



DRAKENSTEIN
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Monthly Budget Monitoring Report (Section 71 of MFMA)

Period ending: 31 August 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 August 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.



CONRAD POOLE
EXECUTIVE MAYOR
13 September 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 August 2019.

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



DR JH LEIBBRANDT
CITY MANAGER

13 September 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	31

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 (R426,612,499) compares favourably with the pro rata budgeted figure (R423,648,668) – a positive variance of R2,963,831 or 0.70% at month end.

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

- Service Charges: Water (R1,684,018 or 6.74%) – the implementation of water saving measures due to the drought, had an effect on water consumption patterns and therefore the amount billed is less than projected;
- Operational Revenue (R416,505 or 8.78%) – operational revenue on various line items is less than the historical budgeted trends, than anticipated; and
- Interest earned - outstanding debtors (R559,490 or 26.76%) - 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.

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

- Service Charges: Sanitation (R2,563,113 or 13.25%) – the sanitation charges on industrial charges is more than anticipated; and
- Fines, penalties and forfeits (R102,656 or 146.27%) – estimated pound fees are based on previous year trends, while the actual are more than the budgeted amount.

Recommendation

(1) The variance between the actual operating revenue (R426,612,499) and the pro rata budgeted operating revenue (R423,648,668) has a positive variance of R2,965,831 or 0.70%.

TABLE 1: ACTUAL REVENUE PER REVENUE SOURCE FOR AUGUST 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	33,488,450	23,648,476	80,465,343	81,013,779	548,436	0.68%	224,336,036
2	Service Charges : Electricity	1,175,231,372	1,175,231,372	104,041,908	112,050,498	205,335,446	206,956,688	1,621,242	0.79%	968,274,684
3	Service Charges : Water	188,636,644	188,636,644	11,732,401	12,627,464	24,969,057	23,285,039	(1,684,018)	-6.74%	165,351,605
4	Service Charges : Sanitation	116,092,167	116,092,167	9,674,347	12,435,788	19,348,694	21,911,807	2,563,113	13.25%	94,180,360
5	Service Charges : Cleansing	125,003,755	125,003,755	10,416,979	10,640,476	20,833,958	21,649,230	815,272	3.91%	103,354,525
6	Rental of facilities and equipment	15,852,367	15,852,367	721,028	427,700	2,042,056	2,035,623	(6,433)	-0.32%	13,816,744
7	Interest earned - external investments	12,000,000	12,000,000	245,834	208,154	491,668	487,579	(4,089)	-0.83%	11,512,421
8	Interest earned - outstanding debtors	12,555,926	12,555,926	1,046,327	689,639	2,092,654	1,532,896	(559,758)	-26.75%	11,023,030
9	Fines, penalties and forfeits	89,068,288	89,068,288	35,090	81,745	70,180	172,836	102,656	146.27%	88,895,452
10	Licences and Permits	4,288,949	4,288,949	167,159	205,169	504,318	488,653	(15,665)	-3.11%	3,800,296
11	Ner: Transfers and Subsidies : Operational	250,727,572	250,727,572	50,200,336	62,750,000	62,750,420	62,750,000	(420)	0.00%	187,977,572
12	Operational Revenue	28,469,913	28,469,913	2,372,437	3,094,218	4,744,874	4,328,369	(416,505)	-8.78%	24,141,544
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	224,142,296	238,859,328	423,648,668	426,612,499	2,963,831	0.70%	1,905,164,269
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	224,142,296	238,859,328	423,648,668	426,612,499	2,963,831	0.70%	2,037,197,387
							Actual Revenue to date		426,612,499	
							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 R270,587,758 compares favourably with the pro rata budgeted expenditure of R278,487,100 – a positive variance of R7,899,341 or 2.84%.

TABLE 2: ACTUAL OPERATIONAL EXPENDITURE PER VOTE FOR AUGUST 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	4,550,856	4,550,856	323,283	287,148	646,325	570,564	75,761	11.72%	3,980,292.39
2	Department of Internal Audit	7,888,061	7,888,061	574,506	545,754	1,166,089	1,073,944	92,145	7.90%	6,814,117.30
3	Department of Risk And Fraud	2,666,019	2,666,019	188,357	128,105	442,197	316,759	125,438	28.37%	2,349,260.44
4	Department of Communication	5,533,894	5,533,894	417,727	357,064	892,354	620,680	271,674	30.44%	4,913,213.58
5	Department of IDP/PMS	6,028,344	6,028,344	406,874	405,260	813,748	727,021	86,727	10.66%	5,301,322.96
6	Corporate Services	154,226,255	154,122,255	12,631,210	13,146,813	20,235,919	20,049,341	186,578	0.92%	134,072,914
7	Community Services	452,207,903	452,207,903	23,027,349	21,178,292	45,154,832	41,537,151	3,617,681	8.01%	410,670,752
8	Financial Services	125,591,344	125,591,344	9,347,198	8,398,175	16,985,592	14,509,874	2,475,718	14.58%	111,081,470
9	Planning and Development	54,907,898	54,897,898	4,268,527	3,578,373	8,341,585	7,347,329	994,256	11.92%	47,550,569
10	Engineering Services	1,586,025,584	1,586,139,584	156,760,357	159,982,022	183,808,459	183,835,097	(26,638)	-0.01%	1,402,304,487
11	Totals	2,399,626,158	2,399,626,158	207,945,388	208,007,007	278,487,100	270,587,758	7,899,341	2.84%	2,129,038,400

Actual Expenditure to date 270,587,758

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

Recommendation

(2) The variance between the actual operating expenditure (R270,587,758) and the pro rata budgeted operating expenditure (R278,487,100) has a positive variance of R7,899,341 or 2.84%.

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 (R270,587,758) compares favourably with the pro rata budgeted figures (R278,487,100) – a positive variance of R7,899,341 or 2.84 at month end.

