



DRAKENSTEIN
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Monthly Budget Monitoring Report (Section 71 of MFMA)

Period ending: 31 October 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 October 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
14 November 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 October 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).



DIRK H. LEIBBRANDT
CITY MANAGER

14 November 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. Total cost saving disclosure	11
6. Actual capital expenditure per vote and funding source	12
7. Actual borrowings	14
8. Allocations received and actual expenditure on allocations received	16
9. Employees related costs	19
10. Debtors age analysis and payment rates	22
11. Creditors age analysis	27
12. Bank, cash, overdraft balances and investments	29
13. 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 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 (R756,357,172) compares favourably with the pro rata budgeted figure (R741,107,703) – a positive variance of R15,249,469 or 2.06% 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 (R4,254,038 or 8.50%) – 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
- Interest earned – outstanding debtors (R159,740 or 5.05%) – 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: Property Rates (R3,430,511 or 2.69%) – 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 (R8,752,210 or 2.22%) – the services charges for electricity is more than anticipated;
- Interest received – external investments (R401,685 or 34.38%) – more surplus funds could be invested to earn more interest;
- Fines, Penalties and Forfeits (R23,500 or 8.42%) – estimated pound fees are based on previous year trends, while the actual are more than the budgeted amount; and
- Operational Revenue (R1,571,420 or 16.56%) – operational revenue on various line items is more than the historical budgeted trends, than anticipated.

Recommendation

(1) The variance between the actual operating revenue (R756,357,172) and the pro rata budgeted operating revenue (R741,107,703) has a positive variance of R15,249,469 or 2.06%.

TABLE 1: ACTUAL REVENUE PER REVENUE SOURCE FOR OCTOBER 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	24,699,063	127,442,243	130,872,754	3,430,511	2.69%	174,477,061
2	Service Charges : Electricity	1,175,231,372	1,175,231,372	78,105,714	96,954,124	393,818,013	402,570,223	8,752,210	2.22%	772,661,149
3	Service Charges : Water	188,636,644	188,636,644	15,150,507	11,894,961	50,036,555	45,782,517	(4,254,038)	-8.50%	142,854,127
4	Service Charges : Sanitation	116,092,167	116,092,167	9,674,347	9,191,989	38,697,388	40,341,224	1,643,836	4.25%	75,750,943
5	Service Charges : Cleansing	125,003,755	125,003,755	10,416,979	10,566,251	41,667,916	42,810,445	1,142,529	2.74%	82,193,310
6	Rental of facilities and equipment	15,852,367	15,852,367	(278,972)	(316,958)	584,112	557,878	(26,234)	-4.49%	15,294,489
7	Interest earned - external investments	12,000,000	12,000,000	245,834	388,827	1,168,336	1,570,021	401,685	34.38%	10,429,979
8	Interest earned - outstanding debtors	12,555,926	12,555,926	746,327	751,297	3,165,308	3,005,568	(159,740)	-5.05%	9,550,358
9	Fines, penalties and forfeits	89,068,288	89,068,288	44,257	87,377	279,028	302,528	23,500	8.42%	88,765,760
10	Licences and Permits	4,288,949	4,288,949	397,159	364,683	1,138,636	1,119,998	(18,638)	-1.64%	3,168,951
11	Ner: Transfers and Subsidies : Operational	250,727,572	250,727,572	0	3,767,409	63,732,920	66,517,409	2,784,489	4.37%	184,210,163
12	Operational Revenue	28,469,913	28,469,913	2,372,437	3,553,422	9,489,748	11,061,168	1,571,420	16.56%	17,408,745
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	140,363,039	161,902,447	731,220,203	746,511,733	15,291,530	2.09%	1,585,265,035
15	Ner : Transfers and Subsidies : Capital	120,907,968	132,033,118	0	9,845,439	9,887,500	9,845,439	(42,061)	-0.43%	122,187,679
16	Total Operating Revenue (Capital Grants Included)	2,452,684,736	2,463,809,886	140,363,039	171,747,886	741,107,703	756,357,172	15,249,469	2.06%	1,707,452,714
Actual Revenue to date										756,357,172
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 R677,699,757 compares favourably with the pro rata budgeted expenditure of R688,538,407 – a positive variance of R10,838,649 or 1.57%.

TABLE 2: ACTUAL OPERATIONAL EXPENDITURE PER VOTE FOR OCTOBER 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	340,532	301,992	1,337,027	1,174,373	162,654	12.17%	3,377,738.53
2	Department of Internal Audit	7,888,061	7,888,061	568,586	606,836	2,413,771	2,298,363	115,408	4.78%	5,589,697.65
3	Department of Risk And Fraud	2,666,019	2,666,019	188,351	136,743	811,121	586,354	224,767	27.71%	2,079,664.82
4	Department of Communication	5,532,638	5,532,638	387,122	342,444	1,707,561	1,305,871	401,690	23.52%	4,226,767.36
5	Department of IDP/PMS	6,028,344	6,028,344	536,499	417,789	1,913,727	1,569,952	343,775	17.96%	4,458,392.15
6	Corporate Services	154,226,255	154,111,264	11,540,174	10,209,909	46,211,518	45,995,170	216,348	0.47%	108,116,094
7	Community Services	450,225,430	450,128,672	23,537,908	23,039,040	98,324,849	92,581,147	5,743,702	5.84%	357,547,525
8	Financial Services	125,591,344	125,687,902	9,084,598	9,363,156	37,373,322	38,104,069	(730,748)	-1.96%	87,583,833
9	Planning and Development	56,890,371	56,761,142	4,664,491	3,809,097	17,655,090	15,535,091	2,120,000	12.01%	41,226,051
10	Engineering Services	1,586,025,584	1,586,270,004	109,262,652	111,548,380	480,790,421	478,549,367	2,241,055	0.47%	1,107,720,637
11	Totals	2,399,626,158	2,399,626,158	160,110,912	159,775,386	688,538,407	677,699,757	10,838,649	1.57%	1,721,926,401

