



**DRAKENSTEIN**  
MUNISIPALITEIT • MUNICIPALITY • UMASIPALA  
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# Monthly Budget Monitoring Report (Section 71 of MFMA)

Period ending: 30 April 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 April 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 'CP' monogram to the left.

**CONRAD POOLE**  
**EXECUTIVE MAYOR**  
16 May 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 April 2019.

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



DR JH LEIBBRANDT

CITY MANAGER

16 May 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 (R1,835,373,454) compares favourably with the pro rata budgeted figure (R1,829,307,961) – a positive variance of R6,065,493 or 0.33% at month end.

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

- Service Charges: Water (R2,820,113 or 1.78%) – due to lower water consumption compared to the previous year's trends and growth in the indigent subsidies recognised as revenue forgone; and
- Rental of facilities and equipment (R809,480 or 14.53%) - the rental of facilities pro-rata budget is based on historical trends and thus resulting in less revenue being received than anticipated.

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

- Service Charges: Sanitation (R2,481,842 or 2.57%) – the service charges for sanitation is based on historical trends and thus resulting in more revenue being received than anticipated;
- Interest earned - external investments (R1,319,220 or 13.19%) – the interest earned is based on historical trends and thus resulting in more revenue being received than anticipated;
- Licences and Permits (R167,508 or 5.53%) – the licences and permit income is based on historical trends and thus resulting in more revenue being received as anticipated; and
- Operational Revenue (R4,812,376 or 18.71%) – 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 (R1,835,373,454) and the pro rata budgeted operating revenue (R1,829,307,961) has a positive variance of R6,065,493 or 0.33%.**

TABLE 1: ACTUAL REVENUE PER REVENUE SOURCE FOR APRIL 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	(124,706)	(144,488)	275,260,279	275,522,327	262,048	0.10%	459,699
2	Service Charges : Electricity	1,066,320,982	1,020,423,516	80,547,014	80,798,320	850,946,236	850,775,050	(171,186)	-0.02%	169,648,466
3	Service Charges : Water	246,100,090	181,585,138	13,901,619	11,570,373	158,695,857	155,875,744	(2,820,113)	-1.78%	25,709,394
4	Service Charges : Sanitation	108,044,289	94,551,214	(1,074,964)	(1,806,477)	96,489,231	98,971,073	2,481,842	2.57%	(4,419,859)
5	Service Charges : Cleansing	111,452,497	102,520,640	(2,871,530)	(2,533,564)	108,832,966	109,677,230	844,264	0.78%	(7,156,590)
6	Rental of facilities and equipment	3,726,209	3,838,762	333,028	(152,562)	5,572,706	4,763,226	(809,480)	-14.53%	(924,464)
7	Interest earned - external investments	22,000,000	12,000,000	1,000,000	1,175,774	10,000,000	11,319,220	1,319,220	13.19%	680,780
8	Interest earned - outstanding debtors	15,977,643	11,630,075	534,361	892,790	9,035,968	9,404,014	368,046	4.07%	2,226,061
9	Fines, penalties and forfeits	69,847,415	98,222,246	57,781	56,218	41,314,440	41,822,102	507,662	1.23%	56,400,144
10	Licences and Permits	4,640,127	4,079,285	244,648	295,849	3,026,654	3,194,162	167,508	5.53%	885,123
11	Ner: Transfers and Subsidies : Operational	265,112,381	258,835,527	2,565,938	973,153	152,584,565	152,008,623	(575,942)	-0.38%	106,826,904
12	Operational Revenue	30,023,667	29,308,593	1,794,662	7,326,314	25,724,005	30,536,381	4,812,376	18.71%	(1,227,788)
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>96,907,851</b>	<b>98,451,698</b>	<b>1,737,482,906</b>	<b>1,743,869,152</b>	<b>6,386,246</b>	<b>0.37%</b>	<b>388,948,523</b>
15	Ner : Transfers and Subsidies : Capital	84,933,000	172,122,425	2,340,971	3,944,952	91,825,055	91,504,302	(320,753)	-0.35%	80,618,123
16	<b>Total Operating Revenue (Capital Grants Included)</b>	<b>2,334,259,048</b>	<b>2,304,940,100</b>	<b>99,248,822</b>	<b>102,396,650</b>	<b>1,829,307,961</b>	<b>1,835,373,454</b>	<b>6,065,493</b>	<b>0.33%</b>	<b>469,566,646</b>
<b>Actual Revenue to date</b>										<b>1,835,373,454</b>
<b>Projected Revenue for 2018/2019</b>										<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 R1,601,692,621 compares favourably with the pro rata budgeted expenditure of R1,646,168,683 – a positive variance of R44,476,062 or 2.70%.

