



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

Period ending: 30 September 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 September 2019. Section 52(d) of the Municipal Finance Management Act (MFMA) determines that the Executive Mayor must within 30 days of the end of each quarter submit a report to the Council on the implementation of the budget and the financial state of affairs of the Municipality.

Further to the above, Section 54(1) of the MFMA determines that the Executive Mayor must consider the Section 71 report submitted by the Accounting Officer to him and check whether the Municipality's approved budget is implemented in accordance with the approved Service Delivery Budget Implementation Plan (SDBIP) and if necessary issue appropriate instructions to the Accounting Officer.

The submission of this report is part of my general responsibilities as the Executive Mayor of the Drakenstein Municipality as set out in section 52 (d) of the MFMA. This report is intended to inform the Council on the state of the financial affairs of the Municipality to enable Council to exercise its oversight responsibility.



CONRAD POOLE
EXECUTIVE MAYOR
14 October 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 September 2019.

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

Section 52(d) of the MFMA required from the Mayor to submit a quarterly report to Council on the implementation of the approved budget. The period involved is 1 July 2019 to 30 September 2019.



D.J.H. LEIBBRANDT
CITY MANAGER

14 October 2019

Table of Content

	Page
1. Introduction	5
2. Actual operating revenue per revenue source	6
3. Actual operating expenditure per vote	8
4. Actual operating expenditure per category	9
5. Actual capital expenditure per vote and funding source	11
6. Actual borrowings	13
7. Allocations received and actual expenditure on allocations received	15
8. Employees related costs	18
9. Debtors age analysis and payment rates	21
10. Creditors age analysis	26
11. Bank, cash, overdraft balances and investments	29
12. Recommendations	32

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 (R584,650,007) compares unfavourably with the pro rata budgeted figure (R587,357,164) – a negative variance of R2,707,157 or 0.46% at month end.

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

- Service Charges: Electricity (R6,781,814 or 2.17%) - The Pniel electricity network was transferred to Stellenbosch Municipality therefore a bulk account is levied monthly. However, the account of September 2019 was only processed in October 2019 to the amount of approximately R4.5 million, therefor it will reflect accordingly in next month's report.
- Interest earned – outstanding debtors (R164,711 or 6.81%) – 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
- Fines, penalties and forfeits (R19,620 or 8.36%) – estimated pound fees are based on previous year trends, while the actual are less than the budgeted amount.

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

- Service Charges: Sanitation (R2,126,194 or 7.33%) – the sanitation charges on industrial charges is more than anticipated;
- Interest received – external investments (R258,692 or 28.04%) – more surplus funds could be invested to earn more interest; and
- Operational Revenue (R390,348 or 5.48%) – operational revenue on various line items is more than the historical budgeted trends, than anticipated.

Recommendation

(1) The variance between the actual operating revenue (R584,650,007) and the pro rata budgeted operating revenue (R587,357,164) has a negative variance of R2,707,157 or 0.46%.

TABLE 1: ACTUAL REVENUE PER REVENUE SOURCE FOR SEPTEMBER 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	305,349,815	305,349,815	23,488,450	25,159,911	103,953,793	106,173,690	2,219,897	2.14%	199,176,125
2	Service Charges : Electricity	1,175,231,372	1,175,231,372	109,438,148	98,473,797	312,212,299	305,430,485	(6,781,814)	-2.17%	869,800,887
3	Service Charges : Water	188,636,644	188,636,644	10,685,453	10,828,940	34,886,048	34,113,979	(772,069)	-2.21%	154,522,665
4	Service Charges : Sanitation	116,092,167	116,092,167	9,674,347	9,237,428	29,023,041	31,149,235	2,126,194	7.33%	84,942,932
5	Service Charges : Cleansing	125,003,755	125,003,755	10,416,979	10,594,964	31,250,937	32,244,194	993,257	3.18%	92,759,561
6	Rental of facilities and equipment	15,852,367	15,852,367	(1,178,972)	(1,160,787)	863,084	874,836	11,752	1.36%	14,977,531
7	Interest earned - external investments	12,000,000	12,000,000	430,834	693,615	922,502	1,181,194	258,692	28.04%	10,818,806
8	Interest earned - outstanding debtors	12,555,926	12,555,926	326,327	721,374	2,418,981	2,254,270	(164,711)	-6.81%	10,301,656
9	Fines, penalties and forfeits	89,068,288	89,068,288	204,257	42,315	234,771	215,151	(19,620)	-8.36%	88,853,137
10	Licences and Permits	4,288,949	4,288,949	237,159	266,662	741,477	755,315	13,838	1.87%	3,533,634
11	Ner: Transfers and Subsidies : Operational	250,727,572	250,727,572	982,500	0	63,732,920	62,750,000	(982,920)	-1.54%	187,977,572
12	Operational Revenue	28,469,913	28,469,913	2,372,437	3,179,290	7,117,311	7,507,659	390,348	5.48%	20,962,254
13	Gains and Losses	8,500,000	8,500,000	0	0	0	0	0	0.00%	8,500,000
14	Total Operating Revenue	2,331,776,768	2,331,776,768	167,077,919	158,037,509	587,357,164	584,650,007	(2,707,157)	-0.46%	1,747,126,761
15	Ner : Transfers and Subsidies : Capital	120,907,968	132,033,118	0	0	0	0	0	0.00%	132,033,118
16	Total Operating Revenue (Capital Grants Included)	2,452,684,736	2,463,809,886	167,077,919	158,037,509	587,357,164	584,650,007	(2,707,157)	-0.46%	1,879,159,879
Actual Revenue to date										584,650,007
Projected Revenue for 2019/2020										2,463,809,886

3. Actual operating expenditure per vote

The actual operating expenditure per vote is set out in Table 2 below. Total actual operating expenditure of R517,924,371 compares favourably with the pro rata budgeted expenditure of R533,713,899 – a positive variance of R15,789,527 or 2.96%.

TABLE 2: ACTUAL OPERATIONAL EXPENDITURE PER VOTE FOR SEPTEMBER 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	4,552,112	4,552,112	349,960	301,817	996,495	872,381	124,114	12.46%	3,679,730.94
2	Department of Internal Audit	7,888,061	7,888,061	679,096	617,584	1,845,185	1,691,528	153,657	8.33%	6,196,533.47
3	Department of Risk And Fraud	2,666,019	2,666,019	180,573	132,852	622,770	449,611	173,159	27.80%	2,216,408.30
4	Department of Communication	5,532,638	5,532,638	428,295	342,746	1,320,439	963,427	357,012	27.04%	4,569,211.38
5	Department of IDP/PMS	6,028,344	6,028,344	563,480	425,142	1,377,228	1,152,163	225,065	16.34%	4,876,181.19
6	Corporate Services	154,226,255	154,122,255	14,559,091	15,735,920	34,736,344	35,785,261	(1,048,917)	-3.02%	118,336,994
7	Community Services	450,225,430	450,225,430	29,921,775	28,021,429	74,786,942	69,542,107	5,244,834	7.01%	380,683,323
8	Financial Services	125,591,344	125,591,344	16,791,412	14,231,040	33,510,128	28,740,914	4,769,214	14.23%	96,850,430
9	Planning and Development	56,890,371	56,880,371	4,682,682	4,362,192	12,990,600	11,725,994	1,264,606	9.73%	45,154,377
10	Engineering Services	1,586,025,584	1,586,139,584	189,140,262	183,165,890	371,527,770	367,000,987	4,526,783	1.22%	1,219,138,597
11	Totals	2,399,626,158	2,399,626,158	257,296,627	247,336,613	533,713,899	517,924,371	15,789,527	2.96%	1,881,701,787

Actual Expenditure to date 517,924,371

Projected Expenditure for 2019/2020 2,399,626,158

Recommendation

(2) The variance between the actual operating expenditure (R517,924,371) and the pro rata budgeted operating expenditure (R533,713,899) has a positive variance of R15,789,527 or 2.96%.

