452,497	102,520,640	(2,625,318)	(2,762,168)	111,704,496	112,210,794	506,298	0.45%	(9,690,154)	
6	Rental of facilities and equipment	3,726,209	3,838,762	333,028	(205,595)	5,239,678	4,915,788	(323,890)	-6.18%	(1,077,026)	
7	Interest earned - external investments	22,000,000	12,000,000	1,000,000	871,246	9,000,000	10,143,446	1,143,446	12.70%	1,856,554	
8	Interest earned - outstanding debtors	15,977,643	11,630,075	634,361	859,935	8,501,607	8,511,224	9,618	0.11%	3,118,851	
9	Fines, penalties and forfeits	69,847,415	98,222,246	57,781	87,964	41,256,659	41,765,885	509,226	1.23%	56,456,362	
10	Licences and Permits	4,640,127	4,079,285	244,648	328,225	2,782,006	2,898,313	116,307	4.18%	1,180,972	
11	Ner: Transfers and Subsidies : Operational	265,112,381	258,835,527	39,946,711	28,725,484	150,018,627	151,035,470	1,016,844	0.68%	107,800,057	
12	Operational Revenue	30,023,667	29,308,593	1,794,662	1,979,558	23,929,343	23,210,067	(719,276)	-3.01%	6,098,526	
13	Gains and Losses	250,000	39,840,653	0	0	0	0	0	0.00%	39,840,653	
14	<b>Total Operating Revenue</b>	<b>2,249,326,048</b>	<b>2,132,817,675</b>	<b>139,080,219</b>	<b>134,512,541</b>	<b>1,640,575,055</b>	<b>1,645,417,454</b>	<b>4,842,399</b>	<b>0.30%</b>	<b>487,400,221</b>	
15	Ner : Transfers and Subsidies : Capital	84,933,000	172,122,425	5,657,349	4,714,768	89,484,087	87,559,350	(1,924,737)	-2.15%	84,563,075	
16	<b>Total Operating Revenue (Capital Grants Included)</b>	<b>2,334,259,048</b>	<b>2,304,940,100</b>	<b>144,737,567</b>	<b>139,227,309</b>	<b>1,730,059,142</b>	<b>1,732,976,804</b>	<b>2,917,662</b>	<b>0.17%</b>	<b>571,963,296</b>	
							Actual Revenue to date				<b>1,732,976,804</b>
							Projected Revenue for 2018/2019				<b>2,304,940,100</b>

### 3. Actual operating expenditure per vote

The actual operating expenditure per vote is set out in Table 2 below. Total actual operating expenditure of R1,465,858,612 compares favourably with the pro rata budgeted expenditure of R1,487,501,641 – a positive variance of R21,643,029 or 1.45%.

TABLE 2: ACTUAL OPERATIONAL EXPENDITURE PER VOTE FOR MARCH 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	5,263,700	390,675	298,869	4,064,004	2,775,568	1,288,435	31.70%	2,488,131.51
2	Department of Internal Audit	8,132,711	8,428,992	561,936	492,775	6,719,081	6,374,395	344,686	5.13%	2,054,596.76
3	Department of Risk And Fraud	2,694,163	2,399,360	181,118	253,353	1,637,414	1,771,040	(133,626)	-8.16%	628,319.73
4	Department of Communication	5,534,452	5,112,595	409,190	348,662	4,110,594	2,957,561	1,153,033	28.05%	2,155,033.75
5	Department of IDP/PMS	6,110,139	5,067,267	298,650	452,175	4,075,843	3,375,917	699,926	17.17%	1,691,350.02
6	Corporate Services	137,049,122	151,238,122	16,132,759	14,340,073	97,170,158	92,172,540	4,997,618	5.14%	59,065,582
7	Community Services	492,933,606	457,903,204	26,878,688	18,291,904	254,672,588	244,644,228	10,028,360	3.94%	213,258,976
8	Financial Services	109,476,590	131,964,212	8,555,617	5,995,064	79,814,613	75,408,353	4,406,260	5.52%	56,555,859
9	Planning and Development	61,890,148	58,819,209	4,930,113	3,093,513	42,545,801	40,216,346	2,329,455	5.48%	18,602,863
10	Engineering Services	1,506,249,201	1,474,073,279	95,091,249	99,008,294	992,691,545	996,162,663	(3,471,118)	-0.35%	477,910,616
11	<b>Totals</b>	<b>2,334,692,570</b>	<b>2,300,269,940</b>	<b>153,429,993</b>	<b>142,574,682</b>	<b>1,487,501,641</b>	<b>1,465,858,612</b>	<b>21,643,029</b>	<b>1.45%</b>	<b>834,411,328</b>

Actual Expenditure to date 1,465,858,612

Projected Expenditure for 2018/2019 2,300,269,940

#### Recommendation

**(2) The variance between the actual operating expenditure (R1,465,858,612) and the pro rata budgeted operating expenditure (R1,487,501,641) has a positive variance of R21,643,029 or 1.45%.**



#### 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 (R1,465,858,612) do compare unfavourably with the pro rata budgeted figures (R1,487,501,641) – a positive variance of R21,643,029 or 1.45% at month end.