**TABLE 2: ACTUAL OPERATIONAL EXPENDITURE PER VOTE FOR APRIL 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	290,953	4,457,012	3,066,521	1,390,490	31.20%	2,204,178.56
2	Department of Internal Audit	8,132,711	8,421,992	616,424	560,654	7,165,041	6,935,050	229,992	3.21%	1,486,942.43
3	Department of Risk And Fraud	2,694,163	2,399,360	181,118	226,479	1,818,533	1,997,519	(178,987)	-9.84%	401,840.57
4	Department of Communication	5,534,452	5,112,595	379,381	458,678	4,279,402	3,416,239	863,163	20.17%	1,696,355.97
5	Department of IDP/PMS	6,110,139	5,163,262	330,398	674,206	4,406,991	4,050,123	356,868	8.10%	1,113,138.54
6	Corporate Services	137,049,122	152,210,574	7,961,264	9,663,563	105,981,532	101,836,103	4,145,429	3.91%	50,374,471
7	Community Services	492,933,606	458,033,204	32,400,111	18,942,475	287,000,201	263,586,703	23,413,497	8.16%	194,446,501
8	Financial Services	109,476,590	132,271,217	10,207,373	9,981,848	90,021,985	85,390,200	4,631,785	5.15%	46,881,017
9	Planning and Development	61,890,148	58,663,145	4,337,091	4,230,231	46,882,892	44,446,577	2,436,315	5.20%	14,216,568
10	Engineering Services	1,506,249,201	1,472,826,891	104,111,112	90,804,922	1,094,155,095	1,086,967,585	7,187,510	0.66%	385,859,306
11	<b>Totals</b>	<b>2,334,692,570</b>	<b>2,300,372,940</b>	<b>160,917,281</b>	<b>135,834,009</b>	<b>1,646,168,683</b>	<b>1,601,692,621</b>	<b>44,476,062</b>	<b>2.70%</b>	<b>698,680,319</b>

Actual Expenditure to date	<u>1,601,692,621</u>
Projected Expenditure for 2018/2019	<u>2,300,372,940</u>

#### **Recommendation**

**(2) The variance between the actual operating expenditure (R1,601,692,621) and the pro rata budgeted operating expenditure (R1,646,168,683) has a positive variance of R44,476,062 or 2.70%.**



#### 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 (R1,601,692,621) do compares favourably with the pro rata budgeted figures (R1,646,168,683) – a positive variance of R44,476,062 or 2.70% at month end.

**TABLE 3: ACTUAL OPERATIONAL EXPENDITURE PER EXPENDITURE CATEGORY FOR APRIL 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	47,544,401	521,780,056	521,323,622	456,434	0.09%	115,857,602
2	Remuneration of councillors	31,229,363	30,147,397	488,683	2,482,034	24,986,341	24,902,358	83,983	0.34%	5,245,039
3	Debt Impairment	102,409,320	137,548,663	5,041,000	4,183,430	69,898,540	69,286,346	612,194	0.88%	68,262,317
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	13,482,083	12,030,739	118,744,757	120,051,743	(1,306,986)	-1.10%	32,033,849
7	Bulk Purchases Water	22,655,849	5,620,034	200,000	371,194	2,682,550	2,838,192	(155,642)	-5.80%	2,781,842
8	Bulk Purchases: Electricity	689,784,051	676,241,051	50,458,347	49,413,088	506,312,119	505,332,238	979,882	0.19%	170,908,813
9	Contracted Services	293,276,792	243,225,015	34,891,439	15,223,149	155,024,394	116,941,991	38,082,403	24.57%	126,283,024
10	Transfers and Subsidies	20,563,462	24,206,462	103,083	1,289,351	20,184,174	20,527,564	(343,389)	-1.70%	3,678,898
11	Inventory	51,193,184	39,300,147	2,352,153	3,271,944	31,740,858	31,089,386	651,472	2.05%	8,210,761
12	Operating Leases	22,712,631	27,058,995	1,917,137	3,197,534	22,144,957	23,769,021	(1,624,064)	-7.33%	3,289,974
13	Operational Cost	129,194,353	92,257,988	2,852,353	(3,172,853)	72,833,358	65,791,614	7,041,744	9.67%	26,466,374
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	<b>TOTALS</b>	<b>2,334,692,570</b>	<b>2,300,372,940</b>	<b>160,917,281</b>	<b>135,834,009</b>	<b>1,646,168,683</b>	<b>1,601,692,621</b>	<b>44,476,062</b>	<b>2.70%</b>	<b>698,680,319</b>
							<b>Actual Expenditure to date</b>		<b>1,601,692,621</b>	
							<b>Projected Expenditure for 2018/2019</b>		<b>2,300,372,939</b>	

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

- Contracted Services (R38,082,403 or 24.57%) - due to contractors not being paid as per budget trends; and
- Operational Cost (R7,041,744 or 9.67%) – is due to the recalculation of provision for landfill sites and resulted in an decrease in expenditure needed to be provided for.

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

- Operating Leases (R1,624,064 or 7.33%) – due to more payments made than anticipated based on historical budget trends; and
- Bulk Water Purchases (R155,642 or 5.80%) – 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 R547,178,018 compares unfavourably with the pro rata budgeted capital expenditure of R413,085,333 as per the cash flow projections of the SDBIP with a variance or underspending of R33,999,621 or 8.23%. 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 61.77% of the total capital budget of R613,680,090 after ten months of the financial year. Actual and recorded committed capital expenditure (R547,178,018) represents 89.16% of the total capital budget of R613,680,090 after ten months of the financial year.

