



DRAKENSTEIN
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Monthly Budget Monitoring Report (Section 71 of MFMA)

Period ending: 28 February 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 February 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.

A handwritten signature in black ink, appearing to read 'CONRAD POOLE', with a horizontal line extending to the right.

CONRAD POOLE
EXECUTIVE MAYOR
14 March 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 February 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).


JH LEIBBRANDT
CITY MANAGER
14 March 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 (R1,593,749,496) compares unfavourably with the pro rata budgeted figure (R1,600,568,239) – a negative variance of R6,818,743 or 0.43% at month end.

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

- Service Charges: Water (R5,166,210 or 4.02%) – due to lower water consumption compared to the previous year's trends and growth in the indigent subsidies recognised as revenue forgone. A correction journal for an estimated amount of R4,294,751 for water sales to be written back for previous financial years will substantially decrease the negative variance; and
- Service Charges: Electricity (R1,487,301 or 0.22%) – pro-rata budget is based on historical trends and therefore may differ one month from another.

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

- Interest earned - external investments (R1,148,712 or 14.14%) – 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 (R1,593,749,496) and the pro rata budgeted operating revenue (R1,600,568,239) has a negative variance of R6,818,743 or 0.43%.

TABLE 1: ACTUAL REVENUE PER REVENUE SOURCE FOR FEBRUARY 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	12,264,855	235,544	275,510,748	275,215,059	(295,689)	-0.11%	766,967
2	Service Charges : Electricity	1,066,320,982	1,020,423,516	83,901,160	83,733,834	688,536,980	687,049,679	(1,487,301)	-0.22%	333,373,838
3	Service Charges : Water	246,100,090	181,585,138	11,335,510	12,450,585	128,505,023	123,338,813	(5,166,210)	-4.02%	58,246,325
4	Service Charges : Sanitation	108,044,289	94,551,214	(1,129,245)	(1,623,165)	97,895,359	100,495,024	2,599,664	2.66%	(5,943,810)
5	Service Charges : Cleansing	111,452,497	102,520,640	(2,373,588)	(1,640,088)	114,329,815	114,972,962	643,147	0.56%	(12,452,322)
6	Rental of facilities and equipment	3,726,209	3,838,762	333,028	(162,344)	4,906,650	5,121,383	214,733	4.38%	(1,282,621)
7	Interest earned - external investments	22,000,000	12,000,000	(823,493)	1,045,964	8,123,489	9,272,200	1,148,712	14.14%	2,727,800
8	Interest earned - outstanding debtors	15,977,643	11,630,075	(1,375,338)	867,082	7,378,586	7,651,289	272,703	3.70%	3,978,786
9	Fines, penalties and forfeits	69,847,415	98,222,246	5,674,966	149,026	40,642,096	41,677,921	1,035,825	2.55%	56,544,325
10	Licences and Permits	4,640,127	4,079,285	244,648	190,509	2,537,359	2,570,088	32,730	1.29%	1,509,197
11	Net: Transfers and Subsidies : Operational	265,112,381	258,835,527	16,359,532	24,782,843	115,280,235	122,309,986	7,029,751	6.10%	136,525,541
12	Operational Revenue	30,023,667	29,308,593	4,691,274	2,320,790	22,103,403	21,230,509	(872,893)	-3.95%	8,078,084
13	Gains and Losses	250,000	39,840,653	0	0	0	0	0	0.00%	39,840,653
14	Total Operating Revenue	2,249,326,048	2,132,817,675	129,103,309	122,350,580	1,505,749,742	1,510,904,914	5,155,171	0.34%	621,912,761
15	Net: Transfers and Subsidies : Capital	84,933,000	172,122,425	24,959,357	3,205,930	94,818,497	82,844,582	(11,973,915)	-12.63%	89,277,843
16	Total Operating Revenue (Capital Grants Included)	2,334,259,048	2,304,940,100	154,062,666	125,556,510	1,600,568,239	1,593,749,496	(6,818,743)	-0.43%	711,190,604
Actual Revenue to date										1,593,749,496
Projected Revenue for 2018/2019										2,304,940,100

3. Actual operating expenditure per vote

The actual operating expenditure per vote is set out in Table 2 below. Total actual operating expenditure of R1,323,283,930 compares favourably with the pro rata budgeted expenditure of R1,337,537,663 – a positive variance of R14,253,733 or 1.07%.

TABLE 2: ACTUAL OPERATIONAL EXPENDITURE PER VOTE FOR FEBRUARY 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	5,256,250	388,809	306,476	3,673,303	2,476,700	1,196,603	32.58%	2,779,550.01
2	Department of Internal Audit	8,132,711	8,328,992	540,212	603,584	6,144,026	5,881,620	262,406	4.27%	2,447,371.65
3	Department of Risk And Fraud	2,694,163	2,299,360	192,116	257,169	1,456,284	1,517,688	(61,404)	-4.22%	781,672.25
4	Department of Communication	78,147	1,373	(7,320)	0	30,651	1,372	29,279	95.52%	0.60
5	Department of IDP/PMS	6,110,139	5,070,267	300,129	224,740	3,777,598	2,923,742	853,856	22.60%	2,146,525.49
6	Corporate Services	172,625,709	196,109,371	13,842,443	12,556,555	103,310,249	97,842,257	5,467,992	5.29%	98,267,114
7	Community Services	410,746,439	390,450,019	28,516,059	26,834,158	244,332,743	244,595,068	(262,325)	-0.11%	145,854,951
8	Financial Services	107,635,185	131,087,651	8,821,881	7,061,463	69,974,920	68,836,102	1,138,818	1.63%	62,251,549
9	Planning and Development	250,604,411	210,572,980	7,386,492	9,025,141	84,133,790	79,037,863	5,095,927	6.06%	131,535,117
10	Engineering Services	1,371,443,228	1,351,196,677	91,947,834	92,082,225	820,704,098	820,171,517	532,581	0.06%	531,025,160
11	Totals	2,334,692,570	2,300,372,940	151,928,655	148,951,509	1,337,537,663	1,323,283,930	14,253,733	1.07%	977,089,010
Actual Expenditure to date										1,323,283,930
Projected Expenditure for 2018/2019										2,300,372,940

