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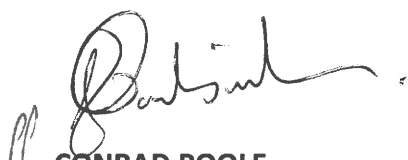
Monthly Budget Monitoring Report (Section 71 of MFMA)

Period ending: 31 May 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 May 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 small 'PP' to the left.

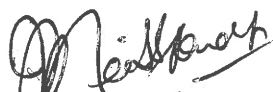
CONRAD POOLE
EXECUTIVE MAYOR

14 June 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 May 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).



D. J. H. LEIBBRANDT
CITY MANAGER

14 June 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 (R1,935,149,684) compares unfavourably with the pro rata budgeted figure (R1,934,942,172) – a positive variance of R207,512 or 0.01% at month end.

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

- Interest earned - outstanding debtors (R578,716 or 5.47%) - due to a change in policy that surcharges on electricity and water arrear accounts no longer be levied. It was replaced by the levying of interest on consumer accounts in arrears;
- Transfer and Subsidies: Operational (R2,029,041 or 1.33%) – Housing grant revenue still to be recognised which Provincial Government directly pays over to the contractors on behalf of the municipality. At financial year-end all these transactions will be accounted for accordingly; and
- Transfer and Subsidies: Capital (R5,353,053 or 5.09%) - the actual capital expenditure not yet recognised as revenue at month end.

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

- Interest earned - external investments (R1,802,264 or 16.38%) – the interest earned is based on historical trends and thus resulting in more revenue being received than anticipated; and
- Operational Revenue (R4,341,915 or 15.78%) – is due to public auction held to sell all unused/impaired/obsolete assets at the auction camp, which resulted in more funds being received than anticipated.

Recommendation

(1) The variance between the actual operating revenue (R1,935,149,684) and the pro rata budgeted operating revenue (R1,934,942,172) has a positive variance of R207,512 or 0.01%.

TABLE 1: ACTUAL REVENUE PER REVENUE SOURCE FOR MAY 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	(175,079)	(254,492)	275,085,200	275,267,835	182,635	0.07%	714,191
2	Service Charges : Electricity	1,066,320,982	1,020,423,516	84,525,936	85,095,540	935,472,172	935,870,590	398,418	0.04%	84,552,926
3	Service Charges : Water	246,100,090	181,585,138	8,500,560	9,353,211	167,196,417	165,228,954	(1,967,462)	-1.18%	16,356,184
4	Service Charges : Sanitation	108,044,289	94,551,214	(1,038,757)	(1,772,048)	95,450,474	97,199,025	1,748,551	1.83%	(2,647,811)
5	Service Charges : Cleansing	111,452,497	102,520,640	(3,215,749)	(2,971,257)	105,617,217	106,705,973	1,088,756	1.03%	(4,185,333)
6	Rental of facilities and equipment	3,726,209	3,838,762	(866,972)	(231,742)	4,705,734	4,531,484	(174,250)	-3.70%	(692,722)
7	Interest earned - external investments	22,000,000	12,000,000	1,000,000	1,483,044	11,000,000	12,802,264	1,802,264	16.38%	(802,264)
8	Interest earned - outstanding debtors	15,977,643	11,630,075	1,534,361	587,599	10,570,330	9,991,613	(578,716)	-5.47%	1,638,462
9	Fines, penalties and forfeits	69,847,415	98,222,246	57,781	155,805	41,372,221	41,977,907	605,686	1.46%	56,244,339
10	Licences and Permits	4,640,127	4,079,285	244,648	218,948	3,271,302	3,413,111	141,809	4.33%	666,174
11	Ner: Transfers and Subsidies : Operational	265,112,381	258,835,527	0	(1,453,099)	152,584,565	150,555,524	(2,029,041)	-1.33%	108,280,003
12	Operational Revenue	30,023,667	29,308,593	1,794,662	1,324,201	27,518,666	31,860,582	4,341,915	15.78%	(2,551,989)
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	92,361,391	91,535,709	1,829,844,297	1,835,404,862	5,560,565	0.30%	297,412,813
15	Ner : Transfers and Subsidies : Capital	84,933,000	172,122,425	13,272,820	8,240,520	105,097,875	99,744,822	(5,353,053)	-5.09%	72,377,603
16	Total Operating Revenue (Capital Grants Included)	2,334,259,048	2,304,940,100	105,634,210	99,776,229	1,934,942,172	1,935,149,684	207,512	0.01%	369,790,416
Actual Revenue to date										1,935,149,684
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 R1,752,701,698 compares favourably with the pro rata budgeted expenditure of R1,782,689,163 – a positive variance of R29,987,465 or 1.68%.

TABLE 2: ACTUAL OPERATIONAL EXPENDITURE PER VOTE FOR MAY 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	5,270,700	393,008	274,819	4,850,020	3,341,340	1,508,680	31.11%	1,929,359.68
2	Department of Internal Audit	8,132,711	8,411,992	623,031	499,420	7,519,325	7,434,469	84,856	1.13%	977,522.93
3	Department of Risk And Fraud	2,694,163	2,399,360	259,037	129,834	2,071,732	2,127,353	(55,622)	-2.68%	272,006.60
4	Department of Communication	5,534,452	5,000,595	338,921	242,200	4,587,243	3,658,439	928,804	20.25%	1,342,156.13
5	Department of IDP/PMS	6,110,139	5,335,262	466,892	796,735	4,768,918	4,846,858	(77,940)	-1.63%	488,403.69
6	Corporate Services	137,049,122	152,266,324	11,330,819	13,267,865	115,821,376	115,122,631	698,745	0.60%	37,143,693
7	Community Services	492,933,606	458,133,204	20,925,822	20,173,973	297,926,023	283,858,662	14,067,361	4.72%	174,274,542
8	Financial Services	109,476,590	132,271,217	11,246,997	9,492,643	101,268,982	94,951,279	6,317,702	6.24%	37,319,938
9	Planning and Development	61,890,148	58,337,145	4,555,091	4,287,251	51,437,983	48,806,348	2,631,635	5.12%	9,530,797
10	Engineering Services	1,506,249,201	1,472,947,141	95,282,466	101,844,339	1,192,437,561	1,188,554,319	3,883,242	0.33%	284,392,822
11	Totals	2,334,692,570	2,300,372,940	145,422,083	151,009,078	1,782,689,163	1,752,701,698	29,987,465	1.68%	547,671,242

