



DRAKENSTEIN
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Monthly Budget Monitoring Report (Section 71 of MFMA)

Period ending: 30 November 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 November 2019.

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

A handwritten signature in black ink, consisting of a stylized 'C' and 'P' followed by a horizontal line and a small flourish.

CONRAD POOLE
EXECUTIVE MAYOR
13 December 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 November 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 December 2019

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1. Introduction

Section 71(1) of the Municipal Finance Management Act (MFMA) requires from the Municipal Manager, as Accounting Officer of the Municipality, to submit a report in a prescribed format to the Executive Mayor within 10 working days after the end of each month on the state of the municipality's budget reflecting the following particulars for that month and for the financial year up to the end of that month:-

- (a) Actual revenue per revenue source;
- (b) Actual expenditure per vote;
- (c) Actual capital expenditure per vote;
- (d) Any allocations received;
- (e) Actual expenditure on allocations received;
- (f) Actual borrowings; and
- (g) Any other budget information as may be required by National and Provincial Treasury for monitoring purposes.

This report is a summary of the main budget issues arising from the monitoring process. It compares the process of the budget to the projections contained in the Service Delivery and Budget Implementation Plan (SDBIP). Section 54 of the MFMA requires from the Executive Mayor to consider the Section 71 report and to take appropriate action, if needed, to ensure that the approved budget is implemented in accordance with the approved SDBIP.

The main budget monitoring issues will now be discussed through paragraphs 2 to 11 of this report and will include appropriate recommendations as set out in paragraph 13 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 (R913,491,906) compares favourably with the pro rata budgeted figure (R909,038,969) – a positive variance of R4,437,025 or 0.49% 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 (R6,776,807 or 10.53%) – 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; and
- Rental of Facilities and equipment (R7,995 or 12.27%) – Included amount is a portion of property rates levied, which will be corrected in the next month's report.

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

- Service Charges: Property Rates (R4,544,557 or 3.01%) – due to a change in policy the property rates are being levied monthly and thus the trend on which the budget has been based on is more than anticipated;
- Service Charges: Electricity (R2,892,256 or 0.58%) – the services charges for electricity is more than anticipated;
- Interest received – external investments (R232,681 or 13.08%) – more surplus funds could be invested to earn more interest; and
- Operational Revenue (R2,359,605 or 19.89%) – operational revenue on various line items is more than the historical budgeted trends, than anticipated.

Recommendation

(1) The variance between the actual operating revenue (R913,491,906) and the pro rata budgeted operating revenue (R909,038,969) has a positive variance of R4,437,025 or 0.49%.

TABLE 1: ACTUAL REVENUE PER REVENUE SOURCE FOR NOVEMBER 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	24,602,496	150,930,693	155,475,250	4,544,557	3.01%	149,874,565
2	Service Charges : Electricity	1,175,231,372	1,175,231,372	100,640,914	94,780,873	494,458,927	497,351,183	2,892,256	0.58%	677,880,189
3	Service Charges : Water	188,636,644	188,636,644	14,302,182	11,822,706	64,338,737	57,561,930	(6,776,807)	-10.53%	131,074,714
4	Service Charges : Sanitation	116,092,167	116,092,167	9,674,347	9,307,110	48,371,735	49,648,334	1,276,599	2.64%	66,443,833
5	Service Charges : Cleansing	125,003,755	125,003,755	10,416,979	10,336,340	52,084,895	53,146,785	1,061,890	2.04%	71,856,970
6	Rental of facilities and equipment	15,852,367	15,852,367	(648,972)	(614,783)	(64,860)	(56,905)	(7,955)	-12.27%	15,909,272
7	Interest earned - external investments	12,000,000	12,000,000	610,833	441,829	1,779,169	2,011,850	232,681	13.08%	9,988,150
8	Interest earned - outstanding debtors	12,555,926	12,555,926	746,327	778,966	3,911,635	3,784,534	(127,101)	-3.25%	8,771,392
9	Fines, penalties and forfeits	89,068,288	89,068,288	124,257	98,859	403,285	401,386	(1,899)	-0.47%	88,666,902
10	Licences and Permits	4,288,949	4,288,949	267,159	277,585	1,405,795	1,397,582	(8,213)	-0.58%	2,891,367
11	Ner: Transfers and Subsidies : Operational	250,727,572	250,727,572	5,928,182	2,454,640	69,661,102	68,972,050	(689,052)	-0.99%	181,755,522
12	Operational Revenue	28,469,913	28,469,913	2,372,437	3,160,709	11,862,185	14,221,790	2,359,605	19.89%	14,248,123
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	167,923,095	157,447,330	899,143,298	903,915,769	4,756,560	0.53%	1,427,860,999
15	Ner : Transfers and Subsidies : Capital	120,907,968	132,033,118	8,171	(269,303)	9,895,671	9,576,136	(319,535)	-3.23%	122,456,982
16	Total Operating Revenue (Capital Grants Included)	2,452,684,736	2,463,809,886	167,931,266	157,178,028	909,038,969	913,491,906	4,437,025	0.49%	1,550,317,980

Actual Revenue to date **913,491,906**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 R860,138,208 compares favourably with the pro rata budgeted expenditure of R883,300,714 – a positive variance of R23,162,505 or 2.62%.