Actual Expenditure to date

677,699,757

Projected Expenditure for 2019/2020

2,399,626,158

Recommendation

(2) *The variance between the actual operating expenditure (R677,699,757) and the pro rata budgeted operating expenditure (R688,538,407) has a positive variance of R10,838,649 or 1.57%.*

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 (R677,699,757) compares favourably with the pro rata budgeted figures (R688,538,407) – a positive variance of R10,838,649 or 1.57% at month end.

TABLE 3: ACTUAL OPERATIONAL EXPENDITURE PER EXPENDITURE CATEGORY FOR OCTOBER 2019

SERIAL NUMBER	EXPENDITURE CATEGORY	ANNUAL		MONTHLY		YEAR-TO-DATE				PROJECTED EXPENDITURE FOR THE YEAR
		APPROVED BUDGET	ADJUSTED BUDGET	BUDGET	ACTUAL EXPENDITURE	PRO RATA BUDGET	ACTUALS EXPENDITURE	POSITIVE / (NEGATIVE) VARIANCES	POSITIVE / (NEGATIVE) VARIANCES %	
COLUMN REFERENCE	A	B	C	D	E	F	G	H	I	J
1	Employee Related Cost	678,529,458	678,529,458	51,365,379	50,448,527	207,161,516	199,856,441	7,305,075	3.53%	478,673,017
2	Remuneration of councillors	31,709,291	31,709,291	2,642,441	2,508,583	10,179,764	10,038,698	141,066	1.39%	21,670,593
3	Debt Impairment	125,034,743	125,034,743	4,403,938	4,403,938	17,615,752	17,615,752	0	0.00%	107,418,991
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	54,088,884	54,010,424	78,460	0.15%	108,748,516
6	Bulk Purchases Water	12,000,000	12,000,000	1,312,747	470,884	2,208,615	826,650	1,381,965	62.57%	11,173,350
7	Bulk Purchases: Electricity	781,937,527	781,937,527	53,971,069	53,681,072	243,179,885	244,199,754	(1,019,869)	-0.42%	537,737,773
8	Contracted Services	232,467,375	223,156,244	16,803,892	18,214,783	44,535,145	42,865,861	1,669,284	3.75%	180,290,383
9	Transfers and Subsidies	18,649,823	18,794,846	1,785,873	1,642,018	10,422,761	10,426,702	(3,941)	-0.04%	8,368,144
10	Inventory	36,738,603	40,243,044	4,296,562	4,397,363	11,539,076	10,987,004	552,072	4.78%	29,256,040
11	Operating Leases	19,980,722	23,843,623	2,049,158	3,053,197	7,812,177	6,326,794	1,485,383	19.01%	17,516,829
12	Operational Cost	81,949,898	83,748,664	7,957,632	7,452,416	25,827,376	27,078,050	(1,250,674)	-4.84%	56,670,614
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	160,110,912	159,775,386	688,538,407	677,699,757	10,838,649	1.57%	1,721,926,401

Actual Expenditure to date **677,699,757**

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 (R7,305,075 or 3.53%) – please refer to detail included in table 8;
- Bulk Purchases: Water (R1,381,965 or 62.57%) - it should be noted that we received free water units first before we start paying for the water usage, thus the positive variance; and
- Operating Leases (R1,485,383 or 19.01%) – due to underspending on various line items when compared to monthly projected budgets.

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

- No negative variances.

5. 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 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	26,688,934	7,942,431	1,507,680	0	0	9,450,111	35.4%	18,746,503
2	Vehicles used vir political office bearers	0	0	0	0	0	0	0.0%	0
3	Travel and Subsistance	823,928	228,223	39,390	0	0	267,613	32.5%	595,705
4	Domestic Accomodation	289,062	72,881	4,631	0	0	77,512	26.8%	216,181
5	Sponsorship, Events and Catering	1,196,021	373,666	41,410	0	0	415,076	34.7%	822,355
6	Communication	7,951,065	2,646,624	1,062,950	0	0	3,709,575	46.7%	5,304,441
7	Other related expenditure items	0	0	0	0	0	0	0.0%	0
8	Total	36,949,010	11,263,824	2,656,061	0	0	13,919,885	37.7%	25,685,186

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 R47,696,712 compares unfavourably with the pro rata budgeted capital expenditure of R57,983,915 as per the cash flow projections of the SDBIP with a variance or underspending of R10,287,203 or 17.74%. 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 15.41% of the total capital budget of R309,567,339 after four months of the financial year. Actual and recorded committed capital expenditure (R99,979,070) represents 32.30% of the total capital budget of R309,567,339 after four months of the financial year.

