



DRAKENSTEIN
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Monthly Budget Monitoring Report (Section 71 of MFMA)

Period ending: 31 January 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 January 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', written in a cursive style.

CONRAD POOLE
EXECUTIVE MAYOR
14 February 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 January 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. H. LEIBBRANDT
CITY MANAGER

14 February 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 (R1,468,192,985) compares unfavourably with the pro rata budgeted figure (R1,501,398,841) – a negative variance of R33,205,856 or 2.21% at month end. Corrections will be made in the February 2019 adjustments budget.

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

- Service Charges: Property Rates (R6,625,477 or 2.35%) – due to adjustments made from the supplementary valuation roll implementation and growth in the indigent subsidies recognised as revenue forgone;
- Service Charges: Electricity (R13,041,965 or 2.12%) – due to load shedding and lower sales of electricity compared to previous year trends and growth in the indigent subsidies recognised as revenue forgone;
- Service Charges: Water (R26,204,399 or 19.11%) – due to lower water consumption compared to the previous year's trends and growth in the indigent subsidies recognised as revenue forgone. An increase in consumption is expected due to the change in water restriction levels from level 6 to level 3;
- Service charges: Sanitation (R4,183,463 or 3.94%) – due to less additional revenue being received than anticipated and growth in the indigent subsidies recognised as revenue forgone;
- Interest earned: outstanding debtors (R2,348,676 or 25.72%) – 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; and
- Interest earned: external investments (R720,746 or 8.06%) – due to less available surplus funds invested and therefore less interest earned.

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

- Rental of facilities and equipment (R3,110,105 or 143.08%) – the rental of facilities pro-rate budget is based on historical trends and thus resulting in more revenue being received than anticipated;
- Fines, penalties and forfeits (R6,561,765 or 18.77%) – the traffic fines were recalculated and according to the new information available the revenue earned is more than the revenue initially anticipated; and
- Operational Revenue (R1,393,331 or 7.95%) – direct revenue is based on historical trends and thus resulting in more revenue being received than anticipated.

Recommendation

(1) The variance between the actual operating revenue (R1,468,192,985) and the pro rata budgeted operating revenue (R1,501,398,841) has a negative variance of R33,205,856 or 2.21%.

TABLE 1: ACTUAL REVENUE PER REVENUE SOURCE FOR JANUARY 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	305,830,748	10,003,391	(276,279)	281,604,992	274,979,515	(6,625,477)	-2.35%	30,851,233
2	Service Charges : Electricity	1,066,320,982	1,066,320,982	87,542,196	80,372,567	616,357,810	603,315,844	(13,041,965)	-2.12%	463,005,138
3	Service Charges : Water	246,100,090	246,100,090	18,541,907	11,757,898	137,092,628	110,888,229	(26,204,399)	-19.11%	135,211,861
4	Service Charges : Sanitation	108,044,289	108,044,289	(1,073,455)	(2,071,466)	106,301,651	102,118,189	(4,183,463)	-3.94%	5,926,100
5	Service Charges : Cleansing	111,452,497	111,452,497	(1,912,900)	(2,951,168)	116,428,249	116,613,050	184,800	0.16%	(5,160,553)
6	Rental of facilities and equipment	3,726,209	3,726,209	310,517	(221,211)	2,173,622	5,283,727	3,110,105	143.08%	(1,557,518)
7	Interest earned - external investments	22,000,000	22,000,000	957,119	1,301,336	8,946,982	8,226,236	(720,746)	-8.06%	13,773,764
8	Interest earned - outstanding debtors	15,977,643	15,977,643	1,585,942	1,002,379	9,132,884	6,784,207	(2,348,676)	-25.72%	9,193,436
9	Fines, penalties and forfeits	69,847,415	69,847,415	0	285,289	34,967,130	41,528,895	6,561,765	18.77%	28,318,520
10	Licences and Permits	4,640,127	4,640,127	356,816	483,163	2,292,711	2,379,580	86,868	3.79%	2,260,547
11	Ner: Transfers and Subsidies : Operational	265,112,381	260,127,381	199,012	11,209,853	98,724,655	97,527,143	(1,197,511)	-1.21%	162,600,238
12	Operational Revenue	30,023,667	30,023,667	2,502,403	2,053,421	17,516,389	18,909,719	1,393,331	7.95%	11,113,948
13	Gains and Losses	250,000	250,000	0	0	0	0	0	0.00%	250,000
14	Total Operating Revenue	2,249,326,048	2,244,341,048	119,012,947	102,945,782	1,431,539,701	1,388,554,334	(42,985,367)	-3.00%	855,786,714
15	Ner : Transfers and Subsidies : Capital	84,933,000	145,089,943	6,552,861	17,495,691	69,859,140	79,638,652	9,779,512	14.00%	65,451,291
16	Total Operating Revenue (Capital Grants Included)	2,334,259,048	2,389,430,991	125,565,808	120,441,473	1,501,398,841	1,468,192,985	(33,205,856)	-2.21%	921,238,006
Actual Revenue to date										1,468,192,985
Projected Revenue for 2018/2019										2,389,430,991

3. Actual operating expenditure per vote

The actual operating expenditure per vote is set out in Table 2 below. Total actual operating expenditure of R1,174,332,420 compares unfavourably with the pro rata budgeted expenditure of R1,170,393,862 – a negative variance of R3,938,558 or 0.34%.