TABLE 2: ACTUAL OPERATIONAL EXPENDITURE PER VOTE FOR NOVEMBER 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	437,290	381,043	1,774,317	1,555,416	218,901	12.34%	2,996,695.65
2	Department of Internal Audit	7,888,061	7,888,061	947,314	948,196	3,361,085	3,246,560	114,525	3.41%	4,641,501.40
3	Department of Risk And Fraud	2,666,019	2,666,019	342,985	191,795	1,154,106	778,149	375,957	32.58%	1,887,869.55
4	Department of Communication	5,532,638	5,532,638	642,426	515,735	2,349,987	1,821,606	528,381	22.48%	3,711,032.38
5	Department of IDP/PMS	6,028,344	6,028,344	786,258	617,544	2,699,985	2,187,496	512,489	18.98%	3,840,848.37
6	Corporate Services	154,226,255	154,111,264	14,504,079	12,034,884	60,490,597	58,030,054	2,460,543	4.07%	96,081,210
7	Community Services	450,225,430	449,841,218	35,864,471	33,901,929	134,189,320	126,483,076	7,706,244	5.74%	323,358,142
8	Financial Services	125,591,344	125,687,902	13,186,461	11,176,392	50,559,782	49,280,461	1,279,321	2.53%	76,407,441
9	Planning and Development	56,890,371	56,761,142	8,105,885	7,132,422	25,717,660	22,667,513	3,050,147	11.86%	34,093,629
10	Engineering Services	1,586,025,584	1,586,557,458	120,454,488	115,538,510	601,003,875	594,087,877	6,915,998	1.15%	992,469,581
11	Totals	2,399,626,158	2,399,626,158	195,271,658	182,438,450	883,300,714	860,138,208	23,162,505	2.62%	1,539,487,950

Actual Expenditure to date **860,138,208**

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

Recommendation

(2) The variance between the actual operating expenditure (R860,138,208) and the pro rata budgeted operating expenditure (R883,300,714) has a positive variance of R23,162,505 or 2.62%.

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 (R860,138,208) compares favourably with the pro rata budgeted figures (R883,300,714) – a positive variance of R23,162,505 or 2.62% at month end.

TABLE 3: ACTUAL OPERATIONAL EXPENDITURE PER EXPENDITURE CATEGORY FOR NOVEMBER 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	88,093,387	79,617,234	295,254,903	279,473,675	15,781,228	5.34%	399,055,783
2	Remuneration of councillors	31,709,291	31,709,291	2,642,441	2,508,583	12,822,205	12,547,281	274,924	2.14%	19,162,010
3	Debt Impairment	125,034,743	125,034,743	4,403,938	4,403,938	22,019,690	22,019,690	0	0.00%	103,015,053
4	Depreciation and Amortisation	215,869,778	215,869,778	0	0	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	67,611,105	67,513,030	98,075	0.15%	95,245,910
6	Bulk Purchases Water	12,000,000	12,000,000	411,606	243,112	2,620,221	1,069,762	1,550,459	59.17%	10,930,238
7	Bulk Purchases: Electricity	781,937,527	781,937,527	56,495,271	55,263,519	299,675,156	299,463,273	211,883	0.07%	482,474,254
8	Contracted Services	232,467,375	223,269,997	17,120,393	17,231,244	61,655,538	60,097,105	1,558,433	2.53%	163,172,892
9	Transfers and Subsidies	18,649,823	18,794,846	1,589,357	1,414,501	11,743,802	11,841,203	(97,401)	-0.83%	6,953,643
10	Inventory	36,738,603	40,220,839	3,212,703	2,268,523	14,510,744	13,255,527	1,255,217	8.65%	26,965,312
11	Operating Leases	19,980,722	23,790,093	2,058,966	2,284,023	9,871,143	8,610,817	1,260,326	12.77%	15,179,276
12	Operational Cost	81,949,898	83,710,646	5,721,374	3,701,168	31,548,750	30,779,218	769,532	2.44%	52,931,428
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	195,271,658	182,438,450	883,300,714	860,138,208	23,162,505	2.62%	1,539,487,950
Actual Expenditure to date										860,138,208
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 (R15,781,228 or 5.34%) – please refer to detail included in table 8;
- Bulk Purchases: Water (R1,550,459 or 59.17%) - it should be noted that we received free water units first before we start paying for the water usage, thus the positive variance;
- Inventory (R1,255,217 or 8.65%) - due to underspending on various line items when compared to monthly projected budgets; and
- Operating Leases (R1,260,326 or 12.77%) – 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. Total cost savings disclosure

According to Cost Containment Regulations, published on 7 June 2019 in the Government Gazette, each municipality must develop or revise and implement a cost containment policy accordingly. The actual expenditure per quarter can be seen in Table 4 below. It should be noted that *Quarter 2 Expenditure* will only include actuals for the month of October and November 2019.

TABLE 4: TOTAL COST SAVINGS DISCLOSURE

SERIAL NUMBER	EXPENDITURE MEASURES AS PRESCRIBED	APPROVED BUDGET	QUARTER 1 EXPENDITURE	QUARTER 2 EXPENDITURE	QUARTER 3 EXPENDITURE	QUARTER 4 EXPENDITURE	TOTAL EXPENDITURE TO DATE	PERCENTAGE OF BUDGETED EXPENDITURE	AVAILABLE BUDGETED EXPENDITURE
COLUMN REFERENCE	A	B	C	D	E	F	G	H	I
1	Consultants	27,061,924	3,700,500	3,994,232	0	0	7,694,732	28.4%	23,361,424
2	Vehicles used vir political office bearers	0	0	0	0	0	0	0.0%	0
3	Travel and Subsistance	911,300	145,391	271,775	0	0	417,166	45.8%	765,909
4	Domestic Accomodation	326,062	12,666	54,990	0	0	67,657	20.7%	313,396
5	Sponsorship, Events and Catering	1,355,355	377,885	66,933	0	0	444,818	32.8%	977,470
6	Communication	7,924,172	1,125,442	1,208,624	0	0	2,334,066	29.5%	6,798,730
7	Other related expenditure items	0	0	0	0	0	0	0.0%	0
8	Total	37,578,813	5,361,883	5,596,555	0	0	10,958,438	29.2%	32,216,930

6. Actual capital expenditure per vote and funding source

The actual capital expenditure per vote is set out in Table 5 below. The actual capital expenditure of R58,882,840 compares unfavourably with the pro rata budgeted capital expenditure of R94,100,261 as per the cash flow projections of the SDBIP with a variance or underspending of R35,217,421 or 37.43%. 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 19.02% of the total capital budget of R309,567,339 after five months of the financial year. Actual and recorded committed capital expenditure (R136,572,574) represents 44.12% of the total capital budget of R309,567,339 after five months of the financial year.