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 (R517,924,371) compares favourably with the pro rata budgeted figures (R533,713,899) – a positive variance of R15,789,527 or 2.96% at month end.

TABLE 3: ACTUAL OPERATIONAL EXPENDITURE PER EXPENDITURE CATEGORY FOR SEPTEMBER 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	678,529,458	678,529,458	51,365,379	49,667,234	155,796,137	149,407,914	6,388,223	4.10%	529,121,544
2	Remuneration of councillors	31,709,291	31,709,291	2,252,441	2,508,583	7,537,323	7,530,115	7,208	0.10%	24,179,176
3	Debt Impairment	125,034,743	125,034,743	4,403,938	4,403,938	13,211,814	13,211,814	0	0.00%	111,822,929
4	Depreciation and Amortisation	215,869,778	215,869,778	53,967,457	53,467,627	53,967,457	53,467,627	499,830	0.93%	162,402,151
5	Interest Paid	162,758,940	162,758,940	13,522,221	13,502,606	40,566,663	40,507,818	58,845	0.15%	122,251,122
6	Bulk Purchases Water	12,000,000	12,000,000	524,723	179,845	895,868	355,766	540,102	60.29%	11,644,234
7	Bulk Purchases: Electricity	781,937,527	781,937,527	96,174,309	91,828,552	189,208,816	190,518,681	(1,309,865)	-0.69%	591,418,846
8	Contracted Services	232,467,375	225,712,091	12,155,187	11,825,532	27,731,253	24,651,078	3,080,175	11.11%	201,061,013
9	Transfers and Subsidies	18,649,823	18,405,000	1,889,557	1,854,825	8,701,888	8,784,684	(82,797)	-0.95%	9,620,316
10	Inventory	36,738,603	39,089,846	2,646,606	2,479,717	7,242,514	6,589,641	652,873	9.01%	32,500,205
11	Operating Leases	19,980,722	23,810,098	2,454,933	1,621,736	5,763,019	3,273,597	2,489,422	43.20%	20,536,501
12	Operational Cost	81,949,898	82,769,386	15,939,878	13,996,417	23,091,147	19,625,634	3,465,513	15.01%	63,143,752
13	Loss On Sale of Assets	2,000,000	2,000,000	0	0	0	0	0	0.00%	2,000,000
14	TOTALS	2,399,626,158	2,399,626,158	257,296,627	247,336,613	533,713,899	517,924,371	15,789,527	2.96%	1,881,701,787

Actual Expenditure to date **517,924,371**
 Projected Expenditure for 2019/2020 **2,399,626,157**

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

- Employee Related Cost (R6,388,223 or 4.10%) – please refer to detail included in table 8;
- Bulk Purchases: Water (R540,102 or 60.29%) - it should be noted that we received free water units first before we start paying for the water usage, thus the positive variance;
- Contracted Services (R3,080,175 or 11.11%) - due to underspending on various line items when compared to monthly projected budgets;
- Inventory (R652,873 or 9.01%) – due to underspending on various line items when compared to monthly projected budgets;
- Operating Leases (R2,489,422 or 43.20%) – due to underspending on various line items when compared to monthly projected budgets; and
- Operation Cost (R3,465,513 or 15.01%) – due to underspending on various line items when compared to monthly projected budgets.

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

- No negative variances.

5. Actual capital expenditure per vote and funding source

The actual capital expenditure per vote is set out in Table 4 below. The actual capital expenditure of R26,943,427 compares unfavourably with the pro rata budgeted capital expenditure of R48,359,518 as per the cash flow projections of the SDBIP with a variance or underspending of R21,416,091 or 44.29%. 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 6.27% of the total capital budget of R429,567,339 after three months of the financial year. Actual and recorded committed capital expenditure (R99,957,449) represents 23.27% of the total capital budget of R429,567,339 after three months of the financial year.

TABLE 4: ACTUAL CAPITAL EXPENDITURE PER VOTE FOR SEPTEMBER 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	650,000	650,000	0	0	0	0	0	0	0	0.00%	650,000
3	Department of Risk And Fraud	50,712	50,712	0	0	0	0	0	0	0	0.00%	50,712
4	Department of Communication	100,000	346,248	22,386	0	84,772	0	0	0	(84,772)	0.00%	346,248
5	Department of IDP/PMS	0	0	0	0	0	0	0	0	0	0.00%	0
6	Corporate Services	12,048,000	14,431,754	354,205	2,394,864	4,308,910	822,177	2,394,864	3,217,041	(1,914,046)	-44.42%	12,036,890
7	Community Services	123,515,468	152,251,295	9,562,113	7,228,010	18,008,540	14,773,886	9,457,909	24,231,795	(8,550,630)	-47.48%	142,793,386
8	Financial Services	13,850,000	14,041,619	417,420	0	784,840	98,159	0	98,159	(784,840)	-100.00%	14,041,619
9	Planning and Development	1,615,000	1,662,793	154,345	238,986	493,690	0	238,986	238,986	(254,704)	-51.59%	1,423,807
10	Engineering Services	226,200,770	246,132,918	13,683,013	12,216,916	24,678,767	57,319,801	14,851,668	72,171,469	(9,827,099)	-39.82%	231,281,250
11	TOTALS	378,029,950	429,567,339	24,193,482	22,078,776	48,359,518	73,014,022	26,943,427	99,957,449	(21,416,091)	-44.29%	402,623,912
						% of Approved Budget = <u>17.00%</u>		6.27%		23.27% Actual Expenditure to date		<u>26,943,427</u>
						Actual Capex as a % of Pro Rata Budget = <u>55.71%</u>		Projected Expenditure for 2019/2020				<u>429,567,339</u>

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

TABLE 5: ACTUAL CAPITAL EXPENDITURE PER FUNDING SOURCE FOR SEPTEMBER 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	222,575,332	254,003,218	14,036,201	20,457,596	30,977,043	13,230,258	23,973,318	37,203,576	(7,003,725)	-22.61%	230,029,900
2	CRR	8,881,650	15,631,003	3,059,227	395,165	5,272,805	762,322	399,638	1,161,961	(4,873,166)	-92.42%	15,231,365
3	GRANTS	146,572,968	159,933,118	7,098,053	1,226,015	12,109,670	59,021,442	2,570,471	61,591,913	(9,539,200)	-78.77%	157,362,647
4	TOTALS	378,029,950	429,567,339	24,193,482	22,078,776	48,359,518	73,014,022	26,943,427	99,957,449	(21,416,091)	-44.29%	402,623,912
Actual Expenditure to date											26,943,427	
Projected Expenditure for 2019/2020											429,567,339	