TABLE 2: ACTUAL OPERATIONAL EXPENDITURE PER VOTE FOR JANUARY 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	4,638,438	300,041	390,283	2,152,038	2,170,224	(18,186)	-0.85%	2,468,214.04
2	Department of Internal Audit	8,132,711	8,132,711	517,577	1,040,636	4,638,866	5,278,037	(639,171)	-13.78%	2,854,674.49
3	Department of Risk And Fraud	2,694,163	2,694,163	146,534	274,684	1,173,837	1,260,519	(86,682)	-7.38%	1,433,643.92
4	Department of Communication	78,147	78,147	6,512	0	45,586	1,372	44,213	96.99%	76,774.60
5	Department of IDP/PMS	6,110,139	6,110,139	868,363	475,886	3,389,364	2,699,001	690,362	20.37%	3,411,137.55
6	Corporate Services	172,625,709	173,738,089	13,559,145	15,308,636	90,561,873	85,285,702	5,276,171	5.83%	88,452,387
7	Community Services	410,746,439	404,169,695	24,073,217	42,352,043	220,256,706	217,760,910	2,495,795	1.13%	186,408,785
8	Financial Services	107,635,185	108,647,888	7,178,104	8,924,829	63,739,093	61,774,640	1,964,453	3.08%	46,873,248
9	Planning and Development	250,604,411	245,569,716	9,668,870	12,595,285	77,051,212	70,012,723	7,038,490	9.13%	175,556,993
10	Engineering Services	1,371,443,228	1,375,928,584	94,532,359	73,438,621	707,385,289	728,089,293	(20,704,004)	-2.93%	647,839,291
11	Totals	2,334,692,570	2,329,707,570	150,850,723	154,800,902	1,170,393,862	1,174,332,420	(3,938,558)	-0.34%	1,155,375,150
Actual Expenditure to date										1,174,332,420
Projected Expenditure for 2018/2019										2,329,707,570

Recommendation

(2) The variance between the actual operating expenditure (R1,174,332,420) and the pro rata budgeted operating expenditure (R1,170,393,862) has a negative variance of R3,938,558 or 0.34%.

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 (R1,174,332,420) do compares unfavourably with the pro rata budgeted figures (R1,170,393,862) – a negative variance of R3,938,558 or 0.34% at month end.

TABLE 3: ACTUAL OPERATIONAL EXPENDITURE PER EXPENDITURE CATEGORY FOR JANUARY 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	626,495,030	47,632,686	97,527,691	360,590,416	377,863,633	(17,273,218)	-4.79%	248,631,397
2	Remuneration of councillors	31,229,363	31,229,363	3,093,118	2,337,137	17,187,765	16,202,111	985,654	5.73%	15,027,252
3	Debt Impairment	42,850,549	42,850,549	3,570,879	(28,963,057)	24,996,154	24,996,154	0	0.00%	17,854,395
4	Depreciation and Amortisation	201,673,156	201,673,156	0	0	100,836,578	99,837,077	999,501	0.99%	101,836,079
5	Impairment Losses	57,558,771	57,558,771	0	0	28,779,386	32,965,005	(4,185,619)	-14.54%	24,593,767
6	Interest Paid	144,574,379	144,574,379	12,047,865	12,393,868	84,335,054	83,233,269	1,101,786	1.31%	61,341,110
7	Bulk Purchases Water	22,655,849	21,643,146	652,232	481,146	3,282,550	1,910,827	1,371,722	41.79%	19,732,319
8	Bulk Purchases: Electricity	689,784,051	689,784,051	49,865,087	45,157,220	354,991,162	352,935,155	2,056,007	0.58%	336,848,896
9	Contracted Services	293,276,792	280,646,037	18,090,632	11,768,378	83,506,456	77,523,729	5,982,727	7.16%	203,122,308
10	Transfers and Subsidies	20,563,462	23,608,502	2,413,333	722,348	16,583,032	16,596,142	(13,110)	-0.08%	7,012,360
11	Inventory	51,193,184	44,199,353	3,822,975	3,037,319	23,380,467	21,764,349	1,616,118	6.91%	22,435,004
12	Operating Leases	22,712,631	26,339,430	2,367,232	2,649,523	13,156,754	15,406,831	(2,250,077)	-17.10%	10,932,599
13	Operational Cost	129,194,353	137,105,803	7,294,684	7,689,329	58,768,089	53,098,138	5,669,951	9.65%	84,007,665
14	Loss On Sale of Assets	2,000,000	2,000,000	0	0	0	0	0	0.00%	2,000,000
15	TOTALS	2,334,692,570	2,329,707,570	150,850,723	154,800,902	1,170,393,862	1,174,332,420	(3,938,558)	-0.34%	1,155,375,150
Actual Expenditure to date										1,174,332,420
Projected Expenditure for 2018/2019										2,329,707,569

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

- Remuneration of councillors (R985,654 or 5.73%) – expenditure is less than anticipated due to change in the employment of certain councillors;
- Bulk Water Purchases (R1,371,722 or 41.79%) – it should be noted that we receive free water units first before we start paying for the water usage;
- Bulk Purchases: Electricity (R2,056,007 or 0.58%) – 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;
- Contracted Services (R5,982,727 or 7.16%) – due to contractors not being paid as per budget trends;
- Inventory (R1,616,118 or 6.91%) – various inventory expenditure line items (i.e. petrol and diesel; housing inventory, tyres; chemicals, etc.) of various departments are underspent for the month; and
- Operational Cost (R5,669,951 or 9.65%) – the budgeted trends are based on historical information and therefore may differ from month to month;

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

- Employee Related Cost (R17,273,218 or 4.79%) – due to TASK implementation and overspending on overtime and standby;
- Impairment losses (R4,185,619 or 14.54%) – traffic fines revenue recalculation led to an increase in traffic fines impairment losses; and
- Operating Leases (R2,250,077 or 17.10%) – due to more payments made than anticipated based on historical budget trends.

5. Actual capital expenditure per vote and funding source

The actual capital expenditure per vote is set out in Table 4 below. The actual capital expenditure of R272,098,102 compares unfavourably with the pro rata budgeted capital expenditure of R301,889,780 as per the cash flow projections of the SDBIP with a variance or underspending of R29,791,679 or 9.87%. 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 41.52% of the total capital budget of R655,355,450 after seven months of the financial year. Actual and recorded committed capital expenditure (R533,241,307) represents 81.37% of the total capital budget of R655,355,450 after seven months of the financial year.