TABLE 5: ACTUAL CAPITAL EXPENDITURE PER VOTE FOR NOVEMBER 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	0	0	0	0	0	0	0	0	0.00%	0
3	Department of Risk And Fraud	50,712	12,000	1,333	0	2,667	0	0	0	(2,667)	0.00%	12,000
4	Department of Communication	100,000	266,248	22,386	240,903	109,545	343	240,903	241,247	131,359	0.00%	25,345
5	Department of IDP/PMS	0	0	0	0	0	0	0	0	0	0.00%	0
6	Corporate Services	12,048,000	9,501,775	1,160,507	106,786	4,742,455	2,764,955	3,264,367	6,029,322	(1,478,088)	-31.17%	6,237,408
7	Community Services	123,515,468	103,160,162	9,543,735	3,274,335	29,194,124	14,993,821	19,353,429	34,347,250	(9,840,695)	-33.71%	83,806,733
8	Financial Services	13,850,000	2,500,000	608,889	274,053	1,421,277	113,159	432,515	545,674	(988,762)	-69.57%	2,067,485
9	Planning and Development	1,615,000	1,012,793	48,789	0	671,268	13,330	276,909	290,239	(394,360)	-58.75%	735,884
10	Engineering Services	226,200,770	193,114,361	23,209,412	7,290,052	57,958,926	59,804,125	35,314,717	95,118,843	(22,644,208)	-39.07%	157,799,644
11	TOTALS	378,029,950	309,567,339	34,595,052	11,186,128	94,100,261	77,689,734	58,882,840	136,572,574	(35,217,421)	-37.43%	250,684,499
						% of Approved Budget = 25.10%		19.02%		44.12% Actual Expenditure to date		58,882,840
						Actual Capex as a % of Pro Rata Budget = 62.57%		62.57% Projected Expenditure for 2019/2020				309,567,339

The actual capital expenditure per funding source is set out in Table 6 below.

TABLE 6: ACTUAL CAPITAL EXPENDITURE PER FUNDING SOURCE FOR NOVEMBER 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	94,003,218	10,369,208	8,661,216	35,075,592	19,871,848	34,652,111	54,523,959	(423,481)	-1.21%	59,351,107
2	CRR	8,881,650	55,631,003	5,665,433	2,327,543	15,985,396	13,681,214	12,802,974	26,484,188	(3,182,421)	-19.91%	42,828,029
3	GRANTS	146,572,968	159,933,118	18,560,411	197,369	43,039,273	44,136,672	11,427,755	55,564,427	(31,611,518)	-73.45%	148,505,363
4	TOTALS	378,029,950	309,567,339	34,595,052	11,186,128	94,100,261	77,689,734	58,882,840	136,572,574	(35,217,421)	-37.43%	250,684,499

Actual Expenditure to date 58,882,840

Projected Expenditure for 2019/2020 309,567,339

Recommendation

- (3) **The actual capital expenditure of R58,882,840 and the pro rata budgeted capital expenditure of R94,100,261 realised underspending of R35,217,421 or 37.43%.**
- (4) **Actual capital expenditure of R58,882,840 represents 19.02% of the total capital budget of R309,567,339 after five months of the financial year.**
- (5) **The actual and committed capital expenditure of R136,572,574 compared with the capital expenditure budget of R309,567,339 represent a spending percentage of 44.12% after five months of the financial year.**

7. Actual borrowings

The municipality's position on external loans is set out in Table 7 below. The municipality started the month with borrowing debt of R1,628,668,052 and after repayments (R0) were made and additional loans (R0) were taken up, the total borrowings outstanding as at 30 November 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 November 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 7: ACTUAL BORROWINGS FOR NOVEMBER 2019

SERIAL NUMBER	EXTERNAL LOANS PROVIDERS	INTEREST RATES	TERM ENDING	OPENING BALANCE 01/11/2019	CAPITAL REDEEMED	NEW LOANS TAKEN UP	CLOSING BALANCE 30/11/2019
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	790,019	0	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			1,628,668,052	0	0	1,628,668,052

8. 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 8 below. Conditional grants (FMG; MSIG; housing grants; INEP, library grant, MIG, IUDG, etcetera) and Unconditional grants (Equitable Share) to the value of R126,950,207 were received to date. Operating grants expenditure to the amount of R82,211,186 and capital grants expenditure to the amount of R7,557,212 was spent and recorded as utilised at the end of November 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 November 2019 is R68,536,041.

Recommendation

(7) *Unspent conditional and unconditional grants amounted to R68,536,041 at the end of November 2019.*

TABLE 8: 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 NOVEMBER 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	2,122,599	(9,927,401)
6	G/F : BUDGET REFORM PROGRAMME NATIONAL TREASURY	0	(1,550,000)	257,729	0	(1,292,271)
7	G/F : EPWP TOEKENING VIR INFRASTRUKPROJEKT CWL	0	(3,631,000)	1,297,000	0	(2,334,000)
8	G/F : ELEKT MASTERPLAN (ROLL OVER)	0	(4,000,000)	4,631,182	0	631,182
9	G/F : ELECTRIFICATION FUNDING (INEP)	0	(14,859,901)	0	2,573,983	(12,285,918)
10	G/F : RURAL DEVELOPMENT (SARON ROADS)	(639,324)	(3,247,707)	0	0	(3,887,031)
11	SUB-TOTAL	(639,324)	(39,338,608)	6,185,910	4,696,582	(29,095,440)