Actual Expenditure to date 1,752,701,698

Projected Expenditure for 2018/2019 2,300,372,940

Recommendation

(2) The variance between the actual operating expenditure (R1,752,701,698) and the pro rata budgeted operating expenditure (R1,782,689,163) has a positive variance of R29,987,465 or 1.68%.

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 (R1,752,701,698) do compares favourably with the pro rata budgeted figures (R1,782,689,163) – a positive variance of R29,987,465 or 1.68% at month end.

TABLE 3: ACTUAL OPERATIONAL EXPENDITURE PER EXPENDITURE CATEGORY FOR MAY 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	49,735,924	570,911,059	571,059,546	(148,487)	-0.03%	66,121,678
2	Remuneration of councillors	31,229,363	30,147,397	3,942,283	2,534,247	27,437,650	27,436,605	1,045	0.00%	2,710,792
3	Debt Impairment	102,409,320	137,548,663	6,241,000	6,939,906	76,139,540	76,226,252	(86,712)	-0.11%	61,322,411
4	Depreciation and Amortisation	199,673,156	200,426,443	0	0	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	13,717,155	12,265,810	132,461,912	132,317,554	144,358	0.11%	19,768,038
7	Bulk Purchases Water	22,655,849	5,620,034	200,000	492,418	2,882,550	3,330,609	(448,059)	-15.54%	2,289,425
8	Bulk Purchases: Electricity	689,784,051	676,241,051	46,071,758	47,046,537	555,383,877	552,378,775	3,005,102	0.54%	123,862,276
9	Contracted Services	293,276,792	241,413,883	14,565,932	15,361,195	159,216,433	132,303,186	26,913,247	16.90%	109,110,697
10	Transfers and Subsidies	20,563,462	24,003,976	1,886,975	1,424,132	22,071,150	21,951,696	119,454	0.54%	2,052,280
11	Inventory	51,193,184	39,731,721	3,039,097	3,780,377	34,779,741	34,869,762	(90,021)	-0.26%	4,861,959
12	Operating Leases	22,712,631	28,029,146	2,440,004	(23,119)	24,568,713	23,745,902	822,811	3.35%	4,283,244
13	Operational Cost	129,194,353	92,869,881	4,186,877	11,451,650	76,999,961	77,243,264	(243,303)	-0.32%	15,626,617
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	145,422,083	151,009,078	1,782,689,163	1,752,701,698	29,987,465	1.68%	547,671,242
Actual Expenditure to date										1,752,701,698
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 –

- Bulk Purchases: Electricity (R3,005,102 or 0.54%) – due to the demand for electricity being less than calculations based on historical trends, the supply is directly linked to demand and therefore less electricity needed to be purchased by the municipality; and
- Contracted Services (R26,913,247 or 16.90%) - due to contractors not being paid as per budget trends.

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

- Bulk Water Purchases (R448,059 or 15.54%) – it should be noted that we received free water units first before we start paying for the water usage, therefor payments are now due for units utilised.

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 R424,146,725 compares unfavourably with the pro rata budgeted capital expenditure of R468,121,365 as per the cash flow projections of the SDBIP with a variance or underspending of R43,974,639 or 9.39%. 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 68.93% of the total capital budget of R615,303,550 after eleven months of the financial year. Actual and recorded committed capital expenditure (R575,144,247) represents 93.47% of the total capital budget of R615,303,550 after eleven months of the financial year.

TABLE 4: ACTUAL CAPITAL EXPENDITURE PER VOTE FOR MAY 2019

SERIAL NUMBER	VOTE	ANNUAL		MONTHLY		YEAR-TO-DATE						PROJECTED EXPENDITURE FOR THE YEAR
		APPROVED BUDGET	ADJUSTED BUDGET	BUDGET	ACTUAL EXPENDITURE	PRO RATA BUDGET	COMMITMENTS	ACTUALS YEAR TO DATE	COMMITMENTS + ACTUALS	POSITIVE / (NEGATIVE) VARIANCES ON ACTUALS	POSITIVE / (NEGATIVE) VARIANCES % ON ACTUALS	
COLUMN REFERENCE	A	B	C	D	E	F	G	H	I	J	K	L
1	City Manager	0	25,000	12,500	0	12,500	0	0	0	(12,500)	0.00%	25,000
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	0	22,048	25,000	0	22,048	22,048	(2,952)	0.00%	252,952
5	Department of IDP/PMS	0	0	0	0	0	0	0	0	0	0.00%	0
6	Corporate Services	7,691,789	10,377,919	1,717,931	150,205	7,423,304	4,138,442	4,830,869	8,969,311	(2,592,436)	-34.92%	5,547,050
7	Community Services	85,811,237	121,950,853	12,054,372	7,598,579	83,661,382	50,881,197	53,034,288	103,915,485	(30,627,095)	-36.61%	68,916,565
8	Financial Services	1,000,000	1,693,709	80,417	45,850	1,613,292	388,370	670,819	1,059,190	(942,473)	-58.42%	1,022,890
9	Planning and Development	4,600,000	1,181,399	50,000	247,324	1,016,130	237,551	706,005	943,556	(310,125)	-30.52%	475,394
10	Engineering Services	355,687,340	479,740,164	50,921,920	36,997,006	374,310,250	95,351,962	364,823,190	460,175,152	(9,487,059)	-2.53%	114,916,974
11	TOTALS	454,790,366	615,303,550	64,837,139	45,061,013	468,121,365	150,997,522	424,146,725	575,144,247	(43,974,639)	-9.39%	191,156,825
						% of Approved Budget =	24.54%	68.93%	93.47%	Actual Expenditure to date		424,146,725
						Actual Capex as a % of Pro Rata Budget =	90.61%		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 MAY 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	44,517,365	31,134,675	295,469,920	104,957,599	270,741,087	375,698,685	(24,728,833)	-8.37%	119,931,417
2	CRR	48,448,618	67,142,431	11,288,566	5,650,238	53,377,509	17,244,912	43,017,242	60,262,154	(10,360,267)	-19.41%	24,125,189
3	GRANTS	74,506,956	157,488,615	9,031,208	8,276,100	119,273,936	28,795,012	110,388,396	139,183,408	(8,885,539)	-7.45%	47,100,219
4	TOTALS	454,790,366	615,303,550	64,837,139	45,061,013	468,121,365	150,997,522	424,146,725	575,144,247	(43,974,639)	-9.39%	191,156,825