TABLE 4: ACTUAL CAPITAL EXPENDITURE PER VOTE FOR JANUARY 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	60,000	0	0	60,000	0	55,120	55,120	(4,880)	0.00%	4,880
3	Department of Risk And Fraud	0	0	0	0	0	0	0	0	0	0.00%	0
4	Department of Communication	0	0	0	0	0	0	0	0	0	0.00%	0
5	Department of IDP/PMS	0	0	0	0	0	0	0	0	0	0.00%	0
6	Corporate Services	12,591,789	15,263,113	1,004,286	504,739	11,241,684	3,889,701	8,527,352	12,417,052	(2,714,333)	-24.15%	6,735,761
7	Community Services	72,011,237	89,992,011	5,828,095	1,423,842	34,062,986	23,876,648	15,103,701	38,980,349	(18,959,284)	-55.66%	74,888,310
8	Financial Services	1,000,000	1,016,850	30,388	0	547,238	369,931	536,114	906,045	(11,123)	-2.03%	480,736
9	Planning and Development	21,400,000	52,015,049	1,763,610	1,270,710	16,762,938	8,412,066	12,743,438	21,155,504	(4,019,501)	-23.98%	39,271,611
10	Engineering Services	347,037,340	497,008,427	28,477,990	42,159,794	239,214,934	224,594,860	235,132,376	459,727,237	(4,082,558)	-1.71%	261,876,051
11	TOTALS	454,040,366	655,355,450	37,104,368	45,359,084	301,889,780	261,143,205	272,098,102	533,241,307	(29,791,679)	-9.87%	383,257,348
						% of Approved Budget = 39.85%		41.52%		81.37% Actual Expenditure to date		272,098,102
						Actual Capex as a % of Pro Rata Budget = 90.13%		90.13% Projected Expenditure for 2018/2019				655,355,450

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

TABLE 5: ACTUAL CAPITAL EXPENDITURE PER FUNDING SOURCE FOR JANUARY 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	331,084,792	451,012,836	28,784,244	35,961,677	196,019,319	205,392,463	170,009,660	375,402,123	(26,009,660)	-13.27%	281,003,176
2	CRR	48,448,618	73,886,481	3,169,639	6,384,415	28,215,402	23,709,313	24,380,323	48,089,635	(3,835,080)	-13.59%	49,506,158
3	GRANTS	74,506,956	130,456,133	5,150,485	3,012,992	77,655,059	32,041,429	77,708,119	109,749,548	53,060	0.07%	52,748,014
4	TOTALS	454,040,366	655,355,450	37,104,368	45,359,084	301,889,780	261,143,205	272,098,102	533,241,307	(29,791,679)	-9.87%	383,257,348
Actual Expenditure to date											272,098,102	
Projected Expenditure for 2018/2019											655,355,450	

Recommendation

- (3) The actual capital expenditure of R272,098,102 and the pro rata budgeted capital expenditure of R301,889,780 realised underspending of R29,791,679 or 9.87%.**
- (4) Actual capital expenditure of R272,098,102 represents 41.52% of the total capital budget of R655,355,450 after seven months of the financial year.**
- (5) The actual and committed capital expenditure of R533,241,307 compared with the capital expenditure budget of R655,355,450 represent a spending percentage of 81.37% after seven months of the financial year.**

6 Actual borrowings

The municipality's position on external loans is set out in Table 6 below. The municipality started the month with borrowing debt of R1,502,820,773 and after repayments (R81,556,811) were made and additional loans (R0) were taken up, the total borrowings outstanding as at 31 January 2019 amounts to R1,421,263,962. This borrowing debt represents 59.55% of our total operating budgeted revenue of R2,386,574,991 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 R1,421,263,962 as at 31 January 2019 and that it represents 59.55% of Drakenstein's total budgeted operating revenue of R2,386,574,991 for the 2018/2019 financial year.

TABLE 6: ACTUAL BORROWINGS FOR JANUARY 2019

SERIAL NUMBER	EXTERNAL LOANS PROVIDERS	INTEREST RATES	TERM ENDING	OPENING BALANCE 01/01/2019	CAPITAL REDEEMED	NEW LOANS TAKEN UP	CLOSING BALANCE 31/01/2019
COLUMN REFERENCE	A	B	C	D	E	F	G
1	DBSA	11.47%	2019	7,761,136	3,768,412	0	3,992,725
2	DBSA	6.75%	2019	1,615,709	793,965	0	821,745
3	NEDBANK	8.63%	2019	4,797,292	2,348,124	0	2,449,168
4	ABSA BANK	9.15%	2019	4,082,523	1,995,234	0	2,087,289
5	STANDARD BANK	9.94%	2019	1,253,374	0	0	1,253,374
6	ABSA BANK	9.40%	2020	2,371,312	552,854	0	1,818,458
7	ABSA BANK	9.21%	2020	5,991,944	1,397,877	0	4,594,066
8	STANDARD BANK	10.40%	2020	14,022,276	3,238,760	0	10,783,516
9	STANDARD BANK	9.36%	2020	2,902,649	675,048	0	2,227,602
10	STANDARD BANK	9.63%	2021	5,250,000	745,432	0	4,504,568
11	STANDARD BANK	9.87%	2023	13,806,715	1,014,079	0	12,792,636
12	NEDBANK	10.64%	2021	30,401,391	4,429,895	0	25,971,496
13	STANDARD BANK	10.26%	2021	3,580,717	0	0	3,580,717
14	NEDBANK	9.14%	2022	63,016,130	6,707,235	0	56,308,895
15	STANDARD BANK	9.68%	2022	3,820,293	400,083	0	3,420,210
16	STANDARD BANK	10.08%	2023	36,011,538	2,854,355	0	33,157,184
17	DBSA	10.03%	2024	64,210,091	3,990,661.05	0	60,219,430
18	DBSA	9.79%	2025	455,925,319	11,714,321	0	444,210,998
19	DBSA	10.82%	2025	242,943,155	10,750,891	0	232,192,264
20	NEDBANK	9.93%	2025	156,975,040	7,971,560	0	149,003,480
21	STANDARD BANK	10.12%	2027	382,082,167	16,208,026	0	365,874,141
22	TOTALS			1,502,820,773	81,556,811	0	1,421,263,962

7. Allocations received and actual expenditure on allocations received

The municipality's position with regard to grant allocations received and the actual expenditure on the grant allocations received are set out in Table 7 below. Unconditional grants (equitable share) and conditional grants (FMG; MSIG; housing grants; INEP, library grant, MIG, etcetera) to the value of R197,717,896 were received to date. Operating grants expenditure to the amount of R130,290,509 and capital grants expenditure to the amount of R75,900,652 was spent and recorded as utilised at the end of January 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 January 2019 is R75,577,969.

Recommendation

(7) Unspent conditional and unconditional grants amounted to R75,577,969 at the end of January 2019.