Recommendation

- (3) ***The actual capital expenditure of R26,943,427 and the pro rata budgeted capital expenditure of R48,359,518 realised underspending of R21,416,091 or 44.29%.***
- (4) ***Actual capital expenditure of R26,943,427 represents 6.27% of the total capital budget of R429,567,339 after three months of the financial year.***
- (5) ***The actual and committed capital expenditure of R99,957,449 compared with the capital expenditure budget of R429,567,339 represent a spending percentage of 23.27% after three 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 R1,629,419,209 and after repayments (R751,157) were made and additional loans (R0) were taken up, the total borrowings outstanding as at 30 September 2019 amounts to R1,628,668,052. This borrowing debt represents 72.98% of our total operating budgeted revenue of R2,231,650,196 (conditional capital and operational grants excluded) for the 2019/2020 financial year.

Recommendation

(6) External borrowings amounted to R1,628,668,052 as at 30 September 2019 and that it represents 72.98% of Drakenstein's total budgeted operating revenue of R2,231,650,196 (conditional capital and operational grants excluded) for the 2019/2020 financial year.

TABLE 6: ACTUAL BORROWINGS FOR SEPTEMBER 2019

SERIAL NUMBER	EXTERNAL LOANS PROVIDERS	INTEREST RATES	TERM ENDING	OPENING BALANCE 01/09/2019	CAPITAL REDEEMED	NEW LOANS TAKEN UP	CLOSING BALANCE 30/09/2019
COLUMN REFERENCE	A	B	C	D	E	F	G
2	ABSA BANK	9.40%	2020	1,239,691	0	0	1,239,691
3	ABSA BANK	9.21%	2019	3,130,511	0	0	3,130,511
6	DBSA	10.03%	2024	55,926,728	0	0	55,926,728
7	DBSA	9.97%	2028	112,572,452	0	0	112,572,452
8	DBSA	9.79%	2028	140,630,764	0	0	140,630,764
9	DBSA	10.70%	2028	94,881,910	0	0	94,881,910
10	DBSA	10.67%	2028	31,997,107	0	0	31,997,107
11	DBSA	10.82%	2025	220,438,799	0	0	220,438,799
12	DBSA	10.28%	2029	100,000,000	0	0	100,000,000
13	DBSA	10.13%	2029	100,000,000	0	0	100,000,000
14	DBSA	9.87%	2029	58,626,160	0	0	58,626,160
16	NEDBANK	10.64%	2021	21,297,484	0	0	21,297,484
17	NEDBANK	9.14%	2022	49,295,979	0	0	49,295,979
18	NEDBANK	9.93%	2025	140,511,526	0	0	140,511,526
19	STANDARD BANK	10.40%	2020	7,365,739	0	0	7,365,739
20	STANDARD BANK	9.36%	2020	1,517,101	0	0	1,517,101
21	STANDARD BANK	9.63%	2021	3,682,377	0	0	3,682,377
22	STANDARD BANK	9.87%	2023	11,617,468	0	0	11,617,468
23	STANDARD BANK	10.26%	2021	1,541,175	751,156.57	0	790,019
24	STANDARD BANK	9.68%	2022	2,995,056	0	0	2,995,056
25	STANDARD BANK	10.08%	2023	30,149,419	0	0	30,149,419
26	STANDARD BANK	10.12%	2027	433,066,762	0	0	433,066,762
27	STANDARD BANK	9.84%	2024	6,935,001	0	0	6,935,001
28	TOTALS			1,629,419,209	751,157	0	1,628,668,052

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. Conditional grants (FMG; MSIG; housing grants; INEP, library grant, MIG, IUDG, etcetera) and Unconditional grants (Equitable Share) to the value of R95,228,640 were received to date. Operating grants expenditure to the amount of R62,750,711 and capital grants expenditure to the amount of R0 was spent and recorded as utilised at the end of September 2019. Taking the opening balance of R31,354,232 as well as the aforementioned into consideration, the unspent conditional and unconditional grants as at the end of September 2019 is R63,832,161.

Recommendation

(7) Unspent conditional and unconditional grants amounted to R63,832,161 at the end of September 2019.

TABLE 7: CONDITIONAL AND UNCONDITIONAL GRANTS

SERIAL NUMBER	DESCRIPTION	OPENING BALANCE 1 JULY 2019	OTHER INCOME	OPERATIONAL EXPENDITURE DURING THE YEAR	CAPITAL EXPENDITURE DURING THE YEAR	BALANCE AS ON 30 SEPTEMBER 2019
COLUMN REFERENCE	A	B	C	D	E	F
1	NATIONAL GOVERNMENT (UNCONDITIONAL GRANT)					
2	G/F : EQUITABLE SHARE	0	(62,750,000)	62,750,711	0	711
3	SUB-TOTAL	0	(62,750,000)	62,750,711	0	711
4	NATIONAL GOVERNMENT (CONDITIONAL GRANT)					
5	G/F : MUNICIPAL INFRASTRUCTURE PROJECTS	0	(12,050,000)	0	0	(12,050,000)
6	G/F : BUDGET REFORM PROGRAMME NATIONAL TREASURY	0	(1,550,000)	0	0	(1,550,000)
7	G/F : EPWP TOEKENING VIR INFRASTRUKPROJEKT CWL	0	(1,297,000)	0	0	(1,297,000)
8	G/F : ELEKT MASTERPLAN (ROLL OVER)	0	(2,000,000)	0	0	(2,000,000)
9	G/F : ELECTRIFICATION FUNDING (INEP)	0	(5,000,000)	0	0	(5,000,000)
10	G/F : RURAL DEVELOPMENT (SARON ROADS)	(639,324)	(3,247,707)	0	0	(3,887,031)
11	SUB-TOTAL	(639,324)	(25,144,707)	0	0	(25,784,031)