Recommendation

(2) The variance between the actual operating expenditure (R1,323,283,930) and the pro rata budgeted operating expenditure (R1,337,537,663) has a positive variance of R14,253,733 or 1.07%.

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 (R1,323,283,930) do compares favourably with the pro rata budgeted figures (R1,337,537,663) – a positive variance of R14,253,733 or 1.07% at month end.

TABLE 3: ACTUAL OPERATIONAL EXPENDITURE PER EXPENDITURE CATEGORY FOR FEBRUARY 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	51,093,677	47,782,131	425,096,191	425,645,764	(549,573)	-0.13%	211,535,460
2	Remuneration of councillors	31,229,363	30,147,397	2,512,283	3,699,399	20,098,265	19,901,511	196,754	0.98%	10,245,886
3	Debt Impairment	102,409,320	137,548,663	9,398,748	3,570,879	63,174,287	61,532,037	1,642,250	2.60%	76,016,626
4	Depreciation and Amortisation	199,673,156	200,426,443	0	0	99,836,578	99,837,077	(499)	0.00%	100,589,366
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	13,550,108	12,393,868	97,885,162	95,627,137	2,258,025	2.31%	56,458,455
7	Bulk Purchases Water	22,655,849	5,620,034	0	108,391	2,082,550	2,019,218	63,331	3.04%	3,600,816
8	Bulk Purchases: Electricity	689,784,051	676,241,051	49,330,020	51,541,273	404,321,182	404,476,428	(155,246)	-0.04%	271,764,623
9	Contracted Services	293,276,792	244,303,633	16,060,799	14,666,275	100,169,322	93,053,284	7,116,038	7.10%	151,250,349
10	Transfers and Subsidies	20,563,462	23,823,502	1,411,594	1,375,370	18,011,293	17,971,512	39,781	0.22%	5,851,990
11	Inventory	51,193,184	40,207,919	3,314,573	3,112,637	26,295,169	24,876,987	1,418,182	5.39%	15,330,932
12	Operating Leases	22,712,631	24,109,101	1,429,509	3,728,308	18,015,703	19,135,139	(1,119,436)	-6.21%	4,973,962
13	Operational Cost	129,194,353	93,604,452	3,827,345	6,972,978	62,551,961	59,207,836	3,344,125	5.35%	34,396,616
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
16	TOTALS	2,334,692,570	2,300,372,940	151,928,655	148,951,509	1,337,537,663	1,323,283,930	14,253,733	1.07%	977,089,010
Actual Expenditure to date										1,323,283,930
Projected Expenditure for 2018/2019										2,300,372,939

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

- Interest Paid (R2,258,025 or 2.31%) – the budgeted trends are based on historical information and therefore may differ from month to month;
- Contracted Services (R7,116,038 or 7.10%) – due to contractors not being paid as per budget trends;
- Inventory (R1,418,182 or 5.39%) – various inventory expenditure line items (i.e. petrol and diesel; housing inventory, tyres, chemicals, etc.) of various departments are underspent for the month; and
- Operational Cost (R3,344,125 or 5.35%) – the budgeted trends are based on historical information and therefore may differ from month to month.

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

- Operating Leases (R1,119,436 or 6.21%) – due to more payments made than anticipated based on historical budget trends.

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 R296,016,557 compares unfavourably with the pro rata budgeted capital expenditure of R312,353,715 as per the cash flow projections of the SDBIP with a variance or underspending of R16,337,158 or 5.23%. 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 48.11% of the total capital budget of R615,303,550 after eight months of the financial year. Actual and recorded committed capital expenditure (R502,195,624) represents 81.62% of the total capital budget of R615,303,550 after eight months of the financial year.

TABLE 4: ACTUAL CAPITAL EXPENDITURE PER VOTE FOR FEBRUARY 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	4,386	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	0	0	0	0	0	0	0	0	0.00%	0
5	Department of IDP/PMS	0	0	0	0	0	0	0	0	0	0.00%	0
6	Corporate Services	12,591,789	15,283,239	1,952,000	450,545	13,048,239	3,688,426	8,977,896	12,666,322	(4,070,343)	-31.19%	6,305,343
7	Community Services	72,011,237	54,028,113	7,976,133	2,123,909	36,453,516	11,352,494	17,227,610	28,580,104	(19,225,906)	-52.74%	36,800,503
8	Financial Services	1,000,000	1,062,046	375,836	0	1,062,046	386,349	536,114	922,463	(525,932)	-49.52%	525,932
9	Planning and Development	21,400,000	49,560,529	1,065,361	748,729	17,059,646	10,810,624	13,492,167	24,302,791	(3,567,479)	-20.91%	36,068,362
10	Engineering Services	347,787,340	495,310,117	31,425,981	20,590,887	244,670,762	179,941,176	255,723,264	435,664,439	11,052,502	4.52%	239,586,853
11	TOTALS	454,790,366	615,303,550	42,795,311	23,918,455	312,353,715	206,179,068	296,016,557	502,195,624	(16,337,158)	-5.23%	319,286,993
						% of Approved Budget =	33.51%	48.11%	81.62%	Actual Expenditure to date		296,016,557
							Actual Capex as a % of Pro Rata Budget =		94.77%	Projected Expenditure for 2018/2019		615,303,550