TABLE 7: CONDITIONAL GRANTS

SERIAL NUMBER	DESCRIPTION	OPENING BALANCE 1 JANUARY 2019	OTHER INCOME	OPERATIONAL EXPENDITURE DURING THE YEAR	CAPITAL EXPENDITURE DURING THE YEAR	BALANCE AS ON 31 JANUARY 2018
COLUMN REFERENCE	A	B	C	D	E	F
1	CONDITIONAL GRANTS					
2	NATIONAL: EQUITABLE SHARE					
3	G/F : INDIGENT POLICY FUNDS	1	(103,138,000)	98,645,941	0	(4,492,058)
4	SUB - TOTAL	1	(103,138,000)	98,645,941	0	(4,492,058)
5	NATIONAL TREASURY					
6	G/F : MUNICIPAL INFRASTRUCTURE GRANT (MIG)	0	(19,060,000)	0.00	12,361,264	(6,698,736)
7	G/F : FINANCE MANAGEMENT GRANT	0	(1,550,000)	894,458.24	0	(655,542)
8	G/F : EPWP GRANT	0	(3,104,000)	0	0	(3,104,000)
9	G/F : ELECTRICITY DEMAND SIDE GRANT	(155)	0	0	0	(155)
10	G/F : COMMUNITY DEV WORKER (CDW)	(516,212)	0	0	0	(516,212)
11	G/F : ELECTRIFICATION FUNDING	(4)	(5,738,000)	0.00	3,738,000	(2,000,004)
12	SUB - TOTAL	(516,371)	(29,452,000)	894,458	16,099,264	(12,974,649)
13	PROVINCIAL TREASURY					
14	G/F : N-GOV: HUMAN SETTLEM CAPACITY GRT SCH 5B	(300,000)	0	0	0	(300,000)
15	G/F : HUMAN SETTLEMENT DEVEL	(90,000)	0	0	0	(90,000)
16	G/F : SILVERTOWN	(60,000)	0	60,000	0	0
17	G/F : 1068 HUISE WDR SKENKING	(604,713)	0	0	0	(604,713)

ANNEXURE A

SERIAL NUMBER	DESCRIPTION	OPENING BALANCE 1 JANUARY 2019	OTHER INCOME	OPERATIONAL EXPENDITURE DURING THE YEAR	CAPITAL EXPENDITURE DURING THE YEAR	BALANCE AS ON 31 JANUARY 2018
COLUMN REFERENCE	A	B	C	D	E	F
18	G/F : DROMMEDARIS	0	(2,309,368)	5,385,882	0	3,076,514
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	0	0	(60,000)
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)	0	0	0	(2,000)
29	G/F : GOUDA INCOME	(762,363)	0	0	0	(762,363)
30	G/F : VLAKKELAND	(10,572,401)	(17,325,000.00)	0	9,420,065	(18,477,336)
31	G/F : GRANT	0	(10,000,000)	0	0	(10,000,000)
32	G/F : DALIOSAPHAT TRANSFERS	(453,180)	0	0	0	(453,180)
33	G/F : AMSTELHOF PROJECT 35	(10,348)	0	0	0	(10,348)
34	G/F : LIBRARY GRANT	(57,295)	(21,736,000)	7,192,617	4,839,957	(9,760,721)
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	0	0	33,043,478	33,043,678
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	11,368,930	(10,247,030)
40	G/F : GRANT	0	(360,000)	0	0	(360,000)
41	G/F : SPORT	(4,919)	0	0	0	(4,919)
42	G/F : TRAINING LEVY	(730,908)	(761,821)	0	0	(1,492,729)
43	SUB - TOTAL	(56,086,555)	(56,943,767)	12,638,499	63,539,388	(36,852,435)
44	GRANTS: OTHER INSTITUTIONS					
45	TRUST FUND : IDP - BDR	0	0	0	0	0
46	G/F : ERF 2220:STROMWATER UPGRADE	(383,312)	0	0	0	(383,312)
47	G/F : EMERGENCY KITS:O R THAMBO INF SETTLE	(1,191,615)	0	0	0	(1,191,615)
48	G/F : BULK SERVICES WATER	(3,737,655)	(825,928)	0	0	(4,563,583)
49	G/F : BULK SERVICES ELECTRICAL	(14,333,873)		11,186,030	0	(3,147,843)
50	G/F : BULK SERVICES SEWERAGE	(3,890,984)	(1,237,707)	0	0	(5,128,691)
51	G/F : BULK SERVICE REFUSE	(1,009,132)	(2,917,653)	3,187,581	0	(739,204)
52	G/F : BULK SERVICE ROADS	0	(3,047,337)	0	0	(3,047,337)
53	G/F : MANDELA ROUTE	(15,000)	0	0	0	(15,000)
54	G/F : NUMARKT	(561,041)	(155,505)	0	0	(716,546)
55	SUB - TOTAL	(25,122,612)	(8,184,129)	14,373,611	0	(18,933,131)
56	OTHER: CONDITIONAL GRANTS					
57	G/F : COLIN D BROWN GUARANTEE PIPELINE BUILD	(1,300,000)	0	0	0	(1,300,000)
58	G/F : PROJECT 59	(623,636)	0	0	0	(623,636)
59	G/F : MUN WEDUWEE & WESE PENSIEN	(363,572)	0	0	0	(363,572)
60	G/F : GUARANTEE:D V RENSBURG(BURGERSDR	(38,488)	0	0	0	(38,488)
61	SUB - TOTAL	(2,325,696)	0	0	0	(2,325,696)
62	TOTAL - CONDITIONAL GRANTS	(84,051,233)	(197,717,896)	130,290,509	75,900,652	(75,577,969)

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 R377,863,633 compared with the pro rata budgeted amount of R360,590,416 – an overspending of R17,273,218 or 4.79%.

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

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

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

- Travel Allowances (R11,145,912 or 153.21%) – over spending due to TASK implementation;
- Overtime Payments (R12,457,923 or 100.59%) – due to an increase in overtime payments compared to historical trends, refer to more detail on this expenditure below;
- Standby Allowance (R4,114,470 or 147.64%) – due to an increase in standby payments compared to historical trends; and
- Pension Fund Contr (R4,305,104 or 14.13%) – due to an increase in pension payments compared to historical trends.
- .