Actual Expenditure to date 424,146,725

Projected Expenditure for 2018/2019 615,303,550

Recommendation

- (3) The actual capital expenditure of R424,146,725 and the pro rata budgeted capital expenditure of R468,121,365 realised underspending of R43,974,639 or 9.39%.**
- (4) Actual capital expenditure of R424,146,725 represents 68.93% of the total capital budget of R615,303,550 after eleven months of the financial year.**
- (5) The actual and committed capital expenditure of R575,144,247 compared with the capital expenditure budget of R468,121,365 represent a spending percentage of 93.47% after eleven 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 R1,653,226,516 and after repayments (R8,491,954) were made and additional loans (R6,935,000) were taken up, the total borrowings outstanding as at 31 May 2019 amounts to R1,651,669,562. This borrowing debt represents 79.62% 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 R1,651,669,562 as at 31 May 2019 and that it represents 79.62% 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 MAY 2019

SERIAL NUMBER	EXTERNAL LOANS PROVIDERS	INTEREST RATES	TERM ENDING	OPENING BALANCE 01/05/2019	CAPITAL REDEEMED	NEW LOANS TAKEN UP	CLOSING BALANCE 31/05/2019
COLUMN REFERENCE	A	B	C	D	E	F	G
1	ABSA BANK	9.15%	2019	2,087,289	0	0	2,087,289
2	ABSA BANK	9.40%	2020	1,818,458	0	0	1,818,458
3	ABSA BANK	9.21%	2020	4,594,066	0	0	4,594,066
4	DBSA	11.47%	2019	3,992,725	0	0	3,992,725
5	DBSA	6.75%	2019	821,745	0	0	821,745
6	DBSA	10.03%	2024	60,219,430	0	0	60,219,430
7	DBSA	9.97%	2028	116,439,791	0	0	116,439,791
8	DBSA	9.79%	2028	145,504,979	0	0	145,504,979
9	DBSA	10.70%	2028	98,068,943	0	0	98,068,943
10	DBSA	10.70%	2028	33,078,427	0	0	33,078,427
11	DBSA	10.82%	2025	232,192,264	0	0	232,192,264
12	DBSA	10.28%	2029	100,000,000	0	0	100,000,000
13	DBSA	10.28%	2029	100,000,000	0	0	100,000,000
14	NEDBANK	8.63%	2019	2,449,168	0	0	2,449,168
15	NEDBANK	10.64%	2021	25,971,496	0	0	25,971,496
16	NEDBANK	9.14%	2022	56,308,895	0	0	56,308,895
17	NEDBANK	9.93%	2025	149,003,480	8,491,954	0	140,511,526
18	STANDARD BANK	10.40%	2020	10,783,516	0	0	10,783,516
19	STANDARD BANK	9.36%	2020	2,227,602	0	0	2,227,602
20	STANDARD BANK	9.63%	2021	4,504,568	0	0	4,504,568
21	STANDARD BANK	9.87%	2023	12,792,636	0	0	12,792,636
22	STANDARD BANK	10.26%	2021	2,933,469	0	0	2,933,469
23	STANDARD BANK	9.68%	2022	3,420,210	0	0	3,420,210
24	STANDARD BANK	10.08%	2023	33,157,184	0	0	33,157,184
25	STANDARD BANK	10.12%	2027	450,856,175	0	0	450,856,175
26	STANDARD BANK	9.84%	2024	0	0	6,935,000	6,935,000
27	TOTALS			1,653,226,516	8,491,954	6,935,000	1,651,669,562

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 R293,685,818 were received to date. Operating grants expenditure to the amount of R183,193,098 and capital grants expenditure to the amount of R99,744,620 was spent and recorded as utilised at the end of May 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 May 2019 is R94,799,332.

Recommendation

(7) Unspent conditional and unconditional grants amounted to R94,799,332 at the end of May 2019.