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

TABLE 5: ACTUAL CAPITAL EXPENDITURE PER FUNDING SOURCE FOR FEBRUARY 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	26,289,112	17,799,763	206,927,770	154,808,833	187,809,423	342,618,256	(19,118,347)	-9.24%	202,863,081
2	CRR	48,448,618	67,142,431	4,407,361	2,912,364	30,760,164	22,961,683	27,292,686	50,254,370	(3,467,478)	-11.27%	39,849,745
3	GRANTS	74,506,956	157,488,615	12,098,838	3,206,328	74,665,781	28,408,551	80,914,448	109,322,999	6,248,667	8.37%	76,574,167
4	TOTALS	454,790,366	615,303,550	42,795,311	23,918,455	312,353,715	206,179,068	296,016,557	502,195,624	(16,337,158)	-5.23%	319,286,993
											Actual Expenditure to date	296,016,557
											Projected Expenditure for 2018/2019	615,303,550

Recommendation

- (3) The actual capital expenditure of R296,016,557 and the pro rata budgeted capital expenditure of R312,353,715 realised underspending of R16,337,158 or 5.23%.**
- (4) Actual capital expenditure of R296,016,557 represents 48.11% of the total capital budget of R615,303,550 after eight months of the financial year.**
- (5) The actual and committed capital expenditure of R502,195,624 compared with the capital expenditure budget of R615,303,550 represent a spending percentage of 81.62% after eight months of the financial year.**

6 Actual borrowings

The municipality's position on external loans is set out in Table 6 below. The municipality started the month with borrowing debt of R1,502,820,773 and after repayments (R81,556,811) were made and additional loans (R100,000,000) were taken up, the total borrowings outstanding as at 28 February 2019 amounts to R1,521,263,962. This borrowing debt represents 73.3% 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 borrow up to 50% of total operating revenue. However, the higher the percentage the higher the expected interest rates to be charged by borrowing institutions.

Recommendation

(6) External borrowings amounted to R1,521,263,962 as at 28 February 2019 and that it represents 73.3% of Drakenstein's total budgeted operating revenue of R2,074,514,728 for the 2018/2019 financial year.

TABLE 6: ACTUAL BORROWINGS FOR FEBRUARY 2019

SERIAL NUMBER	EXTERNAL LOANS PROVIDERS	INTEREST RATES	TERM ENDING	OPENING BALANCE 01/01/2019	CAPITAL REDEEMED	NEW LOANS TAKEN UP	CLOSING BALANCE 28/02/2019
COLUMN REFERENCE	A	B	C	D	E	F	G
1	DBSA	11.47%	2019	7,761,136	3,768,412	0	3,992,725
2	DBSA	6.75%	2019	1,615,709	793,965	0	821,745
3	NEDBANK	8.63%	2019	4,797,292	2,348,124	0	2,449,168
4	ABSA BANK	9.15%	2019	4,082,523	1,995,234	0	2,087,289
5	STANDARD BANK	9.94%	2019	1,253,374	0	0	1,253,374
6	ABSA BANK	9.40%	2020	2,371,312	552,854	0	1,818,458
7	ABSA BANK	9.21%	2020	5,991,944	1,397,877	0	4,594,066
8	STANDARD BANK	10.40%	2020	14,022,276	3,238,760	0	10,783,516
9	STANDARD BANK	9.36%	2020	2,902,649	675,048	0	2,227,602
10	STANDARD BANK	9.63%	2021	5,250,000	745,432	0	4,504,568
11	STANDARD BANK	9.87%	2023	13,806,715	1,014,079	0	12,792,636
12	NEDBANK	10.64%	2021	30,401,391	4,429,895	0	25,971,496
13	STANDARD BANK	10.26%	2021	3,580,717	0	0	3,580,717
14	NEDBANK	9.14%	2022	63,016,130	6,707,235	0	56,308,895
15	STANDARD BANK	9.68%	2022	3,820,293	400,083	0	3,420,210
16	STANDARD BANK	10.08%	2023	36,011,538	2,854,355	0	33,157,184
17	DBSA	10.03%	2024	64,210,091	3,990,661.05	0	60,219,430
18	DBSA	9.79%	2025	455,925,319	11,714,321	0	444,210,998
19	DBSA	10.82%	2025	242,943,155	10,750,891	0	232,192,264
20	DBSA	10.28%	2029	0	0	100,000,000	100,000,000
21	NEDBANK	9.93%	2025	156,975,040	7,971,560	0	149,003,480
22	STANDARD BANK	10.12%	2027	382,082,167	16,208,026	0	365,874,141
23	TOTALS			1,502,820,773	81,556,811	100,000,000	1,521,263,962

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 R241,342,390 were received to date. Operating grants expenditure to the amount of R157,792,682 and capital grants expenditure to the amount of R77,982,870 was spent and recorded as utilised at the end of February 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 February 2019 is R89,618,071.