TABLE 3: ACTUAL OPERATIONAL EXPENDITURE PER EXPENDITURE CATEGORY FOR AUGUST 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	53,702,245	51,233,308	104,430,758	99,740,680	4,690,078	4.49%	578,788,778
2	Remuneration of councillors	31,709,291	31,709,291	2,642,441	2,512,292	5,284,882	5,021,532	263,350	4.98%	26,687,759
3	Debt Impairment	125,034,743	125,034,743	8,807,876	8,807,876	8,807,876	8,807,876	0	0.00%	116,226,867
4	Depreciation and Amortisation	215,869,778	215,869,778	0	0	0	0	0	0.00%	215,869,778
5	Interest Paid	162,758,940	162,758,940	27,044,442	27,005,212	27,044,442	27,005,212	39,230	0.15%	135,753,728
6	Bulk Purchases Water	12,000,000	12,000,000	371,145	175,922	371,145	175,922	195,223	52.60%	11,824,078
7	Bulk Purchases: Electricity	781,937,527	781,937,527	93,034,507	98,690,129	93,034,507	98,690,129	(5,655,622)	-6.08%	683,247,398
8	Contracted Services	232,467,375	229,384,267	11,019,216	9,733,527	17,527,228	12,825,547	4,701,681	26.83%	216,558,720
9	Transfers and Subsidies	18,649,823	18,565,000	2,717,664	3,029,859	6,930,997	6,929,859	1,138	0.02%	11,635,141
10	Inventory	36,738,603	39,043,226	2,094,782	1,933,284	4,595,909	4,109,924	485,984	10.57%	34,933,302
11	Operating Leases	19,980,722	20,148,722	1,674,295	687,617	3,308,086	1,651,861	1,656,226	50.07%	18,496,861
12	Operational Cost	81,949,898	82,645,206	4,836,776	4,197,981	7,151,270	5,629,217	1,522,053	21.28%	77,015,989
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	207,945,388	208,007,007	278,487,100	270,587,758	7,899,341	2.84%	2,129,038,400

Actual Expenditure to date 270,587,758

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 (R4,690,078 or 4.49%) – please refer to detail included in table 8;
- Bulk Purchases: Water (R195,223 or 52.60%) - 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 (R4,701,681 or 26.83%) - due to underspending on various line items when compared to monthly projected budgets;
- Inventory (R485,984 or 10.57%) – due to underspending on various line items when compared to monthly projected budgets;
- Operating Leases (R1,656,226 or 50.07%) – due to underspending on various line items when compared to monthly projected budgets; and
- Operation Cost (R1,522,053 or 21.28%) – 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 –

- Bulk Purchases: Electricity (R5,655,622 or 6.08%) – due to a higher demand for electricity in the winter month, the purchases is more than anticipated.

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 R4,864,651 compares unfavourably with the pro rata budgeted capital expenditure of R26,241,432 as per the cash flow projections of the SDBIP with a variance or underspending of R21,376,782 or 81.46%. 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 1.13% of the total capital budget of R429,567,339 after two months of the financial year. Actual and recorded committed capital expenditure (R56,120,035) represents 13.06% of the total capital budget of R429,567,339 after two months of the financial year.

TABLE 4: ACTUAL CAPITAL EXPENDITURE PER VOTE FOR AUGUST 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	62,386	0	62,386	0	0	0	(62,386)	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	3,954,705	0	3,954,705	3,168,837	0	3,168,837	(3,954,705)	-100.00%	14,431,754
7	Community Services	123,515,468	152,251,295	8,465,323	1,641,058	10,521,823	2,734,234	2,229,899	4,964,132	(8,291,924)	-78.81%	150,021,396
8	Financial Services	13,850,000	14,041,619	367,420	0	367,420	0	0	0	(367,420)	-100.00%	14,041,619
9	Planning and Development	1,615,000	1,662,793	219,345	0	339,345	9,870	0	9,870	(339,345)	-100.00%	1,662,793
10	Engineering Services	226,200,770	246,132,918	8,345,753	2,450,094	10,995,753	45,342,444	2,634,752	47,977,196	(8,361,002)	-76.04%	243,498,166
11	TOTALS	378,029,950	429,567,339	21,414,932	4,091,152	26,241,432	51,255,385	4,864,651	56,120,035	(21,376,782)	-81.46%	424,702,688
						% of Approved Budget = $\frac{11.93\%}{1.13\%} = 13.06\%$		Actual Expenditure to date = 4,864,651				
						Actual Capex as a % of Pro Rata Budget = $\frac{18.54\%}{13.06\%} = 1.13\%$		Projected Expenditure for 2019/2020 = 429,567,339				

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

TABLE 5: ACTUAL CAPITAL EXPENDITURE PER FUNDING SOURCE FOR AUGUST 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	257,278,218	13,872,523	2,742,224	17,349,023	13,148,136	3,515,722	16,663,858	(13,833,301)	-79.74%	253,762,496
2	CRR	8,881,650	14,591,003	3,019,032	4,473	3,219,032	0	4,473	4,473	(3,214,559)	-99.86%	14,586,530
3	GRANTS	146,572,968	157,698,118	4,523,377	1,344,455	5,673,377	38,107,249	1,344,455	39,451,704	(4,328,922)	-76.30%	156,353,663
4	TOTALS	378,029,950	429,567,339	21,414,932	4,091,152	26,241,432	51,255,385	4,864,651	56,120,035	(21,376,782)	-81.46%	424,702,688

Actual Expenditure to date 4,864,651

Projected Expenditure for 2019/2020 429,567,339

Recommendation

- (3) The actual capital expenditure of R4,864,651 and the pro rata budgeted capital expenditure of R26,241,432 realised underspending of R21,376,782 or 81.46%.**
- (4) Actual capital expenditure of R4,864,651 represents 1.13% of the total capital budget of R429,567,339 after two months of the financial year.**
- (5) The actual and committed capital expenditure of R56,120,035 compared with the capital expenditure budget of R429,567,339 represent a spending percentage of 13.06% after two 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 R1,630,811,503 and after repayments (R0) were made and additional loans (R0) were taken up, the total borrowings outstanding as at 31 August 2019 amounts to R1,630,811,503. This borrowing debt represents 73.08% 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 R1,630,811,503 as at 31 August 2019 and that it represents 73.08% 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 AUGUST 2019

SERIAL NUMBER	EXTERNAL LOANS PROVIDERS	INTEREST RATES	TERM ENDING	OPENING BALANCE 01/08/2019	CAPITAL REDEEMED	NEW LOANS TAKEN UP	CLOSING BALANCE 31/08/2019
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	2,933,469	0	0	2,933,469
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			1,630,811,503	0	0	1,630,811,503

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) to the value of R27,623,441 were received to date. Operating grants expenditure to the amount of R0 and capital grants expenditure to the amount of R0 was spent and recorded as utilised at the end of August 2019. Taking the opening balance of R31,354,232 as well as the aforementioned into consideration, the unspent conditional grants as at the end of August 2019 is R58,977,673.