TABLE 5: ACTUAL CAPITAL EXPENDITURE PER VOTE FOR OCTOBER 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	1,333	0	0	0	(1,333)	0.00%	12,000
4	Department of Communication	100,000	266,248	22,386	0	87,159	200,150	0	200,150	(87,159)	0.00%	266,248
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	1,658,732	762,718	3,581,948	82,370	3,157,582	3,239,952	(424,366)	-11.85%	6,344,193
7	Community Services	123,515,468	103,160,162	7,931,465	6,621,185	18,336,317	12,943,153	16,079,094	29,022,246	(2,257,223)	-12.31%	87,081,068
8	Financial Services	13,850,000	2,500,000	27,548	158,462	812,387	98,159	158,462	256,621	(653,925)	-80.49%	2,341,538
9	Planning and Development	1,615,000	1,012,793	269,345	37,923	643,034	0	276,909	276,909	(366,126)	-56.94%	735,884
10	Engineering Services	226,200,770	193,114,361	16,400,009	13,180,736	34,521,736	38,958,527	28,024,665	66,983,192	(6,497,070)	-18.82%	165,089,696
11	TOTALS	378,029,950	309,567,339	26,310,818	20,761,023	57,983,915	52,282,358	47,696,712	99,979,070	(10,287,203)	-17.74%	261,870,627
						% of Approved Budget =	16.89%	15.41%	32.30%	Actual Expenditure to date		47,696,712
						Actual Capex as a % of Pro Rata Budget =	82.26%		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 OCTOBER 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	9,480,296	2,025,316	15,004,421	21,177,110	23,965,579	45,142,689	8,961,158	59.72%	70,037,639
2	CRR	8,881,650	55,631,003	5,662,269	10,075,792	4,668,805	4,629,298	399,638	5,028,937	(4,269,166)	-91.44%	55,231,365
3	GRANTS	146,572,968	159,933,118	11,168,253	8,659,915	38,310,688	26,475,950	23,331,494	49,807,444	(14,979,194)	-39.10%	136,601,624
4	TOTALS	378,029,950	309,567,339	26,310,818	20,761,023	57,983,915	52,282,358	47,696,712	99,979,070	(10,287,203)	-17.74%	261,870,627

Actual Expenditure to date 47,696,712

Projected Expenditure for 2019/2020 309,567,339

Recommendation

- (3) The actual capital expenditure of R47,696,712 and the pro rata budgeted capital expenditure of R57,983,915 realised underspending of R10,287,203 or 17.74%.**
- (4) Actual capital expenditure of R47,696,712 represents 15.41% of the total capital budget of R309,567,339 after four months of the financial year.**
- (5) The actual and committed capital expenditure of R99,979,070 compared with the capital expenditure budget of R309,567,339 represent a spending percentage of 32.30% after four 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 31 October 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 31 October 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 OCTOBER 2019

SERIAL NUMBER	EXTERNAL LOANS PROVIDERS	INTEREST RATES	TERM ENDING	OPENING BALANCE 01/10/2019	CAPITAL REDEEMED	NEW LOANS TAKEN UP	CLOSING BALANCE 31/10/2019
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 R104,295,683 were received to date. Operating grants expenditure to the amount of R67,055,996 and capital grants expenditure to the amount of R9,307,563 was spent and recorded as utilised at the end of October 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 October 2019 is R59,286,356.

Recommendation

(7) *Unspent conditional and unconditional grants amounted to R59,286,356 at the end of October 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 31 OCTOBER 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	2,100,889	(9,949,111)
6	G/F : BUDGET REFORM PROGRAMME NATIONAL TREASURY	0	(1,550,000)	125,139	0	(1,424,861)
7	G/F : EPWP TOEKENING VIR INFRASTRUKPROJEKT CWL	0	(1,297,000)	0	0	(1,297,000)
8	G/F : ELEKT MASTERPLAN (ROLL OVER)	0	(4,000,000)	3,642,270	0	(357,730)
9	G/F : ELECTRIFICATION FUNDING (INEP)	0	(5,859,901)	0	2,569,533	(3,290,368)
10	G/F : RURAL DEVELOPMENT (SARON ROADS)	(639,324)	(3,247,707)	0	0	(3,887,031)
11	SUB-TOTAL	(639,324)	(28,004,608)	3,767,409	4,670,422	(20,206,101)

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 OCTOBER 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	537,876	0	(194,539)
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	0	0	(140,064)
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)	(11,380,668)	0	0	(11,470,553)
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	4,189,265	4,189,265
42	G/F : CAPACITY BUILDING	(179,751)	0	0	0	(179,751)
43	SUB-TOTAL	(26,585,295)	(12,568,009)	537,876	4,637,141	(33,978,287)

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 OCTOBER 2019
44	OTHER GRANTS : (UNCONDITIONAL)					
45	G/F : TRAINING LEVY	(127,697)	(936,959)	0	0	(1,064,656)
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)	(36,107)	0	0	(594,451)
49	G/F : CAPE WINELANDS	(300,000)	0	0	0	(300,000)
50	SUB-TOTAL	(3,142,404)	(973,066)	0	0	(4,115,470)
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)	(104,295,683)	67,055,996	9,307,563	(59,286,356)

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 R199,856,441 compared with the pro rata budgeted amount of R207,161,516 – an underspending of R7,305,075 or 3.53%.