**TABLE 4: ACTUAL CAPITAL EXPENDITURE PER VOTE FOR APRIL 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	0	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	10,377,919	66,541	165,364	5,705,374	3,913,348	4,680,663	8,594,011	(1,024,710)	-17.96%	5,697,256
7	Community Services	85,811,237	122,301,493	12,932,872	8,932,096	73,291,922	32,629,355	45,435,709	78,065,063	(27,856,213)	-38.01%	76,865,784
8	Financial Services	1,000,000	1,515,009	96,750	57,655	1,511,509	417,424	624,969	1,042,394	(886,540)	-58.65%	890,040
9	Planning and Development	4,600,000	1,181,399	200,000	46,707	1,026,130	279,763	458,681	738,444	(567,449)	-55.30%	722,718
10	Engineering Services	355,687,340	477,969,764	42,022,987	38,483,390	331,465,893	130,852,416	327,826,184	458,678,600	(3,639,709)	-1.10%	150,143,580
11	<b>TOTALS</b>	<b>454,790,366</b>	<b>613,680,090</b>	<b>55,319,149</b>	<b>47,685,212</b>	<b>413,085,333</b>	<b>168,092,306</b>	<b>379,085,712</b>	<b>547,178,018</b>	<b>(33,999,621)</b>	<b>-8.23%</b>	<b>234,594,378</b>
						% of Approved Budget =	<b>27.39%</b>	<b>61.77%</b>	<b>89.16%</b>	Actual Expenditure to date		<b>379,085,712</b>
						Actual Capex as a % of Pro Rata Budget =	<b>91.77%</b>		Projected Expenditure for 2018/2019		<b>613,680,090</b>	

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

**TABLE 5: ACTUAL CAPITAL EXPENDITURE PER FUNDING SOURCE FOR APRIL 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	390,251,904	34,308,229	28,271,909	259,302,713	87,809,954	239,606,412	327,416,366	(19,696,301)	-7.60%	150,645,492
2	CRR	48,448,618	65,939,571	5,257,973	6,785,094	43,534,871	12,635,197	37,367,004	50,002,201	(6,167,867)	-14.17%	28,572,567
3	GRANTS	74,506,956	157,488,615	15,752,948	12,628,209	110,247,749	67,647,155	102,112,296	169,759,451	(8,135,453)	-7.38%	55,376,319
4	TOTALS	454,790,366	613,680,090	55,319,149	47,685,212	413,085,333	168,092,306	379,085,712	547,178,018	(33,999,621)	-8.23%	234,594,378

Actual Expenditure to date 379,085,712

Projected Expenditure for 2018/2019 613,680,090

### **Recommendation**

**(3) The actual capital expenditure of R379,085,712 and the pro rata budgeted capital expenditure of R413,085,333 realised underspending of R33,999,621 or 8.23%.**

**(4) Actual capital expenditure of R379,085,712 represents 61.77% of the total capital budget of R613,680,090 after ten months of the financial year.**

**(5) The actual and committed capital expenditure of R547,178,018 compared with the capital expenditure budget of R613,680,090 represent a spending percentage of 89.16% after ten 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 R1,553,284,092 and after repayments (R0) were made and additional loans (R0) were taken up, the total borrowings outstanding as at 30 April 2019 amounts to R1,553,284,092. This borrowing debt represents 74.87% 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 R1,553,284,092 as at 30 April 2019 and that it represents 74.87% 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 APRIL 2019

SERIAL NUMBER	EXTERNAL LOANS PROVIDERS	INTEREST RATES	TERM ENDING	OPENING BALANCE 01/04/2019	CAPITAL REDEEMED	NEW LOANS TAKEN UP	CLOSING BALANCE 30/04/2019
COLUMN REFERENCE	A	B	C	D	E	F	G
1	DBSA	11.47%	2019	3,992,725	0	0	3,992,725
2	DBSA	6.75%	2019	821,745	0	0	821,745
3	NEDBANK	8.63%	2019	2,449,168	0	0	2,449,168
4	ABSA BANK	9.15%	2019	2,087,289	0	0	2,087,289
6	ABSA BANK	9.40%	2020	1,818,458	0	0	1,818,458
7	ABSA BANK	9.21%	2020	4,594,066	0	0	4,594,066
8	STANDARD BANK	10.40%	2020	10,783,516	0	0	10,783,516
9	STANDARD BANK	9.36%	2020	2,227,602	0	0	2,227,602
10	STANDARD BANK	9.63%	2021	4,504,568	0	0	4,504,568
11	STANDARD BANK	9.87%	2023	12,792,636	0	0	12,792,636
12	NEDBANK	10.64%	2021	25,971,496	0	0	25,971,496
13	STANDARD BANK	10.26%	2021	2,933,469	0	0	2,933,469
14	NEDBANK	9.14%	2022	56,308,895	0	0	56,308,895
15	STANDARD BANK	9.68%	2022	3,420,210	0	0	3,420,210
16	STANDARD BANK	10.08%	2023	33,157,184	0	0	33,157,184
17	DBSA	10.03%	2024	60,219,430	0	0	60,219,430
18	DBSA	9.79%	2025	393,149,716	0	0	393,149,716
19	DBSA	10.82%	2025	232,192,264	0	0	232,192,264
20	DBSA	10.28%	2029	100,000,000	0	0	100,000,000
21	NEDBANK	9.93%	2025	149,003,480	0	0	149,003,480
22	STANDARD BANK	10.12%	2027	450,856,175	0	0	450,856,175
<b>23</b>	<b>TOTALS</b>			<b>1,553,284,092</b>	<b>0</b>	<b>0</b>	<b>1,553,284,092</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 R293,409,566 were received to date. Operating grants expenditure to the amount of R182,223,925 and capital grants expenditure to the amount of R91,504,100 was spent and recorded as utilised at the end of April 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 April 2019 is R103,732,773.