ANNEXURE A

SERIAL NUMBER	DESCRIPTION	OPENING BALANCE 1 JULY 2019	OTHER INCOME	OPERATIONAL EXPENDITURE DURING THE YEAR	CAPITAL EXPENDITURE DURING THE YEAR	BALANCE AS ON 30 SEPTEMBER 2019
12	PROVINCIAL GOVERNMENT (CONDITIONAL GRANT)					
13	G/F : CARTERVILLE HOUSING PROJECT	(956,503)	0	0	0	(956,503)
14	G/F : 1068 HUISE WD SKENKING	(341,699)	0	0	0	(341,699)
15	G/F : DROMMEDARIS ST EHP	(732,415)	0	0	0	(732,415)
16	G/F : P59 FAIRYLANDS INCOME	(7,492,039)	0	0	0	(7,492,039)
17	G/F : CHICARGO	(8,500)	0	0	0	(8,500)
18	G/F : NEW SIZAYAMA	(916,838)	0	0	0	(916,838)
19	G/F : ERF 2220 (NOODKAMP)	(802,653)	0	0	0	(802,653)
20	G/F : GOUDA	(704,674)	0	0	0	(704,674)
21	G/F : DALJOSAPHAT TRANSFERS	(453,180)	0	0	0	(453,180)
22	G/F : KINGSTON TOWN TRANSFERS	(24,000)	0	0	0	(24,000)
23	G/F : PAARL EAST HOUSING PROJECT	(320,971)	0	0	0	(320,971)
24	G/F : DROMMEDARIS ST EHP	(140,064)	0	0	0	(140,064)
25	G/F : HOUSING SCHEME 49	(1,262,587)	0	0	0	(1,262,587)
26	G/F : AMSTELHOF PROJECT 35	(10,348)	0	0	0	(10,348)
27	G/F : CHESTER WILLIAMS & PAARL LOVERS LANE	(383,312)	0	0	0	(383,312)
28	G/F : NCEDOLWETHU/CHRIS HANI	(2,000)	0	0	0	(2,000)
29	G/F : HUMAN SETTLEMENTS	(672,000)	0	0	0	(672,000)
30	G/F : DALJOSAPAHT (PHASE 1-3)	(90,000)	0	0	0	(90,000)
31	G/F : VLAKKELAND	(7,399,194)	0	0	0	(7,399,194)
32	G/F : TITLE DEEDS	(2,784,000)	0	0	0	(2,784,000)
33	G/F : LIBRARY SERVICES CONDITIONAL GRANT	(89,885)	(5,690,334)	0	0	(5,780,219)
34	G/F : COMMUNITY DEVELOPMENT SUPPORT GRANT	(516,212)	0	0	0	(516,212)
35	G/F : DEVELOPMENT OF SPORT AND RECREATION FACILITIES	(67,098)	0	0	0	(67,098)
36	G/F : FMG WESTERN CAPE	(60,000)	0	0	0	(60,000)
37	G/F : MANDELA ROUTE	(15,000)	(1,187,341)	0	0	(1,202,341)
38	G/F : FINANCIAL MANAGEMENT CAPACITY BUILDING	(120,805)	0	0	0	(120,805)
39	G/F : LG GRADUATE INTERNSHIP	(39,569)	0	0	0	(39,569)
40	G/F : CAPACITY BUILDING	(179,751)	0	0	0	(179,751)
41	SUB-TOTAL	(26,585,295)	(6,877,675)	0	0	(33,462,970)

ANNEXURE A

SERIAL NUMBER	DESCRIPTION	OPENING BALANCE 1 JULY 2019	OTHER INCOME	OPERATIONAL EXPENDITURE DURING THE YEAR	CAPITAL EXPENDITURE DURING THE YEAR	BALANCE AS ON 30 SEPTEMBER 2019
42	OTHER GRANTS : (UNCONDITIONAL)					
43	G/F : TRAINING LEVY	(127,697)	(420,151)	0	0	(547,848)
44	G/F: EMERGENCY KITS:O R THAMBOINF SETTLE	(1,191,615)	0	0	0	(1,191,615)
45	G/F : DE KRAAL	(964,748)	0	0	0	(964,748)
46	G/F : NUMARKT	(558,344)	(36,107)	0	0	(594,451)
47	G/F : CAPE WINELANDS	(300,000)	0	0	0	(300,000)
48	SUB-TOTAL	(3,142,404)	(456,258)	0	0	(3,598,662)
49	GUARANTEES AND DONATIONS					
50	G/F : UNSPENT MONEY PROJECT 59 (GUARANTEE)	(623,636)	0	0	0	(623,636)
51	G/F : TRUST FUND : MUN WEDUWEE & WESE PENSIOEN	(363,572)	0	0	0	(363,572)
52	SUB-TOTAL	(987,208)	0	0	0	(987,208)
53	GRAND TOTAL	(31,354,232)	(95,228,640)	62,750,711	0	(63,832,161)

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 R149,407,914 compared with the pro rata budgeted amount of R155,796,137 – an underspending of R6,388,223 or 4.10%.

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 –

- Overtime Payments (R695,901 or 11.37%) – due to an increase in overtime payments compared to historical trends, refer to table 9.

Recommendation

(8) *The actual employee related cost expenditure of R149,407,914 compared with the pro rata budgeted expenditure of R155,796,137 relates to a positive variance of R6,388,223 or 4.10%.*

TABLE 8 : EMPLOYEE RELATED COST AS AT 30 SEPTEMBER 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	425,162,158	425,162,158	35,430,183	34,266,484	106,290,549	101,821,884	4,468,665	4.20%	323,340,274
2	Bonusses	36,728,008	36,728,008	0	104,521	0	140,276	(140,276)	0.00%	36,587,732
3	Leave Pay	7,642,393	7,642,393	636,866	636,866	1,910,598	1,910,598	0	0.00%	5,731,795
4	Performance Bonusses	1,471,428	1,471,428	0	0	0	0	0	0.00%	1,471,428
5	Long Services Awards	7,105,624	7,105,624	0	0	0	0	0	0.00%	7,105,624
6	Ex Gratia Allowances - Pensioners	16,841,000	16,841,000	0	0	1,700,000	1,652,632	47,368	2.79%	15,188,368
7	Overtime Payments	24,473,101	24,473,101	2,039,430	2,212,346	6,118,290	6,814,191	(695,901)	-11.37%	17,658,910
8	Subsidy House Loans	5,204,587	5,204,587	433,736	304,150	1,301,208	931,627	369,581	28.40%	4,272,960
9	Travel Allowances	26,754,462	26,754,462	2,229,537	2,237,508	6,688,611	6,575,076	113,535	1.70%	20,179,386
10	Housing Allowance	731,783	731,783	60,987	56,944	182,961	176,091	6,870	3.75%	555,692
11	Acting Allowance	0	0	0	136,005	0	345,160	(345,160)	0.00%	(345,160)
12	Standby Allowance	10,824,879	10,824,879	902,077	780,442	2,706,231	2,404,879	301,352	11.14%	8,420,000
13	Night Shift Allowance	4,471,435	4,471,435	372,622	429,970	1,117,866	1,253,063	(135,197)	-12.09%	3,218,372
14	Cell Allowance	2,820,972	2,820,972	235,102	289,273	705,306	865,507	(160,201)	-22.71%	1,955,465
15	Group Insurance	5,024,537	5,024,537	418,716	399,362	1,256,148	1,191,679	64,469	5.13%	3,832,858
16	Medical Aid Fund Contr	27,345,230	27,345,230	2,278,772	1,855,959	6,836,316	5,608,341	1,227,975	17.96%	21,736,889
17	Pension Fund Contr	68,346,357	68,346,357	5,695,539	5,393,452	17,086,617	16,045,389	1,041,228	6.09%	52,300,968
18	Provident Fund Contr	4,480,782	4,480,782	373,400	297,998	1,120,200	876,414	243,786	21.76%	3,604,368
19	Unemployment Insurance Fund Contr	3,100,722	3,100,722	258,412	265,955	775,236	795,106	(19,870)	-2.56%	2,305,616
20	Totals	678,529,458	678,529,458	51,365,379	49,667,234	155,796,137	149,407,914	6,388,223	4.10%	529,121,544