Recommendation

(7) *Unspent conditional and unconditional grants amounted to R89,618,071 at the end of February 2019.*

TABLE 7: CONDITIONAL GRANTS

SERIAL NUMBER	DESCRIPTION	OPENING BALANCE 1 FEBRUARY 2019	OTHER INCOME	OPERATIONAL EXPENDITURE DURING THE YEAR	CAPITAL EXPENDITURE DURING THE YEAR	BALANCE AS ON 28 FEBRUARY 2019
COLUMN REFERENCE	A	B	C	D	E	F
1	CONDITIONAL GRANTS					
2	NATIONAL: EQUITABLE SHARE					
3	G/F : INDIGENT POLICY FUNDS	1	(103,138,000)	108,806,023	0	5,668,024
4	SUB - TOTAL	1	(103,138,000)	108,806,023	0	5,668,024
5	NATIONAL TREASURY					
6	G/F : MUNICIPAL INFRASTRUCTURE GRANT (MIG)	0	(19,060,000)	0.00	13,457,185	(5,602,815)
7	G/F : FINANCE MANAGEMENT GRANT	0	(1,550,000)	908,170.21	0	(641,830)
8	G/F : EPWP GRANT	0	(4,433,000)	4,433,000	0	0
9	G/F : ELECTRICITY DEMAND SIDE GRANT	(155)	0	0	0	(155)
10	G/F : COMMUNITY DEV WORKER (CDW)	(516,212)	0	0	0	(516,212)
11	G/F : ELECTRIFICATION FUNDING	(4)	(5,738,000)	0.00	3,738,000	(2,000,004)
12	SUB - TOTAL	(516,371)	(30,781,000)	5,341,170	17,195,185	(8,761,016)
13	PROVINCIAL TREASURY					
14	G/F : N-GOV: HUMAN SETTLEM CAPACITY GRT SCH 5B	(300,000)	0	0	0	(300,000)
15	G/F : HUMAN SETTLEMENT DEVEL	(90,000)	0	0	0	(90,000)
16	G/F : SILVERTOWN	(60,000)	0	60,000	0	0
17	G/F : 1068 HUISE WDR SKENKING	(604,713)	0	0	0	(604,713)

ANNEXURE A

SERIAL NUMBER	DESCRIPTION	OPENING BALANCE 1 FEBRUARY 2019	OTHER INCOME	OPERATIONAL EXPENDITURE DURING THE YEAR	CAPITAL EXPENDITURE DURING THE YEAR	BALANCE AS ON 28 FEBRUARY 2019
COLUMN REFERENCE	A	B	C	D	E	F
18	G/F : DROMMEDARIS	0	(2,309,368)	5,802,276	0	3,492,908
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)	(17,325,000.00)	0	9,420,065	(18,477,336)
31	G/F : GRANT	0	(10,000,000)	0	0	(10,000,000)
32	G/F : DALIOSAPHAT 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)	21,793,296	0	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	33,043,478	(4,956,322)
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	13,457,185	(8,158,775)
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 : TRAINING LEVY	(730,908)	(761,821)	0	0	(1,492,729)
43	SUB - TOTAL	(56,086,555)	(97,982,767)	27,720,491	60,787,685	(65,561,146)
44	GRANTS: OTHER INSTITUTIONS					
45	TRUST FUND : IDP - BDR	0	0	0	0	0
46	G/F : ERF 2220:STROMWATER UPGRADE	(383,312)	0	0	0	(383,312)
47	G/F : EMERGENCY KITS:O R THAMBO INF SETTLE	(1,191,615)	0	0	0	(1,191,615)
48	G/F : BULK SERVICES WATER	(3,737,655)	(1,032,686)	0	0	(4,770,341)
49	G/F : BULK SERVICES ELECTRICAL	(14,333,873)	0	12,463,237	0	(1,870,636)
50	G/F : BULK SERVICES SEWERAGE	(3,890,984)	(2,121,578)	0	0	(6,012,562)
51	G/F : BULK SERVICE REFUSE	(1,009,132)	(3,331,018)	3,423,260	0	(916,890)
52	G/F : BULK SERVICE ROADS	0	(2,799,836)	0	0	(2,799,836)
53	G/F : MANDELA ROUTE	(15,000)	0	0	0	(15,000)
54	G/F : NUMARKT	(561,041)	(155,505)	0	0	(716,546)
55	SUB - TOTAL	(25,122,612)	(9,440,623)	15,886,498	0	(18,676,738)
56	OTHER: CONDITIONAL GRANTS					
57	G/F : COLIN D BROWN GUARANTEE PIPELINE BUILD	(1,300,000)	0	0	0	(1,300,000)
58	G/F : PROJECT 59	(623,636)	0	0	0	(623,636)
59	G/F : MUN WEDUWEE & WESE PENSIOEN	(363,572)	0	0	0	(363,572)
60	G/F : GUARANTEE:D V RENSBURG(BURGERSDR	(38,488)	0	38,501	0	13
61	SUB - TOTAL	(2,325,696)	0	38,501	0	(2,287,195)
62	TOTAL - CONDITIONAL GRANTS	(84,051,233)	(241,342,390)	157,792,682	77,982,870	(89,618,071)

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 R425,645,764 compared with the pro rata budgeted amount of R425,096,191 – an overspending of R549,573 or 0.13%.

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

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

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

- Travel Allowances (R1,674,033 or 8.94%) – over spending due to TASK implementation;
- Overtime Payments (R7,642,680 or 38.62%) – due to an increase in overtime payments compared to historical trends, refer to more detail on this expenditure below;
- Standby Allowance (R1,511,062 or 23.65%) – due to an increase in standby payments compared to historical trends; and

Recommendation

(8) The actual employee related cost expenditure of R425,645,764 compared with the pro rata budgeted expenditure of R425,096,191 relates to a negative variance of R549,573 or 0.13%.