### Recommendation

(7) *Unspent conditional and unconditional grants amounted to R103,732,773 at the end of April 2019.*

**TABLE 7: CONDITIONAL GRANTS**

SERIAL NUMBER	DESCRIPTION	OPENING BALANCE 1 APRIL 2019	OTHER INCOME	OPERATIONAL EXPENDITURE DURING THE YEAR	CAPITAL EXPENDITURE DURING THE YEAR	BALANCE AS ON 30 APRIL 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	23,670,252	(10,813,748)
7	G/F : FINANCE MANAGEMENT GRANT	0	(1,550,000)	918,279	0	(631,721)
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	350,803	(5,387,201)
<b>12</b>	<b>SUB - TOTAL</b>	<b>(516,371)</b>	<b>(46,429,000)</b>	<b>5,351,434</b>	<b>24,021,055</b>	<b>(17,572,882)</b>

## ANNEXURE A

SERIAL NUMBER	DESCRIPTION	OPENING BALANCE 1 APRIL 2019	OTHER INCOME	OPERATIONAL EXPENDITURE DURING THE YEAR	CAPITAL EXPENDITURE DURING THE YEAR	BALANCE AS ON 30 APRIL 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 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)	6,104,133	0	3,426,050
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	(10,672,000)	0	0	(10,672,000)
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	15,312,789	(6,303,171)
40	G/F : GRANT	0	(615,000)	52,000	0	(563,000)
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)	(1,155,170)	0	0	(1,886,078)
<b>44</b>	<b>SUB - TOTAL</b>	<b>(56,086,555)</b>	<b>(99,488,831)</b>	<b>23,174,389</b>	<b>67,483,046</b>	<b>(64,917,952)</b>



## ANNEXURE A

SERIAL NUMBER	DESCRIPTION	OPENING BALANCE 1 APRIL 2019	OTHER INCOME	OPERATIONAL EXPENDITURE DURING THE YEAR	CAPITAL EXPENDITURE DURING THE YEAR	BALANCE AS ON 30 APRIL 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	16,141,603	0	1,807,730
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>16,141,603</b>	<b>0</b>	<b>(18,954,744)</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>(293,409,566)</b>	<b>182,223,925</b>	<b>91,504,100</b>	<b>(103,732,773)</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 R521,323,622 compared with the pro rata budgeted amount of R521,780,056 – an underspending of R456,434 or 0.09%.

### 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 (R1,147,101 or 4.90%) – over spending due to TASK implementation;
- Overtime Payments (R7,302,274 or 29,52%) – due to an increase in overtime payments compared to historical trends, refer to more detail on this expenditure below; and
- Standby Allowance (R940,671 or 11.78%) – due to an increase in standby payments compared to historical trends.

### *Recommendation*

***(8) The actual employee related cost expenditure of R521,323,622 compared with the pro rata budgeted expenditure of R521,780,056 relates to a positive variance of R456,434 or 0.09%.***

TABLE 8 : EMPLOYEE RELATED COST AS AT 30 APRIL 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	32,217,876	337,756,816	331,291,025	6,465,791	1.91%	72,712,449
2	Bonusses	24,913,050	30,993,267	1,221,764	12,795	28,564,414	27,984,785	579,629	2.03%	3,008,482
3	Leave Pay	4,339,238	7,175,957	597,996	597,996	5,979,960	3,852,425	2,127,535	35.58%	3,323,532
4	Performance Bonusses	958,485	958,485	79,874	0	798,740	0	798,740	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	807,671	6,986,040	6,986,040	0	0.00%	9,418,960
7	Overtime Payments	34,687,342	29,682,055	2,472,776	2,577,456	24,733,190	32,035,464	(7,302,274)	-29.52%	(2,353,409)
8	Subsidy House Loans	5,075,519	3,988,574	327,373	321,881	3,334,078	3,334,152	(73)	0.00%	654,422
9	Travel Allowances	16,127,291	28,096,451	2,341,382	1,963,889	23,413,820	24,560,921	(1,147,101)	-4.90%	3,535,530
10	Housing Allowance	933,777	896,637	61,271	67,633	774,147	726,334	47,812	6.18%	170,303
11	Acting Allowance	1,438,000	964,557	80,384	51,608	803,840	1,116,660	(312,820)	-38.92%	(152,103)
12	Standby Allowance	9,585,008	9,585,008	798,753	754,650	7,987,530	8,928,201	(940,671)	-11.78%	656,807
13	Night Shift Allowance	2,289,541	2,855,969	237,659	229,772	2,379,890	2,325,985	53,905	2.27%	529,984
14	Cell Allowance	1,312,530	2,459,067	203,204	233,753	2,052,776	2,089,644	(36,868)	-1.80%	369,423
15	Group Insurance	3,914,640	4,358,548	361,398	365,556	3,628,403	3,613,510	14,893	0.41%	745,038
16	Medical Aid Fund Contr	21,254,579	21,338,227	1,762,047	1,856,183	17,814,294	17,686,935	127,359	0.71%	3,651,292
17	Pension Fund Contr	52,428,780	59,308,913	4,929,690	4,958,658	49,449,781	49,471,637	(21,856)	-0.04%	9,837,276
18	Provident Fund Contr	2,414,442	3,109,482	259,125	265,870	2,591,250	2,625,420	(34,170)	-1.32%	484,062
19	Unemployment Insurance Fund Contr	3,220,863	3,276,553	272,840	261,153	2,731,088	2,694,485	36,602	1.34%	582,068
20	<b>Totals</b>	<b>625,426,030</b>	<b>637,181,224</b>	<b>49,131,003</b>	<b>47,544,401</b>	<b>521,780,056</b>	<b>521,323,622</b>	<b>456,434</b>	<b>0.09%</b>	<b>115,857,602</b>