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 (R729,548 or 8.94%) – 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 R199,856,441 compared with the pro rata budgeted expenditure of R207,161,516 relates to a positive variance of R7,305,075 or 3.53%.

TABLE 9: EMPLOYEE RELATED COST AS AT 31 OCTOBER 2019

SERIAL NUMBER	CATEGORY OF EXPENDITURE	ANNUAL		MONTHLY		YEAR-TO-DATE				PROJECTED EXPENDITURE FOR THE YEAR
		APPROVED BUDGET	ADJUSTED BUDGET	BUDGET	ACTUAL EXPENDITURE	PRO RATA BUDGET	ACTUALS EXPENDITURE	POSITIVE / (NEGATIVE) VARIANCES	POSITIVE / (NEGATIVE) VARIANCES %	
COLUMN REFERENCE	A	B	C	D	E	F	G	H	I	J
1	Salaries	425,162,158	425,162,158	35,430,183	34,266,484	141,720,732	136,338,703	5,382,029	3.80%	288,823,455
2	Bonusses	36,728,008	36,728,008	0	104,521	0	175,783	(175,783)	0.00%	36,552,225
3	Leave Pay	7,642,393	7,642,393	636,866	636,866	2,547,464	2,547,464	0	0.00%	5,094,929
4	Performance Bonusses	1,471,428	1,471,428	0	0	0	0	0	0.00%	1,471,428
5	Long Services Awards	7,105,624	7,105,624	0	0	0	0	0	0.00%	7,105,624
6	Ex Gratia Allowances - Pensioners	16,841,000	16,841,000	0	0	1,700,000	2,459,912	(759,912)	-44.70%	14,381,088
7	Overtime Payments	24,473,101	24,473,101	2,039,430	2,212,346	8,157,720	8,887,268	(729,548)	-8.94%	15,585,833
8	Subsidy House Loans	5,204,587	5,204,587	433,736	304,150	1,734,944	1,227,456	507,488	29.25%	3,977,131
9	Travel Allowances	26,754,462	26,754,462	2,229,537	2,237,508	8,918,148	8,790,488	127,660	1.43%	17,963,974
10	Housing Allowance	731,783	731,783	60,987	56,944	243,948	233,035	10,913	4.47%	498,748
11	Acting Allowance	0	0	0	136,005	0	417,465	(417,465)	0.00%	(417,465)
12	Standby Allowance	10,824,879	10,824,879	902,077	780,442	3,608,308	3,168,833	439,475	12.18%	7,656,046
13	Night Shift Allowance	4,471,435	4,471,435	372,622	429,970	1,490,488	1,666,774	(176,286)	-11.83%	2,804,661
14	Cell Allowance	2,820,972	2,820,972	235,102	289,273	940,408	1,195,048	(254,640)	-27.08%	1,625,924
15	Group Insurance	5,024,537	5,024,537	418,716	399,362	1,674,864	1,594,334	80,530	4.81%	3,430,203
16	Medical Aid Fund Contr	27,345,230	27,345,230	2,278,772	1,855,959	9,115,088	7,486,144	1,628,944	17.87%	19,859,086
17	Pension Fund Contr	68,346,357	68,346,357	5,695,539	5,393,452	22,782,156	21,433,789	1,348,367	5.92%	46,912,568
18	Provident Fund Contr	4,480,782	4,480,782	373,400	297,998	1,493,600	1,169,602	323,998	21.69%	3,311,180
19	Unemployment Insurance Fund Contr	3,100,722	3,100,722	258,412	265,955	1,033,648	1,064,345	(30,697)	-2.97%	2,036,377
20	Totals	678,529,458	678,529,458	51,365,379	49,667,234	207,161,516	199,856,441	7,305,075	3.53%	478,673,017

Actual Expenditure to date 199,856,441
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 31 OCTOBER 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	17,316	58,124	33,242	24,882	42.81%
6	Corporate Services	0	0	0	2,172	0	10,234	(10,234)	0.00%
7	Community Services	9,670,388	9,670,388	805,869	738,247	3,223,476	3,251,465	(27,989)	-0.87%
8	Financial Services	731,936	731,936	60,995	7,345	243,980	109,682	134,298	55.04%
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	1,447,265	4,632,140	5,482,644	(850,504)	-18.36%
11	Totals	24,473,101	24,473,101	2,039,430	2,212,346	8,157,720	8,887,268	(729,548)	-8.94%

10. Debtors age analysis and payment rates

10.1 Debtors age analysis per service

The municipality's total outstanding debtors amounted to R343,461,477 as at 31 October 2019 compared with the R373,639,904 as at 30 September 2019. As reflected in Table 11 below, current debt represent 40.62% of the total outstanding debt compared with the 50.69% of September 2019; 30 days and older debt 10.50% compared with the 5.98% for September 2019; 60 days and older debt 4.10% compared with the 3.75% of September 2019; and 90 days and older debt 44.78% compared with the 39.57% of September 2019.

The debtors test ratio (before bad debt provision) shows an decrease of 0.8 days from 68.7 days in August 2019 to 67.9 days in September 2019 and an decrease of 5.8 days to 62.1 days in October 2019. The debtors test ratio (after bad debt provision) shows an decrease of 1.0 days from 56.7 days in August 2019 to 55.7 days in September 2019 and an decrease of 6.3 days to 49.4 days in October 2019. The acceptable norm is 45 days.