Recommendation

(8) The actual employee related cost expenditure of R377,863,633 compared with the pro rata budgeted expenditure of R360,590,416 relates to a negative variance of R17,273,218 or 4.79%.

TABLE 8 : EMPLOYEE RELATED COST AS AT 31 JANUARY 2019

SERIAL NUMBER	CATEGORY OF EXPENDITURE	ANNUAL		MONTHLY			YEAR-TO-DATE				PROJECTED EXPENDITURE FOR THE YEAR
		APPROVED BUDGET	ADJUSTED BUDGET	BUDGET	ACTUAL EXPENDITURE	TOTAL ACTUAL EXPENDITURE	PRO RATA BUDGET	ACTUALS EXPENDITURE	POSITIVE / (NEGATIVE) VARIANCES	POSITIVE / (NEGATIVE) VARIANCES %	
COLUMN REFERENCE	A	B	C	D	E	G	H	I	J	K	L
1	Salaries	415,838,335	416,917,715	34,507,992	2,831,213	31,963,925	241,660,003	232,035,802	9,624,201	3.98%	184,881,913
2	Bonusses	24,913,050	24,913,050	5,014	0	972,527	24,902,652	27,276,516	(2,373,864)	-9.53%	(2,363,466)
3	Leave Pay	4,339,238	4,339,238	361,603	361,603	361,603	2,531,222	2,531,222	0	0.00%	1,808,016
4	Performance Bonusses	958,485	958,485	0	0	0	0	0	0	0.00%	958,485
5	Long Services Awards	6,349,356	6,349,356	529,113	0	77,797	3,703,791	0	3,703,791	100.00%	6,349,356
6	Ex Gratia Allowances - Pensioners	16,405,000	16,405,000	1,367,083	754,465	754,465	9,569,583	4,584,309	4,985,274	52.09%	11,820,691
7	Overtime Payments	34,700,908	34,693,528	1,582,217	118,343	3,195,997	12,385,044	24,842,967	(12,457,923)	-100.59%	9,850,561
8	Subsidy House Loans	5,075,519	5,075,519	604,660	1,593	406,042	4,050,922	2,360,596	1,690,326	41.73%	2,714,923
9	Travel Allowances	16,127,291	16,124,291	988,459	166,839	2,513,013	7,274,696	18,420,609	(11,145,912)	-153.21%	(2,296,318)
10	Housing Allowance	933,777	933,777	77,815	0	0	544,703	558,164	(13,461)	-2.47%	375,613
11	Acting Allowance	1,438,000	1,438,000	57,167	0	201,108	462,833	964,532	(501,699)	-108.40%	473,468
12	Standby Allowance	9,585,008	9,585,008	331,336	2,633	891,708	2,786,765	6,901,234	(4,114,470)	-147.64%	2,683,774
13	Night Shift Allowance	4,216,229	4,216,229	311,592	1,032	416,496	2,220,903	2,786,125	(565,221)	-25.45%	1,430,104
14	Cell Allowance	1,312,530	1,312,530	109,377	23,370	211,297	765,642	1,414,725	(649,082)	-84.78%	(102,195)
15	Group Insurance	3,914,640	3,914,640	230,050	5,195	368,233	1,706,523	2,521,239	(814,716)	-47.74%	1,393,401
16	Medical Aid Fund Contr	21,254,579	21,254,579	1,762,278	19,470	1,762,559	12,344,881	12,183,991	160,891	1.30%	9,070,588
17	Pension Fund Contr	52,428,780	52,428,780	4,349,215	92,528	5,422,389	30,464,358	34,769,462	(4,305,104)	-14.13%	17,659,318
18	Provident Fund Contr	2,414,442	2,414,442	191,933	34,913	34,913	1,352,800	1,813,644	(460,843)	-34.07%	600,798
19	Unemployment Insurance Fund Contr	3,220,863	3,220,863	265,781	16,298	710,761	1,863,092	1,898,496	(35,405)	-1.90%	1,322,367
20	Totals	625,426,030	626,495,030	47,632,686	4,429,495	50,264,834	360,590,416	377,863,633	(17,273,218)	-4.79%	248,631,397

Actual Expenditure to date 377,863,633Projected Expenditure for 2018/2019 626,495,030

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 JANUARY 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	0	0	0.00%
5	Department of IDP/PMS	16,494	16,494	0	11,393	1,375	98,024	(96,650)	-7031.62%
6	Corporate Services	377,945	377,945	31,495	24,678	220,468	199,331	21,137	9.59%
7	Community Services	16,265,768	16,258,388	1,354,810	1,664,852	9,484,339	11,876,254	(2,391,915)	-25.22%
8	Financial Services	609,525	609,525	50,794	37,623	355,556	535,723	(180,166)	-50.67%
9	Planning and Development	873,718	873,718	72,810	10,878	509,669	71,980	437,688	85.88%
10	Engineering Services	16,543,892	16,543,892	71,187	1,611,902	1,805,782	11,774,648	(9,968,866)	-552.05%
11	Totals	34,687,342	34,679,962	1,581,096	3,361,327	12,377,188	24,555,961	(12,178,772)	-98.40%

9. Debtors age analysis and payment rates

9.1 Debtors age analysis per service

The municipality's total outstanding debtors amounted to R307,615,161 as at 31 January 2019 compared with the R322,290,557 as at 31 December 2018. As reflected in Table 10 below, current debt represent 37.99% of the total outstanding debt compared with the 38.42% of December 2018; 30 days and older debt 7.00% compared with the 7.87% for December 2018; 60 days and older debt 4.11% compared with the 5.68% of December 2018; and 90 days and older debt 50.90% compared with the 48.02% of December 2018.

The debtors test ratio (before bad debt provision) shows a decrease of 5.8 days from 69.4 days in November 2018 to 63.6 days in December 2018 and a decrease of 2.9 days to 60.7 days in January 2019. The debtors test ratio (after bad debt provision) shows an increase of 0.5 days from 47.0 days in November 2018 to 47.5 days in December 2018 and a decrease of 2.9 days to 44.6 days in January 2019. The acceptable norm is 45 days.