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 NOVEMBER 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	2,018,925	0	1,286,510
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 : LANTANA	0	0	0	447,876	447,876
21	G/F : GOUDA	(704,674)	0	0	0	(704,674)
22	G/F : DALJOSAPHAT TRANSFERS	(453,180)	0	0	0	(453,180)
23	G/F : KINGSTON TOWN TRANSFERS	(24,000)	0	0	0	(24,000)
24	G/F : PAARL EAST HOUSING PROJECT	(320,971)	0	0	0	(320,971)
25	G/F : DROMMEDARIS ST EHP	(140,064)	0	(240,000)	0	(380,064)
26	G/F : HOUSING SCHEME 49	(1,262,587)	0	0	0	(1,262,587)
27	G/F : AMSTELHOF PROJECT 35	(10,348)	0	0	0	(10,348)
28	G/F : CHESTER WILLIAMS & PAARL LOVERS LANE	(383,312)	0	0	0	(383,312)
29	G/F : NCEDOLWETHU/CHRIS HANI	(2,000)	0	0	0	(2,000)
30	G/F : HUMAN SETTLEMENTS	(672,000)	0	0	0	(672,000)
31	G/F : DALJOSAPAHT (PHASE 1-3)	(90,000)	0	0	0	(90,000)
32	G/F : VLAKKELAND	(7,399,194)	0	0	0	(7,399,194)
33	G/F : TITLE DEEDS	(2,784,000)	0	0	0	(2,784,000)
34	G/F : LIBRARY SERVICES CONDITIONAL GRANT	(89,885)	(22,761,334)	11,380,667	0	(11,470,552)
35	G/F : COMMUNITY DEVELOPMENT SUPPORT GRANT	(516,212)	0	0	0	(516,212)
36	G/F : DEVELOPMENT OF SPORT AND RECREATION FACILITIES	(67,098)	0	0	0	(67,098)
37	G/F : FMG WESTERN CAPE	(60,000)	0	0	0	(60,000)
38	G/F : MANDELA ROUTE	(15,000)	(1,187,341)	0	0	(1,202,341)
39	G/F : FINANCIAL MANAGEMENT CAPACITY BUILDING	(120,805)	0	0	0	(120,805)
40	G/F : LG GRADUATE INTERNSHIP	(39,569)	0	0	0	(39,569)
41	G/F : ROADS	0	0	0	2,412,753	2,412,753
42	G/F : CAPACITY BUILDING	(179,751)	0	78,834	0	(100,917)
43	SUB-TOTAL	(26,585,295)	(23,948,675)	13,238,426	2,860,629	(34,434,915)

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 NOVEMBER 2019
44	OTHER GRANTS : (UNCONDITIONAL)					
45	G/F : TRAINING LEVY	(127,697)	(744,617)	36,139	0	(836,175)
46	G/F: EMERGENCY KITS:O R THAMBOINF SETTLE	(1,191,615)	0	0	0	(1,191,615)
47	G/F : DE KRAAL	(964,748)	0	0	0	(964,748)
48	G/F : NUMARKT	(558,344)	(168,307)	0	0	(726,651)
49	G/F : CAPE WINELANDS	(300,000)	0	0	0	(300,000)
50	SUB-TOTAL	(3,142,404)	(912,924)	36,139	0	(4,019,189)
51	GUARANTEES AND DONATIONS					
52	G/F : UNSPENT MONEY PROJECT 59 (GUARANTEE)	(623,636)	0	0	0	(623,636)
53	G/F : TRUST FUND : MUN WEDUWEE & WESE PENSIOEN	(363,572)	0	0	0	(363,572)
54	SUB-TOTAL	(987,208)	0	0	0	(987,208)
55	GRAND TOTAL	(31,354,232)	(126,950,207)	82,211,186	7,557,212	(68,536,041)

9. Employee related costs

Employee related costs for the month of the financial year is set out in Table 9 below. Actual employee related costs as a whole amounts to R279,473,675 compared with the pro rata budgeted amount of R295,254,903 – an underspending of R15,781,228 or 5.34%.

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 (R466,349 or 4.66%) – due to an increase in overtime payments compared to historical trends, refer to table 9; and
- Overspending on various line items due to budgeted trend being less than the actual expenditure.

Recommendation

(8) The actual employee related cost expenditure of R279,473,675 compared with the pro rata budgeted expenditure of R295,254,903 relates to a positive variance of R15,781,228 or 5.34%.

TABLE 9 : EMPLOYEE RELATED COST AS AT 30 NOVEMBER 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	34,762,212	177,150,915	171,100,915	6,050,000	3.42%	254,061,243
2	Bonusses	36,728,008	36,728,008	36,728,008	29,407,207	36,728,008	29,582,990	7,145,018	19.45%	7,145,018
3	Leave Pay	7,642,393	7,642,393	636,866	636,866	3,184,330	3,184,330	0	0.00%	4,458,063
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	835,886	1,700,000	3,295,798	(1,595,798)	-93.87%	13,545,202
7	Overtime Payments	24,000,001	24,000,001	2,000,005	1,582,173	10,000,025	10,466,374	(466,349)	-4.66%	13,533,627
8	Subsidy House Loans	5,204,587	5,204,587	433,736	296,202	2,168,680	1,523,657	645,023	29.74%	3,680,930
9	Travel Allowances	26,754,462	26,754,462	2,229,537	2,258,670	11,147,685	11,049,158	98,527	0.88%	15,705,304
10	Housing Allowance	731,783	731,783	60,987	59,294	304,935	292,329	12,606	4.13%	439,454
11	Acting Allowance	0	0	0	47,525	0	464,990	(464,990)	0.00%	(464,990)
12	Standby Allowance	10,824,879	10,824,879	902,077	685,133	4,510,385	3,853,965	656,420	14.55%	6,970,914
13	Night Shift Allowance	4,944,535	4,944,535	412,047	442,291	2,060,235	2,112,132	(51,897)	-2.52%	2,832,403
14	Cell Allowance	2,820,972	2,820,972	235,102	334,239	1,175,510	1,529,287	(353,777)	-30.10%	1,291,685
15	Group Insurance	5,024,537	5,024,537	418,716	369,864	2,093,580	1,964,198	129,382	6.18%	3,060,339
16	Medical Aid Fund Contr	27,345,230	27,345,230	2,278,772	1,886,386	11,393,860	9,372,530	2,021,330	17.74%	17,972,700
17	Pension Fund Contr	68,346,357	68,346,357	5,695,539	5,427,116	28,477,695	26,860,905	1,616,790	5.68%	41,485,452
18	Provident Fund Contr	4,480,782	4,480,782	373,400	297,029	1,867,000	1,466,631	400,369	21.44%	3,014,151
19	Unemployment Insurance Fund Contr	3,100,722	3,100,722	258,412	289,141	1,292,060	1,353,485	(61,425)	-4.75%	1,747,237
20	Totals	678,529,458	678,529,458	88,093,387	79,617,234	295,254,903	279,473,675	15,781,228	5.34%	399,055,783