Actual Expenditure to date **521,323,622**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 30 APRIL 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	3,350	8,810	112,150	(103,341)	-1173.06%
6	Corporate Services	123,354	123,354	10,280	18,349	102,800	250,112	(147,312)	-143.30%
7	Community Services	13,138,310	12,040,930	1,003,413	1,197,507	10,034,130	12,605,844	(2,571,714)	-25.63%
8	Financial Services	609,525	609,525	50,795	11,947	507,950	632,190	(124,240)	-24.46%
9	Planning and Development	12,000	16,078	1,340	19,723	13,400	168,455	(155,055)	-1157.12%
10	Engineering Services	20,787,659	16,879,333	1,406,610	1,326,580	14,066,100	18,265,687	(4,199,587)	-29.86%
11	<b>Totals</b>	<b>34,687,342</b>	<b>29,682,055</b>	<b>2,472,776</b>	<b>2,577,456</b>	<b>24,733,190</b>	<b>32,035,464</b>	<b>(7,302,274)</b>	<b>-29.52%</b>

## 9. Debtors age analysis and payment rates

### 9.1 Debtors age analysis per service

The municipality's total outstanding debtors amounted to R313,399,141 as at 30 April 2019 compared with the R319,275,792 as at 31 March 2019. As reflected in Table 10 below, current debt represent 39.67% of the total outstanding debt compared with the 41.04% of March 2019; 30 days and older debt 6.55% compared with the 5.97% for March 2019; 60 days and older debt 3.76% compared with the 3.88% of March 2019; and 90 days and older debt 50.02% compared with the 49.10% of March 2019.

The debtors test ratio (before bad debt provision) shows an increase of 1.5 days from 61.5 days in February 2019 to 63 days in March 2019 and a decrease of 1.2 days to 61.8 days in April 2019. The debtors test ratio (after bad debt provision) shows an increase of 0.9 days from 46.3 days in February 2019 to 47.2 days in March 2019 and a decrease of 1.2 days to 46 days in April 2019. The acceptable norm is 45 days.

Current debt increased with R6,707,312 to R124,326,198 compared with the R131,033,510 as at 31 March 2019; 30 days + debt increased with R1,471,232 to R20,539,531; 60 days + debt decreased with R625,081 to R11,775,271 and 90 days and older debt as at 30 April 2019 has decreased with R15,489 to R156,758,141 compared with the R156,773,630 as at 31 March 2019.

TABLE 10 : DEBTORS AGE ANALYSIS PER SERVICE AS AT 30 APRIL 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	5,980	18,695,004	2,261,083	1,134,034	15,877,946	37,974,046	12.12%
2	Water	63,673	16,628,412	6,232,524	5,345,572	62,094,216	90,364,397	28.83%
3	Electricity	54,652	71,213,854	7,718,222	2,332,878	18,887,619	100,207,225	31.97%
4	Sewerage	1,142	7,364,560	1,337,557	953,201	14,903,371	24,559,830	7.84%
5	Refuse	1,625	8,135,131	1,939,890	1,458,709	25,077,962	36,613,317	11.68%
6	Housing	-	542,203	397,047	287,824	7,313,809	8,540,882	2.73%
7	Others	47,380	1,572,583	653,208	263,054	12,603,219	15,139,444	4.83%
8	<b>TOTAL</b>	<b>174,451</b>	<b>124,151,747</b>	<b>20,539,531</b>	<b>11,775,271</b>	<b>156,758,141</b>	<b>313,399,141</b>	<b>100.00%</b>
	2019/04 % =	<b>39.67%</b>		<b>6.55%</b>	<b>3.76%</b>	<b>50.02%</b>	<b>100.00%</b>	
	2019/03 % =	<b>41.04%</b>		<b>5.97%</b>	<b>3.88%</b>	<b>49.10%</b>	<b>100.00%</b>	

Debtors owe the municipality property rates (12.12%); water (28.83%); electricity (31.97%); sewerage (7.84%); refuse (11.68%); housing (2.73%), and sundry debt (4.83%).

## 9.2 Debtors age analysis per debtor type

Agricultural debtors owes the municipality R15,288,584 (4.9%); business debtors R72,993,802 (23.3%); domestic debtors R197,390,644 (63.0%); government accounts R10,827,886 (3.5%); sundry accounts R16,898,225 (5.4%) and of the total outstanding debt of R313,399,141 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 30 APRIL 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	19,086	9,191,885	755,610	361,864	4,960,139	<b>15,288,584</b>	4.9%
2	Bussiness	4,621	57,539,216	3,136,229	1,291,866	11,021,868	<b>72,993,802</b>	23.3%
3	Domestic	150,149	46,149,827	12,380,097	8,945,615	129,764,956	<b>197,390,644</b>	63.0%
4	Government	0	6,146,740	1,497,964	445,623	2,737,559	<b>10,827,886</b>	3.5%
5	Sundry Accounts	596	5,124,078	2,769,630	730,302	8,273,618	<b>16,898,225</b>	5.4%
<b>6</b>	<b>TOTAL</b>	<b>174,451</b>	<b>124,151,747</b>	<b>20,539,531</b>	<b>11,775,271</b>	<b>156,758,141</b>	<b>313,399,141</b>	<b>100.0%</b>

### 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 (78.1%); ward 6 (91.9%); ward 7 (79.9%); ward 8 (87.9%); ward 9 (84.1%); ward 10 (69.5%); ward 11 (83.4%); ward 12 (91.9%); ward 13 (83.6%); ward 14 (85.8%); ward 16 (66.6%); ward 18 (51.6%); ward 20 (82.8%); ward 21 (88.2%); ward 22 (65.0%); ward 23 (60.8%); ward 24 (86.9%); ward 25 (59.1%); ward 26 (76.0%); ward 27 (88.0%); ward 30 (96.7%); ward 31 (89.0%); ward 32 (90.5%) and ward 33 (70.5%).