Current debt decreased with R49,889,989 to R139,516,535 compared with the R189,406,524 as at 30 September 2019; 30 days + debt increased with R13,720,758 to R36,076,355; 60 days + debt increased with R55,697 to R14,076,505 and 90 days and older debt as at 30 September 2019 has increased with R5,935,107 to R153,792,082 compared with the R147,856,975 as at 30 September 2019.

TABLE 11: DEBTORS AGE ANALYSIS PER SERVICE AS AT 31 OCTOBER 2019

SERIAL NUMBER	SERVICE	CURRENT 1 (Levied but not billed as yet)	CURRENT 2 (Levied and billed)	30 Days +	60 Days +	90 Days +	TOTAL OUTSTANDING DEBTORS	PERCENTAGE OF TOTAL OUTSTANDING DEBTORS
COLUMN REFERENCE	A	B	C	D	E	F	G	H
1	Rates	5,017	21,247,615	10,536,999	1,681,918	14,807,149	48,278,698	14.06%
2	Water	6,042	14,010,827	4,301,814	3,697,463	56,299,987	78,316,133	22.80%
3	Electricity	3,504,636	77,594,997	12,052,144	2,864,753	19,178,295	115,194,824	33.54%
4	Sewerage	2,656	9,531,148	2,559,326	1,810,188	16,302,484	30,205,802	8.79%
5	Refuse	438	10,761,612	3,726,669	2,798,760	27,197,136	44,484,616	12.95%
6	Housing	0	1,211,497	970,291	860,499	7,648,147	10,690,434	3.11%
7	Others	112,288	1,527,763	1,929,111	362,922	12,358,884	16,290,970	4.74%
8	TOTAL	3,631,076	135,885,459	36,076,355	14,076,505	153,792,082	343,461,477	100.00%
	2019/10 =	40.62%		10.50%	4.10%	44.78%	100.00%	
	2019/09 =	50.69%		5.98%	3.75%	39.57%	100.00%	

Debtors owe the municipality property rates (14.06%); water (22.80%); electricity (33.54%); sewerage (8.79%); refuse (12.95%); housing (3.11%), and sundry debt (4.74%).

10.2 Debtors age analysis per debtor type

Agricultural debtors owes the municipality R18,680,477 (5.4%); business debtors R84,939,559 (24.7%); domestic debtors R210,285,111 (61.2%); government accounts R16,718,879 (4.9%); sundry accounts R12,837,449 (3.7%) and of the total outstanding debt of R343,461,477 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 31 OCTOBER 2019

SERIAL NUMBER	DEBTOR TYPE	CURRENT 1 (Levied but not billed as yet)	CURRENT 2 (Levied and billed)	30 Days +	60 Days +	90 Days +	TOTAL OUTSTANDING DEBTORS	PERCENTAGE OF TOTAL OUTSTANDING DEBTORS
COLUMN REFERENCE	A	B	C	D	E	F	G	H
1	Agriculture	19,090	10,040,819	3,028,564	389,460	5,202,544	18,680,477	5.4%
2	Business	526,730	63,621,318	10,021,570	680,381	10,089,562	84,939,559	24.7%
3	Domestic	86,220	53,925,973	16,835,237	11,993,097	127,444,584	210,285,111	61.2%
4	Government	217,666	6,900,524	5,671,579	751,519	3,177,591	16,718,879	4.9%
5	Sundry Accounts	2,781,370	1,396,825	519,405	262,049	7,877,801	12,837,449	3.7%
6	TOTAL	3,631,076	135,885,459	36,076,355	14,076,505	153,792,082	343,461,477	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 27 of the 33 wards is above 50%. Notably is the percentages of ward 3 (50.0%); ward 5 (76.2%); ward 6 (85.4%); ward 7 (74.8%); ward 8 (81.6%); ward 9 (85.4%); ward 10 (65.9%); ward 11 (77.2%); ward 12 (90.2%); ward 13 (79.5%); ward 14 (87.2%); ward 16 (56.9%); ward 18 (53.7%); ward 20 (79.7%); ward 21 (85.2%); ward 22 (60.7%); ward 23 (58.4%); ward 24 (84.4%); ward 25 (65.1%); ward 26 (73.6%); ward 27 (84.7%); ward 29 (50.5%); ward 30 (95.7%); ward 31 (93.1%); ward 32 (60.1%) and ward 33 (60.1%).

Wards that owe the municipality more than R10,000,000 monetary wise are ward 1 (R12,049,389); ward 4 (R19,212,786); ward 9 (R11,938,396); ward 12 (R10,504,207); ward 14 (R12,332,928); ward 15 (R20,187,794); ward 16 (R10,227,477); ward 17 (R16,163,199); ward 18 (R23,546,430); ward 19 (R23,631,805); ward 22 (R12,296,308); ward 28 (R20,953,281); ward 30 (R26,041,980); and ward 31 (R19,210,890).

Recommendation

(9) Total outstanding debtors as at 31 October 2019 amounted to R343,461,477 and that 30 days and older debt constitutes 59.38% of total outstanding debtors.

(10) Domestic consumers owe the municipality R210,285,111 or 61.2% of the municipality's total debtor's book.