Actual Expenditure to date **149,407,914**
Projected Expenditure for 2019/2020 **678,529,458**

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 SEPTEMBER 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	174,376	174,376	14,531	10,076	43,593	15,926	27,667	63.47%
6	Corporate Services	0	0	0	2,481	0	8,062	(8,062)	0.00%
7	Community Services	9,670,388	9,670,388	805,869	802,966	2,417,607	2,513,218	(95,611)	-3.95%
8	Financial Services	731,936	731,936	60,995	16,999	182,985	102,337	80,648	44.07%
9	Planning and Development	0	0	0	0	0	0	0	0.00%
10	Engineering Services	13,896,401	13,896,401	1,158,035	1,379,824	3,474,105	4,174,648	(700,543)	-20.16%
11	Totals	24,473,101	24,473,101	2,039,430	2,212,346	6,118,290	6,814,191	(695,901)	-11.37%

9. Debtors age analysis and payment rates

9.1 Debtors age analysis per service

The municipality's total outstanding debtors amounted to R373,639,904 as at 30 September 2019 compared with the R377,694,076 as at 31 August 2019. As reflected in Table 10 below, current debt represent 50.69% of the total outstanding debt compared with the 52.15% of August 2019; 30 days and older debt 5.98% compared with the 6.69% for August 2019; 60 days and older debt 3.75% compared with the 2.60% of August 2019; and 90 days and older debt 39.57% compared with the 38.56% of August 2019.

The debtors test ratio (before bad debt provision) shows an increase of 5.6 days from 63.1 days in July 2019 to 68.7 days in August 2019 and an decrease of 0.8 days to 67.9 days in September 2019. The debtors test ratio (after bad debt provision) shows an decrease of 8.0 days from 48.7 days in July 2019 to 56.7 days in August 2019 and an decrease of 1.0 days to 55.7 days in September 2019. The acceptable norm is 45 days.

Current debt decreased with R7,573,053 to R189,406,524 compared with the R196,979,577 as at 31 August 2019; 30 days + debt decreased with R2,926,708 to R22,355,597; 60 days + debt increased with R4,219,075 to R14,020,808 and 90 days and older debt as at 30 September 2019 has increased with R2,226,514 to R147,856,975 compared with the R145,630,461 as at 31 August 2019.

TABLE 10 : DEBTORS AGE ANALYSIS PER SERVICE AS AT 31 AUGUST 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	547	49,609,473	3,516,760	2,417,213	14,021,500	69,565,492	18.62%
2	Water	339	12,822,003	4,844,710	3,740,598	54,546,662	75,954,312	20.33%
3	Electricity	928,439	99,510,294	6,163,209	2,644,884	18,312,144	127,558,971	34.14%
4	Sewerage	101	9,812,711	2,597,124	1,633,792	15,505,595	29,549,323	7.91%
5	Refuse	252	11,089,271	3,698,519	2,534,356	25,906,495	43,228,894	11.57%
6	Housing	0	1,292,960	986,410	562,528	7,398,560	10,240,457	2.74%
7	Others	39,798	4,300,337	548,865	487,436	12,166,019	17,542,456	4.70%
8	TOTAL	969,476	188,437,048	22,355,597	14,020,808	147,856,975	373,639,904	100.00%
	2019/09 =	50.69%		5.98%	3.75%	39.57%	100.00%	
	2019/08 =	52.15%		6.69%	2.60%	38.56%	100.00%	

Debtors owe the municipality property rates (18.62%); water (20.33%); electricity (34.14%); sewerage (7.91%); refuse (11.57%); housing (2.74%), and sundry debt (4.70%).

9.2 Debtors age analysis per debtor type

Agricultural debtors owes the municipality R21,943,007 (5.9%); business debtors R99,946,606 (26.7%); domestic debtors R211,102,512 (56.5%); government accounts R29,756,530 (8.0%); sundry accounts R10,891,250 (2.9%) and of the total outstanding debt of R373,639,904 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 SEPTEMBER 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	1,520	15,491,907	945,237	445,944	5,058,399	21,943,007	5.9%
2	Business	956,336	85,867,186	2,322,822	761,254	10,039,009	99,946,606	26.7%
3	Domestic	11,196	59,847,816	17,398,205	11,213,239	122,632,057	211,102,512	56.5%
4	Government	424	24,736,086	1,350,368	1,286,423	2,383,228	29,756,530	8.0%
5	Sundry Accounts	0	2,494,053	338,965	313,948	7,744,282	10,891,250	2.9%
6	TOTAL	969,476	188,437,048	22,355,597	14,020,808	147,856,975	373,639,904	100.0%

9.3 Debtors age analysis per ward

In Table 12 below the total outstanding debt of R373,639,904 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 22 of the 33 wards is above 50%. Notably is the percentages of ward 5 (71.6%); ward 6 (82.9%); ward 7 (65.1%); ward 8 (86.7%); ward 9 (82.0%); ward 10 (56.6%); ward 11 (70.8%); ward 12 (87.2%); ward 13 (75.4%); ward 14 (85.8%); ward 20 (77.4%); ward 21 (75.9%); ward 22 (53.6%); ward 23 (57.2%); ward 24 (77.2%); ward 25 (56.5%); ward 26 (64.8%); ward 27 (84.2%); ward 30 (94.5%); ward 31 (86.1%); ward 32 (84.3%) and ward 33 (54.4%).

Wards that owe the municipality more than R10,000,000 monetary wise are ward 1 (R14,688,129); ward 4 (R24,230,616); ward 9 (R12,064,809); ward 11 (R10,029,751); ward 12 (R10,149,638); ward 15 (R18,842,065); ward 16 (R16,278,034); ward 17 (R17,251,573); ward 18 (R26,595,617); ward 19 (R30,014,197); ward 22 (R13,810,567); ward 28 (R23,403,195); ward 30 (R25,237,768); and ward 31 (R19,047,544).

Recommendation

(9) Total outstanding debtors as at 30 September 2019 amounted to R373,639,904 and that 30 days and older debt constitutes 49.3% of total outstanding debtors.

(10) Domestic consumers owe the municipality R211,102,512 or 56.5% of the municipality's total debtor's book.