**TABLE 3: ACTUAL OPERATIONAL EXPENDITURE PER EXPENDITURE CATEGORY FOR MARCH 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	49,131,003	48,133,456	471,841,382	473,779,220	(1,937,839)	-0.41%	163,402,004
2	Remuneration of councillors	31,229,363	30,147,397	2,104,003	2,518,813	24,467,721	22,420,324	2,047,397	8.37%	7,727,073
3	Debt Impairment	102,409,320	137,548,663	5,041,000	3,570,879	64,857,539	65,102,916	(245,377)	-0.38%	72,445,747
4	Depreciation and Amortisation	199,673,156	200,426,443	0	1,471	99,836,578	99,838,548	(1,970)	0.00%	100,587,895
5	Finance Charges	0	14,173,929	0	0	0	0	0	0.00%	14,173,929
6	Interest Paid	144,574,379	152,085,592	10,323,751	12,393,868	108,021,005	108,021,005	(0)	0.00%	44,064,587
7	Bulk Purchases Water	22,655,849	5,620,034	200,000	447,779	2,482,550	2,466,997	15,552	0.63%	3,153,037
8	Bulk Purchases: Electricity	689,784,051	676,241,051	51,532,590	51,442,722	455,853,772	455,919,150	(65,378)	-0.01%	220,321,901
9	Contracted Services	293,276,792	240,934,111	19,992,809	8,617,647	120,162,132	101,670,931	18,491,200	15.39%	139,263,180
10	Transfers and Subsidies	20,563,462	23,802,993	1,946,421	1,173,947	19,957,714	19,145,459	812,255	4.07%	4,657,535
11	Inventory	51,193,184	40,515,779	3,071,308	2,940,455	29,366,477	27,817,441	1,549,036	5.27%	12,698,338
12	Operating Leases	22,712,631	27,279,532	2,212,117	1,436,348	20,227,820	20,571,487	(343,667)	-1.70%	6,708,045
13	Operational Cost	129,194,353	93,413,192	7,874,991	9,897,297	70,426,952	69,105,133	1,321,819	1.88%	24,308,059
14	Disposal of Assets	0	12,000,000	0	0	0	0	0	0.00%	12,000,000
15	Loss On Sale of Assets	2,000,000	8,900,000	0	0	0	0	0	0.00%	8,900,000
<b>16</b>	<b>TOTALS</b>	<b>2,334,692,570</b>	<b>2,300,269,940</b>	<b>153,429,993</b>	<b>142,574,682</b>	<b>1,487,501,641</b>	<b>1,465,858,612</b>	<b>21,643,029</b>	<b>1.45%</b>	<b>834,411,328</b>
<b>Actual Expenditure to date</b>										<b>1,465,858,612</b>
<b>Projected Expenditure for 2018/2019</b>										<b>2,300,269,939</b>

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

- Remuneration of councillors (R2,047,397 or 8.37%) – expenditure is less than anticipated due to change in the employment of certain councillors;
- Contracted Services (R18,491,200 or 15.39%) – due to contractors not being paid as per budget trends; and
- Inventory (R1,549,036 or 5.27%) – due to less materials and supplies being utilised during the month of March.

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

- No negative variances

## 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 R331,400,500 compares unfavourably with the pro rata budgeted capital expenditure of R378,297,226 as per the cash flow projections of the SDBIP with a variance or underspending of R46,896,726 or 12.40%. 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 53.86% of the total capital budget of R615,303,550 after nine months of the financial year. Actual and recorded committed capital expenditure (R508,570,756) represents 82.65% of the total capital budget of R615,303,550 after nine months of the financial year.

**TABLE 4: ACTUAL CAPITAL EXPENDITURE PER VOTE FOR MARCH 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	0	59,506	0	0	59,506	0	59,506	59,506	(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	25,000	0	25,000	0	0	0	(25,000)	0.00%	275,000
5	Department of IDP/PMS	0	0	0	0	0	0	0	0	0	0.00%	0
6	Corporate Services	7,691,789	10,342,379	30,979	291,668	7,500,622	3,251,743	4,515,300	7,767,042	(2,985,322)	-39.80%	5,827,079
7	Community Services	85,811,237	124,221,453	20,610,421	6,904,002	74,071,115	28,680,387	36,503,613	65,184,000	(37,567,502)	-50.72%	87,717,840
8	Financial Services	1,000,000	1,568,509	356,463	31,200	1,418,509	418,668	567,314	985,982	(851,195)	-60.01%	1,001,195
9	Planning and Development	4,600,000	1,121,399	(15,000)	169,587	871,130	127,173	411,974	539,147	(459,156)	-52.71%	709,425
10	Engineering Services	355,687,340	477,715,304	44,935,648	27,987,487	294,351,344	144,692,285	289,342,794	434,035,079	(5,008,551)	-1.70%	188,372,510
11	<b>TOTALS</b>	<b>454,790,366</b>	<b>615,303,550</b>	<b>65,943,511</b>	<b>35,383,943</b>	<b>378,297,226</b>	<b>177,170,256</b>	<b>331,400,500</b>	<b>508,570,756</b>	<b>(46,896,726)</b>	<b>-12.40%</b>	<b>283,903,050</b>
						% of Approved Budget =	<b>28.79%</b>	<b>53.86%</b>	<b>82.65%</b>	Actual Expenditure to date		<b>331,400,500</b>
						Actual Capex as a % of Pro Rata Budget =	<b>87.60%</b>		Projected Expenditure for 2018/2019		<b>615,303,550</b>	

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

**TABLE 5: ACTUAL CAPITAL EXPENDITURE PER FUNDING SOURCE FOR MARCH 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	40,303,375	23,525,080	247,231,145	128,629,199	211,334,503	339,963,702	(35,896,642)	-14.52%	179,338,001
2	CRR	48,448,618	67,142,431	7,996,658	3,289,224	38,756,822	23,356,995	30,581,910	53,938,905	(8,174,912)	-21.09%	36,560,521
3	GRANTS	74,506,956	157,488,615	17,643,478	8,569,640	92,309,259	25,184,062	89,484,087	114,668,149	(2,825,172)	-3.06%	68,004,528
4	TOTALS	454,790,366	615,303,550	65,943,511	35,383,943	378,297,226	177,170,256	331,400,500	508,570,756	(46,896,726)	-12.40%	283,903,050

Actual Expenditure to date 331,400,500

Projected Expenditure for 2018/2019 615,303,550

**Recommendation**

**(3) The actual capital expenditure of R331,400,500 and the pro rata budgeted capital expenditure of R378,297,226 realised underspending of R46,896,726 or 12.40%.**

**(4) Actual capital expenditure of R331,400,500 represents 53.86% of the total capital budget of R615,303,550 after nine months of the financial year.**

**(5) The actual and committed capital expenditure of R508,570,756 compared with the capital expenditure budget of R615,303,550 represent a spending percentage of 82.65% after nine 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 month with borrowing debt of R1,521,263,962 and after repayments (R1,900,622) were made and additional loans (R0) were taken up, the total borrowings outstanding as at 31 March 2019 amounts to R1,519,363,340. This borrowing debt represents 73.24% of our total operating budgeted revenue of R2,074,514,728 (conditional capital and operational grants excluded) for the 2018/2019 financial year. The conservative norm is 40% and some banks may be comfortable to lend up to 50% of total operating revenue. However, the higher the percentage the higher the expected interest rates to be charged by lending institutions.