Recommendation

(7) *Unspent conditional and unconditional grants amounted to R58,977,673 at the end of August 2019.*

TABLE 7: CONDITIONAL GRANTS

SERIAL NUMBER	DESCRIPTION	OPENING BALANCE 1 JULY 2019	OTHER INCOME	OPERATIONAL EXPENDITURE DURING THE YEAR	CAPITAL EXPENDITURE DURING THE YEAR	BALANCE AS ON 31 AUGUST 2019
COLUMN REFERENCE	A	B	C	D	E	F
1	NATIONAL GOVERNMENT (CONDITIONAL GRANT)					
2	G/F : MUNICIPAL INFRASTRUCTURE PROJECTS	0	(12,050,000)	0	0	(12,050,000)
3	G/F : BUDGET REFORM PROGRAMME NATIONAL TREASURY	0	(1,550,000)	0	0	(1,550,000)
4	G/F : EPWP TOEKENING VIR INFRASTRUKPROJEKT CWL	0	(1,297,000)	0	0	(1,297,000)
5	G/F : ELEKT MASTERPLAN (ROLL OVER)	0	(2,000,000)	0	0	(2,000,000)
6	G/F : ELECTRIFICATION FUNDING (INEP)	0	(5,000,000)	0	0	(5,000,000)
7	G/F : RURAL DEVELOPMENT (SARON ROADS)	(639,324)	0	0	0	(639,324)
8	SUB-TOTAL	(639,324)	(21,897,000)	0	0	(22,536,324)

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 31 AUGUST 2019
9	PROVINCIAL GOVERNMENT (CONDITIONAL GRANT)					
10	G/F : CARTERVILLE HOUSING PROJECT	(956,503)	0	0	0	(956,503)
11	G/F : 1068 HUISE WD SKENKING	(341,699)	0	0	0	(341,699)
12	G/F : DROMMEDARIS ST EHP	(732,415)	0	0	0	(732,415)
13	G/F : P59 FAIRYLANDS INCOME	(7,492,039)	0	0	0	(7,492,039)
14	G/F : CHICARGO	(8,500)	0	0	0	(8,500)
15	G/F : NEW SIZAYAMA	(916,838)	0	0	0	(916,838)
16	G/F : ERF 2220 (NOODKAMP)	(802,653)	0	0	0	(802,653)
17	G/F : GOUDA	(704,674)	0	0	0	(704,674)
18	G/F : DALJOSAPHAT TRANSFERS	(453,180)	0	0	0	(453,180)
19	G/F : KINGSTON TOWN TRANSFERS	(24,000)	0	0	0	(24,000)
20	G/F : PAARL EAST HOUSING PROJECT	(320,971)	0	0	0	(320,971)
21	G/F : DROMMEDARIS ST EHP	(140,064)	0	0	0	(140,064)
22	G/F : HOUSING SCHEME 49	(1,262,587)	0	0	0	(1,262,587)
23	G/F : AMSTELHOF PROJECT 35	(10,348)	0	0	0	(10,348)
24	G/F : CHESTER WILLIAMS & PAARL LOVERS LANE	(383,312)	0	0	0	(383,312)
25	G/F : NCEDOLWETHU/CHRIS HANI	(2,000)	0	0	0	(2,000)
26	G/F : HUMAN SETTLEMENTS	(672,000)	0	0	0	(672,000)
27	G/F : DALJOSAPAHT (PHASE 1-3)	(90,000)	0	0	0	(90,000)
28	G/F : VLAKKELAND	(7,399,194)	0	0	0	(7,399,194)
29	G/F : TITLE DEEDS	(2,784,000)	0	0	0	(2,784,000)
30	G/F : LIBRARY SERVICES CONDITIONAL GRANT	(89,885)	(5,690,334)	0	0	(5,780,219)
31	G/F : COMMUNITY DEVELOPMENT SUPPORT GRANT	(516,212)	0	0	0	(516,212)
32	G/F : DEVELOPMENT OF SPORT AND RECREATION FACILITIES	(67,098)	0	0	0	(67,098)
33	G/F : FMG WESTERN CAPE	(60,000)	0	0	0	(60,000)
34	G/F : MANDELA ROUTE	(15,000)	0	0	0	(15,000)
35	G/F : FINANCIAL MANAGEMENT CAPACITY BUILDING	(120,805)	0	0	0	(120,805)
36	G/F : LG GRADUATE INTERNSHIP	(39,569)	0	0	0	(39,569)
37	G/F : CAPACITY BUILDING	(179,751)	0	0	0	(179,751)
38	SUB-TOTAL	(26,585,295)	(5,690,334)	0	0	(32,275,629)

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 31 AUGUST 2019
39	OTHER GRANTS : (UNCONDITIONAL)					
40	G/F : TRAINING LEVY	(127,697)	0	0	0	(127,697)
41	G/F: EMERGENCY KITS:O R THAMBOINF SETTLE	(1,191,615)	0	0	0	(1,191,615)
42	G/F : DE KRAAL	(964,748)	0	0	0	(964,748)
43	G/F : NUMARKT	(558,344)	(36,107)	0	0	(594,451)
44	G/F : CAPE WINELANDS	(300,000)	0	0	0	(300,000)
45	SUB-TOTAL	(3,142,404)	(36,107)	0	0	(3,178,511)
46	GUARANTEES AND DONATIONS					
47	G/F : UNSPENT MONEY PROJECT 59 (GUARANTEE)	(623,636)	0	0	0	(623,636)
48	G/F : TRUST FUND : MUN WEDUWEE & WESE PENSIOEN	(363,572)	0	0	0	(363,572)
49	SUB-TOTAL	(987,208)	0	0	0	(987,208)
50	GRAND TOTAL	(31,354,232)	(27,623,441)	0	0	(58,977,673)

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 R99,740,680 compared with the pro rata budgeted amount of R104,430,758 – an underspending of R4,690,078 or 4.49%.