Actual Expenditure to date **279,473,675**
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 10 : OVERTIME EXPENDITURE AS AT 30 NOVEMBER 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	5,811	72,655	11,725	60,930	83.86%
6	Corporate Services	0	0	0	1,491	0	11,725	(11,725)	0.00%
7	Community Services	9,206,624	9,206,624	767,222	653,613	3,836,110	3,905,079	(68,969)	-1.80%
8	Financial Services	731,936	731,936	60,995	10,014	304,975	119,695	185,280	60.75%
9	Planning and Development	0	0	0	0	0	0	0	0.00%
10	Engineering Services	13,887,065	13,887,065	1,157,257	911,244	5,786,285	6,418,150	(631,865)	-10.92%
11	Totals	24,000,001	24,000,001	2,000,005	1,582,173	10,000,025	10,466,374	(466,349)	-4.66%

10. Debtors age analysis and payment rates

10.1 Debtors age analysis per service

The municipality's total outstanding debtors amounted to R344,826,981 as at 30 November 2019 compared with the R343,461,477 as at 31 October 2019. As reflected in Table 11 below, current debt represent 42.04% of the total outstanding debt compared with the 40.62% of October 2019; 30 days and older debt 6.85% compared with the 10.50% for October 2019; 60 days and older debt 5.51% compared with the 4.10% of October 2019; and 90 days and older debt 45.61% compared with the 44.78% of October 2019.

The debtors test ratio (before bad debt provision) shows an decrease of 5.8 days from 67.9 days in September 2019 to 62.1 days in October 2019 and an increase of 0.1 days to 62.2 days in November 2019. The debtors test ratio (after bad debt provision) shows an decrease of 6.3 days from 55.7 days in September 2019 to 49.4 days in October 2019 and an increase of 0.1 days to 49.5 days in November 2019. The acceptable norm is 45 days.

Current debt increased with R5,432,292 to R144,948,827 compared with the R139,516,535 as at 31 October 2019; 30 days + debt decreased with R12,457,025 to R23,619,330; 60 days + debt increased with R4,920,707 to R18,997,212 and 90 days and older debt as at 30 November 2019 has increased with R3,469,529 to R157,261,611 compared with the R153,792,082 as at 31 October 2019.

TABLE 11 : DEBTORS AGE ANALYSIS PER SERVICE AS AT 30 NOVEMBER 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	1,164	22,163,909	3,145,648	5,286,772	15,321,906	45,919,398	13.32%
2	Water	19,000	14,396,100	5,239,254	3,179,911	55,844,943	78,679,208	22.82%
3	Electricity	3,171,167	81,889,032	7,514,375	4,036,778	19,981,605	116,592,957	33.81%
4	Sewerage	658	9,859,504	2,514,355	1,790,526	17,198,638	31,363,681	9.10%
5	Refuse	600	10,818,370	3,643,905	2,841,936	28,730,743	46,035,554	13.35%
6	Housing	0	1,035,575	942,164	788,040	7,819,589	10,585,368	3.07%
7	Others	87,240	1,506,509	619,629	1,073,250	12,364,188	15,650,815	4.54%
8	TOTAL	3,279,829	141,668,999	23,619,330	18,997,212	157,261,611	344,826,981	100.00%
	2019/11 =	42.04%		6.85%	5.51%	45.61%	100.00%	
	2019/10 =	40.62%		10.50%	4.10%	44.78%	100.00%	

Debtors owe the municipality property rates (13.32%); water (22.82%); electricity (33.81%); sewerage (9.10%); refuse (13.35%); housing (3.07%), and sundry debt (4.54%).

10.2 Debtors age analysis per debtor type

Agricultural debtors owes the municipality R19,140,410 (5.6%); business debtors R84,587,830 (24.5%); domestic debtors R211,667,327 (61.4%); government accounts R16,520,007 (4.8%); sundry accounts R12,911,407 (3.7%) and of the total outstanding debt of R344,826,981 as set out in Table 12 below. Most of the domestic debt and other debt will be irrecoverable and most probably will have to be written-off.

TABLE 12 : DEBTORS AGE ANALYSIS PER DEBTOR TYPE AS AT 30 NOVEMBER 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	53,956	11,046,931	889,331	1,813,733	5,336,459	19,140,410	5.6%
2	Business	15,426	67,461,825	4,707,335	2,518,782	9,884,463	84,587,830	24.5%
3	Domestic	102,671	53,604,957	15,657,159	11,754,817	130,547,724	211,667,327	61.4%
4	Government	0	8,229,925	2,011,929	2,619,198	3,658,955	16,520,007	4.8%
5	Sundry Accounts	3,107,777	1,325,361	353,576	290,684	7,834,010	12,911,407	3.7%
6	TOTAL	3,279,829	141,668,999	23,619,330	18,997,212	157,261,611	344,826,981	100.0%

10.3 Debtors age analysis per ward

In Table 13 below the total outstanding debt of R343,461,477 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 (77.2%); ward 6 (89.2%); ward 7 (76.6%); ward 8 (87.2%); ward 9 (83.0%); ward 10 (67.0%); ward 11 (77.0%); ward 12 (90.2%); ward 13 (81.5%); ward 14 (88.1%); ward 16 (58.0%); ward 20 (80.9%); ward 21 (86.0%); ward 22 (60.4%); ward 23 (59.4%); ward 24 (85.5%); ward 25 (66.0%); ward 26 (75.0%); ward 27 (86.1%); ward 30 (95.7%); ward 31 (92.5%); ward 32 (65.2%) and ward 33 (67.3%).