TABLE 8 : EMPLOYEE RELATED COST AS AT 28 FEBRUARY 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	33,666,956	31,840,489	269,335,649	265,038,546	4,297,103	1.60%	138,964,928
2	Bonusses	24,913,050	30,993,267	1,221,764	661,006	26,120,886	27,937,522	(1,816,636)	-6.95%	3,055,745
3	Leave Pay	4,339,238	7,175,957	597,996	361,603	4,783,971	2,892,825	1,891,146	39.53%	4,283,132
4	Performance Bonusses	958,485	958,485	79,874	0	638,990	0	638,990	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	1,367,083	797,030	10,936,667	5,381,339	5,555,328	50.80%	11,023,661
7	Overtime Payments	34,687,342	29,682,055	2,473,505	2,598,252	19,788,037	27,430,716	(7,642,680)	-38.62%	2,251,339
8	Subsidy House Loans	5,075,519	3,988,574	332,381	327,390	2,659,049	2,687,986	(28,937)	-1.09%	1,300,588
9	Travel Allowances	16,127,291	28,096,451	2,341,371	1,984,392	18,730,967	20,405,000	(1,674,033)	-8.94%	7,691,451
10	Housing Allowance	933,777	896,637	74,720	66,628	597,758	624,792	(27,034)	-4.52%	271,845
11	Acting Allowance	1,438,000	964,557	80,380	21,778	643,038	986,310	(343,272)	-53.38%	(21,753)
12	Standby Allowance	9,585,008	9,585,008	798,751	999,833	6,390,005	7,901,067	(1,511,062)	-23.65%	1,683,941
13	Night Shift Allowance	2,289,541	2,855,969	237,997	242,001	1,903,979	1,876,372	27,607	1.45%	979,597
14	Cell Allowance	1,312,530	2,459,067	204,922	238,895	1,639,378	1,653,620	(14,242)	-0.87%	805,447
15	Group Insurance	3,914,640	4,358,548	363,212	370,102	2,905,699	2,891,341	14,357	0.49%	1,467,207
16	Medical Aid Fund Contr	21,254,579	21,338,227	1,778,186	1,830,926	14,225,485	14,014,916	210,568	1.48%	7,323,311
17	Pension Fund Contr	52,428,780	59,308,913	4,942,409	4,899,223	39,539,275	39,668,685	(129,410)	-0.33%	19,640,228
18	Provident Fund Contr	2,414,442	3,109,482	259,124	272,309	2,072,988	2,085,953	(12,965)	-0.63%	1,023,529
19	Unemployment Insurance Fund Contr	3,220,863	3,276,553	273,046	270,274	2,184,369	2,168,771	15,598	0.71%	1,107,782
20	Totals	625,426,030	637,181,224	51,093,677	47,782,131	425,096,191	425,645,764	(549,573)	-0.13%	211,535,460

Actual Expenditure to date 425,645,764
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 28 FEBRUARY 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	1,070	0	8,557	98,024	(89,467)	-1045.59%
6	Corporate Services	377,945	377,945	31,495	15,529	251,963	213,835	38,129	15.13%
7	Community Services	16,265,768	14,368,388	1,197,366	1,211,625	9,578,925	10,648,900	(1,069,975)	-11.17%
8	Financial Services	609,525	609,525	50,794	55,333	406,350	615,335	(208,985)	-51.43%
9	Planning and Development	873,718	877,796	73,150	3,168	585,197	147,191	438,006	74.85%
10	Engineering Services	16,543,892	13,435,566	1,119,631	1,312,596	8,957,044	15,706,634	(6,749,590)	-75.36%
11	Totals	34,687,342	29,682,055	2,473,505	2,598,252	19,788,037	27,430,945	(7,642,908)	-38.62%

9. Debtors age analysis and payment rates

9.1 Debtors age analysis per service

The municipality's total outstanding debtors amounted to R311,756,284 as at 28 February 2019 compared with the R307,615,161 as at 31 January 2019. As reflected in Table 10 below, current debt represent 40.36% of the total outstanding debt compared with the 37.99% of January 2019; 30 days and older debt 6.31% compared with the 7.87% for January 2019; 60 days and older debt 4.31% compared with the 4.11% of January 2019; and 90 days and older debt 49.02% compared with the 50.90% of January 2019.

The debtors test ratio (before bad debt provision) shows a decrease of 2.9 days from 63.6 days in December 2018 to 60.7 days in January 2019 and an increase of 0.8 days to 61.5 days in February 2019. The debtors test ratio (after bad debt provision) shows a decrease of 0.5 days from 47.5 days in December 2018 to 44.6 days in January 2019 and an increase of 0.8 days to 45.4 days in February 2019. The acceptable norm is 45 days.

Current debt increased with R9,081,354 to R125,753,624 compared with the R116,672,270 as at 31 January 2019; 30 days + debt decreased with R1,862,202 to R19,669,391; 60 days + debt increased with R796,215 to R13,444,604 and 90 days and older debt as at 28 February 2019 has decreased with R3,745,537 to R152,816,197 compared with the R156,561,734 as at 31 January 2019.