TABLE 7: CONDITIONAL GRANTS

SERIAL NUMBER	DESCRIPTION	OPENING BALANCE 1 MAY 2019	OTHER INCOME	OPERATIONAL EXPENDITURE DURING THE YEAR	CAPITAL EXPENDITURE DURING THE YEAR	BALANCE AS ON 31 MAY 2019
COLUMN REFERENCE	A	B	C	D	E	F
1	CONDITIONAL GRANTS					
2	NATIONAL: EQUITABLE SHARE					
3	G/F : INDIGENT POLICY FUNDS	1	(137,518,000)	137,518,454	0	455
4	SUB - TOTAL	1	(137,518,000)	137,518,454	0	455
5	NATIONAL TREASURY					
6	G/F : MUNICIPAL INFRASTRUCTURE GRANT (MIG)	0	(34,484,000)	0	25,453,197	(9,030,803)
7	G/F : FINANCE MANAGEMENT GRANT	0	(1,550,000)	938,563	0	(611,437)
8	G/F : EPWP GRANT	0	(4,657,000)	4,433,000	0	(224,000)
9	G/F : ELECTRICITY DEMAND SIDE GRANT	(155)	0	155	0	(0)
10	G/F :COMMUNITY DEV WORKER (CDW)	(516,212)	0	0	0	(516,212)
11	G/F : ELECTRIFICATION FUNDING	(4)	(5,738,000)	0	4,989,565	(748,439)
12	SUB - TOTAL	(516,371)	(46,429,000)	5,371,718	30,442,761	(11,130,891)

ANNEXURE A

SERIAL NUMBER	DESCRIPTION	OPENING BALANCE 1 MAY 2019	OTHER INCOME	OPERATIONAL EXPENDITURE DURING THE YEAR	CAPITAL EXPENDITURE DURING THE YEAR	BALANCE AS ON 31 MAY 2019
COLUMN REFERENCE	A	B	C	D	E	F
13	PROVINCIAL TREASURY					
14	G/F : N-GOV: HUMAN SETTLEM CAPACITY GRT SCH 5B	(300,000)	0	0	0	(300,000)
15	G/F : HUMAN SETTELMENT 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)	6,358,719	0	3,680,636
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 : DE KRAAL	0	(964,748)	0	0	(964,748)
26	G/F : KINGSTON TOWN	0	(1,156,404)	0	0	(1,156,404)
27	G/F : NEW SIYAZAMA	0	(1,698,175)	0	0	(1,698,175)
28	G/F : CHICARGO	(8,500)	0	0	0	(8,500)
29	G/F : CHRIS HANI	(2,000)	(2,784,000)	0	0	(2,786,000)
30	G/F : GOUDA INCOME	(762,363)	0	0	0	(762,363)
31	G/F : VLAKKELAND	(10,572,401)	(17,325,000)	0	10,021,883	(17,875,518)
32	G/F : GRANT	0	(10,672,000)	0	0	(10,672,000)
33	G/F : DALJOSAPHAT TRANSFERS	(453,180)	0	0	0	(453,180)
34	G/F : AMSTELHOF PROJECT 35	(10,348)	0	0	0	(10,348)
35	G/F : LIBRARY GRANT	(57,295)	(21,736,000)	16,953,337	4,839,957	(1)
36	G/F : CAPACITY BUILDING	(179,751)	0	0	0	(179,751)
37	G/F : FIRE CAPITAL GRANT	0	(1,483,000)	0	0	(1,483,000)
38	G/F : ROADS	200	(38,000,000)	0	33,043,277	(4,956,523)
39	G/F : DISASTER RELIEF	(10,643,584)	0	0	5,439,643	(5,203,941)
40	G/F : DROUGHT RELIEF	(21,615,960)	0	0	15,957,098	(5,658,862)
41	G/F : GRANT	0	(615,000)	52,000	0	(563,000)
42	G/F : SPORT	(4,919)	0	4,919	0	(0)
43	G/F : CAPACITY BUILDING	0	(72,000)	0	0	(72,000)
44	G/F : TRAINING LEVY	(730,908)	(1,155,170)	0	0	(1,886,078)
45	SUB - TOTAL	(56,086,555)	(100,453,580)	23,428,975	69,301,859	(63,809,301)

ANNEXURE A

SERIAL NUMBER	DESCRIPTION	OPENING BALANCE 1 MAY 2019	OTHER INCOME	OPERATIONAL EXPENDITURE DURING THE YEAR	CAPITAL EXPENDITURE DURING THE YEAR	BALANCE AS ON 31 MAY 2019
COLUMN REFERENCE	A	B	C	D	E	F
46	GRANTS: OTHER INSTITUTIONS					
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)	(1,140,960)	0	0	(4,878,615)
50	G/F : BULK SERVICES ELECTRICAL	(14,333,873)	0	16,835,451	0	2,501,578
51	G/F : BULK SERVICES SEWERAGE	(3,890,984)	(925,556)	0	0	(4,816,540)
52	G/F : BULK SERVICE REFUSE	(1,009,132)	(633,233)	0	0	(1,642,365)
53	G/F : BULK SERVICE ROADS	0	(1,450,438)	0	0	(1,450,438)
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)
58	SUB - TOTAL	(25,122,612)	(9,285,238)	16,835,451	0	(17,572,400)
59	OTHER: CONDITIONAL GRANTS					
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
64	SUB - TOTAL	(2,325,696)	0	38,501	0	(2,287,195)
65	TOTAL - CONDITIONAL GRANTS	(84,051,233)	(293,685,818)	183,193,098	99,744,620	(94,799,332)

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 R571,059,546 compared with the pro rata budgeted amount of R570,911,059 – an overspending of R148,487 or 0.03%.

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 (R798,242 or 3.10%) - over spending due to TASK implementation;
- Overtime Payments (R7,212,919 or 26.51%) – due to an increase in overtime payments compared to historical trends, refer to more detail on this expenditure below; and
- Standby Allowance (R931,163 or 10.60%) – due to an increase in standby payments compared to historical trends.

Recommendation

(8) The actual employee related cost expenditure of R571,059,546 compared with the pro rata budgeted expenditure of R570,911,059 relates to a negative variance of R148,487 or 0.03%.