### ***Recommendation***

***(6) External borrowings amounted to R1,519,363,340 as at 31 March 2019 and that it represents 73.24% of Drakenstein's total budgeted operating revenue of R2,074,514,728 (conditional capital and operational grants excluded) for the 2018/2019 financial year.***

TABLE 6: ACTUAL BORROWINGS FOR MARCH 2019

SERIAL NUMBER	EXTERNAL LOANS PROVIDERS	INTEREST RATES	TERM ENDING	OPENING BALANCE 01/03/2019	CAPITAL REDEEMED	NEW LOANS TAKEN UP	CLOSING BALANCE 31/03/2019
COLUMN REFERENCE	A	B	C	D	E	F	G
1	DBSA	11.47%	2019	3,992,725		0	3,992,725
2	DBSA	6.75%	2019	821,745		0	821,745
3	NEDBANK	8.63%	2019	2,449,168		0	2,449,168
4	ABSA BANK	9.15%	2019	2,087,289		0	2,087,289
5	STANDARD BANK	9.94%	2019	1,253,374	1,253,374	0	0
6	ABSA BANK	9.40%	2020	1,818,458		0	1,818,458
7	ABSA BANK	9.21%	2020	4,594,066		0	4,594,066
8	STANDARD BANK	10.40%	2020	10,783,516		0	10,783,516
9	STANDARD BANK	9.36%	2020	2,227,602		0	2,227,602
10	STANDARD BANK	9.63%	2021	4,504,568		0	4,504,568
11	STANDARD BANK	9.87%	2023	12,792,636		0	12,792,636
12	NEDBANK	10.64%	2021	25,971,496		0	25,971,496
13	STANDARD BANK	10.26%	2021	3,580,717	647,248	0	2,933,469
14	NEDBANK	9.14%	2022	56,308,895		0	56,308,895
15	STANDARD BANK	9.68%	2022	3,420,210		0	3,420,210
16	STANDARD BANK	10.08%	2023	33,157,184		0	33,157,184
17	DBSA	10.03%	2024	60,219,430		0	60,219,430
18	DBSA	9.79%	2025	444,210,998		0	444,210,998
19	DBSA	10.82%	2025	232,192,264		0	232,192,264
20	DBSA	10.28%	2029	100,000,000		0	100,000,000
21	NEDBANK	9.93%	2025	149,003,480		0	149,003,480
22	STANDARD BANK	10.12%	2027	365,874,141		0	365,874,141
23	<b>TOTALS</b>			<b>1,521,263,962</b>	<b>1,900,622</b>	<b>0</b>	<b>1,519,363,340</b>

## 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 R292,120,217 were received to date. Operating grants expenditure to the amount of R180,584,726 and capital grants expenditure to the amount of R87,559,149 was spent and recorded as utilised at the end of March 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 March 2019 is R108,027,575.

### Recommendation

**(7) Unspent conditional and unconditional grants amounted to R108,027,575 at the end of March 2019.**

**TABLE 7: CONDITIONAL GRANTS**

SERIAL NUMBER	DESCRIPTION	OPENING BALANCE 1 MARCH 2019	OTHER INCOME	OPERATIONAL EXPENDITURE DURING THE YEAR	CAPITAL EXPENDITURE DURING THE YEAR	BALANCE AS ON 31 MARCH 2019
COLUMN REFERENCE	A	B	C	D	E	F
<b>1</b>	<b>CONDITIONAL GRANTS</b>					
<b>2</b>	<b>NATIONAL: EQUITABLE SHARE</b>					
3	G/F : INDIGENT POLICY FUNDS	1	(137,518,000)	137,517,999	0	0
<b>4</b>	<b>SUB - TOTAL</b>	<b>1</b>	<b>(137,518,000)</b>	<b>137,517,999</b>	<b>0</b>	<b>0</b>
<b>5</b>	<b>NATIONAL TREASURY</b>					
6	G/F : MUNICIPAL INFRASTRUCTURE GRANT (MIG)	0	(34,484,000)	0	17,324,206	(17,159,793)
7	G/F : FINANCE MANAGEMENT GRANT	0	(1,550,000)	918,279	0	(631,721)
8	G/F : EPWP GRANT	0	(4,433,000)	4,433,000	0	0
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	3,738,000	(2,000,004)
<b>12</b>	<b>SUB - TOTAL</b>	<b>(516,371)</b>	<b>(46,205,000)</b>	<b>5,351,434</b>	<b>21,062,206</b>	<b>(20,307,731)</b>

## ANNEXURE A

SERIAL NUMBER	DESCRIPTION	OPENING BALANCE 1 MARCH 2019	OTHER INCOME	OPERATIONAL EXPENDITURE DURING THE YEAR	CAPITAL EXPENDITURE DURING THE YEAR	BALANCE AS ON 31 MARCH 2019
COLUMN REFERENCE	A	B	C	D	E	F
<b>13</b>	<b>PROVINCIAL TREASURY</b>					
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	(2,678,083)	5,802,276	0	3,124,193
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)	0	0	0	(85,078)
24	G/F : ERF 2220	(802,653)	0	0	0	(802,653)
25	G/F : KINGSTON TOWN	0	(1,156,404)	0	0	(1,156,404)
26	G/F : NEW SIYAZAMA	0	(1,698,175)	0	0	(1,698,175)
27	G/F : CHICARGO	(8,500)	0	0	0	(8,500)
28	G/F : CHRIS HANI	(2,000)	(2,784,000)	0	0	(2,786,000)
29	G/F : GOUDA INCOME	(762,363)	0	0	0	(762,363)
30	G/F : VLAKKELAND	(10,572,401)	(17,325,000)	0	9,420,065	(18,477,336)
31	G/F : GRANT	0	(10,000,000)	0	0	(10,000,000)
32	G/F : DALJOSAPHAT TRANSFERS	(453,180)	0	0	0	(453,180)
33	G/F : AMSTELHOF PROJECT 35	(10,348)	0	0	0	(10,348)
34	G/F : LIBRARY GRANT	(57,295)	(21,736,000)	16,953,337	4,839,957	(1)
35	G/F : CAPACITY BUILDING	(179,751)	0	0	0	(179,751)
36	G/F : FIRE CAPITAL GRANT	0	(1,483,000)	0	0	(1,483,000)
37	G/F : ROADS	200	(38,000,000)	0	33,043,277	(4,956,523)
38	G/F : DISASTER RELIEF	(10,643,584)	0	0	4,866,958	(5,776,626)
39	G/F : DROUGHT RELIEF	(21,615,960)	0	0	14,326,685	(7,289,275)
40	G/F : GRANT	0	(615,000)	0	0	(615,000)
41	G/F : SPORT	(4,919)	0	4,919	0	(0)
42	G/F : CAPACITY BUILDING	0	(72,000)	0	0	(72,000)
43	G/F : TRAINING LEVY	(730,908)	(761,821)	0	0	(1,492,729)
<b>44</b>	<b>SUB - TOTAL</b>	<b>(56,086,555)</b>	<b>(98,423,482)</b>	<b>22,820,532</b>	<b>66,496,942</b>	<b>(65,192,563)</b>