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 (R522,985 or 12.82%) – due to an increase in overtime payments compared to historical trends, refer to table 9.

Recommendation

(8) The actual employee related cost expenditure of R99,740,680 compared with the pro rata budgeted expenditure of R104,430,758 relates to a positive variance of R4,690,078 or 4.49%.

TABLE 8 : EMPLOYEE RELATED COST AS AT 31 AUGUST 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	427,218,177	427,218,177	35,601,518	33,950,547	71,203,036	67,910,844	3,292,192	4.62%	359,307,333
2	Bonusses	36,728,008	36,728,008	0	16,835	0	35,756	(35,756)	0.00%	36,692,252
3	Leave Pay	7,642,393	7,642,393	1,273,732	1,273,732	1,273,732	1,273,732	0	0.00%	6,368,661
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	1,700,000	1,652,632	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	2,187,855	4,078,860	4,601,845	(522,985)	-12.82%	19,871,256
8	Subsidy House Loans	5,204,587	5,204,587	433,736	306,187	867,472	627,477	239,995	27.67%	4,577,110
9	Travel Allowances	26,754,462	26,754,462	2,229,537	2,214,203	4,459,074	4,337,568	121,506	2.72%	22,416,894
10	Housing Allowance	731,783	731,783	60,987	60,816	121,974	119,148	2,826	2.32%	612,635
11	Acting Allowance	0	0	0	88,825	0	209,155	(209,155)	0.00%	(209,155)
12	Standby Allowance	10,824,879	10,824,879	902,077	789,540	1,804,154	1,624,437	179,717	9.96%	9,200,442
13	Night Shift Allowance	2,415,416	2,415,416	201,287	253,216	402,574	467,649	(65,075)	-16.16%	1,947,767
14	Cell Allowance	2,820,972	2,820,972	235,102	286,316	470,204	576,235	(106,031)	-22.55%	2,244,737
15	Group Insurance	5,024,537	5,024,537	418,716	398,243	837,432	792,317	45,115	5.39%	4,232,220
16	Medical Aid Fund Contr	27,345,230	27,345,230	2,278,772	1,867,543	4,557,544	3,752,383	805,161	17.67%	23,592,847
17	Pension Fund Contr	68,346,357	68,346,357	5,695,539	5,334,482	11,391,078	10,651,937	739,141	6.49%	57,694,420
18	Provident Fund Contr	4,480,782	4,480,782	373,400	288,378	746,800	578,416	168,384	22.55%	3,902,366
19	Unemployment Insurance Fund Contr	3,100,722	3,100,722	258,412	263,959	516,824	529,151	(12,327)	-2.39%	2,571,571
20	Totals	678,529,458	678,529,458	53,702,245	51,233,308	104,430,758	99,740,680	4,690,078	4.49%	578,788,778

Actual Expenditure to date 99,740,680
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 31 AUGUST 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	1,939	29,062	5,850	23,212	79.87%
6	Corporate Services	0	0	0	3,562	0	5,581	(5,581)	0.00%
7	Community Services	9,670,388	9,670,388	805,869	746,260	1,611,738	1,710,252	(98,514)	-6.11%
8	Financial Services	731,936	731,936	60,995	41,892	121,990	85,338	36,652	30.04%
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	1,388,984	2,316,070	2,741,616	(425,546)	-18.37%
11	Totals	24,473,101	24,473,101	2,039,430	2,182,636	4,078,860	4,548,637	(469,777)	-11.52%

9. Debtors age analysis and payment rates

9.1 Debtors age analysis per service

The municipality's total outstanding debtors amounted to R377,694,076 as at 31 August 2019 compared with the R345,815,204 as at 31 July 2019. As reflected in Table 10 below, current debt represent 52.15% of the total outstanding debt compared with the 50.03% of July 2019; 30 days and older debt 6.69% compared with the 4.60% for July 2019; 60 days and older debt 2.60% compared with the 2.55% of July 2019; and 90 days and older debt 38.56% compared with the 42.80% of July 2019.

The debtors test ratio (before bad debt provision) shows an increase of 2.9 days from 60.2 days in June 2019 to 63.1 days in July 2019 and a increase of 5.6 days to 68.7 days in August 2019. The debtors test ratio (after bad debt provision) shows an decrease of 7.6 days from 41.1 days in June 2019 to 48.7 days in July 2019 and a increase of 8.0 days to 56.7 days in August 2019. The acceptable norm is 45 days.

Current debt increased with R23,955,499 to R196,979,577 compared with the R173,024,078 as at 31 July 2019; 30 days + debt increased with R9,324,606 to R25,282,305; 60 days + debt increased with R978,661 to R9,801,733 and 90 days and older debt as at 31 August 2019 has decreased with R2,379,894 to R145,630,461 compared with the R148,010,355 as at 31 July 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	28,051,100	22,191,492	4,320,454	1,970,159	13,808,627	70,341,831	18.62%
2	Water	373	14,034,516	5,307,997	3,389,763	53,338,815	76,071,464	20.14%
3	Electricity	26,512,998	75,426,153	7,539,692	1,683,506	18,229,343	129,391,690	34.26%
4	Sewerage	0	9,931,793	2,593,421	911,268	15,264,586	28,701,068	7.60%
5	Refuse	0	11,240,180	3,801,584	1,307,133	25,580,368	41,929,265	11.10%
6	Housing	0	1,900,714	1,048,532	196,242	7,338,634	10,484,122	2.78%
7	Others	2,908,092	4,782,168	670,625	343,661	12,070,088	20,774,635	5.50%
8	TOTAL	57,472,562	139,507,015	25,282,305	9,801,733	145,630,461	377,694,076	100.00%
	2019/08 =	52.15%		6.69%	2.60%	38.56%	100.00%	
	2019/07 =	50.03%		4.60%	2.55%	42.80%	100.00%	

Debtors owe the municipality property rates (18.62%); water (20.14%); electricity (34.26%); sewerage (7.60%); refuse (11.10%); housing (2.78%), and sundry debt (5.50%).