TABLE 10 : DEBTORS AGE ANALYSIS PER SERVICE AS AT 28 FEBRUARY 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	10,013	18,942,952	2,608,282	1,317,735	17,149,486	40,028,468	12.84%
2	Water	2,614	17,036,004	7,070,094	6,618,783	57,542,216	88,269,712	28.31%
3	Electricity	5,262	72,172,091	5,673,176	2,211,800	18,381,808	98,444,137	31.58%
4	Sewerage	-	7,496,658	1,496,616	972,846	14,632,238	24,598,358	7.89%
5	Refuse	-	8,154,846	2,068,072	1,424,959	24,760,009	36,407,886	11.68%
6	Housing	-	34,729	29,594	21,522	688,021	773,865	0.25%
7	Others	54,579	1,916,344	723,558	876,958	19,662,419	23,233,858	7.45%
8	TOTAL	72,467	125,753,624	19,669,391	13,444,604	152,816,197	311,756,284	100.00%
	2019/02 % =	40.36%		6.31%	4.31%	49.02%	100.00%	
	2019/01 % =	37.99%		7.87%	4.11%	50.90%	100.00%	

Debtors owe the municipality property rates (12.84%); water (28.31%); electricity (31.58%); sewerage (7.89%); refuse (11.68%); housing (0.25%), and sundry debt (7.45%).

9.2 Debtors age analysis per debtor type

Agricultural debtors owes the municipality R17,412,494 (5.6%); business debtors R75,032,046 (24.1%); domestic debtors R197,668,685 (63.4%); government accounts R10,134,073 (3.3%); sundry accounts R11,508,986 (3.7%) and of the total outstanding debt of R311,756,283 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 28 FEBRUARY 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	9,703	11,748,796	551,793	260,674	4,841,529	17,412,494	5.6%
2	Bussiness	33,119	59,384,339	3,199,246	1,377,121	11,038,221	75,032,046	24.1%
3	Domestic	29,503	48,168,999	14,578,678	10,683,590	124,207,915	197,668,685	63.4%
4	Government	0	4,615,460	888,793	651,717	3,978,103	10,134,073	3.3%
5	Sundry Accounts	142	1,836,031	450,881	471,502	8,750,429	11,508,986	3.7%
6	TOTAL	72,467	125,753,624	19,669,391	13,444,604	152,816,197	311,756,283	100.0%

9.3 Debtors age analysis per ward

In Table 12 below the total outstanding debt of R311,756,283 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 24 of the 33 wards is above 50%. Notably is the percentages of ward 5 (71.9%); ward 6 (91.0%); ward 7 (78.2%); ward 8 (85.4%); ward 9 (85.6%); ward 10 (66.4%); ward 11 (83.2%); ward 12 (92.0%); ward 13 (82.9%); ward 14 (87.2%); ward 16 (63.2%); ward 18 (53.4%); ward 20 (84.1%); ward 21 (88.4%); ward 22 (65.1%); ward 23 (61.4%); ward 24 (87.0%); ward 25 (67.6%); ward 26 (77.2%); ward 27 (88.6%); ward 30 (95.8%); ward 31 (91.2%); ward 32 (86.0%) and ward 33 (70.9%).

Wards that owes the municipality more than R10,000,000 monetary wise are ward 4 (R17,763,733); ward 9 (R12,332,088); ward 11 (R10,435,982); ward 12 (R10,458,919); ward 15 (R18,105,213); ward 16 (R12,741,528); ward 17 (R13,713,373); ward 18 (R21,003,414); ward 19 (R19,696,006); ward 22 (R11,551,022); ward 28 (R16,653,142); ward 30 (R24,857,456); and ward 31 (R16,579,032).

Recommendation

- (9) Total outstanding debtors as at 28 February 2019 amounted to R311,756,283 and that 30 days and older debt constitutes 50.6% of total outstanding debtors.**
- (10) Domestic consumers owe the municipality R197,668,685 or 63.4% of the municipality's total debtor's book.**