TABLE 8 : EMPLOYEE RELATED COST AS AT 31 MAY 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	33,442,779	370,880,284	364,733,804	6,146,480	1.66%	39,269,670
2	Bonusses	24,913,050	30,993,267	1,221,764	11,761	29,786,177	27,996,546	1,789,631	6.01%	2,996,721
3	Leave Pay	4,339,238	7,175,957	597,996	1,661,766	6,577,956	5,514,191	1,063,765	16.17%	1,661,766
4	Performance Bonusses	958,485	958,485	79,874	0	878,614	0	878,614	100.00%	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	780,475	6,986,040	7,766,516	(780,475)	-11.17%	8,638,484
7	Overtime Payments	34,687,342	29,682,055	2,472,776	2,383,421	27,205,966	34,418,884	(7,212,919)	-26.51%	(4,736,829)
8	Subsidy House Loans	5,075,519	3,988,574	327,373	316,766	3,661,451	3,650,918	10,533	0.29%	337,656
9	Travel Allowances	16,127,291	28,096,451	2,341,382	1,992,523	25,755,202	26,553,444	(798,242)	-3.10%	1,543,007
10	Housing Allowance	933,777	896,637	61,271	67,830	835,417	794,165	41,252	4.94%	102,472
11	Acting Allowance	1,438,000	964,557	80,384	61,204	884,224	1,177,864	(293,640)	-33.21%	(213,307)
12	Standby Allowance	9,585,008	9,585,008	798,753	789,246	8,786,283	9,717,446	(931,163)	-10.60%	(132,438)
13	Night Shift Allowance	2,289,541	2,855,969	237,659	223,609	2,617,548	2,549,593	67,955	2.60%	306,376
14	Cell Allowance	1,312,530	2,459,067	203,204	312,038	2,255,980	2,401,682	(145,702)	-6.46%	57,385
15	Group Insurance	3,914,640	4,358,548	361,398	365,589	3,989,801	3,979,099	10,703	0.27%	379,449
16	Medical Aid Fund Contr	21,254,579	21,338,227	1,762,047	1,847,209	19,576,341	19,534,143	42,198	0.22%	1,804,084
17	Pension Fund Contr	52,428,780	59,308,913	4,929,690	4,948,182	54,379,471	54,419,819	(40,349)	-0.07%	4,889,094
18	Provident Fund Contr	2,414,442	3,109,482	259,125	271,192	2,850,375	2,896,611	(46,236)	-1.62%	212,871
19	Unemployment Insurance Fund Contr	3,220,863	3,276,553	272,840	260,334	3,003,928	2,954,819	49,109	1.63%	321,734
20	Totals	625,426,030	637,181,224	49,131,003	49,735,924	570,911,059	571,059,546	(148,487)	-0.03%	66,121,678

Actual Expenditure to date **571,059,546**
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 MAY 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	26,397	9,148	138,548	(129,400)	-1414.56%
6	Corporate Services	123,354	123,354	10,280	6,734	113,080	256,845	(143,765)	-127.14%
7	Community Services	13,138,310	12,040,930	1,003,413	1,131,522	11,037,543	13,737,366	(2,699,823)	-24.46%
8	Financial Services	609,525	609,525	50,795	12,809	558,745	644,999	(86,254)	-15.44%
9	Planning and Development	12,000	16,078	1,340	9,990	14,740	178,445	(163,705)	-1110.62%
10	Engineering Services	20,787,659	16,879,333	1,406,610	1,205,621	15,472,710	19,496,470	(4,023,760)	-26.01%
11	Totals	34,687,342	29,682,055	2,472,776	2,393,073	27,205,966	34,453,699	(7,247,733)	-26.64%

9. Debtors age analysis and payment rates

9.1 Debtors age analysis per service

The municipality's total outstanding debtors amounted to R304,934,364 as at 31 May 2019 compared with the R313,399,141 as at 30 April 2019. As reflected in Table 10 below, current debt represent 40.25% of the total outstanding debt compared with the 39.67% of April 2019; 30 days and older debt 5.31% compared with the 6.55% for April 2019; 60 days and older debt 3.41% compared with the 3.76% of April 2019; and 90 days and older debt 51.03% compared with the 50.02% of April 2019.

The debtors test ratio (before bad debt provision) shows an decrease of 1.1 days from 62.9 days in March 2019 to 61.8 days in April 2019 and a decrease of 1.7 days to 60.1 days in May 2019. The debtors test ratio (after bad debt provision) shows an decrease of 1.7 days from 47.2 days in March 2019 to 45.5 days in April 2019 and a decrease of 1.4 days to 44.1 days in May 2019. The acceptable norm is 45 days.

Current debt decreased with R1,588,893 to R122,737,305 compared with the R124,326,198 as at 30 April 2019; 30 days + debt decreased with R4,357,536 to R20,539,531; 60 days + debt decreased with R1,382,686 to R10,392,585 and 90 days and older debt as at 31 May 2019 has decreased with R1,135,662 to R155,622,479 compared with the R156,758,141 as at 30 April 2019.

TABLE 10 : DEBTORS AGE ANALYSIS PER SERVICE AS AT 31 MAY 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	35,343	17,968,531	1,991,930	1,044,547	15,099,869	36,140,221	11.85%
2	Water	12,435	16,444,711	5,778,429	4,510,130	61,717,247	88,462,952	29.01%
3	Electricity	2,476,877	68,858,087	4,361,057	1,750,910	18,441,677	95,888,609	31.45%
4	Sewerage	30,558	7,142,730	1,281,891	896,547	14,953,496	24,305,221	7.97%
5	Refuse	16,029	7,910,777	1,863,360	1,348,259	25,300,777	36,439,202	11.95%
6	Housing	-	515,701	369,426	362,619	7,480,428	8,728,174	2.86%
7	Others	93,888	1,231,638	535,901	479,573	12,628,984	14,969,985	4.91%
8	TOTAL	2,665,129	120,072,176	16,181,995	10,392,585	155,622,479	304,934,364	100.00%
	2019/05 % =	40.25%		5.31%	3.41%	51.03%	100.00%	
	2019/04 % =	39.67%		6.55%	3.76%	50.02%	100.00%	

Debtors owe the municipality property rates (11.85%); water (29.01%); electricity (31.45%); sewerage (7.97%); refuse (11.95%); housing (2.86%), and sundry debt (4.91%).