Wards that owe the municipality more than R10,000,000 monetary wise are ward 1 (R13,159,297); ward 4 (R19,974,071); ward 9 (R12,553,981); ward 12 (R10,506,907); ward 14 (R12,600,229); ward 15 (R18,751,750); ward 16 (R10,723,261); ward 17 (R18,241,940); ward 18 (R22,621,400); ward 19 (R23,544,316); ward 22 (R11,832,712); ward 28 (R19,589,462); ward 30 (R25,221,804); and ward 31 (R19,564,068).

Recommendation

(9) Total outstanding debtors as at 30 November 2019 amounted to R344,826,981 and that 30 days and older debt constitutes 57.96% of total outstanding debtors.

(10) Domestic consumers owe the municipality R211,667,327 or 61.4% of the municipality's total debtor's book.

TABLE 13: OUTSTANDING DEBTORS PER WARD AS AT 30 NOVEMBER 2019

WARD	CURRENT 1 (Levied but not billed as yet)	CURRENT 2 (Levied and billed)	30 DAYS +	60 DAYS +	90 DAYS +	TOTAL OUTSTANDING DEBT 30/11/2019	30 DAYS AND OLDER AS A % OF TOTAL DEBT	TOTAL OUTSTANDING DEBT 31/10/2019	INCREASE / (DECREASE)	WARD COUNCILLOR
COLUMN REFERENCE	A	B	C	D	E	F	G	H	I	J
1	53,084.25	9,190,744.33	1,109,799.53	1,042,183.91	1,763,484.52	13,159,297	29.8%	12,049,389	1,109,907	C KROUTZ
2	1,120.80	4,425,451.86	320,062.42	264,214.40	1,035,454.27	6,046,304	26.8%	5,965,728	80,575	HJ KOTZE
3	170.00	3,372,542.77	195,657.84	312,632.39	1,147,172.67	5,028,176	32.9%	5,828,861	(800,686)	WE SMIT
4	6,050.66	13,962,017.77	1,054,627.67	517,054.94	4,434,319.59	19,974,071	30.1%	19,212,786	761,285	J MILLER
5	0.00	1,384,597.45	588,636.64	310,471.58	3,778,037.20	6,061,743	77.2%	5,686,011	375,732	NP MBENENE
6	1,409.55	800,634.87	831,494.89	447,440.61	5,353,044.31	7,434,024	89.2%	7,121,300	312,725	TZ NQORO / NOMANA
7	747.20	915,654.76	396,432.05	308,044.96	2,287,296.65	3,908,176	76.6%	3,793,418	114,758	RB ARNOLDS
8	0.00	460,200.92	480,177.28	180,832.72	2,464,022.22	3,585,233	87.2%	3,381,634	203,599	N.ZIKHALI
9	832.50	2,131,993.87	713,651.39	625,410.77	9,082,092.25	12,553,981	83.0%	11,938,396	615,585	TC MANGENA
10	373.60	852,239.07	298,387.19	157,880.32	1,271,205.12	2,580,085	67.0%	2,534,577	45,508	C KEARNS
11	4,254.40	2,291,061.24	889,365.79	715,666.85	6,070,083.91	9,970,432	77.0%	9,727,284	243,148	AC STOWMAN
12	170.00	1,028,547.74	746,791.47	629,858.67	8,101,539.59	10,506,907	90.2%	10,504,207	2,700	MD NOBULA
13	4,273.18	821,765.84	389,183.02	279,302.10	2,981,355.49	4,475,880	81.5%	4,452,077	23,803	S ROSS
14	28,796.84	1,473,833.56	1,128,313.79	1,010,141.29	8,959,143.31	12,600,229	88.1%	12,332,928	267,301	J DE WET
15	2,114.96	15,485,773.85	802,462.11	373,847.87	2,087,551.02	18,751,750	17.4%	20,187,794	(1,436,044)	LW NIEHAUS
16	834.00	4,498,691.76	828,698.74	470,478.45	4,924,557.70	10,723,261	58.0%	10,227,477	495,784	DS BLANCKENBERG
17	12,246.14	12,341,450.59	1,299,364.30	898,121.00	3,690,757.51	18,241,940	32.3%	16,163,199	2,078,740	HJN MATTHEE
18	8,241.76	11,494,438.72	834,704.56	804,948.43	9,479,066.46	22,621,400	49.2%	23,546,430	(925,030)	AML BUCKLE
19	1,442.88	17,552,341.29	1,457,025.70	1,651,242.52	2,882,263.82	23,544,316	25.4%	23,631,805	(87,489)	TE BESTER
20	373.60	1,069,540.82	475,952.60	385,491.80	3,668,666.42	5,600,025	80.9%	5,694,588	(94,562)	PBA CUPIDO
21	747.20	754,281.79	476,952.75	527,451.26	3,617,368.05	5,376,801	86.0%	5,490,423	(113,622)	E GOUWS
22	5,689.60	4,674,228.14	1,066,558.95	603,996.13	5,482,239.16	11,832,712	60.4%	12,296,308	(463,596)	FP CUPIDO
23	773.40	3,120,081.91	721,657.33	413,293.97	3,438,411.51	7,694,218	59.4%	7,739,277	(45,059)	F JACOBS
24	373.60	760,917.36	431,632.53	415,518.55	3,651,654.99	5,260,097	85.5%	5,415,062	(154,965)	MIM ADRIAANSE
25	1,933.26	3,075,408.26	994,958.30	668,070.20	4,300,860.22	9,041,230	66.0%	8,387,190	654,040	LT VAN NIEKERK
26	5,228.67	1,503,276.51	517,628.24	401,728.36	3,616,128.41	6,043,990	75.0%	6,015,493	28,497	JV ANDERSON
27	1,223.60	541,698.08	355,561.31	298,644.87	2,696,711.19	3,893,839	86.1%	3,797,027	96,812	VC BOOYSEN
28	11,794.15	13,943,650.38	1,494,278.92	926,419.56	3,213,319.07	19,589,462	28.8%	20,953,281	(1,363,819)	RH VAN NIEWENHUYZEN
29	4,186.13	3,213,430.27	560,613.79	322,692.00	1,999,492.93	6,100,415	47.3%	6,621,452	(521,037)	L WILLEMSE
30	3,295.46	1,080,711.55	950,493.52	1,009,304.86	22,177,998.82	25,221,804	95.7%	26,041,980	(820,175)	J SMIT
31	1,245.09	1,471,918.26	871,128.85	1,141,588.42	16,078,187.62	19,564,068	92.5%	19,210,890	353,179	GH FORD
32	340.00	74,975.54	22,945.09	23,989.86	94,100.69	216,351	65.2%	211,123	5,228	LV NZELE
33	0.00	242,898.55	202,679.83	198,945.95	97,270.74	741,795	67.3%	601,707	140,088	SE SEPTEMBER
SUNDRIES	3,116,462.05	1,657,999.03	111,451.48	660,302.64	1,336,753.99	6,882,969	30.6%	6,700,376	182,593	SUNDRIES
TOTAL	3,279,829	141,668,999	23,619,330	18,997,212	157,261,611	344,826,981	58.0%	343,461,477	1,365,504	