## ANNEXURE A

SERIAL NUMBER	DESCRIPTION	OPENING BALANCE 1 MARCH 2019	OTHER INCOME	OPERATIONAL EXPENDITURE DURING THE YEAR	CAPITAL EXPENDITURE DURING THE YEAR	BALANCE AS ON 31 MARCH 2019
COLUMN REFERENCE	A	B	C	D	E	F
<b>45</b>	<b>GRANTS: OTHER INSTITUTIONS</b>					
47	G/F : ERF 2220:STROMWATER UPGRADE	(383,312)	0	0	0	(383,312)
48	G/F : EMERGENCY KITS:O R THAMBO INF SETTLE	(1,191,615)	0	0	0	(1,191,615)
49	G/F : BULK SERVICES WATER	(3,737,655)	(1,038,854)	0	0	(4,776,509)
50	G/F : BULK SERVICES ELECTRICAL	(14,333,873)	0	14,856,260	0	522,387
51	G/F : BULK SERVICES SEWERAGE	(3,890,984)	(1,564,127)	0	0	(5,455,111)
52	G/F : BULK SERVICE REFUSE	(1,009,132)	(871,842)	0	0	(1,880,974)
53	G/F : BULK SERVICE ROADS	0	(1,363,861)	0	0	(1,363,861)
54	G/F : SARON ROADS	0	(2,857,968)	0	0	(2,857,968)
55	G/F : SARON ROADS	0	(2,121,578)	0	0	(2,121,578)
56	G/F : MANDELA ROUTE	(15,000)	0	0	0	(15,000)
57	G/F : NUMARKT	(561,041)	(155,505)	0	0	(716,546)
<b>58</b>	<b>SUB - TOTAL</b>	<b>(25,122,612)</b>	<b>(9,973,735)</b>	<b>14,856,260</b>	<b>0</b>	<b>(20,240,086)</b>
<b>59</b>	<b>OTHER: CONDITIONAL GRANTS</b>					
60	G/F : COLIN D BROWN GUARANTEE PIPELINE BUILD	(1,300,000)	0	0	0	(1,300,000)
61	G/F : PROJECT 59	(623,636)	0	0	0	(623,636)
62	G/F : MUN WEDUWEE & WESE PENSIOEN	(363,572)	0	0	0	(363,572)
63	G/F : GUARANTEE:D V RENSBURG(BURGERSDR	(38,488)	0	38,501	0	13
<b>64</b>	<b>SUB - TOTAL</b>	<b>(2,325,696)</b>	<b>0</b>	<b>38,501</b>	<b>0</b>	<b>(2,287,195)</b>
<b>65</b>	<b>TOTAL - CONDITIONAL GRANTS</b>	<b>(84,051,233)</b>	<b>(292,120,217)</b>	<b>180,584,726</b>	<b>87,559,149</b>	<b>(108,027,575)</b>

## 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 R473,779,220 compared with the pro rata budgeted amount of R471,841,382 – an overspending of R1,937,839 or 0.41%.

### 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.

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

- Travel Allowances (R1,524,593 or 7.24%) – over spending due to TASK implementation;
- Overtime Payments (R7,197,594 or 32.33%) – due to an increase in overtime payments compared to historical trends, refer to more detail on this expenditure below, and
- Standby Allowance (R984,773 or 13.70%) – due to an increase in standby payments compared to historical trends.

### *Recommendation*

***(8) The actual employee related cost expenditure of R473,779,220 compared with the pro rata budgeted expenditure of R471,841,382 relates to a negative variance of R1,937,839 or 0.41%.***