9.2 Debtors age analysis per debtor type

Agricultural debtors owes the municipality R20,209,346 (5.4%); business debtors R98,340,462 (26.0%); domestic debtors R210,344,113 (55.7%); government accounts R29,874,309 (7.9%); sundry accounts R18,925,845 (5.0%) and of the total outstanding debt of R377,694,076 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 AUGUST 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	6,509,522	7,574,591	847,052	331,943	4,946,238	20,209,346	5.4%
2	Business	24,442,090	60,395,996	2,579,299	738,240	10,184,838	98,340,462	26.0%
3	Domestic	3,964,892	60,525,556	17,311,178	7,868,873	120,673,614	210,344,113	55.7%
4	Government	15,212,638	7,671,007	4,138,043	709,711	2,142,911	29,874,309	7.9%
5	Sundry Accounts	7,343,420	3,339,866	406,733	152,966	7,682,860	18,925,845	5.0%
6	TOTAL	57,472,562	139,507,015	25,282,305	9,801,733	145,630,461	377,694,076	100.0%

9.3 Debtors age analysis per ward

In Table 12 below the total outstanding debt of R377,694,076 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 23 of the 33 wards is above 50%. Notably is the percentages of ward 5 (71.9%); ward 6 (82.1%); ward 7 (60.7%); ward 8 (85.3%); ward 9 (82.7%); ward 10 (59.5%); ward 11 (70.7%); ward 12 (72.0%); ward 13 (71.9%); ward 14 (80.6%); ward 16 (52.3%); ward 20 (73.2%); ward 21 (72.4%); ward 22 (53.5%); ward 23 (51.8%); ward 24 (72.0%); ward 25 (57.8%); ward 26 (63.8%); ward 27 (80.7%); ward 30 (94.8%); ward 31 (84.8%); ward 32 (82.6%) and ward 33 (54.7%).

Wards that owe the municipality more than R10,000,000 monetary wise are ward 1 (R12,704,237); ward 4 (R24,601,447); ward 9 (R11,455,754); ward 11 (R10,050,260); ward 12 (R12,178,845); ward 15 (R19,553,043); ward 16 (R13,052,864); ward 17 (R24,453,929); ward 18 (R27,137,508); ward 19 (R26,061,417); ward 22 (R13,426,555); ward 28 (R23,960,573); ward 30 (R24,464,043); and ward 31 (R18,862,114).

Recommendation

(9) Total outstanding debtors as at 31 August 2019 amounted to R377,694,076 and that 30 days and older debt constitutes 47.8% of total outstanding debtors.

(10) Domestic consumers owe the municipality R210,344,113 or 55.7% of the municipality's total debtor's book.