TABLE 12: OUTSTANDING DEBTORS PER WARD AS AT 28 FEBRUARY 2019

WARD	CURRENT 1 (Levied but not billed as yet)	CURRENT 2 (Levied and billed)	30 DAYS +	60 DAYS +	90 DAYS +	TOTAL OUTSTANDING DEBT 28/02/2019	30 DAYS AND OLDER AS A % OF TOTAL DEBT	TOTAL OUTSTANDING DEBT 31/01/2019	INCREASE / (DECREASE)	WARD COUNCILLOR
COLUMN REFERENCE	A	B	C	D	E	F	G	H	I	J
1	0	8,533,651	560,223	142,139	1,584,310	10,820,323	21.1%	9,758,371	1,061,952	C KROUTZ
2	842	3,898,814	353,695	595,737	1,236,341	6,085,429	35.9%	5,854,384	231,045	HJ KOTZE
3	0	4,242,628	216,790	87,178	1,104,671	5,651,267	24.9%	5,154,930	496,337	WE SMIT
4	7,621	12,600,047	1,079,278	391,767	3,685,020	17,763,733	29.0%	16,336,235	1,427,497	J MILLER
5	0	1,443,661	273,941	303,296	3,118,881	5,139,779	71.9%	4,890,908	248,871	NP MBENENE
6	0	599,977	417,234	417,869	5,249,718	6,684,797	91.0%	6,525,480	159,317	TZ NQORO / NOMANA
7	0	833,567	346,195	285,768	2,366,096	3,831,626	78.2%	3,769,122	62,504	RB ARNOLDS
8	4	482,375	166,487	140,581	2,522,183	3,311,629	85.4%	3,338,496	(26,867)	N.ZIKHALI
9	362	1,780,564	806,117	737,126	9,007,919	12,332,088	85.6%	12,469,823	(137,735)	TC MANGENA
10	0	715,630	238,589	144,938	1,032,560	2,131,717	66.4%	2,107,871	23,846	C KEARNS
11	348	1,750,915	751,478	574,298	7,358,944	10,435,982	83.2%	11,095,911	(659,929)	AC STOWMAN
12	164	832,936	639,014	589,271	8,397,533	10,458,919	92.0%	10,422,426	36,492	MD NOBULA
13	0	523,970	260,259	191,363	2,081,192	3,056,784	82.9%	3,139,760	(82,976)	S ROSS
14	842	734,443	451,114	466,481	4,085,788	5,738,668	87.2%	5,680,166	58,502	J DE WET
15	1,533	14,647,216	1,067,501	400,163	1,988,799	18,105,213	19.1%	16,614,031	1,491,182	LW NIEHAUS
16	218	4,686,748	1,002,344	820,088	6,232,130	12,741,528	63.2%	12,218,375	523,153	DS BLANCKENBERG
17	5,465	9,895,803	789,694	336,844	2,685,569	13,713,373	27.8%	11,546,290	2,167,083	HJN MATTHEE
18	12,538	9,770,988	1,026,345	791,087	9,402,457	21,003,414	53.4%	20,632,476	370,939	AML BUCKLE
19	22,729	14,800,289	869,890	766,743	3,236,355	19,696,006	24.7%	18,287,125	1,408,881	TE BESTER
20	348	763,664	430,837	228,875	3,391,534	4,815,257	84.1%	4,943,596	(128,339)	PBA CUPIDO
21	0	619,466	316,946	272,315	4,136,404	5,345,131	88.4%	5,422,573	(77,443)	E GOUWS
22	384	4,025,391	1,133,952	572,315	5,818,980	11,551,022	65.1%	11,870,563	(319,541)	FP CUPIDO
23	1,324	1,725,357	414,805	227,318	2,099,953	4,468,755	61.4%	4,524,093	(55,338)	F JACOBS
24	0	548,803	246,296	209,838	3,229,824	4,234,761	87.0%	4,306,425	(71,664)	MM ADRIAANSE
25	10,460	1,728,403	382,624	262,524	2,978,375	5,362,388	67.6%	5,794,487	(432,099)	LT VAN NIEKERK
26	490	1,153,230	356,359	331,963	3,216,020	5,058,062	77.2%	5,278,099	(220,036)	JV ANDERSON
27	0	386,386	269,848	209,731	2,535,172	3,401,136	88.6%	3,384,863	16,273	VC BOOYSEN
28	2,685	11,309,868	1,379,125	626,828	3,334,637	16,653,142	32.1%	16,388,289	264,854	RH VAN NIEWENHUYZEN
29	298	3,306,921	790,196	345,973	2,129,514	6,572,902	49.7%	6,196,556	376,346	L WILLEMSE
30	2,783	1,043,881	740,227	560,595	22,509,969	24,857,456	95.8%	29,287,603	(4,430,147)	J SMIT
31	695	1,462,129	726,678	624,318	13,765,212	16,579,032	91.2%	16,356,463	222,569	GH FORD
32	0	817,867	430,907	381,698	4,212,730	5,843,202	86.0%	5,739,660	103,543	LV NZELE
33	337	1,303,246	500,134	345,251	2,338,335	4,487,303	70.9%	5,018,053	(530,750)	SE SEPTEMBER
SUNDRIES	0	2,784,792	234,270	62,325	743,071	3,824,458	27.2%	3,261,658	562,799	SUNDRIES
TOTAL	72,467	125,753,624	19,669,391	13,444,604	152,816,197	311,756,283	59.6%	307,615,160	4,141,123	

10. Creditors age analysis

The municipality's creditor's age analysis amounted to R0 as at 28 February 2019 as set out in Table 13 below. Creditors 30 days and older amount to R0.

Recommendation

(11) Outstanding creditors amounted to R0 as at 28 February 2019.

TABLE 13: CREDITORS AGE ANALYSIS AS AT 28 FEBRUARY 2019

SERIAL NUMBER	CREDITOR	CURRENT	30 DAYS +	60 DAYS +	90 DAYS +	TOTAL AS AT 28/02/2019
COLUMN REFERENCE	A	B	C	D	E	F
1		0	0	0	0	0
2	Total	0	0	0	0	0

11. Bank, cash, overdraft balances and investments

The municipality's primary and secondary bank accounts reconciles as at 28 February 2019 as can be seen in table 14 below. The primary bank account showed a negative cashbook balance of R80,328,121 at the end of February 2019 whilst the actual bank balance was a positive R12,378,850.

TABLE 14: BANK RECONCILIATION AS AT 28 FEBRUARY 2019

SERIAL NUMBER	DESCRIPTION	FNB Primary Account 62702310385	FNB Billing & Sundry Receipt 62702312349	FNB Traffic Account 62071526514	TOTALS
COLUMN REFERENCE	A	B	C	D	E
1	Cashbook balance as per 28/02/2019	(73,882,075)	(6,446,046)	0	(80,328,121)
2	In CB not in GL : Direct Deposit Transfers	135,323	6,453,652	0	6,588,975
3	In GL not in CB : Canceled ACB's	68,078,426	0	0	68,078,426
4	In CB not in GL : Deleted ACB's	75,994	0	0	75,994
5	Direct-Deposito-Transfer-in-Cashook	959,829	(7,605)	0	952,224
6	Less : Amount receipted but not yet banked	(1,930,177)	0	0	(1,930,177)
7	Plus : Cheques issued but not yet cashed	2,164,496	0	0	2,164,496
8	Plus : ACB'S issued but not yet cashed	16,777,035	0	0	16,777,035
9	Bank statement balance as per 28/02/2019	12,378,850	(0)	0	12,378,850

Surplus cash is invested on a daily basis. The municipality's investments as at 28 February 2019 is as set out in Table 15 below. The municipality started the beginning of the month with total investments of R100,867,940 and after investments made (R105,000,000), withdrawn (R797,137) and interest capitalised (R433,883) closed with an investments balance of R205,504,686 at the five listed local banks and at Eskom where we do have some shares.