9.2 Debtors age analysis per debtor type

Agricultural debtors owes the municipality R14,622,543 (4.9%); business debtors R68,289,958 (23.3%); domestic debtors R194,435,265 (63.0%); government accounts R10,609,087 (3.5%); sundry accounts R16,977,511 (5.4%) and of the total outstanding debt of R304,934,364 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 MAY 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	18,880	8,829,356	446,903	495,886	4,831,518	14,622,543	4.9%
2	Bussiness	82,297	54,530,742	2,207,893	687,965	10,781,062	68,289,958	23.3%
3	Domestic	204,525	44,744,525	11,392,750	8,672,967	129,420,498	194,435,265	63.0%
4	Government	633	6,258,109	1,835,667	292,348	2,222,330	10,609,087	3.5%
5	Sundry Accounts	2,358,794	5,709,444	298,781	243,419	8,367,072	16,977,511	5.4%
6	TOTAL	2,665,129	120,072,176	16,181,995	10,392,585	155,622,479	304,934,364	100.0%

9.3 Debtors age analysis per ward

In Table 12 below the total outstanding debt of R313,399,141 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 (77.5%); ward 6 (88.8%); ward 7 (78.4%); ward 8 (89.8%); ward 9 (86.3%); ward 10 (65.7%); ward 11 (84.2%); ward 12 (86.4%); ward 13 (81.7%); ward 14 (88.7%); ward 16 (65.5%); ward 18 (52.6%); ward 20 (84.1%); ward 21 (89.0%); ward 22 (63.1%); ward 23 (59.8%); ward 24 (88.0%); ward 25 (58.7%); ward 26 (76.5%); ward 27 (88.9%); ward 30 (96.5%); ward 31 (92.3%); ward 32 (89.3%) and ward 33 (65.2%).

Wards that owes the municipality more than R10,000,000 monetary wise are ward 4 (R16,831,266); ward 9 (R12,647,348); ward 11 (R11,215,212); ward 15 (R17,545,461); ward 16 (R13,011,893); ward 17 (R13,190,857); ward 18 (R20,875,593); ward 19 (R19,574,278); ward 22 (R11,127,110); ward 28 (R16,956,919); ward 30 (R25,536,261); and ward 31 (R16,459,671).

Recommendation

- (9) Total outstanding debtors as at 31 May 2019 amounted to R304,934,364 and that 30 days and older debt constitutes 59.7% of total outstanding debtors.***
- (10) Domestic consumers owe the municipality R194,435,265 or 63.0% of the municipality's total debtor's book.***