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

WARD	CURRENT 1 (Levied but not billed as yet)	CURRENT 2 (Levied and billed)	30 DAYS +	60 DAYS +	90 DAYS +	TOTAL OUTSTANDING DEBT 31/07/2019	30 DAYS AND OLDER AS A % OF TOTAL DEBT	TOTAL OUTSTANDING DEBT 30/06/2019	INCREASE / (DECREASE)	WARD COUNCILLOR
COLUMN REFERENCE	A	B	C	D	E	F	G	H	I	J
1	4,592,844	5,676,142	526,634	150,313	1,758,304	12,704,237	19.2%	11,519,356	1,184,881	C KROUTZ
2	1,824,508	4,023,524	436,925	102,477	1,002,655	7,390,090	20.9%	7,671,223	(281,134)	HJ KOTZE
3	2,451,369	1,772,081	136,594	34,705	919,252	5,314,000	20.5%	5,060,440	253,561	WE SMIT
4	5,447,281	13,041,959	1,746,975	461,199	3,904,032	24,601,447	24.8%	22,551,118	2,050,329	J MILLER
5	443,251	1,146,528	365,382	151,215	3,544,857	5,651,233	71.9%	5,488,913	162,320	NP MBENENE
6	170,156	1,039,696	516,225	349,626	4,687,594	6,763,297	82.1%	6,728,093	35,204	TZ NQORO / NOMANA
7	564,196	1,101,704	419,320	124,847	2,027,576	4,237,643	60.7%	4,029,362	208,281	RB ARNOLDS
8	7,887	451,373	270,137	174,579	2,212,766	3,116,740	85.3%	3,267,068	(150,328)	N.ZIKHALI
9	309,070	1,673,444	641,796	312,531	8,518,913	11,455,754	82.7%	11,437,733	18,022	TC MANGENA
10	225,403	864,221	357,809	116,258	1,127,709	2,691,401	59.5%	2,318,091	373,310	C KEARNS
11	809,993	2,130,265	911,108	338,008	5,860,885	10,050,260	70.7%	10,623,874	(573,614)	AC STOWMAN
12	320,789	3,095,154	824,695	306,755	7,631,452	12,178,845	72.0%	9,997,453	2,181,392	MD NOBULA
13	156,687	757,580	312,911	98,970	1,924,771	3,250,919	71.9%	3,079,680	171,240	S ROSS
14	282,483	1,107,755	913,318	603,768	4,269,404	7,176,729	80.6%	6,786,555	390,174	J DE WET
15	4,700,322	11,722,244	798,611	332,363	1,999,502	19,553,043	16.0%	18,872,395	680,647	LW NIEHAUS
16	329,383	5,890,776	976,050	396,146	5,460,509	13,052,864	52.3%	12,891,291	161,573	DS BLANCKENBERG
17	2,455,305	18,429,267	910,164	313,343	2,345,851	24,453,929	14.6%	15,979,285	8,474,644	HJN MATTHEE
18	6,010,117	10,334,247	1,083,670	411,925	9,297,548	27,137,508	39.8%	24,538,446	2,599,062	AML BUCKLE
19	7,543,337	14,333,073	1,197,312	263,922	2,723,773	26,061,417	16.1%	27,411,550	(1,350,132)	TE BESTER
20	67,814	1,411,598	520,598	144,452	3,377,495	5,521,956	73.2%	5,062,780	459,177	PBA CUPIDO
21	440,034	1,174,225	472,291	122,672	3,640,089	5,849,311	72.4%	5,965,709	(116,398)	E GOUWS
22	1,328,330	4,920,121	1,112,275	476,760	5,589,068	13,426,555	53.5%	12,863,308	563,247	FP CUPIDO
23	76,061	2,299,193	437,566	154,202	1,963,064	4,930,086	51.8%	4,576,959	353,127	F JACOBS
24	434,317	1,164,570	578,591	401,512	3,124,802	5,703,792	72.0%	5,447,102	256,689	MM ADRIAANSE
25	1,158,295	2,304,546	927,925	528,109	3,294,825	8,213,700	57.8%	7,195,039	1,018,662	LT VAN NIEKERK
26	610,606	1,495,217	462,450	173,557	3,073,723	5,815,552	63.8%	5,530,724	284,828	JV ANDERSON
27	83,409	668,654	394,512	152,707	2,594,393	3,893,675	80.7%	3,576,847	316,829	VC BOOYSEN
28	2,235,255	15,019,417	3,066,932	1,003,866	2,635,103	23,960,573	28.0%	21,214,938	2,745,636	RH VAN NIEWENHUYZEN
29	792,688	4,018,677	505,762	161,638	1,965,774	7,444,539	35.4%	7,451,896	(7,357)	L WILLEMSE
30	201,874	1,075,289	955,186	581,038	21,650,655	24,464,043	94.8%	23,616,474	847,569	J SMIT
31	1,599,054	1,265,976	929,952	428,565	14,638,567	18,862,114	84.8%	18,465,145	396,969	GH FORD
32	107,481	929,254	656,129	202,453	4,074,528	5,969,845	82.6%	5,858,934	110,912	LV NZELE
33	534,283	1,623,082	565,831	213,905	1,823,626	4,760,727	54.7%	4,547,181	213,546	SE SEPTEMBER
SUNDRIES	9,158,679	1,546,161	350,666	13,347	967,395	12,036,249	11.1%	4,190,244	7,846,005	SUNDRIES
TOTAL	57,472,562	139,507,015	25,282,305	9,801,733	145,630,461	377,694,076	47.8%	345,815,205	31,878,871	

10. Creditors age analysis

The municipality's creditor's age analysis amounted to R3,911,139 as at 31 August 2019 as set out in Table 13 below. Creditors 30 days and older amount to R380.

Recommendation

(11) *Outstanding creditors amounted to R3,911,139 as at 31 August 2019.*

TABLE 13: CREDITORS AGE ANALYSIS AS AT 31 AUGUST 2019

SERIAL NUMBER	CREDITOR	CURRENT	30 DAYS +	60 DAYS +	90 DAYS +	TOTAL AS AT 31/08/2019
COLUMN REFERENCE	A	B	C	D	E	F
1	AMF INTERNATIONAL PTY LTD T/A ELANDIBIZ PTY	10,726	0	0	0	10,726
2	AL ABBOTT AND ASSOCIATES PTY LTD	113,534	0	0	0	113,534
3	CC AUTO SUPPLIES CC T/A MIDAS PAARL	947	0	0	0	947
4	ALSU ONDERNEMINGS PTY LTD	686,424	0	0	0	686,424
5	ACTOM ELECTRICAL PRODUCTS A DIVISION OF ACTO	176,700	0	0	0	176,700
6	ARB ELECTRICAL WHOLESALERS (PTY) LTD	194,948	0	0	0	194,948
7	BROADWAY TIMBERS PTY LTD T/A BROADWAY TIMBER	552	0	0	0	552
8	BIDTIQ T/A RC SUPPLIERS	5,336	0	0	0	5,336
9	BEKA SCHREDER(PTY) LTD	19,869	0	0	0	19,869
10	BERGRIVIER BESPROEING BK	9,413	0	0	0	9,413
11	BOUDEL MOTORS PTY LTD T/A THORP PAARL	62,348	0	0	0	62,348
12	ARGENTURE RADIO & TV (PTY)LTD T/A CATHMAR TV	1,240	0	0	0	1,240
13	CRONLEC ELCTRICAL WHOLESALERS CAPE PTY LTD	57	0	0	0	57
14	DJL BURNERS AND BOILERS CC	28,681	0	0	0	28,681
15	DYNAMIC TONER SOLUTIONS CC	9,304	0	0	0	9,304
16	DRC SERVICES (PTY) LTD	47,994	0	0	0	47,994
17	ENGEN PETROLEUM LIMITED	317,671	0	0	0	317,671
18	EPC CONSUMABLES CC T/A ESSENTIAL PRINTER CON	419	0	0	0	419
19	EPPING INDUSTRIAL SUPPLIERS (PTY) LTD	8,917	0	0	0	8,917
20	F LUKE T/A SUPREME ELECTRICAL SUPPLIES	9,653	0	0	0	9,653