11. Creditors age analysis

The municipality's creditor's age analysis amounted to R1,545,779 as at 30 November 2019 as set out in Table 14 below. Creditors 30 days and older amount to R0.

Recommendation

(11) *Outstanding creditors amounted to R1,545,779 as at 30 November 2019.*

TABLE 14: CREDITORS AGE ANALYSIS AS AT 30 NOVEMBER 2019

SERIAL NUMBER	CREDITOR	CURRENT	30 DAYS +	60 DAYS +	90 DAYS +	TOTAL AS AT 30/11/2019
COLUMN REFERENCE	A	B	C	D	E	F
1	KC DOMESTIC REPAIRS CC	1,546	0	0	0	1,546
2	KERMIS CONSTRUCTION	1,363	0	0	0	1,363
3	KADER TECHNOLOGIES (PTY) LTD	77,813	0	0	0	77,813
4	LASEC SA (PTY) LTD	2,070	0	0	0	2,070
5	LESEDI RETICULATION PTY LTD	5,428	0	0	0	5,428
6	LAST SAMURAI PROP.HOLD.2 CC T/A ITHUBA INDUS	12,954	0	0	0	12,954
7	LATEGANS SEMENTWERKE(EDMS)BPK	16,055	0	0	0	16,055
8	LUMBER & LAWN (EDMS) BPK	8,503	0	0	0	8,503
9	MJS ELECTRONICS (PTY) LTD T/A M&M ELECTRONIC	31,751	0	0	0	31,751
10	MADGE COMPUTERS PTY LTD	37,715	0	0	0	37,715
11	MAGNACORP 174 CC T/A TURFMASTER BELLVILLE	22,223	0	0	0	22,223
12	MPACT BRITS PLASTIC CONTAINERS (PTY) LTD	414,276	0	0	0	414,276
13	MASIQHAME TRADING 77 CC	2,115	0	0	0	2,115
14	MOMOTHEKA TRADE 1011CC	377,873	0	0	0	377,873
15	NEL'S SPUITPOMPDIENTE	1,004	0	0	0	1,004
16	NEW HEMISPHERE RETAILER (PAARL)(PTY) LTD T/A	12,790	0	0	0	12,790
17	NW MCFARLANE	28,154	0	0	0	28,154
18	NYMANIA CAPENSIS (PTY) LTD	52,041	0	0	0	52,041
19	OUDTSHOORN COMPLETIONS (PTY) LTD	7,431	0	0	0	7,431
20	PAINT ON MAIN PTY LTD	3,110	0	0	0	3,110

ANNEXURE A

SERIAL NUMBER	CREDITOR	CURRENT	30 DAYS +	60 DAYS +	90 DAYS +	TOTAL AS AT 30/11/2019
COLUMN REFERENCE	A	B	C	D	E	F
21	PISTON POWER CHEMICALS (PTY) LTD	10,119	0	0	0	10,119
22	PLUMBLINK SA PTY LTD T/A MAIN STREET 356 (PT	1,778	0	0	0	1,778
23	PAARL LITHO (PTY) LTD	104	0	0	0	104
24	LABRUSCA BESTUURSDIENSTE CC T/A PEN & INK	12,650	0	0	0	12,650
25	POLARAMA CC T/A POLARAMA WHOLESALERS	50,001	0	0	0	50,001
26	PUMPTRON (PTY) LTD	24,896	0	0	0	24,896
27	REAL DIRECT (PTY) LTD	4,800	0	0	0	4,800
28	SA DRIVER	8,652	0	0	0	8,652
29	SIZWE AFRICA IT GROUP PTY LTD	15,272	0	0	0	15,272
30	SOUTHERN AMBITION 1281 CC T/A NUWAY ENTERPRI	30,000	0	0	0	30,000
31	SC STATIONERY AGENCIES (PTY) LTD	1,144	0	0	0	1,144
32	TAKE NOTE TRADING 245 CC T/A UNIVERSAL TRADI	26,991	0	0	0	26,991
33	TRUE TURN ENGINEERING CC	33,245	0	0	0	33,245
34	VOLTEX PAARL	601	0	0	0	601
35	KAAP AGRI BEDRYF BEPERK-PAARL	26,363	0	0	0	26,363
36	BIDVEST WALTONS (PTY) LTD	8,524	0	0	0	8,524
37	WELLINGTON PAINT & HARDWARE	174,426	0	0	0	174,426
		1,545,779	0	0	0	1,545,779

12. Bank, cash, overdraft balances and investments

The municipality's primary and secondary bank accounts reconciles as at 30 November 2019 as can be seen in table 15 below. The primary bank account showed a negative cashbook balance of R49,769,042 at the end of November 2019 whilst the actual bank balance was a positive R52,215,795.