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

WARD	CURRENT 1 (Levied but not billed as yet)	CURRENT 2 (Levied and billed)	30 DAYS +	60 DAYS +	90 DAYS +	TOTAL OUTSTANDING DEBT 31/05/2019	30 DAYS AND OLDER AS A % OF TOTAL DEBT	TOTAL OUTSTANDING DEBT 30/04/2019	INCREASE / (DECREASE)	WARD COUNCILLOR
COLUMN REFERENCE	A	B	C	D	E	F	G	H	I	J
1	3,166	7,099,407	641,618	94,559	1,766,164	9,604,914	26.1%	9,917,579	(312,665)	C KROUTZ
2	10,576	3,411,435	214,752	110,615	1,134,765	4,882,143	29.9%	5,406,934	(524,791)	HJ KOTZE
3	713	2,022,659	87,328	253,847	1,006,119	3,370,666	40.0%	3,951,110	(580,444)	WE SMIT
4	39,007	11,142,627	782,568	267,846	3,868,749	16,100,798	30.6%	16,831,266	(730,468)	J MILLER
5	844	1,243,958	359,424	259,735	3,666,923	5,530,885	77.5%	5,316,762	214,123	NP MBENENE
6	158	778,463	199,440	267,150	5,699,246	6,944,458	88.8%	6,655,000	289,458	TZ NQORO / NOMANA
7	3,398	753,445	269,412	191,121	2,282,654	3,500,030	78.4%	3,809,797	(309,767)	RB ARNOLDS
8	158	331,845	177,737	170,486	2,588,785	3,269,010	89.8%	3,210,433	58,578	N.ZIKHALI
9	6,776	1,691,883	578,851	473,333	9,604,900	12,355,744	86.3%	12,647,348	(291,604)	TC MANGENA
10	911	719,709	167,864	125,081	1,086,822	2,100,387	65.7%	2,109,413	(9,026)	C KEARNS
11	7,947	1,696,136	770,336	901,983	7,439,078	10,815,479	84.2%	11,215,212	(399,733)	AC STOWMAN
12	1,603	1,457,119	487,082	384,820	8,383,771	10,714,396	86.4%	9,946,696	767,700	MD NOBULA
13	1,043	543,675	181,424	119,573	2,127,226	2,972,940	81.7%	2,909,519	63,421	S ROSS
14	2,137	684,898	573,913	351,260	4,494,012	6,096,220	88.7%	6,094,410	11,810	J DE WET
15	58,691	13,220,351	560,656	281,003	1,949,722	16,070,422	17.4%	17,545,461	(1,475,039)	LW NIEHAUS
16	822	4,593,696	674,897	656,991	7,388,106	13,314,511	65.5%	13,011,893	302,618	DS BLANCKENBERG
17	46,884	8,949,762	498,410	233,078	2,559,757	12,287,892	26.8%	13,190,857	(902,965)	HJN MATTHEE
18	8,971	9,482,247	740,727	789,799	9,014,310	20,036,055	52.6%	20,875,593	(839,538)	AML BUCKLE
19	30,065	14,126,435	709,159	250,438	3,516,521	18,632,618	24.0%	19,574,278	(941,660)	TE BESTER
20	2,164	755,499	219,993	173,630	3,614,299	4,765,586	84.1%	4,864,378	(98,793)	PBA CUPIDO
21	0	589,018	290,928	246,670	4,245,232	5,371,849	89.0%	5,340,918	30,931	E GOUWS
22	5,144	4,039,275	692,333	523,142	5,714,267	10,974,160	63.1%	11,127,110	(152,950)	FP CUPIDO
23	2,949	1,691,190	285,449	131,000	2,104,492	4,215,080	59.8%	4,143,348	71,731	F JACOBS
24	0	504,416	215,360	123,825	3,351,800	4,195,401	88.0%	4,146,943	48,457	MM ADRIAANSE
25	633	2,435,953	438,626	197,204	2,833,556	5,905,972	58.7%	5,723,158	182,814	LT VAN NIEKERK
26	6,269	1,194,411	309,107	170,951	3,426,906	5,107,643	76.5%	5,069,458	38,186	JV ANDERSON
27	1,306	392,094	228,966	151,358	2,759,328	3,533,051	88.9%	3,453,198	79,853	VC BOOYSEN
28	48,044	11,028,988	1,747,650	355,941	2,886,355	16,066,976	31.1%	16,956,919	(889,943)	RH VAN NIEWENHUYZEN
29	7,702	3,090,582	407,840	285,730	2,400,326	6,192,180	50.0%	6,351,885	(159,705)	L WILLEMSE
30	1,606	814,601	631,841	740,149	21,166,397	23,354,594	96.5%	25,536,261	(2,181,667)	J SMIT
31	3,569	1,307,566	1,207,797	417,722	14,005,135	16,941,789	92.3%	16,459,671	482,118	GH FORD
32	844	643,495	357,732	461,059	4,567,938	6,031,069	89.3%	5,939,210	91,858	LV NZELE
33	1,998	1,345,448	352,162	128,152	2,043,483	3,871,243	65.2%	4,324,329	(453,085)	SE SEPTEMBER
SUNDRIES	2,359,032	6,289,890	120,612	103,335	925,334	9,798,203	11.7%	9,742,795	55,409	SUNDRIES
TOTAL	2,665,129	120,072,176	16,181,995	10,392,585	155,622,479	304,934,364	59.7%	313,399,141	(8,464,777)	

10. Creditors age analysis

The municipality's creditor's age analysis amounted to R1,905,525 as at 31 May 2019 as set out in Table 13 below. Creditors 30 days and older amount to R0.

Recommendation

(11) Outstanding creditors amounted to R1,905,525 as at 31 May 2019.

TABLE 13: CREDITORS AGE ANALYSIS AS AT 31 MAY 2019

SERIAL NUMBER	CREDITOR	CURRENT	30 DAYS +	60 DAYS +	90 DAYS +	TOTAL AS AT 31/05/2019
COLUMN REFERENCE	A	B	C	D	E	F
1	MUNSOFT (PTY) LTD	1,883,473	0	0	0	1,883,473
2	PARK AVENUE STATIONERS (CAPE) CC T/A PARK AV	1,034	14574	0	4644	20,252
3	PAARL GLAS/GLASFIT	1,800	0	0	0	1,800
		1,886,307	14,574	0	4,644	1,905,525

11. Bank, cash, overdraft balances and investments

The municipality's primary and secondary bank accounts reconciles as at 31 May 2019 as can be seen in table 14 below. The primary bank account showed a negative cashbook balance of R78,379,928 at the end of May 2019 whilst the actual bank balance was a positive R5,462,709.

TABLE 14: BANK RECONCILIATION AS AT 31 MAY 2019

SERIAL NUMBER	DESCRIPTION	FNB Primary Account 62702310385	FNB Billing & Sundry Receipt Account 62702312349	FNB Traffic Account 62071526514	FNB Motor Vehicle Licencing Account 62804637570	TOTALS
COLUMN REFERENCE	A	B	C	D	E	F
1	Cashbook balance - beginning of the month	(2,116,520)	(4,803,443)	0	0	(6,919,963)
2	Add: Receipts	88,008,409	79,992,913	784,460	698,143	169,483,925
3	Add: Investment withdrawn	0	0	0	0	0
4	Less: Payments	(240,922,306)	(22,160)	576	0	(240,943,890)
5	Less: Investments made	0	0	0	0	0
6	Add/Less: Sweeping of Balance	86,957,312	(85,474,266)	(784,903)	(698,143)	0
7	Add/Less: Adjustments	0	0	0	0	0
8	Cashbook balance - end of period of the month	(68,073,106)	(10,306,955)	134	0	(78,379,928)
9	Balance as per bank statement	5,462,709	0	0	0	5,462,709
10	Add: Transactions receipt on cash book, but not reflecting on bank statement					
11	Cashier receipts not yet banked	1,180,711	0	0	0	1,180,711
12	Third party receipts received but not banked: Easy pay	352,911	0	0	0	352,911
13	ACB (Automatic Clearing Bureau) post dated receipts	535,995	0	0	0	535,995
14	Cancelled Sundry/EFT payments	1,674,437	0	0	0	1,674,437
15	Direct deposit/Transfer in cash book	(1,597,537)	7,605	134	0	(1,589,798)
16	Less: Payments issued in cash book, but not reflecting on bank statement					
17	Cheque payments	(696,201)	0	0	0	(696,201)
18	Sundry/EFT payments	(2,513,817)	0	0	0	(2,513,817)
19	ACB (Automatic Clearing Bureau) payments/System generated payments	(70,411,770)	0	0	0	(70,411,770)
20	Less: Transactions on bank statement, but not reflecting in cashbook					
21	Electronic transfers received in bank statement not yet receipted	(1,518,473)	(10,314,560)	0	0	(11,833,033)
22	ACB issued and cancelled after month-end	(2,752)				(2,752)
23	Cheques issued and cancelled after month-end	(539,319)	0	0	0	(539,319)
24	Balance as per cash book	(68,073,106)	(10,306,955)	134	0	(78,379,928)