TABLE 15 : INVESTMENTS AS AT 28 FEBRUARY 2019

SERIAL NUMBER	BANK	BALANCE AT 31 JANUARY 2019	INVESTMENTS MADE	INVESTMENTS WITHDRAWN	INTEREST CAPITALISED	BALANCE AT 28 FEBRUARY 2019	INTEREST ACCRUED	INTEREST EARNED YEAR TO-DATE	INTEREST RATE
COLUMN REFERENCE	A	B	C	D	E	G	H	I	J
1	ABSA BANK	10,845,533	0	0	34,350	10,879,883	56,337	719,517	6.750%
2	ABSA BANK	11,258,746	5,000,000	0	36,702	16,295,448	79,756	735,244	6.750%
3	ABSA BANK	11,007,156	5,000,000	0	31,570	16,038,726	78,427	721,961	6.750%
4	ABSA BANK	11,081,987	5,000,000	0	31,993	16,113,979	78,816	724,820	6.750%
5	ABSA BANK	1,098,859	10,000,000	0	6,113	11,104,972	48,226	699,486	6.750%
6	SUB-TOTAL	45,292,281	25,000,000	0	140,727	70,433,008	341,561	3,601,027	6.750%
7	FNB	1,240,348	0	0	6,825	1,247,172	0	57,530	7.190%
8	FNB	789,577	0	(789,577)	3,712	3,712	0	32,987	6.600%
9	SUB-TOTAL	2,029,925	0	(789,577)	10,537	1,250,884	0	90,517	6.895%
10	INVESTEC	20,058,301	0	0	102,325	20,160,626	0	160,626	6.650%
11	SUB-TOTAL	20,058,301	0	0	102,325	20,160,626	0	160,626	6.650%
12	NEDBANK	0	30,000,000	0	0	30,000,000	140,137	0	7.750%
13	NEDBANK	0	50,000,000	0	0	50,000,000	138,014	0	7.750%
14	SUB-TOTAL	0	80,000,000	0	0	80,000,000	278,151	0	7.750%
15	STANDARD BANK	1,532,679	0	0	7,936	1,540,615	0	1,302,368	6.750%
16	STANDARD BANK	408,063	0	0	2,113	410,176	0	17,585	6.750%
17	STANDARD BANK	1,338,410	0	0	6,930	1,345,340	0	57,677	6.750%
18	STANDARD BANK	20,055,479	0	0	103,849	20,159,328	0	159,328	6.750%
19	STANDARD BANK	10,024,041	0	0	51,905	10,075,946	0	75,946	6.750%
20	SUB-TOTAL	33,358,671	0	0	172,734	33,531,405	0	1,612,905	6.750%
21	ESKOM	128,762	0	(7,560)	7,560	128,762	0	15,120	13.500%
22	SUB-TOTAL	128,762	0	(7,560)	7,560	128,762	0	15,120	13.500%
23	GRAND TOTAL	100,867,940	105,000,000	(797,137)	433,883	205,504,686	619,712	5,480,194	8.109%

Recommendation

(12) *The primary bank account had a positive bank balance at 28 February 2019 which amounted to R12,378,850.*

(13) *Total investments in cash and shares amounted to R205,504,686 as at 28 February 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 (R1,593,749,496) and the pro rata budgeted operating revenue (R1,600,568,239) has a negative variance of R6,818,743 or 0.43%.
- (2) The variance between the actual operating expenditure (R1,323,283,930) and the pro rata budgeted operating expenditure (R1,337,537,663) has a positive variance of R14,253,733 or 1.07%.
- (3) The actual capital expenditure of R296,016,557 and the pro rata budgeted capital expenditure of R312,353,715 realised underspending of R16,337,158 or 5.23%.
- (4) Actual capital expenditure of R296,016,557 represents 48.11% of the total capital budget of R615,303,550 after eight months of the financial year.
- (5) The actual and committed capital expenditure of R502,195,624 compared with the capital expenditure budget of R615,303,550 represent a spending percentage of 81.62% after eight months of the financial year.
- (6) External borrowings amounted to R1,521,263,962 as at 28 February 2019 and that it represents 73.3% of Drakenstein's total budgeted operating revenue of R2,074,514,728 for the 2018/2019 financial year.
- (7) Unspent conditional and unconditional grants amounted to R89,618,071 at the end of February 2019.

- (8) The actual employee related cost expenditure of R425,645,764 compared with the pro rata budgeted expenditure of R425,096,191 relates to a negative variance of R549,573 or 0.13%.
 - (9) Total outstanding debtors as at 28 February 2019 amounted to R311,756,283 and that 30 days and older debt constitutes 50.6% of total outstanding debtors.
 - (10) Domestic consumers owe the municipality R197,668,685 or 63.4% of the municipality's total debtor's book.
 - (11) Outstanding creditors amounted to R0 as at 28 February 2019.
 - (12) The primary bank account had a positive bank balance at 28 February 2019 which amounted to R12,378,850.
 - (13) Total investments in cash and shares amounted to R205,504,686 as at 28 February 2019 at the five local banks and Eskom.
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