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

WARD	CURRENT 1 (Levied but not billed as yet)	CURRENT 2 (Levied and billed)	30 DAYS +	60 DAYS +	90 DAYS +	TOTAL OUTSTANDING DEBT 30/09/2019	30 DAYS AND OLDER AS A % OF TOTAL DEBT	TOTAL OUTSTANDING DEBT 31/08/2019	INCREASE / (DECREASE)	WARD COUNCILLOR
COLUMN REFERENCE	A	B	C	D	E	F	G	H	I	J
1	1,860.00	12,317,682.06	454,167.02	176,914.52	1,737,505.86	14,688,129	16.1%	12,704,237	1,983,893	C KROUTZ
2	1,318.56	6,001,874.87	350,954.36	183,326.91	978,843.46	7,516,318	20.1%	7,390,090	126,229	HJ KOTZE
3	1,529.99	4,016,372.41	99,175.55	72,560.53	909,860.71	5,099,499	21.2%	5,314,000	(214,501)	WE SMIT
4	3,374.00	18,455,895.76	980,890.66	796,723.00	3,993,732.62	24,230,616	23.8%	24,601,447	(370,831)	J MILLER
5	850.00	1,666,754.52	382,986.69	272,933.84	3,551,869.35	5,875,394	71.6%	5,651,233	224,162	NP MBENENE
6	0.00	1,204,701.83	412,031.95	471,441.13	4,952,952.66	7,041,128	82.9%	6,763,297	277,831	TZ NQORO / NOMANA
7	170.00	1,509,411.95	515,014.41	276,867.19	2,022,364.24	4,323,828	65.1%	4,237,643	86,184	RB ARNOLDS
8	170.00	413,666.99	235,800.20	184,351.37	2,269,244.92	3,103,233	86.7%	3,116,740	(13,507)	N.ZIKHALI
9	340.00	2,171,713.49	754,955.01	549,464.91	8,588,335.35	12,064,809	82.0%	11,455,754	609,054	TC MANGENA
10	0.00	1,321,529.09	342,505.52	198,255.14	1,184,999.04	3,047,289	56.6%	2,691,401	355,888	C KEARNS
11	510.00	2,930,723.67	812,051.68	528,765.54	5,757,699.64	10,029,751	70.8%	10,050,260	(20,510)	AC STOWMAN
12	0.00	1,303,340.97	689,523.31	488,169.67	7,668,603.97	10,149,638	87.2%	12,178,845	(2,029,207)	MD NOBULA
13	1,149.99	813,847.99	347,754.43	209,539.45	1,940,748.99	3,313,041	75.4%	3,250,919	62,121	S ROSS
14	424.05	977,953.31	747,382.61	742,608.71	4,430,733.71	6,899,102	85.8%	7,176,729	(277,627)	J DE WET
15	24,087.29	15,728,917.63	751,275.47	282,888.60	2,054,895.61	18,842,065	16.4%	19,553,043	(710,978)	LW NIEHAUS
16	904,036.69	8,173,006.23	1,051,106.44	752,746.67	5,397,138.30	16,278,034	44.2%	13,052,864	3,225,170	DS BLANCKENBERG
17	10,930.49	13,461,508.33	992,452.03	429,273.57	2,357,408.74	17,251,573	21.9%	24,453,929	(7,202,356)	HJN MATTHEE
18	3,720.00	15,910,854.91	868,766.92	558,558.54	9,253,716.13	26,595,617	40.2%	27,137,508	(541,891)	AML BUCKLE
19	4,390.00	25,883,710.45	1,028,033.35	372,619.18	2,725,444.21	30,014,197	13.7%	26,061,417	3,952,780	TE BESTER
20	0.00	1,233,994.38	542,316.62	302,572.19	3,389,484.68	5,468,368	77.4%	5,521,956	(53,589)	PBA CUPIDO
21	0.00	1,404,611.78	457,944.56	290,508.28	3,681,323.14	5,834,388	75.9%	5,849,311	(14,923)	E GOUWS
22	2,040.00	6,404,957.78	1,163,542.15	618,155.61	5,621,871.20	13,810,567	53.6%	13,426,555	384,012	FP CUPIDO
23	340.00	2,073,091.48	601,105.22	210,915.29	1,959,657.44	4,845,109	57.2%	4,930,086	(84,977)	F JACOBS
24	0.00	1,272,736.36	537,781.16	357,556.58	3,406,605.12	5,574,679	77.2%	5,703,792	(129,112)	MM ADRIAANSE
25	0.00	3,798,237.80	696,727.57	554,759.65	3,679,745.92	8,729,471	56.5%	8,213,700	515,771	LT VAN NIEKERK
26	170.00	2,057,015.50	473,134.65	321,465.59	2,990,792.91	5,842,579	64.8%	5,815,552	27,026	JV ANDERSON
27	170.00	631,388.72	394,433.16	287,851.13	2,683,198.51	3,997,042	84.2%	3,893,675	103,366	VC BOOYSEN
28	3,825.23	18,037,848.81	1,814,504.89	668,056.64	2,878,959.42	23,403,195	22.9%	23,960,573	(557,378)	RH VAN NIEWENHUYZEN
29	1,020.00	4,187,976.03	925,523.12	251,119.01	1,969,681.89	7,335,320	42.9%	7,444,539	(109,219)	L WILLEMSE
30	340.00	1,386,198.94	881,635.16	871,382.83	22,098,211.40	25,237,768	94.5%	24,464,043	773,725	J SMIT
31	850.00	2,638,902.80	732,724.51	832,112.55	14,842,953.91	19,047,544	86.1%	18,862,114	185,430	GH FORD
32	0.00	983,831.65	626,765.45	521,028.99	4,141,996.61	6,273,623	84.3%	5,969,845	303,777	LV NZELE
33	680.00	2,157,780.62	554,960.19	227,946.54	1,792,864.99	4,734,232	54.4%	4,760,727	(26,495)	SE SEPTEMBER
SUNDRIES	1,180.00	5,905,008.62	135,671.20	157,368.46	943,530.46	7,142,759	17.3%	12,036,249	(4,893,490)	SUNDRIES
TOTAL	969,476	188,437,048	22,355,597	14,020,808	147,856,975	373,639,904	49.3%	377,694,076	(4,054,172)	

10. Creditors age analysis

The municipality's creditor's age analysis amounted to R4,839,547 as at 30 September 2019 as set out in Table 13 below. Creditors 30 days and older amount to R45,411.

Recommendation

(11) Outstanding creditors amounted to R4,839,547 as at 30 September 2019.

TABLE 13: CREDITORS AGE ANALYSIS AS AT 30 SEPTEMBER 2019

SERIAL NUMBER	CREDITOR	CURRENT	30 DAYS +	60 DAYS +	90 DAYS +	TOTAL AS AT 30/09/2019
COLUMN REFERENCE	A	B	C	D	E	F
1	ALSU ONDERNEMINGS PTY LTD	298,410	0	0	0	298,410
2	ARB ELECTRICAL WHOLESALERS (PTY) LTD	33,409	0	0	0	33,409
3	BIDTIQ T/A RC SUPPLIERS	112	0	0	0	112
4	BERGRIVIER GRONDVERSKUIWING MEGANIES CC	24,396	0	0	0	24,396
5	BOUDEL MOTORS PTY LTD T/A THORP PAARL	10,894	0	0	0	10,894
6	EQUISALE 115 CC T/A PUMP SERVICE CENTRE	62,419	0	0	0	62,419
7	ENGEN PETROLEUM LIMITED	216,760	0	0	0	216,760
8	EPPING INDUSTRIAL SUPPLIERS (PTY) LTD	6,987	0	0	0	6,987
9	EXTREME 786 CATERING SERVICES (PTY) LTD	7,700	0	0	0	7,700
10	RAMCOM CAPE (PTY) LTD	26,801	45,411	0	0	72,212
11	FADLAH'S KITCHEN CC	2,970	0	0	0	2,970
12	FILCO PARTS BK	7,506	0	0	0	7,506
13	INTEGRATEK ASSET MANAGEMENT CC	24,093	0	0	0	24,093
14	J. WALTERS T/A JC TRAVEL	2,000	0	0	0	2,000
15	J SIMONSE T/A JEFF'S MOTORS	13,489	0	0	0	13,489
16	KOCOS MEASUREMENT AND CONTROL PTY LTD	542	0	0	0	542
17	KERMIS CONSTRUCTION	3,324	0	0	0	3,324
18	KADER TECHNOLOGIES (PTY) LTD	1,440,606	0	0	0	1,440,606
19	LG TOW IN BK	6,950	0	0	0	6,950
20	LASER CHEMICALS (PTY) LTD	24,829	0	0	0	24,829