ANNEXURE A

SERIAL NUMBER	CREDITOR	CURRENT	30 DAYS +	60 DAYS +	90 DAYS +	TOTAL AS AT 31/08/2019
COLUMN REFERENCE	A	B	C	D	E	F
23	FOWKES BROS (PTY) LTD	9,390	0	0	0	9,390
24	FRANK CUPIDO (PAINT CONTRACTOR)	73,000	0	0	0	73,000
25	REKHA CONSTRUCTION (PTY) LTD	157,089	0	0	0	157,089
26	GANEDHI TRADING ENTERPRISE CC	5,341	0	0	0	5,341
27	HYDRABERG HYDRAULICS	29,098	0	0	0	29,098
28	JOHANN BERGH ELECTRONICS BK	9,667	0	0	0	9,667
29	JUST INDUSTRIAL DOORS PTY LTD	4,650	0	0	0	4,650
30	J BRITZ	0	380	0	0	380
31	JEFFS GLASS	8,775	0	0	0	8,775
32	JLM 24 SERVICE	17,750	0	0	0	17,750
33	JJAD MARINE AND INDUSTRIAL INSTALLATIONS (PT	19,378	0	0	0	19,378
34	LADY BUGS INNOVATIVE MARKETING PTY LTD	2,174	0	0	0	2,174
35	LG TOW IN BK	18,932	0	0	0	18,932
36	LAWULA SYSTEMS PTY LTD	21,600	0	0	0	21,600
37	LESEDI RETICULATION PTY LTD	15,333	0	0	0	15,333
38	LITHOTECH SALES CAPE A DIVISION OF BIDPAPER	11,799	0	0	0	11,799
39	WYNLAND HOUT CC T/A LUMBER KING	8,256	0	0	0	8,256
40	BIDVEST PAPERPLUS (PTY) LTD T/A BIDVEST DATA	8,825	0	0	0	8,825
41	E MABILLE ENGINEERING	472	0	0	0	472
42	NEW HEMISPHERE RETAILER (PAARL)(PTY) LTD T/A	9,660	0	0	0	9,660
43	OLCO HARDWARE (PTY) LTD	160	0	0	0	160
44	ONMI CONSULTING ENGINEERS (PTY) LTD	195,831	0	0	0	195,831
45	INTEGRATORS OF SYSTEMS TECHNOLOGY (PTY) LTD	88,861	0	0	0	88,861
46	PARK AVENUE STATIONERS (CAPE) CC T/A PARK AV	983	0	0	0	983
47	PAINT ON MAIN PTY LTD	928	0	0	0	928
48	POWERCOMM SOLUTIONS (PTY) LTD	79,693	0	0	0	79,693
49	TITANCOR TWO CC T/A PAARL MICA	325	0	0	0	325
50	PIENAAR BROS. (PTY) LTD	10,178	0	0	0	10,178
51	POLARAMA CC T/A POLARAMA WHOLESALERS	12,718	0	0	0	12,718
52	PIETERSEN AND BURNS INVESTMENTS (PTY) LTD	95,000	0	0	0	95,000
53	RAYCAPE CC	58,690	0	0	0	58,690
54	SILVER SOLUTIONS 3108 BK T/A ARRIES ALGEMENE	19,995	0	0	0	19,995
55	SA DRIVER	36,792	0	0	0	36,792
56	STARTUNE PTY LTD	399,081	0	0	0	399,081
57	STRAND FLOORING PTY LTD	3,749	0	0	0	3,749
58	S AND T INFRASTRUXE PROJEX PTY LTD	62,374	0	0	0	62,374
59	SIZWE PAINTS PTY LTD.	82,107	0	0	0	82,107
60	SPECTRUM COMMUNICATIONS (PTY) LTD	139,832	0	0	0	139,832

ANNEXURE A

SERIAL NUMBER	CREDITOR	CURRENT	30 DAYS +	60 DAYS +	90 DAYS +	TOTAL AS AT 31/08/2019
COLUMN REFERENCE	A	B	C	D	E	F
61	SC STATIONERY AGENCIES (PTY) LTD	6,900	0	0	0	6,900
62	STAT BOOKS CC	4,284	0	0	0	4,284
63	STELMED	615	0	0	0	615
64	SIYAPHAMBILI ELECTRICAL & INDUSTRIAL SUPPLIES	80,893	0	0	0	80,893
65	SUMMERLANE TRADING 222 CC T/A FEEDRITE ENGIN	9,957	0	0	0	9,957
66	SUPERB SIGNS	14,582	0	0	0	14,582
67	TAFELBERG MEUBELWINKELS BPK	799	0	0	0	799
68	TO-NETT'S VERHURINGS CC T/A TO-NETT'S VERHUR	800	0	0	0	800
69	THOMPSONS KHUSELA ROAD AND SIGNAGE (PTY) LTD	1,820	0	0	0	1,820
70	UBUNTU TECHNOLOGY PTY LTD T/A UBUNTU TECHNOL	3,485	0	0	0	3,485
71	VW CIVIL ENGINEERING SUPPLIES CC	39,100	0	0	0	39,100
72	VOLTEX PAARL	32,965	0	0	0	32,965
73	VEROTEST PTY LTD	2,178	0	0	0	2,178
74	VICTORY ENGINEERING (PTY) LTD	3,500	0	0	0	3,500
75	WAM TECHNOLOGY CC	7,178	0	0	0	7,178
76	WACO AFRICA (PTY) LTD T/A SANITECH	138,084	0	0	0	138,084
77	WESTERN CAPE TRANSFORMER SERVICES	23,909	0	0	0	23,909
78	KAAP AGRI BEDRYF BEPERK-PAARL	1,380	0	0	0	1,380
79	WACKER NEUSON (PTY) LTD	4,200	0	0	0	4,200
80	BIDVEST WALTONS (PTY) LTD	16,102	0	0	0	16,102
81	WELLINGTON PAINT & HARDWARE	48,400	0	0	0	48,400
82	WESLEY K MARTIN T/A WES PHOTO EXPRESS	5,995	0	0	0	5,995
83	WORK DYNAMICS (PTY) LTD	4,974	0	0	0	4,974
84	WORLD FOCUS 1431 CC T/A WINELANDS ECHO	4,033	0	0	0	4,033
85	XERACOTE CC T/A OLYMPIA INTERNATIONAL PAINTS	13,237	0	0	0	13,237
86	YMCM CONSTRUCTION L/N RR KERMIS	4,370	0	0	0	4,370
87	YSTERPLAAT MEDICAL SUPPLIES (PTY) LTD	8,389	0	0	0	8,389
88	ZONART LABOUR DISTRIBUTION PTY LTD	5,417	0	0	0	5,417
89	TOTAL	3,910,759	380	0	0	3,911,139

11. Bank, cash, overdraft balances and investments

The municipality's primary and secondary bank accounts reconciles as at 31 August 2019 as can be seen in table 14 below. The primary bank account showed a positive cashbook balance of R23,997,088 at the end of August 2019 whilst the actual bank balance was a positive R151,778,385.