Surplus cash is invested on a daily basis. The municipality's investments as at 31 May 2019 is as set out in Table 15 below. The municipality started the beginning of the month with total investments of R256,508,786 and after investments made (R0), withdrawn (R0) and interest capitalised (R1,203,707) closed with an investments balance of R257,712,494 at the five listed local banks and at Eskom where we do have some shares.

TABLE 15 : INVESTMENTS AS AT 31 MAY 2019

SERIAL NUMBER	BANK	BALANCE AT 30 APRIL 2019	INVESTMENTS MADE	INVESTMENTS WITHDRAWN	INTEREST CAPITALISED	BALANCE AT 31 MAY 2019	INTEREST ACCRUED	INTEREST EARNED YEAR-TO-DATE	INTEREST RATE
COLUMN REFERENCE	A	B	C	D	E	G	H	I	J
1	ABSA BANK	8,985,985	0	0	48,377	9,034,362	50,258	873,996	6.550%
2	ABSA BANK	14,457,705	0	0	80,211	14,537,916	83,344	977,712	6.750%
3	ABSA BANK	14,198,174	0	0	78,771	14,276,944	81,848	960,179	6.750%
4	ABSA BANK	14,274,250	0	0	79,193	14,353,443	82,287	964,283	6.750%
5	ABSA BANK	9,204,171	0	0	49,551	9,253,722	51,479	848,236	6.550%
6	ABSA BANK	45,000,000	0	0	0	45,000,000	276,216	0	7.000%
7	FNB	1,262,131	0	0	7,632	1,269,763	0	80,121	7.190%
8	FNB	0	0	0	0	0	0	32,989	6.600%
9	INVESTEC	50,161,533	0	0	293,359	50,454,892	0	454,892	6.650%
10	NEDBANK	(0)	0	0	0	(0.00)	0	210,205	7.750%
11	NEDBANK	(0)	0	0	0	(0)	0	339,726	7.750%
12	NEDBANK	0	0	0	0	0	0	292,493	7.850%
13	STANDARD BANK	1,558,043	0	0	8,932	1,566,975	0	1,328,728	6.750%
14	STANDARD BANK	414,816	0	0	2,378	417,194	0	24,603	6.750%
15	STANDARD BANK	1,360,559	0	0	7,800	1,368,359	0	80,696	6.750%
16	STANDARD BANK	164,849	0	0	945	165,794	0	165,794	6.750%
17	STANDARD BANK	78,665	0	0	451	79,116	0	79,116	6.750%
18	STANDARD BANK	40,259,142	0	0	230,801	40,489,943	0	489,943	6.750%
19	STANDARD BANK	55,000,000	0	0	315,308	55,315,308	0	315,308	6.750%
20	ESKOM	128,762	0	0	0	128,762	0	15,120	13.500%
21	GRAND TOTAL	256,508,786	0	0	1,203,707	257,712,494	625,431	8,534,141	7.24%

Recommendation

(12) The primary bank account had a positive bank balance at 31 May 2019 which amounted to R5,462,709.

(13) Total investments in cash and shares amounted to R257,712,494 as at 31 May 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 (R1,935,149,684) and the pro rata budgeted operating revenue (R1,934,942,172) has a positive variance of R207,512 or 0.01%.
- (2) The variance between the actual operating expenditure (R1,752,701,698) and the pro rata budgeted operating expenditure (R1,782,689,163) has a positive variance of R29,987,465 or 1.68%.
- (3) The actual capital expenditure of R424,146,725 and the pro rata budgeted capital expenditure of R468,121,365 realised underspending of R43,974,639 or 9.39%.
- (4) Actual capital expenditure of R424,146,725 represents 68.93% of the total capital budget of R615,303,550 after eleven months of the financial year.
- (5) The actual and committed capital expenditure of R575,144,247 compared with the capital expenditure budget of R468,121,365 represent a spending percentage of 93.47% after eleven months of the financial year.
- (6) External borrowings amounted to R1,651,669,562 as at 31 May 2019 and that it represents 79.62% 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 R94,799,332 at the end of May 2019.

- (8) The actual employee related cost expenditure of R571,059,546 compared with the pro rata budgeted expenditure of R570,911,059 relates to a negative variance of R148,487 or 0.03%.
 - (9) Total outstanding debtors as at 31 May 2019 amounted to R304,934,364 and that 30 days and older debt constitutes 59.7% of total outstanding debtors.
 - (10) Domestic consumers owe the municipality R194,435,265 or 63.0% of the municipality's total debtor's book.
 - (11) Outstanding creditors amounted to R1,905,525 as at 31 May 2019.
 - (12) The primary bank account had a positive bank balance at 31 May 2019 which amounted to R5,462,709.
 - (13) Total investments in cash and shares amounted to R257,712,494 as at 31 May 2019 at the five local banks and Eskom.
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