Current debt decreased with R6,955,570 to R116,873,445 compared with the R123,829,014 as at 31 December 2018; 30 days + debt decreased with R3,839,769 to R21,531,593; 60 days + debt decreased with R5,668,276 to R12,648,389 and 90 days and older debt as at 31 January 2018 has increased with R1,788,219 to R156,561,734 compared with the R154,773,515 as at 31 December 2018.

TABLE 10 : DEBTORS AGE ANALYSIS PER SERVICE AS AT 31 JANUARY 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	14,879	17,282,499	2,667,106	1,382,946	18,077,331	39,424,761	12.82%
2	Water	9,974	17,960,509	9,001,796	5,965,647	58,495,948	91,433,874	29.72%
3	Electricity	18,696	65,270,468	5,099,536	2,087,736	18,267,270	90,743,705	29.50%
4	Sewerage	12,835	7,056,381	1,492,359	975,708	15,167,688	24,704,971	8.03%
5	Refuse	16,966	7,493,260	2,070,549	1,533,902	25,606,643	36,721,321	11.94%
6	Housing	5,199	465,448	330,734	321,646	7,544,765	8,667,792	2.82%
7	Others	122,626	1,143,706	869,515	380,802	13,402,088	15,918,737	5.17%
8	TOTAL	201,175	116,672,270	21,531,593	12,648,389	156,561,734	307,615,161	100.00%
	2019/01 % =	37.99%		7.00%	4.11%	50.90%	100.00%	
	2018/12 % =	38.42%		7.87%	5.68%	48.02%	100.00%	

Debtors owe the municipality property rates (12.82%); water (29.72%); electricity (29.50%); sewerage (8.03%); refuse (11.94%); housing (2.82%), and sundry debt (5.17%).

9.2 Debtors age analysis per debtor type

Agricultural debtors owes the municipality R16,967,982 (5.5%); business debtors R67,625,448 (22.0%); domestic debtors R200,578,639 (65.2%); government accounts R11,573,535 (3.8%); Sundry Accounts R10,869,555 (3.5%) and of the total outstanding debt of R307,615,160 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 JANUARY 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	21,898	10,736,834	710,309	367,472	5,131,469	16,967,982	5.5%
2	Business	21,456	51,241,741	3,562,037	1,047,188	11,753,026	67,625,448	22.0%
3	Domestic	156,573	47,964,302	15,457,984	10,307,622	126,692,159	200,578,639	65.2%
4	Government	1,248	5,398,368	1,172,111	710,437	4,291,371	11,573,535	3.8%
5	Sundry Accounts	0	1,331,025	629,152	215,670	8,693,709	10,869,555	3.5%
6	TOTAL	201,175	116,672,270	21,531,593	12,648,389	156,561,734	307,615,160	100.0%

9.3 Debtors age analysis per ward

In Table 12 below the total outstanding debt of R307,615,160 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 (76.3%); ward 6 (90.1%); ward 7 (78.7%); ward 8 (89.5%); ward 9 (85.6%); ward 10 (65.2%); ward 11 (83.3%); ward 12 (90.8%); ward 13 (80.4%); ward 14 (87.3%); ward 16 (64.3%); ward 18 (58.6%); ward 20 (79.2%); ward 21 (87.4%); ward 22 (60.8%); ward 23 (58.1%); ward 24 (86.0%); ward 25 (62.5%); ward 26 (74.2%); ward 27 (85.7%); ward 30 (96.6%); ward 31 (90.1%); ward 32 (88.6%) and ward 33 (68.9%).

Wards that owes the municipality more than R 10,000,000 monetary wise are ward 4 (R16,336,235); ward 9 (R12,469,823); ward 11 (R11,095,911); ward 12 (R10,422,426); ward 15 (R16,614,031); ward 16 (R12,218,375); ward 17 (R11,546,290); ward 18 (R20,632,476); ward 19 (R18,287,125); ward 22 (R11,870,563); ward 28 (R16,388,289); ward 30 (R29,287,603); and ward 31 (R16,356,463).

Recommendation

- (9) *Total outstanding debtors as at 31 January 2019 amounted to R307,615,160 and that 30 days and older debt constitutes 62.0% of total outstanding debtors.***
- (10) *Domestic consumers owe the municipality R200,578,639 or 65.2% of the municipality's total debtor's book.***