ANNEXURE A

SERIAL NUMBER	CREDITOR	CURRENT	30 DAYS +	60 DAYS +	90 DAYS +	TOTAL AS AT 30/09/2019
COLUMN REFERENCE	A	B	C	D	E	F
21	LAST SAMURAI PROP.HOLD.2 CC T/A ITHUBA INDUS	34,328	0	0	0	34,328
22	LAWN MOWER MECCA CC T/A LAWN MOWER MECCA	17,200	0	0	0	17,200
23	LITHOTECH SALES CAPE A DIVISION OF BIDPAPER	18,837	0	0	0	18,837
24	MJS ELECTRONICS (PTY) LTD T/A M&M ELECTRONIC	66,482	0	0	0	66,482
25	MADGE COMPUTERS PTY LTD	10,868	0	0	0	10,868
26	MADELEIN ZIMRI	2,970	0	0	0	2,970
27	MAGNACORP 174 CC T/A TURFMASTER BELLVILLE	7,047	0	0	0	7,047
28	MARCE FIRE FIGHTING TECHNOLOGY (PTY) LTD	37,260	0	0	0	37,260
29	BIDVEST MCCARTHY	55,047	0	0	0	55,047
30	MOMOTHEKA TRADE 1011CC	105,427	0	0	0	105,427
31	MAGBU TRADERS (PTY) LTD	115,000	0	0	0	115,000
32	NOLADA 8 (PTY) LTD	90,290	0	0	0	90,290
33	OLCO HARDWARE (PTY) LTD	50,092	0	0	0	50,092
34	OBHEJANE TRADING (PTY) LTD	141,535	0	0	0	141,535
35	PC BENJAMIN T/A PC BENJAMIN CATERERS	1,225	0	0	0	1,225
36	PVM MOTORS CC	16,024	0	0	0	16,024
37	PENBRO KELNICK (PTY) LTD	11,500	0	0	0	11,500
38	PAARL GLAS/GLASFIT	565	0	0	0	565
39	PAARL SLOOTGRAWEDIENS BK	156,152	0	0	0	156,152
40	LABRUSCA BESTUURSDIENSTE CC T/A PEN & INK	32,309	0	0	0	32,309
41	PIENAAR BROS. (PTY) LTD	30,055	0	0	0	30,055
42	POLARAMA CC T/A POLARAMA WHOLESALERS	10,062	0	0	0	10,062
43	RSA WILDLIFE SOLUTIONS (PTY) LTD	8,927	0	0	0	8,927
44	S AND T INFRASTRUXE PROJEX PTY LTD	28,184	0	0	0	28,184
45	SIPHAHLE TRADING	550	0	0	0	550
46	SIZWE PAINTS PTY LTD.	28,357	0	0	0	28,357
47	SC STATIONERY AGENCIES (PTY) LTD	92,828	0	0	0	92,828
48	SWEY DESIGN CC	1,955	0	0	0	1,955
49	STAT BOOKS CC	3,944	0	0	0	3,944
50	STELMED	18,501	0	0	0	18,501

ANNEXURE A

SERIAL NUMBER	CREDITOR	CURRENT	30 DAYS +	60 DAYS +	90 DAYS +	TOTAL AS AT 30/09/2019
COLUMN REFERENCE	A	B	C	D	E	F
51	SIYAPHAMBILI ELECTRICAL & INDUSTRIAL SUPPLIES	5,403	0	0	0	5,403
52	T AND T FIRE AND SAFETY CC T/A TNT FIRE	524	0	0	0	524
53	TO-NETT'S VERHURINGS CC T/A TO-NETT'S VERHUR	1,050	0	0	0	1,050
54	TRANS MANUFACTURING (PTY) LTD T/A TRANSTECH	28,031	0	0	0	28,031
55	TUBOSEAL SERVICES PTY LTD	206,723	0	0	0	206,723
56	UBUNTU TECHNOLOGY PTY LTD T/A UBUNTU TECHNOL	819,226	0	0	0	819,226
57	VD SPUY(WES-KAAP)INGT/A VAN DER SPUY EN VENN	27,352	0	0	0	27,352
58	VW CIVIL ENGINEERING SUPPLIES CC	62,678	0	0	0	62,678
59	VS TECH PLANT CC	56,250	0	0	0	56,250
60	VC MPHULANYANA T/A VCM TRADING & ALL ASPECTS	2,090	0	0	0	2,090
61	VOLTEX PAARL	21,350	0	0	0	21,350
62	WESTERN CAPE TRANSFORMER SERVICES	56,415	0	0	0	56,415
63	KAAP AGRI BEDRYF BEPERK-PAARL	7,975	0	0	0	7,975
64	BIDVEST WALTONS (PTY) LTD	29,249	0	0	0	29,249
65	WELLINGTON PAINT & HARDWARE	32,956	0	0	0	32,956
66	WILLIAM MATTHYSE T/S WM UPHOLSTERS	10,600	0	0	0	10,600
67	WYNLAND AUTO ELECTRICAL	18,552	0	0	0	18,552
		4,794,135	45,411	0	0	4,839,547

11. Bank, cash, overdraft balances and investments

The municipality's primary and secondary bank accounts reconciles as at 30 September 2019 as can be seen in table 14 below. The primary bank account showed a negative cashbook balance of R106,130,089 at the end of September 2019 whilst the actual bank balance was a positive R45,083,126.