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 30 April 2019 amounted to R313,399,141 and that 30 days and older debt constitutes 60.3% of total outstanding debtors.***
- (10) Domestic consumers owe the municipality R197,390,644 or 63.0% of the municipality's total debtor's book.***



TABLE 12: OUTSTANDING DEBTORS PER WARD AS AT 30 APRIL 2019

WARD	CURRENT 1 (Levied but not billed as yet)	CURRENT 2 (Levied and billed)	30 DAYS +	60 DAYS +	90 DAYS +	TOTAL OUTSTANDING DEBT 30/04/2019	30 DAYS AND OLDER AS A % OF TOTAL DEBT	TOTAL OUTSTANDING DEBT 31/03/2019	INCREASE / (DECREASE)	WARD COUNCILLOR
COLUMN REFERENCE	A	B	C	D	E	F	G	H	I	J
1	0	7,416,273	516,994	332,920	1,651,392	9,917,579	25.2%	11,001,057	(1,083,479)	C KROUTZ
2	1,495	3,735,365	347,629	126,491	1,195,954	5,406,934	30.9%	6,145,218	(738,284)	HJ KOTZE
3	0	2,501,722	316,362	97,491	1,035,535	3,951,110	36.7%	5,429,039	(1,477,928)	WE SMIT
4	11,118	11,577,952	1,022,114	351,468	3,868,614	16,831,266	31.1%	17,564,023	(732,757)	J MILLER
5	0	1,163,196	340,307	573,702	3,239,558	5,316,762	78.1%	5,271,576	45,186	NP MBENENE
6	7,298	529,298	284,540	244,914	5,588,951	6,655,000	91.9%	6,704,070	(49,070)	TZ NQORO / NOMANA
7	0	767,287	319,153	208,553	2,514,804	3,809,797	79.9%	3,923,891	(114,094)	RB ARNOLDS
8	0	388,375	182,039	213,963	2,426,056	3,210,433	87.9%	3,210,635	(203)	N.ZIKHALI
9	608	2,006,050	552,140	629,616	9,458,934	12,647,348	84.1%	12,244,352	402,996	TC MANGENA
10	4,587	638,167	276,097	109,480	1,081,081	2,109,413	69.5%	2,293,852	(184,440)	C KEARNS
11	1,748	1,863,192	1,441,341	419,374	7,489,558	11,215,212	83.4%	10,968,868	246,343	AC STOWMAN
12	754	808,992	449,849	451,227	8,235,874	9,946,696	91.9%	11,952,030	(2,005,334)	MD NOBULA
13	0	475,930	195,234	124,046	2,114,309	2,909,519	83.6%	2,945,873	(36,354)	S ROSS
14	4,237	858,788	455,856	413,989	4,361,539	6,094,410	85.8%	5,837,685	256,725	J DE WET
15	3,981	13,784,877	1,018,393	562,501	2,175,709	17,545,461	21.4%	17,856,612	(311,151)	LW NIEHAUS
16	0	4,339,948	758,038	987,639	6,926,269	13,011,893	66.6%	13,027,325	(15,432)	DS BLANCKENBERG
17	753	9,601,054	626,046	264,580	2,698,424	13,190,857	27.2%	13,822,866	(632,009)	HJN MATTHEE
18	22,076	10,077,559	1,177,661	327,347	9,270,950	20,875,593	51.6%	22,155,902	(1,280,310)	AML BUCKLE
19	633	15,215,469	530,093	261,035	3,567,048	19,574,278	22.3%	20,218,099	(643,821)	TE BESTER
20	4,467	833,378	285,335	178,502	3,562,697	4,864,378	82.8%	4,980,634	(116,255)	PBA CUPIDO
21	0	631,167	303,627	166,798	4,239,325	5,340,918	88.2%	5,380,975	(40,057)	E GOUWS
22	1,972	3,896,375	911,868	458,618	5,858,277	11,127,110	65.0%	11,398,134	(271,024)	FP CUPIDO
23	753	1,622,165	246,621	185,077	2,088,732	4,143,348	60.8%	4,311,552	(168,204)	F JACOBS
24	0	542,342	149,401	145,342	3,309,859	4,146,943	86.9%	4,174,700	(27,757)	MM ADRIAANSE
25	3,749	2,336,240	342,505	169,111	2,871,553	5,723,158	59.1%	5,208,399	514,759	LT VAN NIEKERK
26	19,021	1,197,280	257,545	223,612	3,371,999	5,069,458	76.0%	4,999,931	69,526	JV ANDERSON
27	0	416,081	192,298	143,022	2,701,797	3,453,198	88.0%	3,364,323	88,875	VC BOOYSEN
28	21,672	11,630,087	1,735,059	382,956	3,187,145	16,956,919	31.3%	17,920,212	(963,293)	RH VAN NIEWENHUYZEN
29	645	3,201,500	446,491	272,575	2,430,673	6,351,885	49.6%	6,501,397	(149,512)	L WILLEMSE
30	0	835,896	801,569	782,538	23,116,259	25,536,261	96.7%	25,386,307	149,954	J SMIT
31	56,410	1,750,968	489,497	696,303	13,466,492	16,459,671	89.0%	16,645,371	(185,700)	GH FORD
32	5,647	559,715	577,496	339,958	4,456,394	5,939,210	90.5%	5,898,779	40,431	LV NZELE
33	75	1,275,055	440,453	307,802	2,300,943	4,324,329	70.5%	4,455,869	(131,540)	SE SEPTEMBER
SUNDRIES	753	5,674,003	2,549,880	622,721	895,438	9,742,795	41.8%	6,076,232	3,666,563	SUNDRIES
<b>TOTAL</b>	<b>174,451</b>	<b>124,151,747</b>	<b>20,539,531</b>	<b>11,775,271</b>	<b>156,758,141</b>	<b>313,399,141</b>	<b>60.3%</b>	<b>319,275,791</b>	<b>(5,876,650)</b>	