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

WARD	CURRENT 1 (Levied but not billed as yet)	CURRENT 2 (Levied and billed)	30 DAYS +	60 DAYS +	90 DAYS +	TOTAL OUTSTANDING DEBT 31/01/2019	30 DAYS AND OLDER AS A % OF TOTAL DEBT	TOTAL OUTSTANDING DEBT 31/12/2018	INCREASE / (DECREASE)	WARD COUNCILLOR
COLUMN REFERENCE	A	B	C	D	E	F	G	H	I	J
1	9,332	7,282,367	547,747	196,580	1,722,345	9,758,371	25.3%	9,420,588	337,783	C KROUTZ
2	5,274	3,411,545	804,945	169,837	1,462,783	5,854,384	41.6%	6,524,062	(669,678)	HJ KOTZE
3	6,252	3,725,651	209,202	113,687	1,100,139	5,154,930	27.6%	5,028,291	126,639	WE SMIT
4	41,082	11,414,502	853,236	367,521	3,659,893	16,336,235	29.9%	16,523,273	(187,038)	J MILLER
5	158	1,161,357	370,844	316,185	3,042,363	4,890,908	76.3%	4,866,872	24,036	NP MBENENE
6	158	644,404	453,694	352,972	5,074,252	6,525,480	90.1%	6,428,091	97,389	TZ NQORO / NOMANA
7	348	802,346	380,489	274,326	2,311,613	3,769,122	78.7%	3,860,789	(91,667)	RB ARNOLDS
8	0	349,616	191,978	195,258	2,601,644	3,338,496	89.5%	3,336,487	2,009	N.ZIKHALI
9	1,505	1,790,425	848,169	776,563	9,053,160	12,469,823	85.6%	12,412,328	57,495	TC MANGENA
10	753	732,525	224,689	140,046	1,009,857	2,107,871	65.2%	2,090,182	17,689	C KEARNS
11	4,410	1,854,062	841,152	636,204	7,760,084	11,095,911	83.3%	11,623,488	(527,576)	AC STOWMAN
12	867	954,965	661,718	549,572	8,255,304	10,422,426	90.8%	10,380,781	41,645	MD NOBULA
13	7,126	608,919	264,837	164,126	2,094,752	3,139,760	80.4%	3,128,614	11,146	S ROSS
14	2,591	716,208	551,984	405,771	4,003,611	5,680,166	87.3%	3,128,614	2,551,552	J DE WET
15	5,449	13,453,212	794,298	339,628	2,021,444	16,614,031	19.0%	19,230,062	(2,616,031)	LW NIEHAUS
16	475	4,355,772	1,076,867	862,031	5,923,230	12,218,375	64.3%	12,300,903	(82,529)	DS BLANCKENBERG
17	13,533	7,664,903	875,976	264,834	2,727,046	11,546,290	33.5%	13,556,392	(2,010,101)	HJN MATTHEE
18	9,535	8,534,800	1,817,411	484,064	9,786,666	20,632,476	58.6%	25,403,739	(4,771,263)	AML BUCKLE
19	12,394	13,221,513	1,434,649	414,782	3,203,787	18,287,125	27.6%	20,745,021	(2,457,896)	TE BESTER
20	943	1,026,621	326,144	220,043	3,369,846	4,943,596	79.2%	4,800,808	142,788	PBA CUPIDO
21	298	683,676	374,366	374,406	3,989,827	5,422,573	87.4%	5,348,437	74,137	E GOUWS
22	12,178	4,646,399	939,275	545,594	5,727,117	11,870,563	60.8%	11,610,573	259,990	FP CUPIDO
23	13,567	1,881,146	368,292	160,815	2,100,274	4,524,093	58.1%	4,475,404	48,689	F JACOBS
24	5,737	599,249	262,257	188,581	3,250,602	4,306,425	86.0%	4,307,922	(1,497)	MM ADRIAANSE
25	981	2,170,723	407,920	265,540	2,949,324	5,794,487	62.5%	5,910,028	(115,541)	LT VAN NIEKERK
26	5,011	1,354,844	442,022	293,302	3,182,919	5,278,099	74.2%	5,168,702	109,396	JV ANDERSON
27	0	485,682	259,182	172,819	2,467,180	3,384,863	85.7%	3,361,922	22,941	VC BOOYSEN
28	16,566	10,756,610	1,653,301	596,988	3,364,823	16,388,289	34.3%	15,120,665	1,267,624	RH VAN NIEWENHUYZEN
29	5,843	3,335,719	548,500	219,144	2,087,350	6,196,556	46.1%	6,453,702	(257,146)	L WILLEMSE
30	2,065	993,770	954,645	1,050,557	26,286,566	29,287,603	96.6%	30,552,357	(1,264,754)	J SMIT
31	3,324	1,622,936	677,196	723,220	13,329,787	16,356,463	90.1%	16,315,961	40,502	GH FORD
32	11,412	643,592	483,692	412,812	4,188,151	5,739,660	88.6%	5,856,001	(116,342)	LV NZELE
33	348	1,559,266	442,918	338,741	2,676,782	5,018,053	68.9%	4,850,876	167,177	SE SEPTEMBER
SUNDRIES	1,662	2,232,945	187,999	61,838	777,215	3,261,658	31.5%	8,168,621	(4,906,963)	SUNDRIES
TOTAL	201,175	116,672,270	21,531,593	12,648,389	156,561,734	307,615,160	62.0%	322,290,556	(14,675,396)	

10. Creditors age analysis

The municipality's creditor's age analysis amounted to R3,680,338 as at 31 January 2019 as set out in Table 13 below. Creditors 30 days and older amount to R89,540.

Recommendation

(11) *Outstanding creditors amounted to R3,680,338 as at 31 January 2019.*

TABLE 13: CREDITORS AGE ANALYSIS AS AT 31 JANUARY 2019

SERIAL NUMBER	CREDITOR	CURRENT	30 DAYS +	60 DAYS +	90 DAYS +	TOTAL AS AT 31/01/2019
COLUMN REFERENCE	A	B	C	D	E	F
1	CSM CONSULTING SERVICES (PTY)LTD.	44,371	0	0	0	44,371
2	ELECTRO INDUCTIVE INDUSTRIES (PTY) LTD	103,447	0	0	0	103,447
3	ENGEN PETROLEUM LIMITED	843,621	0	0	0	843,621
4	JJAD MARINE AND INDUSTRIAL INSTALLATIONS (PT	83,031	0	0	0	83,031
5	LADY BUGS INNOVATIVE MARKETING PTY LTD	8,266	0	0	0	8,266
6	METRIC INDUSTRIAL SUPPLIES CC	0	89,240	0	0	89,240
7	PAARL SLOOTGRAWEDIENS BK	17,450	0	0	0	17,450
8	PARKERSON THOMAS TECHNOLOGIES CC T/A OFFICET	1,238	0	0	0	1,238
9	LABRUSCA BESTUURSDIENSTE CC T/A PEN & INK	1,519	0	0	0	1,519
10	RAYCAPE CC	7,142	0	0	0	7,142
11	RELIANCE COMPOST PAARL (PTY) LTD	1,842,990	0	0	0	1,842,990
12	SIMPLY SILK FLOWER RENTAL	0	300	0	0	300
13	SIYAPHAMBILI ELECTRICAL & INDSTRIAL SUPPLIES	31,030	0	0	0	31,030
14	TAFELBERG MEUBELWINKELS BPK	1,596	0	0	0	1,596
15	TMT SERVICES AND SUPPLIES PTY LTD T/A TRAFF	43,336	0	0	0	43,336
16	VS TECH PLANT CC	485,418	0	0	0	485,418
17	VOLTEX PAARL	1,706	0	0	0	1,706
18	WCC CABLES PTY LTD	56,424	0	0	0	56,424
19	BIDVEST WALTONS (PTY) LTD	13,693	0	0	0	13,693
20	WILMAR BOUHANDELAAR EDMS BPK	4,520	0	0	0	4,520
21	Total	3,590,798	89,540	0	0	3,680,338

11. Bank, cash, overdraft balances and investments

The municipality's primary and secondary bank accounts reconciles as at 31 January 2019 as can be seen in table 14 below. The primary bank account showed a negative cashbook balance of R77,869,334 at the end of January 2019 whilst the actual bank balance was a positive R112,629,930.