TABLE 13: OUTSTANDING DEBTORS PER WARD AS AT 31 OCTOBER 2019

WARD	CURRENT 1 (Levied but not billed as yet)	CURRENT 2 (Levied and billed)	30 DAYS +	60 DAYS +	90 DAYS +	TOTAL OUTSTANDING DEBT 31/10/2019	30 DAYS AND OLDER AS A % OF TOTAL DEBT	TOTAL OUTSTANDING DEBT 30/09/2019	INCREASE / (DECREASE)	WARD COUNCILLOR
COLUMN REFERENCE	A	B	C	D	E	F	G	H	I	J
1	17,694	8,006,131	1,980,806	206,924	1,837,834	12,049,389	33.4%	14,688,129	(2,638,740)	C KROUTZ
2	143,370	4,189,846	490,784	126,520	1,015,208	5,965,728	27.4%	7,516,318	(1,550,590)	HJ KOTZE
3	0	2,912,638	1,695,521	68,500	1,152,202	5,828,861	50.0%	5,099,499	729,362	WE SMIT
4	6,493	13,069,875	1,365,396	293,573	4,477,449	19,212,786	31.9%	24,230,616	(5,017,830)	J MILLER
5	834	1,352,467	365,315	311,532	3,655,863	5,686,011	76.2%	5,875,394	(189,383)	NP MBENENE
6	2,615	1,035,687	515,429	363,795	5,203,773	7,121,300	85.4%	7,041,128	80,172	TZ NQORO / NOMANA
7	1,289	956,323	402,161	340,598	2,093,047	3,793,418	74.8%	4,323,828	(530,410)	RB ARNOLDS
8	374	622,537	210,615	182,085	2,366,023	3,381,634	81.6%	3,103,233	278,401	N. ZIKHALI
9	0	1,739,220	743,474	623,541	8,832,160	11,938,396	85.4%	12,064,809	(126,412)	TC MANGENA
10	19,634	844,368	308,150	149,173	1,213,253	2,534,577	65.9%	3,047,289	(512,712)	C KEARNS
11	1,494	2,214,455	1,058,063	591,222	5,862,049	9,727,284	77.2%	10,029,751	(302,467)	AC STOWMAN
12	170	1,025,848	746,791	629,859	8,101,540	10,504,207	90.2%	10,149,638	354,570	MD NOBULA
13	0	911,442	399,783	319,263	2,821,589	4,452,077	79.5%	3,313,041	1,139,036	S ROSS
14	2,618	1,580,900	1,158,342	1,067,977	8,523,091	12,332,928	87.2%	6,899,102	5,433,825	J DE WET
15	4,236	16,728,877	1,104,023	245,559	2,105,099	20,187,794	17.1%	18,842,065	1,345,729	LW NIEHAUS
16	330	4,404,564	634,600	527,360	4,660,622	10,227,477	56.9%	16,278,034	(6,050,558)	DS BLANCKENBERG
17	4,988	10,093,058	1,916,123	839,813	3,309,217	16,163,199	37.5%	17,251,573	(1,088,374)	HJN MATTHEE
18	185,838	10,722,621	2,806,299	466,022	9,365,649	23,546,430	53.7%	26,595,617	(3,049,187)	AML BUCKLE
19	82,593	16,831,078	3,570,277	426,598	2,721,259	23,631,805	28.4%	30,014,197	(6,382,392)	TE BESTER
20	1,000	1,155,239	538,165	406,475	3,593,708	5,694,588	79.7%	5,468,368	226,220	PBA CUPIDO
21	491	810,013	759,182	362,513	3,558,224	5,490,423	85.2%	5,834,388	(343,965)	E GOUWS
22	9,386	4,821,155	1,206,314	652,096	5,607,356	12,296,308	60.7%	13,810,567	(1,514,259)	FP CUPIDO
23	3,240	3,219,957	749,915	449,774	3,316,391	7,739,277	58.4%	4,845,109	2,894,168	F JACOBS
24	3,522	841,358	524,364	411,212	3,634,605	5,415,062	84.4%	5,574,679	(159,618)	MM ADRIAANSE
25	5,220	2,918,995	876,161	469,942	4,116,872	8,387,190	65.1%	8,729,471	(342,281)	LT VAN NIEKERK
26	0	1,587,527	548,583	360,308	3,519,075	6,015,493	73.6%	5,842,579	172,915	JV ANDERSON
27	0	582,542	370,244	287,123	2,557,118	3,797,027	84.7%	3,997,042	(200,015)	VC BOOYSEN
28	356,083	13,015,626	4,033,864	575,999	2,971,709	20,953,281	36.2%	23,403,195	(2,449,914)	RH VAN NIEWENHUYZEN
29	6,630	3,271,875	600,808	701,949	2,040,189	6,621,452	50.5%	7,335,320	(713,868)	L WILLEMSE
30	0	1,127,243	1,113,146	850,679	22,950,913	26,041,980	95.7%	25,237,768	804,211	J SMIT
31	0	1,320,583	1,661,380	683,906	15,545,022	19,210,890	93.1%	19,047,544	163,346	GH FORD
32	0	84,208	25,557	30,577	70,780	211,123	60.1%	6,273,623	(6,062,500)	LV NZELE
33	374	239,595	253,416	25,497	82,825	601,707	60.1%	4,734,232	(4,132,525)	SE SEPTEMBER
SUNDRIES	2,770,560	1,647,608	1,343,302	28,539	910,367	6,700,376	34.1%	7,142,759	(442,383)	SUNDRIES
TOTAL	3,631,076	135,885,459	36,076,355	14,076,505	153,792,082	343,461,477	59.4%	373,639,904	(30,178,427)	

11. Creditors age analysis

The municipality's creditor's age analysis amounted to R1,568,707 as at 31 October 2019 as set out in Table 14 below. Creditors 30 days and older amount to R0.