## 10. Creditors age analysis

The municipality's creditor's age analysis amounted to R7,204,383 as at 30 April 2019 as set out in Table 13 below. Creditors 30 days and older amount to R0.

### Recommendation

(11) *Outstanding creditors amounted to R7,204,383 as at 30 April 2019.*

**TABLE 13: CREDITORS AGE ANALYSIS AS AT 30 APRIL 2019**

SERIAL NUMBER	CREDITOR	CURRENT	30 DAYS +	60 DAYS +	90 DAYS +	TOTAL AS AT 30/04/2019
COLUMN REFERENCE	A	B	C	D	E	F
1	BASELINE CIVIL CONTRACTORS PTY LTD	2,328,866	0	0	0	2,328,866
2	ACG ARCHITECTS PTY LTD	132,480	0	0	0	132,480
3	ALVEO WATER (PTY) LTD	1,311,078	0	0	0	1,311,078
4	BERGRIVIER BESPROEING BK	1,614	0	0	0	1,614
5	BOUDEL MOTORS PTY LTD T/A THORP PAARL	7,660	0	0	0	7,660
6	F LUKE T/A SUPREME ELECTRICAL SUPPLIES	3,491	0	0	0	3,491
7	FOWKES BROS (PTY) LTD	3,133	0	0	0	3,133
8	HHG ALLEY T/A H&S PANELBEATING CENTRE	23,935	0	0	0	23,935
9	LESEDI RETICULATION PTY LTD	10,209	0	0	0	10,209
10	MARCE FIRE FIGHTING TECHNOLOGY (PTY) LTD	14,720	0	0	0	14,720
11	BIDVEST MCCARTHY	1,847	0	0	0	1,847
12	MOMOTHEKA TRADE 1011CC	1,316,855	0	0	0	1,316,855
13	PAARL SLOOTGRAWEDIENS BK	106,352	0	0	0	106,352
14	ROYAL HASKONINGDHV PTY. LTD	132,620	0	0	0	132,620
15	STARTUNE PTY LTD	282,652	0	0	0	282,652
16	SIZWE AFRICA IT GROUP PTY LTD	88,555	0	0	0	88,555
17	SPARKS & ELLIS PTY LTD T/A SPARKS AND ELLIS	2,151	0	0	0	2,151
18	SUMMERLANE TRADING 222 CC T/A FEEDRITE ENGIN	6,656	0	0	0	6,656
19	TAFELBERG MEUBELWINKELS BPK	2,049	0	0	0	2,049
20	TO-NETT'S VERHURINGS CC T/A TO-NETT'S VERHUR	500	0	0	0	500
21	TOPS CONSTRUCTION CC	436,905	0	0	0	436,905
22	UDS AFRICA PROFESSIONAL SERVICES PROVIDER AN	641,629	0	0	0	641,629
23	BIDVEST WALTONS (PTY) LTD	283,888	0	0	0	283,888
24	WELLINGTON PAINT & HARDWARE	22,223	0	0	0	22,223
25	WILMAR BOUHANDELAAR EDMS BPK	13,239	0	0	0	13,239
26	WORTH IT ENGINEERING SUPPLIES T/A HYDRALIFT	8,970	0	0	0	8,970
27	XERACOTE CC T/A OLYMPIA INTERNATIONAL PAINTS	20,107	0	0	0	20,107
		<b>7,204,383</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,204,383</b>

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

The municipality's primary and secondary bank accounts reconciles as at 30 April 2019 as can be seen in table 14 below. The primary bank account showed a negative cashbook balance of R6,919,963 at the end of April 2019 whilst the actual bank balance was a positive R71,375,891.

**TABLE 14: BANK RECONCILIATION AS AT 30 APRIL 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>29,691,434</b>	<b>(5,912,864)</b>	<b>0</b>	<b>0</b>	<b>23,778,570</b>
2	Add: Receipts	227,967,465	81,631,839	863,413	141,475	<b>310,604,191</b>
3	Less: Payments	(341,263,993)	(22,715)	(15,926)	(90)	<b>(341,302,724)</b>
4	Add/Less: Sweeping of Balance	81,488,573	(80,499,702)	(847,487)	(141,385)	<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>(2,116,520)</b>	<b>(4,803,443)</b>	<b>0</b>	<b>0</b>	<b>(6,919,963)</b>
7	<b>Less: Amounts receipt but not yet banked</b>					
8	Cash receipts via cashier points	(2,403,359)	0	0	0	<b>(2,403,359)</b>
9	Third party receipts: Easy pay	(329,859)	0	0	0	<b>(329,859)</b>
10	<b>Add: Payments/cheques issued but not yet cashed</b>					
11	Cheques	1,979,563	0	0	0	<b>1,979,563</b>
12	Debit order	17,575,483	0	0	0	<b>17,575,483</b>
13	EFT payment	56,111,434	0	0	0	<b>56,111,434</b>
14	Direct transfers	24,327	4,811,048	0	0	<b>4,835,376</b>
15	<b>Add: Non-cash related transfers</b>					
16	Direct deposits transfers	527,217	0	0	0	<b>527,217</b>
17	<b>Balance as per bank statement</b>	<b>71,368,285.87</b>	<b>7,605</b>	<b>0</b>	<b>0</b>	<b>71,375,891</b>