TABLE 8 : EMPLOYEE RELATED COST AS AT 31 MARCH 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	33,123,468	34,034,602	304,633,348	299,073,148	5,560,200	1.83%	104,930,326
2	Bonusses	24,913,050	30,993,267	1,221,764	34,467	27,342,650	27,971,990	(629,340)	-2.30%	3,021,277
3	Leave Pay	4,339,238	7,175,957	597,996	361,603	5,381,964	3,254,429	2,127,535	39.53%	3,921,528
4	Performance Bonusses	958,485	958,485	79,874	0	718,866	0	718,866	0.00%	958,485
5	Long Services Awards	6,349,356	7,725,000	0	0	0	0	0	0.00%	7,725,000
6	Ex Gratia Allowances - Pensioners	16,405,000	16,405,000	0	797,030	6,178,369	6,178,369	0	0.00%	10,226,631
7	Overtime Payments	34,687,342	29,682,055	2,472,776	2,027,291	22,260,413	29,458,007	(7,197,594)	-32.33%	224,048
8	Subsidy House Loans	5,075,519	3,988,574	327,373	324,285	3,006,705	3,012,271	(5,566)	-0.19%	976,303
9	Travel Allowances	16,127,291	28,096,451	2,341,382	2,192,031	21,072,438	22,597,031	(1,524,593)	-7.24%	5,499,420
10	Housing Allowance	933,777	896,637	61,271	33,909	712,876	658,702	54,174	7.60%	237,935
11	Acting Allowance	1,438,000	964,557	80,384	78,743	723,456	1,065,052	(341,596)	-47.22%	(100,495)
12	Standby Allowance	9,585,008	9,585,008	798,753	272,483	7,188,777	8,173,550	(984,773)	-13.70%	1,411,458
13	Night Shift Allowance	2,289,541	2,855,969	237,659	219,840	2,142,231	2,096,212	46,018	2.15%	759,757
14	Cell Allowance	1,312,530	2,459,067	203,204	202,271	1,849,573	1,855,891	(6,318)	-0.34%	603,176
15	Group Insurance	3,914,640	4,358,548	361,398	356,613	3,267,005	3,247,954	19,051	0.58%	1,110,594
16	Medical Aid Fund Contr	21,254,579	21,338,227	1,762,047	1,815,835	16,052,247	15,830,752	221,495	1.38%	5,507,475
17	Pension Fund Contr	52,428,780	59,308,913	4,929,690	4,844,294	44,520,091	44,512,979	7,113	0.02%	14,795,934
18	Provident Fund Contr	2,414,442	3,109,482	259,125	273,597	2,332,125	2,359,550	(27,425)	-1.18%	749,932
19	Unemployment Insurance Fund Contr	3,220,863	3,276,553	272,840	264,562	2,458,247	2,433,333	24,915	1.01%	843,220
20	<b>Totals</b>	<b>625,426,030</b>	<b>637,181,224</b>	<b>49,131,003</b>	<b>48,133,456</b>	<b>471,841,382</b>	<b>473,779,220</b>	<b>(1,937,839)</b>	<b>-0.41%</b>	<b>163,402,004</b>

Actual Expenditure to date **473,779,220**  
Projected Expenditure for 2018/2019 **637,181,224**

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 MARCH 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	338	10,777	8,471	108,801	(100,329)	-1184.34%
6	Corporate Services	123,354	123,354	10,280	17,928	92,520	231,763	(139,243)	-150.50%
7	Community Services	13,138,310	12,040,930	1,003,413	757,148	9,030,717	11,406,049	(2,375,332)	-26.30%
8	Financial Services	609,525	609,525	50,795	4,908	457,155	620,243	(163,088)	-35.67%
9	Planning and Development	12,000	16,078	1,340	1,541	12,060	148,732	(136,672)	-1133.26%
10	Engineering Services	20,787,659	16,879,333	1,406,610	1,234,990	12,659,490	16,941,395	(4,281,905)	-33.82%
<b>11</b>	<b>Totals</b>	<b>34,687,342</b>	<b>29,682,055</b>	<b>2,472,776</b>	<b>2,027,291</b>	<b>22,260,413</b>	<b>29,458,007</b>	<b>(7,197,594)</b>	<b>-32.33%</b>

## 9. Debtors age analysis and payment rates

### 9.1 Debtors age analysis per service

The municipality's total outstanding debtors amounted to R319,275,792 as at 31 March 2019 compared with the R311,756,284 as at 28 February 2019. As reflected in Table 10 below, current debt represent 41.04% of the total outstanding debt compared with the 40.36% of February 2019; 30 days and older debt 5.97% compared with the 6.31% for February 2019; 60 days and older debt 3.88% compared with the 4.31% of February 2019; and 90 days and older debt 49.10% compared with the 49.02% of February 2019.

The debtors test ratio (before bad debt provision) shows an increase of 0.8 days from 60.7 days in January 2019 to 61.5 days in February 2019 and an increase of 1.5 days to 63 days in March 2019. The debtors test ratio (after bad debt provision) shows an increase of 1.7 days from 44.6 days in January 2019 to 46.3 days in February 2019 and an increase of 0.9 days to 47.2 days in March 2019. The acceptable norm is 45 days.

Current debt increased with R5,207,419 to R131,033,510 compared with the R125,826,091 as at February 2019; 30 days + debt decreased with R601,092 to R19,068,299; 60 days + debt decreased with R1,044,252 to R12,400,352 and 90 days and older debt as at 31 March 2019 has increased with R3,957,433 to R156,773,630 compared with the R152,816,197 as at 28 February 2019.

TABLE 10 : DEBTORS AGE ANALYSIS PER SERVICE AS AT 31 MARCH 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	4,075	18,812,873	2,598,210	1,285,810	16,965,476	39,666,444	12.42%
2	Water	7,442	16,507,111	6,858,711	5,388,951	60,977,387	89,739,603	28.11%
3	Electricity	42,519	75,786,187	5,328,009	2,641,648	18,508,483	102,306,845	32.04%
4	Sewerage	6,885	7,402,309	1,475,586	993,145	14,827,817	24,705,741	7.74%
5	Refuse	3,330	8,104,409	2,061,196	1,494,237	25,050,289	36,713,462	11.50%
6	Housing	0	586,560	302,737	236,806	6,623,617	7,749,720	2.43%
7	Others	112,118	3,657,693	443,851	359,755	13,820,560	18,393,976	5.76%
8	<b>TOTAL</b>	<b>176,369</b>	<b>130,857,141</b>	<b>19,068,299</b>	<b>12,400,352</b>	<b>156,773,630</b>	<b>319,275,792</b>	<b>100.00%</b>
	<b>2019/03 % =</b>		<b>41.04%</b>	<b>5.97%</b>	<b>3.88%</b>	<b>49.10%</b>	<b>100.00%</b>	
	<b>2019/02 % =</b>		<b>40.36%</b>	<b>6.31%</b>	<b>4.31%</b>	<b>49.02%</b>	<b>100.00%</b>	

Debtors owe the municipality property rates (12.42%); water (28.11%); electricity (32.04%); sewerage (7.74%); refuse (11.50%); housing (2.43%), and sundry debt (5.76%).