Recommendation

(11) Outstanding creditors amounted to R1,568,707 as at 31 October 2019.

TABLE 14: CREDITORS AGE ANALYSIS AS AT 31 OCTOBER 2019

SERIAL NUMBER	CREDITOR	CURRENT	30 DAYS +	60 DAYS +	90 DAYS +	TOTAL AS AT 31/10/2019
COLUMN REFERENCE	A	B	C	D	E	F
1	DYKON ENGINEERING PTY LTD	3,978	0	0	0	3,978
2	ECO CAR HIRE CC	8,500	0	0	0	8,500
3	ENGEN PETROLEUM LIMITED	271,107	0	0	0	271,107
4	EPPING INDUSTRIAL SUPPLIERS (PTY) LTD	47,163	0	0	0	47,163
5	EXCELLENT GLASS CC	5,580	0	0	0	5,580
6	F G UNIFORMS CC	2,171	0	0	0	2,171
7	F HAAI T/A PAARL OCCUPATIONAL HEALTH	3,400	0	0	0	3,400
8	FILCO PARTS BK	19,725	0	0	0	19,725
9	FORMS MEDIA INDEPENDENT (AFRICA) PTY LTD	29,193	0	0	0	29,193
10	FOWKES BROS (PTY) LTD	2,267	0	0	0	2,267
11	GROUNDWATER SOLUTIONS T/A AB PUMPS	72,149	0	0	0	72,149
12	INDEPENDENT NEWSPAPERS CAPE LTD	7,053	0	0	0	7,053
13	IMIZAMO YETHU CIVILS ENGINEERING (PTY) LTD	28,800	0	0	0	28,800
14	INHLE CLEANERS	700	0	0	0	700
15	J J DYERS ENVIROMENTAL SERVICES AND CONTRACT	838,703	0	0	0	838,703
16	J SIMONSE T/A JEFF'S MOTORS	3,488	0	0	0	3,488
17	KC DOMESTIC REPAIRS CC	985	0	0	0	985
18	LADY BUGS INNOVATIVE MARKETING PTY LTD	1,581	0	0	0	1,581
19	LG TOW IN BK	4,453	0	0	0	4,453
20	LAWULA SYSTEMS PTY LTD	61,543	0	0	0	61,543

ANNEXURE A

SERIAL NUMBER	CREDITOR	CURRENT	30 DAYS +	60 DAYS +	90 DAYS +	TOTAL AS AT 31/10/2019
COLUMN REFERENCE	A	B	C	D	E	F
21	LESEDI RETICULATION PTY LTD	1,784	0	0	0	1,784
22	LARRY'S AIRCONDITIONING CC	2,220	0	0	0	2,220
23	LAST SAMURAI PROP.HOLD.2 CC T/A ITHUBA INDUS	19,435	0	0	0	19,435
24	LUMBER & LAWN (EDMS) BPK	6,678	0	0	0	6,678
25	MJS ELECTRONICS (PTY) LTD T/A M&M ELECTRONIC	8,289	0	0	0	8,289
26	E MABILLE ENGINEERING	6,040	0	0	0	6,040
27	NEJENI CONSTRUCTION AND PROJECT PTY LTD	66,240	0	0	0	66,240
28	OTTO SIGNS (PTY) LTD	1,040	0	0	0	1,040
29	PARK AVENUE STATIONERS (CAPE) CC T/A PARK AV	841	0	0	0	841
30	TITANCOR TWO CC T/A PAARL MICA	1,546	0	0	0	1,546
31	LABRUSCA BESTUURSDIENSTE CC T/A PEN & INK	4,002	0	0	0	4,002
32	POLARAMA CC T/A POLARAMA WHOLESALERS	1,715	0	0	0	1,715
33	TAKE NOTE TRADING 245 CC T/A UNIVERSAL TRADI	36,340	0	0	0	36,340
34	TOTAL	1,568,707	0	0	0	1,568,707

12. Bank, cash, overdraft balances and investments

The municipality's primary and secondary bank accounts reconciles as at 31 October 2019 as can be seen in table 15 below. The primary bank account showed a negative cashbook balance of R22,961,211 at the end of October 2019 whilst the actual bank balance was a positive R81,005,077.