Surplus cash is invested on a daily basis. The municipality's investments as at 30 April 2019 is as set out in Table 15 below. The municipality started the beginning of the month with total investments of R145,921,858 and after investments made (R150,000,000), withdrawn (R40,292,493) and interest capitalised (R879,421) closed with an investments balance of R256,508,786 at the five listed local banks and at Eskom where we do have some shares.

TABLE 15 : INVESTMENTS AS AT 30 APRIL 2019

SERIAL NUMBER	BANK	BALANCE AT 31 MARCH 2019	INVESTMENTS MADE	INVESTMENTS WITHDRAWN	INTEREST CAPITALISED	BALANCE AT 30 APRIL 2019	INTEREST ACCRUED	INTEREST EARNED YEAR-TO-DATE	INTEREST RATE
COLUMN REFERENCE	A	B	C	D	E	G	H	I	J
1	ABSA BANK	8,936,220	0	0	49,765	8,985,985	48,377	825,619	6.750%
2	ABSA BANK	14,375,203	0	0	82,502	14,457,705	80,211	897,502	6.750%
3	ABSA BANK	14,117,153	0	0	81,021	14,198,174	78,771	881,408	6.750%
4	ABSA BANK	14,192,795	0	0	81,455	14,274,250	79,193	885,091	6.750%
5	ABSA BANK	9,153,198	0	0	50,974	9,204,171	49,551	798,685	6.750%
6	ABSA BANK	0	45,000,000	0	0	45,000,000	0	0	7.000%
7	FNB	1,254,759	0	0	7,373	1,262,131	0	72,489	7.190%
8	FNB	0	0	0	0	0	0	32,989	6.600%
9	INVESTEC	161,533	50,000,000	0	0	50,161,533	9,992	161,533	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	40,000,000	0	(40,292,493)	292,493	0	0	292,493	7.850%
13	STANDARD BANK	1,549,732	0	0	8,311	1,558,043	0	1,319,796	6.750%
14	STANDARD BANK	412,603	0	0	2,213	414,816	0	22,225	6.750%
15	STANDARD BANK	1,353,302	0	0	7,258	1,360,559	0	72,896	6.750%
16	STANDARD BANK	163,970	0	0	879	164,849	0	164,849	6.750%
17	STANDARD BANK	78,245	0	0	420	78,665	0	78,665	6.750%
18	STANDARD BANK	40,044,384	0	0	214,759	40,259,142	0	259,142	6.750%
19	STANDARD BANK	0	55,000,000	0	0	55,000,000	0	0	6.750%
20	ESKOM	128,762	0	0	0	128,762	0	15,120	13.500%
21	<b>GRAND TOTAL</b>	<b>145,921,858</b>	<b>150,000,000</b>	<b>(40,292,493)</b>	<b>879,421</b>	<b>256,508,786</b>	<b>346,094</b>	<b>7,330,434</b>	<b>7.26%</b>

### Recommendation

(12) *The primary bank account had a positive bank balance at 30 April 2019 which amounted to R71,375,891.*

(13) *Total investments in cash and shares amounted to R256,508,786 as at 30 April 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 (R1,835,373,454) and the pro rata budgeted operating revenue (R1,829,307,454) has a positive variance of R6,065,493 or 0.33%.
- (2) The variance between the actual operating expenditure (R1,601,692,621) and the pro rata budgeted operating expenditure (R1,646,168,683) has a positive variance of R44,476,062 or 2.70%.
- (3) The actual capital expenditure of R379,085,712 and the pro rata budgeted capital expenditure of R413,085,333 realised underspending of R33,999,621 or 8.23%.
- (4) Actual capital expenditure of R379,085,712 represents 61.77% of the total capital budget of R613,680,090 after ten months of the financial year.
- (5) The actual and committed capital expenditure of R547,178,018 compared with the capital expenditure budget of R613,680,090 represent a spending percentage of 89.16% after ten months of the financial year.
- (6) External borrowings amounted to R1,553,284,092 as at 30 April 2019 and that it represents 74.87% 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 R103,732,773 at the end of April 2019.

- (8) The actual employee related cost expenditure of R521,323,622 compared with the pro rata budgeted expenditure of R521,780,056 relates to a positive variance of R456,434 or 0.09%.
  - (9) Total outstanding debtors as at 30 April 2019 amounted to R313,399,141 and that 30 days and older debt constitutes 60.3% of total outstanding debtors.
  - (10) Domestic consumers owe the municipality R197,390,644 or 63.0% of the municipality's total debtor's book.
  - (11) Outstanding creditors amounted to R7,204,383 as at 30 April 2019.
  - (12) The primary bank account had a positive bank balance at 30 April 2019 which amounted to R71,375,891.
  - (13) Total investments in cash and shares amounted to R256,508,786 as at 30 April 2019 at the five local banks and Eskom.
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