## 9.2 Debtors age analysis per debtor type

Agricultural debtors owes the municipality R17,173,879 (5.4%); business debtors R77,228,500 (24.2%); domestic debtors R199,626,954 (62.5%); government accounts R10,348,559 (3.2%); Sundry Accounts R14,897,898 (4.7%) and of the total outstanding debt of R319,275,791 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 MARCH 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	32,494	11,014,809	910,791	328,459	4,887,326	<b>17,173,879</b>	5.4%
2	Bussiness	37,083	61,799,255	3,022,672	1,059,011	11,310,479	<b>77,228,500</b>	24.2%
3	Domestic	100,208	47,820,043	13,380,635	10,130,141	128,195,928	<b>199,626,954</b>	62.5%
4	Government	6,584	5,109,937	885,460	658,529	3,688,048	<b>10,348,559</b>	3.2%
5	Sundry Accounts	0	5,113,098	868,740	224,211	8,691,849	<b>14,897,898</b>	4.7%
<b>6</b>	<b>TOTAL</b>	<b>176,369</b>	<b>130,857,141</b>	<b>19,068,299</b>	<b>12,400,352</b>	<b>156,773,630</b>	<b>319,275,791</b>	<b>100.0%</b>

### 9.3 Debtors age analysis per ward

In Table 12 below the total outstanding debt of R319,275,791 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 (77.6%); ward 6 (91.8%); ward 7 (79.7%); ward 8 (87.5%); ward 9 (87.6%); ward 10 (66.0%); ward 11 (76.9%); ward 12 (81.8%); ward 13 (82.8%); ward 14 (87.8%); ward 16 (66.2%); ward 20 (81.7%); ward 21 (86.8%); ward 22 (64.4%); ward 23 (62.8%); ward 24 (88.7%); ward 25 (69.2%); ward 26 (78.7%); ward 27 (88.7%); ward 30 (96.0%); ward 31 (93.7%); ward 32 (87.0%) and ward 33 (68.0%).

Wards that owes the municipality more than R 10,000,000 monetary wise are ward 1 (R11,001,057); ward 4 (R17,564,023); ward 9 (R12,244,352); ward 11 (R10,968,868); ward 12 (R11,952,030); ward 15 (R17,856,612); ward 16 (R13,027,325); ward 17 (R13,822,866); ward 18 (R22,155,902); ward 19 (R20,218,099); ward 22 (R11,398,134); ward 28 (R17,920,212); ward 30 (R25,386,307); and ward 31 (R16,645,371).

#### ***Recommendation***

- (9) Total outstanding debtors as at 31 March 2019 amounted to R319,275,791 and that 30 days and older debt constitutes 59.0% of total outstanding debtors.***
- (10) Domestic consumers owe the municipality R199,626,954 or 62.5% of the municipality's total debtor's book.***



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

WARD	CURRENT 1 (Levied but not billed as yet)	CURRENT 2 (Levied and billed)	30 DAYS +	60 DAYS +	90 DAYS +	TOTAL OUTSTANDING DEBT 31/03/2019	30 DAYS AND OLDER AS A % OF TOTAL DEBT	TOTAL OUTSTANDING DEBT 28/02/2019	INCREASE / (DECREASE)	WARD COUNCILLOR
COLUMN REFERENCE	A	B	C	D	E	F	G	H	I	J
1	1,539	8,481,597	559,819	319,612	1,638,490	11,001,057	22.9%	10,820,323	180,734	C KROUTZ
2	3,639	4,004,330	331,013	159,964	1,646,272	6,145,218	34.8%	6,085,429	59,789	HJ KOTZE
3	1,489	3,905,026	296,405	102,543	1,123,577	5,429,039	28.0%	5,651,267	(222,228)	WE SMIT
4	8,506	12,374,078	1,014,341	530,742	3,636,355	17,564,023	29.5%	17,763,733	(199,710)	J MILLER
5	348	1,177,951	644,552	216,420	3,232,306	5,271,576	77.6%	5,139,779	131,797	NP MBENENE
6	0	549,911	382,842	365,778	5,405,539	6,704,070	91.8%	6,684,797	19,273	TZ NQORO / NOMANA
7	348	795,235	403,444	254,403	2,470,462	3,923,891	79.7%	3,831,626	92,265	RB ARNOLDS
8	0	402,748	240,969	140,845	2,426,074	3,210,635	87.5%	3,311,629	(100,994)	N.ZIKHALI
9	1,943	1,521,458	730,812	672,523	9,317,616	12,244,352	87.6%	12,332,088	(87,736)	TC MANGENA
10	2,291	778,407	258,125	162,608	1,092,421	2,293,852	66.0%	2,131,717	162,135	C KEARNS
11	13,367	2,519,548	579,145	494,254	7,362,555	10,968,868	76.9%	10,435,982	532,886	AC STOWMAN
12	1,051	2,169,279	510,384	531,832	8,739,485	11,952,030	81.8%	10,458,919	1,493,112	MD NOBULA
13	753	507,241	182,483	157,104	2,098,292	2,945,873	82.8%	3,056,784	(110,911)	S ROSS
14	1,277	711,975	477,195	379,805	4,267,433	5,837,685	87.8%	5,738,668	99,016	J DE WET
15	10,580	14,276,017	1,042,255	514,383	2,013,377	17,856,612	20.0%	18,105,213	(248,600)	LW NIEHAUS
16	1,489	4,396,481	1,169,062	788,498	6,671,795	13,027,325	66.2%	12,741,528	285,797	DS BLANCKENBERG
17	11,546	10,098,405	660,870	345,370	2,706,674	13,822,866	26.9%	13,713,373	109,492	HJN MATTHEE
18	22,917	11,346,403	881,327	442,007	9,463,249	22,155,902	48.7%	21,003,414	1,152,488	AML BUCKLE
19	11,625	15,587,969	720,241	356,929	3,541,335	20,218,099	22.8%	19,696,006	522,093	TE BESTER
20	3,497	906,962	271,241	304,135	3,494,799	4,980,634	81.7%	4,815,257	165,377	PBA CUPIDO
21	737	710,402	283,091	173,143	4,213,601	5,380,975	86.8%	5,345,131	35,844	E GOUWS
22	7,676	4,055,360	853,240	650,195	5,831,663	11,398,134	64.4%	11,551,022	(152,889)	FP CUPIDO
23	1,398	1,602,894	384,207	213,564	2,109,490	4,311,552	62.8%	4,468,755	(157,203)	F JACOBS
24	75	470,207	201,282	182,885	3,320,251	4,174,700	88.7%	4,234,761	(60,061)	MM ADRIAANSE
25	31,898	1,572,441	363,835	269,560	2,970,665	5,208,399	69.2%	5,362,388	(153,989)	LT VAN NIEKERK
26	0	1,063,204	329,087	236,512	3,371,130	4,999,931	78.7%	5,058,062	(58,131)	JV ANDERSON
27	1,787	378,459	185,684	200,815	2,597,579	3,364,323	88.7%	3,401,136	(36,813)	VC BOOYSEN
28	27,428	12,488,278	1,301,345	612,021	3,491,142	17,920,212	30.2%	16,653,142	1,267,070	RH VAN NIEWENHUYZEN
29	596	3,354,404	522,905	374,314	2,249,179	6,501,397	48.4%	6,572,902	(71,505)	L WILLEMSE
30	1,505	1,010,545	823,125	699,576	22,851,556	25,386,307	96.0%	24,857,456	528,851	J SMIT
31	1,833	1,045,778	875,556	663,524	14,058,680	16,645,371	93.7%	16,579,032	66,339	GH FORD
32	84	766,096	432,223	337,702	4,362,674	5,898,779	87.0%	5,843,202	55,577	LV NZELE
33	1,958	1,422,752	434,314	366,941	2,229,903	4,455,869	68.0%	4,487,303	(31,434)	SE SEPTEMBER
SUNDRIES	1,191	4,405,302	721,882	179,846	768,011	6,076,232	27.5%	3,824,458	2,251,774	SUNDRIES
<b>TOTAL</b>	<b>176,369</b>	<b>130,857,141</b>	<b>19,068,299</b>	<b>12,400,352</b>	<b>156,773,630</b>	<b>319,275,791</b>	<b>59.0%</b>	<b>311,756,283</b>	<b>7,519,507</b>	