TABLE 15: BANK RECONCILIATION AS AT 31 OCTOBER 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	(106,137,695)	-	-	-	(106,137,695)
2	Add: Receipts	117,489,340	106,047,186	308,536	1,873,811	225,718,872
3	Add: Investments withdrawn	63,931,736	-	-	-	63,931,736
4	Less: Investments made	(30,000,000)	-	-	-	(30,000,000)
5	Less: Payments	(176,452,248)	(21,738)	(137)	-	(176,474,124)
6	Add/Less: Sweeping of Balance	113,634,299	(111,452,089)	(308,398)	(1,873,811)	-
7	Cashbook balance - end of period of the month	(17,534,569)	(5,426,642)	-	-	(22,961,211)
8	Balance as per bank statement	81,005,077	-	-	-	81,005,077
9	Add: Transactions receipt on cash book, but not reflecting on bank statement					
10	Cashier receipts not yet banked	1,096,629	-	-	-	1,096,629
11	Third party receipts received but not banked: Easy pay	593,552	-	-	-	593,552
12	Direct deposit/Transfer in cash book	(3,107,513)	(5,426,642)	-	-	(8,534,154)
13	Less: Payments issued in cash book, but not reflecting on bank statement					
14	Cheque payments	(727,658)	-	-	-	(727,658)
15	ACB (Automatic Clearing Bureau) payments/System generated payments	(94,064,255)	-	-	-	(94,064,255)
16	Less: Transactions on bank statement, but not reflecting in cashbook					
17	Electronic transfers received in bank statement not yet receipted	(2,135,882)	-	-	-	(2,135,882)
18	Cheques issued and cancelled after month-end	(194,520)	-	-	-	(194,520)
19	Balance as per cash book	(17,534,569)	(5,426,642)	-	-	(22,961,211)

Surplus cash is invested on a daily basis. The municipality's investments as at 31 October 2019 is as set out in Table 16 below. The municipality started the beginning of the month with total investments of R74,323,967 and after investments made (R30,000,000), withdrawn (R63,931,736) and interest capitalised (R261,992) closed with an investments balance of R40,654,222 at the six listed local banks and at Eskom where we do have some shares.

TABLE 16: INVESTMENTS AS AT 31 OCTOBER 2019

SERIAL NUMBER	BANK	BALANCE AT 30 SEPTEMBER 2019	INVESTMENTS MADE	INVESTMENTS WITHDRAWN	INTEREST CAPITALISED	BALANCE AT 31 OCTOBER 2019	INTEREST ACCRUED	INTEREST EARNED YEAR-TO-DATE	INTEREST RATE
COLUMN REFERENCE	A	B	C	D	E	G	H	I	J
1	ABSA BANK	638,441	0	(640,720)	3,280	1,000	110	11,423	6.250%
2	ABSA BANK	603,890	0	(605,993)	3,102	1,000	104	11,412	6.250%
3	ABSA BANK	640,579	0	(642,870)	3,291	1,000	110	11,992	6.250%
4	ABSA BANK	617,625	0	(619,798)	3,173	1,000	106	11,629	6.250%
5	ABSA BANK	357,482	0	(358,319)	1,836	1,000	62	7,253	6.250%
6	ABSA BANK	359,728	0	(360,251)	1,993	1,471	134	29,002	6.750%
7	ABSA BANK	30,000,000	10,000,000	(30,090,040)	92,466	10,002,426	42,597	92,466	7.500%
8	FNB	0	0	0	0	0	0	8,611	6.840%
9	GRINDROD BANK	30,500,000	20,000,000	(30,613,747)	107,877	19,994,130	74,911	107,877	7.000%
10	INVESTEC	18,587	0	0	98	18,685	102	300	6.400%
11	STANDARD BANK	10,500,000	0	0	44,877	10,544,877	58,214	44,877	6.500%
12	ESKOM	87,635	0	0	0	87,635	0	7,560	13.500%
13	GRAND TOTAL	74,323,967	30,000,000	(63,931,736)	261,992	40,654,222	176,449	344,401	7.15%

Recommendation

(12) The primary bank account had a positive bank balance at 31 October 2019 which amounted to R81,005,077.

(13) Total investments in cash and shares amounted to R40,654,222 as at 31 October 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 (R756,357,172) and the pro rata budgeted operating revenue (R741,107,703) has a positive variance of R15,249,469 or 2.06%.
- (2) The variance between the actual operating expenditure (R677,699,757) and the pro rata budgeted operating expenditure (R688,538,407) has a positive variance of R10,838,649 or 1.57%.
- (3) The actual capital expenditure of R47,696,712 and the pro rata budgeted capital expenditure of R57,983,915 realised underspending of R10,287,203 or 17.74%.
- (4) Actual capital expenditure of R47,696,712 represents 15.41% of the total capital budget of R309,567,339 after four months of the financial year.
- (5) The actual and committed capital expenditure of R99,979,070 compared with the capital expenditure budget of R309,567,339 represent a spending percentage of 32.30% after four months of the financial year.
- (6) External borrowings amounted to R1,628,668,052 as at 31 October 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 R59,286,356 at the end of October 2019.
- (8) The actual employee related cost expenditure of R199,856,441 compared with the pro rata budgeted expenditure of R207,161,516 relates to a positive variance of R7,305,075 or 3.53%.

- (9) Total outstanding debtors as at 31 October 2019 amounted to R343,461,477 and that 30 days and older debt constitutes 59.38% of total outstanding debtors.
 - (10) Domestic consumers owe the municipality R210,285,111 or 61.2% of the municipality's total debtor's book.
 - (11) Outstanding creditors amounted to R1,568,707 as at 31 October 2019.
 - (12) The primary bank account had a positive bank balance at 31 October 2019 which amounted to R81,005,077.
 - (13) Total investments in cash and shares amounted to R40,654,222 as at 31 October 2019 at the six local banks and Eskom.
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