TABLE 15: BANK RECONCILIATION AS AT 30 NOVEMBER 2019

DESCRIPTION	FNB Primary Account 62702310385	FNB Billing & Sundry Receipt Account 62702312349	FNB Traffic Account 62071526514	FNB Motor Vehicle Licencing Account 62804637570	TOTALS
A	B	C	D	E	F
Cashbook balance - beginning of the month	(17,534,569)	(5,426,642)	-	-	(22,961,211)
Add: Receipts	96,827,488	96,312,257	499,639	636,936	194,276,319
Add: Investments withdrawn	-	-	-	-	-
Less: Investments made	-	-	-	-	-
Less: Payments	(221,059,936)	(24,122)	(92)	-	(221,084,150)
Add/Less: Sweeping of Balance	98,714,924	(97,578,441)	(499,547)	(636,936)	-
Cashbook balance - end of period of the month	(43,052,094)	(6,716,948)	(0)	-	(49,769,042)
Balance as per bank statement	52,215,795	-	-	-	52,215,795
Add: Transactions receipt on cash book, but not reflecting on bank statement					
Cashier receipts not yet banked	827,487	-	-	-	827,487
Third party receipts received but not banked: Easy pay	748,762	-	-	-	748,762
Direct deposit/Transfer in cash book	(3,495,663)	(6,716,947)	-	-	(10,212,610)
Less: Payments issued in cash book, but not reflecting on bank statement					
Cheque payments	(491,415)	-	-	-	(491,415)
ACB (Automatic Clearing Bureau) payments/System generated payments	(88,604,874)	-	-	-	(88,604,874)
Less: Transactions on bank statement, but not reflecting in cashbook					
Electronic transfers received in bank statement not yet receipted	(4,252,186)	-	-	-	(4,252,186)
Cheques issued and cancelled after month-end	-	-	-	-	-
Balance as per cash book	(43,052,094)	(6,716,947)	-	-	(49,769,041)

Surplus cash is invested on a daily basis. The municipality's investments as at 30 November 2019 is as set out in Table 16 below. The municipality started the beginning of the month with total investments of R40,654,222 and after investments made (R0), withdrawn (R0) and interest capitalised (R176,449) closed with an investments balance of R40,830,671 at the six listed local banks and at Eskom where we do have some shares.

TABLE 16 : INVESTMENTS AS AT 30 NOVEMBER 2019

SERIAL NUMBER	BANK	BALANCE AT 31 OCTOBER 2019	INVESTMENTS MADE	INVESTMENTS WITHDRAWN	INTEREST CAPITALISED	BALANCE AT 30 NOVEMBER 2019	INTEREST ACCRUED	INTEREST EARNED YEAR-TO-DATE	INTEREST RATE
COLUMN REFERENCE	A	G	C	D	E	G	H	I	J
1	ABSA BANK	1,000	0	0	110	1,110	0	11,533	6.250%
2	ABSA BANK	1,000	0	0	104	1,104	0	11,516	6.250%
3	ABSA BANK	1,000	0	0	110	1,110	0	12,102	6.250%
4	ABSA BANK	1,000	0	0	106	1,106	0	11,736	6.250%
5	ABSA BANK	1,000	0	0	62	1,062	0	7,314	6.250%
6	ABSA BANK	1,471	0	0	134	1,604	4	29,135	6.750%
7	ABSA BANK	10,002,426	0	0	42,597	10,045,022	61,921	135,062	7.500%
8	FNB	0	0	0	0	0	0	8,611	6.840%
9	GRINDROD BANK	19,994,130	0	0	74,911	20,069,041	115,466	182,788	7.000%
10	INVESTEC	18,685	0	0	102	18,786	99	402	6.400%
11	STANDARD BANK	10,544,877	0	0	58,214	10,603,090	56,647	103,090	6.500%
12	ESKOM	87,635	0	0	0	87,635	0	7,560	13.500%
13	GRAND TOTAL	40,654,222	0	0	176,449	40,830,671	234,137	520,849	7.15%

Recommendation

(12) The primary bank account had a positive bank balance at 30 November 2019 which amounted to R52,215,795.

(13) Total investments in cash and shares amounted to R40,830,671 as at 30 November 2019 at the six local banks and Eskom.

13. 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 (R913,491,906) and the pro rata budgeted operating revenue (R909,038,969) has a positive variance of R4,437,025 or 0.49%.
- (2) The variance between the actual operating expenditure (R860,138,208) and the pro rata budgeted operating expenditure (R883,300,714) has a positive variance of R23,162,505 or 2.62%.
- (3) The actual capital expenditure of R58,882,840 and the pro rata budgeted capital expenditure of R94,100,261 realised underspending of R35,217,421 or 37.43%.
- (4) Actual capital expenditure of R58,882,840 represents 19.02% of the total capital budget of R309,567,339 after five months of the financial year.
- (5) The actual and committed capital expenditure of R136,572,574 compared with the capital expenditure budget of R309,567,339 represent a spending percentage of 44.12% after five months of the financial year.
- (6) External borrowings amounted to R1,628,668,052 as at 30 November 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 R68,536,041 at the end of November 2019.
- (8) The actual employee related cost expenditure of R279,473,675 compared with the pro rata budgeted expenditure of R295,254,903 relates to a positive variance of R15,781,228 or 5.34%.

- (9) Total outstanding debtors as at 30 November 2019 amounted to R344,826,981 and that 30 days and older debt constitutes 57.96% of total outstanding debtors.
 - (10) Domestic consumers owe the municipality R211,667,327 or 61.4% of the municipality's total debtor's book.
 - (11) Outstanding creditors amounted to R1,545,779 as at 30 November 2019.
 - (12) The primary bank account had a positive bank balance at 30 November 2019 which amounted to R52,215,795.
 - (13) Total investments in cash and shares amounted to R40,830,671 as at 30 November 2019 at the six local banks and Eskom.
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