## 10. Creditors age analysis

The municipality's creditor's age analysis amounted to R282,424 as at 31 March 2019 as set out in Table 13 below. Creditors 30 days and older amount to R90,186.

### Recommendation

(11) *Outstanding creditors amounted to R282,424 as at 31 March 2019.*

**TABLE 13: CREDITORS AGE ANALYSIS AS AT 31 MARCH 2019**

SERIAL NUMBER	CREDITOR	CURRENT	30 DAYS +	60 DAYS +	90 DAYS +	TOTAL AS AT 31/03/2019
COLUMN REFERENCE	A	B	C	D	E	F
1	LAH MONIQUE FOOD SERVICES	0	946	0	0	946
2	METRIC INDUSTRIAL SUPPLIES CC	0	0	0	89,240	89,240
3	NOLADA 8 (PTY) LTD	23,302	0	0	0	23,302
4	SIZWE AFRICA IT GROUP PTY LTD	4,924	0	0	0	4,924
5	STELMED	1,182	0	0	0	1,182
6	UBUNTU TECHNOLOGY PTY LTD T/A UBUNTU TECHNOLOGY	2,728	0	0	0	2,728
7	VS TECH PLANT CC	148,545	0	0	0	148,545
8	VOLTEX PAARL	4,036	0	0	0	4,036
9	ZONART LABOUR DISTRIBUTION PTY LTD	7,521	0	0	0	7,521
10	<b>Total</b>	<b>192,238</b>	<b>946</b>	<b>0</b>	<b>89,240</b>	<b>282,424</b>

## 11. Bank, cash, overdraft balances and investments

The municipality's primary and secondary bank accounts reconciles as at 31 March 2019 as can be seen in table 14 below. The primary bank account showed a positive cashbook balance of R23,778,570 at the end of March 2019 whilst the actual bank balance was a positive R97,867,672.

**TABLE 14: BANK RECONCILIATION AS AT 31 MARCH 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	<b>Cashbook balance - beginning of the month</b>	<b>(73,882,075)</b>	<b>(6,446,046)</b>	<b>0</b>	<b>0</b>	<b>(80,328,121)</b>
2	Add: Receipts	278,375,700	81,117,228	995,666	4,692	<b>360,493,286</b>
3	Less: Payments	(256,364,802)	(21,545)	(158)	(90)	<b>(256,386,595)</b>
4	Add/Less: Sweeping of Balance	81,562,611	(80,562,502)	(995,507)	(4,602)	<b>0</b>
5	Add/Less: Adjustments	0	0	0	0	<b>0</b>
6	<b>Cashbook balance - end of period of the month</b>	<b>29,691,434</b>	<b>(5,912,864)</b>	<b>0</b>	<b>0</b>	<b>23,778,570</b>
7	<b>Less: Amounts receipt but not yet banked</b>					
8	Cash receipts via cashier points	(1,366,943)	0	0	0	<b>(1,366,943)</b>
9	Third party receipts: Easypay	(692,581)	0	0	0	<b>(692,581)</b>
10	<b>Add: Payments/cheques issued but not yet cashed</b>					
11	Cheques	1,818,197	0	0	0	<b>1,818,197</b>
12	Debit order	7,913,350	0	0	0	<b>7,913,350</b>
13	EFT payment	59,266,035	0	0	0	<b>59,266,035</b>
14	Direct transfers	1,173,117	(7,605)	0	0	<b>1,165,511</b>
15	<b>Add: Non-cash related transfers</b>					
16	Direct deposits transfers	65,063	5,920,469	0	0	<b>5,985,532</b>
17	<b>Balance as per bank statement</b>	<b>97,867,672</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>97,867,672</b>