TABLE 14: BANK RECONCILIATION AS AT 31 JANUARY 2019

SERIAL NUMBER	DESCRIPTION	FNB Primary Account 62702310385	FNB Billing & Sundry Receipt 62702312349	FNB Traffic Account 62071526514	TOTALS
COLUMN REFERENCE	A	B	C	D	E
1	Cashbook balance as per 31/01/2019	(74,684,271)	(3,185,063)	0	(77,869,334)
2	In CB not in GL : Direct Deposit Transfers	100,034,102	3,192,669	0	103,226,771
3	In GL not in CB : ACB's	53,758,168	0	0	53,758,168
4	In CB not in GL : Canceled ACB's	83,031	0	0	83,031
5	In GL not in CB : Cheques	7,295	0	0	7,295
4	Direct-Deposito-Transfer-in-Cashook	977,439	(7,605)	0	969,834
5	Less : Amount receipted but not yet banked	(2,628,546)	0	0	(2,628,546)
6	Plus : Cheques issued but not yet cashed	1,853,261	0	0	1,853,261
7	Plus : ACB'S issued but not yet cashed	33,229,452	0	0	33,229,452
8	Plus: Not yet banked Deposits on Statement	0	0	0	0
9	Bank statement balance as per 31/01/2019	112,629,930	(0)	0	112,629,930

Surplus cash is invested on a daily basis. The municipality's investments as at 31 January 2019 is as set out in Table 15 below. The municipality started the beginning of the month with total investments of R10,325,884 and after investments made (R90,000,000), withdrawn (R0) and interest capitalised (R542,056) closed with an investments balance of R100,867,940 at the five listed local banks and at Eskom where we do have some shares.

TABLE 15 : INVESTMENTS AS AT 31 JANUARY 2019

SERIAL NUMBER	BANK	BALANCE AT 31 DECEMBER 2018	INVESTMENTS MADE	INVESTMENTS WITHDRAWN	INTEREST CAPITALISED	BALANCE AT 31 JANUARY 2019	INTEREST ACCRUED	INTEREST EARNED YEAR-TO-DATE	INTEREST RATE
1	ABSA BANK	772,017	10,000,000	0	73,516	10,845,533	34,350	685,167	6.750%
2	ABSA BANK	1,182,891	10,000,000	0	75,855	11,258,746	36,702	698,542	6.750%
3	ABSA BANK	932,734	10,000,000	0	74,422	11,007,156	31,570	690,390	6.750%
4	ABSA BANK	1,007,126	10,000,000	0	74,861	11,081,987	31,993	692,827	6.750%
5	ABSA BANK	1,023,903	0	0	74,956	1,098,859	6,113	693,373	6.750%
6	SUB-TOTAL	4,918,671	40,000,000	0	373,610	45,292,281	140,727	3,460,299	6.750%
7	FNB	1,232,816	0	0	7,531	1,240,348	0	50,705	7.190%
8	FNB	785,176	0	0	4,401	789,577	0	29,275	6.600%
9	SUB-TOTAL	2,017,992	0	0	11,933	2,029,925	0	79,980	6.895%
10	INVEST EC	0	20,000,000	0	58,301	20,058,301	0	58,301	6.650%
11	SUB-TOTAL	0	20,000,000	0	58,301	20,058,301	0	58,301	6.650%
12	STANDARD BANK	1,523,942	0	0	8,737	1,532,679	0	1,294,431	6.750%
13	STANDARD BANK	405,736	0	0	2,326	408,063	0	15,472	6.750%
14	STANDARD BANK	1,330,780	0	0	7,629	1,338,410	0	50,747	6.750%
15	STANDARD BANK	0	20,000,000	0	55,479	20,055,479	0	55,479	6.750%
16	STANDARD BANK	0	10,000,000	0	24,041	10,024,041	0	24,041	6.750%
17	SUB-TOTAL	3,260,459	30,000,000	0	98,212	33,358,671	0	1,440,171	6.750%
18	ESKOM	128,762	0	0	0	128,762	0	7,560	13.500%
19	SUB-TOTAL	128,762	0	0	0	128,762	0	7,560	13.500%
20	GRAND TOTAL	10,325,884	90,000,000	0	542,056	100,867,940	140,727	5,046,312	8.109%

Recommendation

(12) The primary bank account had a positive bank balance at 31 January 2019 which amounted to R112,629,930.

(13) Total investments in cash and shares amounted to R100,867,940 as at 31 January 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 (R1,468,192,985) and the pro rata budgeted operating revenue (R1,501,398,841) has a negative variance of R33,205,856 or 2.21%.
- (2) The variance between the actual operating expenditure (R1,174,332,420) and the pro rata budgeted operating expenditure (R1,170,393,862) has a negative variance of R3,938,558 or 0.34%.
- (3) The actual capital expenditure of R272,098,102 and the pro rata budgeted capital expenditure of R301,889,780 realised underspending of R29,791,679 or 9.87%.
- (4) Actual capital expenditure of R272,098,102 represents 41.52% of the total capital budget of R655,355,450 after seven months of the financial year.
- (5) The actual and committed capital expenditure of R533,241,307 compared with the capital expenditure budget of R655,355,450 represent a spending percentage of 81.37% after seven months of the financial year.
- (6) External borrowings amounted to R1,421,263,962 as at 31 January 2019 and that it represents 59.55% of Drakenstein's total budgeted operating revenue of R2,386,574,991 for the 2018/2019 financial year.
- (7) Unspent conditional and unconditional grants amounted to R75,577,969 at the end of January 2019.

- (8) The actual employee related cost expenditure of R377,863,633 compared with the pro rata budgeted expenditure of R360,590,416 relates to a negative variance of R17,273,218 or 4.79%.
 - (9) Total outstanding debtors as at 31 January 2019 amounted to R307,615,160 and that 30 days and older debt constitutes 62.0% of total outstanding debtors.
 - (10) Domestic consumers owe the municipality R200,578,639 or 65.2% of the municipality's total debtor's book.
 - (11) Outstanding creditors amounted to R3,680,338 as at 31 January 2019.
 - (12) The primary bank account had a positive bank balance at 31 January 2019 which amounted to R112,629,930.
 - (13) Total investments in cash and shares amounted to R100,867,940 as at 31 January 2019 at the five local banks and Eskom.
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