TABLE 14: BANK RECONCILIATION AS AT 30 SEPTEMBER 2019

SERIAL NUMBER	DESCRIPTION	FNB Primary Account 62702310385	FNB Billing & Sundry Receipt Account 62702312349	FNB Traffic Account 62071526514	FNB Motor Vehicle Licencing Account 62804637570	TOTALS
COLUMN REFERENCE	A	B	C	D	E	F
1	Cashbook balance - beginning of the month	28,897,612	(6,713,492)	-	-	22,184,120
2	Add: Receipts	96,989,493	92,119,585	299,235	1,562,406	190,970,719
3	Less: Investments made	(71,000,000)	-	-	-	(71,000,000)
4	Less: Payments	(248,291,066)	(26,732)	(131)	-	(248,317,929)
5	Add/Less: Sweeping of Balance	87,266,265	(85,371,755)	(299,104)	(1,562,406)	33,000
6	Cashbook balance - end of period of the month	(106,137,695)	7,606	-	-	(106,130,089)
9	Balance as per bank statement	45,083,126	-	-	-	45,083,126
10	Add: Transactions receipt on cash book, but not reflecting on bank statement					
11	Cashier receipts not yet banked	1,347,904	-	-	-	1,347,904
12	Third party receipts received but not banked: Easypay	349,953	-	-	-	349,953
13	Direct deposit/Transfer in cash book	(2,703,179)	7,606	-	-	(2,695,573)
14	Less: Payments issued in cash book, but not reflecting on bank statement					
15	Cheque payments	(645,188)	-	-	-	(645,188)
16	ACB (Automatic Clearing Bureau) payments/System generated payments	(135,619,186)	-	-	-	(135,619,186)
17	Less: Transactions on bank statement, but not reflecting in cashbook					
18	Electronic transfers received in bank statement not yet receipted	(13,951,126)	-	-	-	(13,951,126)
19	Cheques issued and cancelled after month-end	-	-	-	-	-
20	Balance as per cash book	(106,137,695)	7,606	-	-	(106,130,089)

TABLE 15: BANK WITHDRAWALS AS AT 30 SEPTEMBER 2019

SERIAL NUMBER	DESCRIPTION	AMOUNT	REASON FOR WITHDRAW
COLUMN REFERENCE	A	B	C
1	MFMA section 11. (1) Only the <i>accounting officer</i> or the <i>chief financial officer</i> of a <i>municipality</i> , or any other senior financial <i>official</i> of the <i>municipality</i> acting on the written authority of the <i>accounting officer</i> may withdraw money or authorise the withdrawal of money from any of the <i>municipality's</i> bank accounts, and may do so only -		
2	(b) to defray expenditure authorised in terms of section 26(4);	N/A	N/A
3	(c) to defray unforeseeable and unavoidable expenditure authorised in terms of section 29(1);	N/A	N/A
4	(d) in the case of a bank account opened in terms of section 12. to make payments from the account in accordance with subsection (4) of that section;	N/A	N/A
5	(e) to pay over to a person or organ of state money received by the <i>municipality</i> on behalf of that person or organ of state, including -	N/A	N/A
6	(i) money collected by the <i>municipality</i> on behalf of that person or organ of state by agreement; or	N/A	N/A
7	(ii) any insurance or other payments received by the <i>municipality</i> for that person or organ of state;	N/A	N/A
8	(f) to refund money incorrectly paid into a bank account;	N/A	N/A
9	(g) to refund guarantees, sureties and <i>security</i> deposits;	N/A	N/A
10	(h) for cash management and <i>investment</i> purposes in accordance with section 13;	R71,000,000.00	Investments made during the 3 months
11	(i) to defray increased expenditure in terms of section 31; or	N/A	N/A
12	(j) for such other purposes as may be <i>prescribed</i> .	N/A	N/A

Surplus cash is invested on a daily basis. The municipality's investments as at 30 September 2019 is as set out in Table 15 below. The municipality started the beginning of the month with total investments of R3,306,728 and after investments made (R71,000,000), withdrawn (R0) and interest capitalised (R17,239) closed with an investments balance of R74,323,967 at the six listed local banks and at Eskom where we do have some shares.

TABLE 16 : INVESTMENTS AS AT 30 SEPTEMBER 2019

SERIAL NUMBER	BANK	BALANCE AT 31 AUGUST 2019	INVESTMENTS MADE	INVESTMENTS WITHDRAWN	INTEREST CAPITALISED	BALANCE AT 30 SEPTEMBER 2019	INTEREST ACCRUED	INTEREST EARNED YEAR-TO-DATE	INTEREST RATE
COLUMN REFERENCE	A	B	C	D	E	G	H	I	J
1	ABSA BANK	635,069	0	0	3,371	638,441	3,280	8,143	6.250%
2	ABSA BANK	600,702	0	0	3,189	603,890	3,102	8,310	6.250%
3	ABSA BANK	637,197	0	0	3,382	640,579	3,291	8,701	6.250%
4	ABSA BANK	614,364	0	0	3,261	617,625	3,173	8,457	6.250%
5	ABSA BANK	355,595	0	0	1,888	357,482	1,836	5,416	6.250%
6	ABSA BANK	357,681	0	0	2,048	359,728	1,993	27,008	6.750%
7	ABSA BANK	0	30,000,000	0	0	30,000,000	92,466	0	7.500%
8	FNB	0	0	0	0	0	0	8,611	6.840%
9	GRINDROD BANK	0	30,500,000	0	0	30,500,000	107,877	0	7.000%
10	INVESTEC	18,487	0	0	100	18,587	98	202	6.400%
11	STANDARD BANK	0	10,500,000	0	0	10,500,000	44,877	0	6.500%
12	ESKOM	87,635	0	0	0	87,635	0	7,560	13.500%
13	GRAND TOTAL	3,306,728	71,000,000	0	17,239	74,323,967	261,992	82,409	7.15%

Recommendation

(12) The primary bank account had a positive bank balance at 30 September 2019 which amounted to R45,083,126.

(13) Total investments in cash and shares amounted to R74,323,967 as at 30 September 2019 at the six 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 (R584,650,007) and the pro rata budgeted operating revenue (R587,357,164) has a negative variance of R2,707,157 or 0.46%.
- (2) The variance between the actual operating expenditure (R517,924,371) and the pro rata budgeted operating expenditure (R533,713,899) has a positive variance of R15,789,527 or 2.96%.
- (3) The actual capital expenditure of R26,943,427 and the pro rata budgeted capital expenditure of R48,359,518 realised underspending of R21,416,091 or 44.29%.
- (4) Actual capital expenditure of R26,943,427 represents 6.27% of the total capital budget of R429,567,339 after three months of the financial year.
- (5) The actual and committed capital expenditure of R99,957,449 compared with the capital expenditure budget of R429,567,339 represent a spending percentage of 23.27% after three months of the financial year.
- (6) External borrowings amounted to R1,628,668,052 as at 30 September 2019 and that it represents 72.98% of Drakenstein's total budgeted operating revenue of R2,231,650,196 (conditional capital and operational grants excluded) for the 2019/2020 financial year.
- (7) Unspent conditional and unconditional grants amounted to R63,832,161 at the end of September 2019.
- (8) The actual employee related cost expenditure of R149,407,914 compared with the pro rata budgeted expenditure of R155,796,137 relates to a positive variance of R6,388,223 or 4.10%.

- (9) Total outstanding debtors as at 30 September 2019 amounted to R373,639,904 and that 30 days and older debt constitutes 49.3% of total outstanding debtors.
 - (10) Domestic consumers owe the municipality R211,102,512 or 56.5% of the municipality's total debtor's book.
 - (11) Outstanding creditors amounted to R4,839,547 as at 30 September 2019.
 - (12) The primary bank account had a positive bank balance at 30 September 2019 which amounted to R45,083,126.
 - (13) Total investments in cash and shares amounted to R74,323,967 as at 30 September 2019 at the six local banks and Eskom.
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