TABLE 15: BANK WITHDRAWALS AS AT 31 MARCH 2019

SERIAL NUMBER	DESCRIPTION	AMOUNT	REASON FOR WITHDRAW
COLUMN REFERENCE	A	B	C
1	<b>MFMA section 11.</b> (1) Only the <i>accounting officer</i> or the <i>chief financial officer</i> of a <i>municipality</i> , or any other senior financial <i>official</i> of the <i>municipality</i> acting on the written authority of the <i>accounting officer</i> may withdraw money or authorise the withdrawal of money from any of the <i>municipality</i> 's bank accounts, and may do so only -		
2	(b) to defray expenditure authorised in terms of section 26(4);	N/A	N/A
3	(c) to defray unforeseeable and unavoidable expenditure authorised in terms of section 29(1);	N/A	N/A
4	(d) in the case of a bank account opened in terms of section 12. to make payments from the account in accordance with subsection (4) of that section;	N/A	N/A
5	(e) to pay over to a person or organ of state money received by the <i>municipality</i> on behalf of that person or organ of state, including -	N/A	N/A
6	(i) money collected by the <i>municipality</i> on behalf of that person or organ of state by agreement; or	N/A	N/A
7	(ii) any insurance or other payments received by the <i>municipality</i> for that person or organ of state;	N/A	N/A
8	(f) to refund money incorrectly paid into a bank account;	N/A	N/A
9	(g) to refund guarantees, sureties and <i>security</i> deposits;	N/A	N/A
10	(h) for cash management and <i>investment</i> purposes in accordance with section 13;	R275,000,000.00	Investments made during the 3 months
11	(i) to defray increased expenditure in terms of section 31; or	N/A	N/A
12	(j) for such other purposes as may be <i>prescribed</i> .	N/A	N/A

Surplus cash is invested on a daily basis. The municipality's investments as at 31 March 2019 is as set out in Table 16 below. The municipality started the beginning of the month with total investments of R205,504,686 and after investments made (R80,000,000), withdrawn (R140,553,646) and interest capitalised (R970,818) closed with an investments balance of R145,921,858 at the five listed local banks and at Eskom where we do have some shares.

**TABLE 16 : INVESTMENTS AS AT 31 MARCH 2019**

SERIAL NUMBER	BANK	BALANCE AT 28 FEBRUARY 2019	INVESTMENTS MADE	INVESTMENTS WITHDRAWN	INTEREST CAPITALISED	BALANCE AT 31 MARCH 2019	INTEREST ACCRUED	INTEREST EARNED YEAR-TO-DATE	INTEREST RATE
COLUMN REFERENCE	A	B	C	D	E	G	H	I	J
1	ABSA BANK	10,879,883	0	(2,000,000)	56,337	8,936,220	49,765	775,854	6.750%
2	ABSA BANK	16,295,448	0	(2,000,000)	79,756	14,375,203	82,502	815,000	6.750%
3	ABSA BANK	16,038,726	0	(2,000,000)	78,427	14,117,153	81,021	800,387	6.750%
4	ABSA BANK	16,113,979	0	(2,000,000)	78,816	14,192,795	81,455	803,636	6.750%
5	ABSA BANK	11,104,972	0	(2,000,000)	48,226	9,153,198	50,974	747,711	6.750%
6	FNB	1,247,172	0	0	7,586	1,254,759	0	65,116	7.190%
7	FNB	3,712	0	(3,714)	2	0	0	32,989	6.600%
8	INVESTEC	20,160,626	0	(20,000,000)	907	161,533	0	161,533	6.650%
9	NEDBANK	30,000,000	0	(30,210,205)	210,205	(0.00)	0	210,205	7.750%
10	NEDBANK	50,000,000	0	(50,339,726)	339,726	(0)	0	339,726	7.750%
11	NEDBANK	0	40,000,000	0	0	40,000,000	51,616	0	7.850%
12	STANDARD BANK	1,540,615	0	0	9,117	1,549,732	0	1,311,485	6.750%
13	STANDARD BANK	410,176	0	0	2,427	412,603	0	20,012	6.750%
14	STANDARD BANK	1,345,340	0	0	7,961	1,353,302	0	65,639	6.750%
15	STANDARD BANK	20,159,328	0	(20,000,000)	4,642	163,970	0	163,970	6.750%
16	STANDARD BANK	10,075,946	0	(10,000,000)	2,299	78,245	0	78,245	6.750%
17	STANDARD BANK	0	40,000,000	0	44,384	40,044,384	0	44,384	6.750%
18	ESKOM	128,762	0	0	0	128,762	0	15,120	13.500%
19	<b>GRAND TOTAL</b>	<b>205,504,686</b>	<b>80,000,000</b>	<b>(140,553,646)</b>	<b>970,818</b>	<b>145,921,858</b>	<b>397,333</b>	<b>6,451,012</b>	<b>8.109%</b>

**Recommendation**

**(12)** *The primary bank account had a positive bank balance at 31 March 2019 which amounted to R97,867,672.*

**(13)** *Total investments in cash and shares amounted to R145,921,858 as at 31 March 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 (R1,732,976,804) and the pro rata budgeted operating revenue (R1,730,059,142) has a positive variance of R2,917,662 or 0.17%.
- (2) The variance between the actual operating expenditure (R1,465,858,612) and the pro rata budgeted operating expenditure (R1,487,501,641) has a positive variance of R21,643,029 or 1.45%.
- (3) The actual capital expenditure of R331,400,500 and the pro rata budgeted capital expenditure of R378,205,966 realised underspending of R46,805,465 or 12.38%.
- (4) Actual capital expenditure of R331,400,500 represents 53.86% of the total capital budget of R615,303,550 after nine months of the financial year.
- (5) The actual and committed capital expenditure of R508,570,756 compared with the capital expenditure budget of R615,303,550 represent a spending percentage of 82.65% after nine months of the financial year.
- (6) External borrowings amounted to R1,519,363,340 as at 31 March 2019 and that it represents 73.24% of Drakenstein's total budgeted operating revenue of R2,074,514,728 (conditional capital and operational grants excluded) for the 2018/2019 financial year.
- (7) Unspent conditional and unconditional grants amounted to R108,027,575 at the end of March 2019.
- (8) The actual employee related cost expenditure of R473,779,220 compared with the pro rata budgeted expenditure of R471,841,382 relates to a negative variance of R1,937,839 or 0.41%.

- (9) Total outstanding debtors as at 31 March 2019 amounted to R319,275,791 and that 30 days and older debt constitutes 59.0% of total outstanding debtors.
  - (10) Domestic consumers owe the municipality R199,626,954 or 62.5% of the municipality's total debtor's book.
  - (11) Outstanding creditors amounted to R282,424 as at 31 March 2019.
  - (12) The primary bank account had a positive bank balance at 31 March 2019 which amounted to R97,867,672.
  - (13) Total investments in cash and shares amounted to R145,921,858 as at 31 March 2019 at the five local banks and Eskom.
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