TABLE 14: BANK RECONCILIATION AS AT 31 AUGUST 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	54,579,381	(2,300,574)	0	0	52,278,807
2	Add: Receipts	90,892,624	85,072,597	608,766	338,641	176,912,629
3	Add: Investments withdrawn	1,322,965	0	0	0	1,322,965
4	Less: Payments	(206,494,954)	(22,174)	(185)		(206,517,313)
5	Add/Less: Sweeping of Balance	90,410,563	(89,463,341)	(608,581)	(338,641)	-
6	Cashbook balance - end of period of the month	30,710,579	(6,713,492)	0	0	23,997,088
7	Balance as per bank statement	151,778,385	0	0	0	151,778,385
8	Add: Transactions receipt on cash book, but not reflecting on bank statement					
9	Cashier receipts not yet banked	699,067	0	0	0	699,067
10	Third party receipts received but not banked: Easy pay	1,373,168	0	0	0	1,373,168
11	Direct deposit/Transfer in cash book	(2,161,908)	7,606	0	0	(2,154,302)
12	Less: Payments issued in cash book, but not reflecting on bank statement					
13	Cheque payments	(397,718)	0	0	0	(397,718)
14	ACB (Automatic Clearing Bureau) payments/System generated payments	(120,344,541)	0	0	0	(120,344,541)
15	Less: Transactions on bank statement, but not reflecting in cashbook					
16	Electronic transfers received in bank statement not yet receipted	(73,391)	(6,721,098)	0	0	(6,794,488)
17	Cheques issued and cancelled after month-end	(162,484)	0	0	0	(162,484)
18	Balance as per cash book	30,710,579	(6,713,492)	0	0	23,997,088

Surplus cash is invested on a daily basis. The municipality's investments as at 31 August 2019 is as set out in Table 15 below. The municipality started the beginning of the month with total investments of R4,572,082 and after investments made (R0), withdrawn (R1,322,965) and interest capitalised (R57,611) closed with an investments balance of R3,306,728 at the six listed local banks and at Eskom where we do have some shares.

TABLE 15 : INVESTMENTS AS AT 31 AUGUST 2019

SERIAL NUMBER	BANK	BALANCE AT 31 JULY 2019	INVESTMENTS MADE	INVESTMENTS WITHDRAWN	INTEREST CAPITALISED	BALANCE AT 31 AUGUST 2019	INTEREST ACCRUED	INTEREST EARNED YEAR-TO-DATE	INTEREST RATE
COLUMN REFERENCE	A	B	C	D	E	F	G	H	I
1	ABSA BANK	630,297	0	0	4,772	635,069	3,371	50,449	6.250%
2	ABSA BANK	595,580	0	0	5,122	600,702	3,189	79,442	6.250%
3	ABSA BANK	631,878	0	0	5,319	637,197	3,382	78,404	6.250%
4	ABSA BANK	609,168	0	0	5,195	614,364	3,261	78,634	6.250%
5	ABSA BANK	352,066	0	0	3,529	355,595	1,888	50,394	6.250%
6	ABSA BANK	332,720	0	0	24,961	357,681	2,048	281,465	6.750%
7	FNB	1,277,020	0	(1,285,632)	8,611	0	0	8,611	6.840%
8	INVESTEC	18,385	0	0	102	18,487	100	102	6.400%
9	ESKOM	124,968	0	(37,333)	0	87,635	0	0	13.500%
10	GRAND TOTAL	4,572,082	0	(1,322,965)	57,611	3,306,728	17,239	627,502	7.19%

Recommendation

(12) The primary bank account had a positive bank balance at 31 August 2019 which amounted to R151,778,385.

(13) Total investments in cash and shares amounted to R3,306,728 as at 31 August 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 (R426,612,499) and the pro rata budgeted operating revenue (R423,648,668) has a positive variance of R2,963,831 or 0.70%.
- (2) The variance between the actual operating expenditure (R270,587,758) and the pro rata budgeted operating expenditure (R278,487,100) has a positive variance of R7,899,341 or 2.84%.
- (3) The actual capital expenditure of R4,864,651 and the pro rata budgeted capital expenditure of R26,241,432 realised underspending of R21,376,782 or 81.46%.
- (4) Actual capital expenditure of R4,864,651 represents 1.13% of the total capital budget of R429,567,339 after two months of the financial year.
- (5) The actual and committed capital expenditure of R56,120,035 compared with the capital expenditure budget of R429,567,339 represent a spending percentage of 13.06% after two months of the financial year.
- (6) External borrowings amounted to R1,630,811,503 as at 31 August 2019 and that it represents 73.08% 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 R58,977,673 at the end of August 2019.
- (8) The actual employee related cost expenditure of R99,740,680 compared with the pro rata budgeted expenditure of R104,430,758 relates to a positive variance of R4,690,078 or 4.49%.

- (9) Total outstanding debtors as at 31 August 2019 amounted to R377,694,076 and that 30 days and older debt constitutes 47.8% of total outstanding debtors.
 - (10) Domestic consumers owe the municipality R210,344,113 or 55.7% of the municipality's total debtor's book.
 - (11) Outstanding creditors amounted to R3,911,139 as at 31 August 2019.
 - (12) The primary bank account had a positive bank balance at 31 August 2019 which amounted to R151,778,385.
 - (13) Total investments in cash and shares amounted to R3,306,728 as at 31 August 2019 at the six local banks and Eskom.
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