



DRAKENSTEIN
MUNISIPALITEIT • MUNICIPALITY • UMASIPALA
Paarl | Wellington | Gouda | Saron | Simondium

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

Period ending: 31 March 2020

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 March 2020. Section 52(d) of the Municipal Finance Management Act (MFMA) determines that the Executive Mayor must within 30 days of the end of each quarter submit a report to the Council on the implementation of the budget and the financial state of affairs of the Municipality.

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

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



CONRAD POOLE
EXECUTIVE MAYOR
16 April 2020

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 March 2020.

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

Section 52(d) of the MFMA required from the Mayor to submit a quarterly report to Council on the implementation of the approved budget. The period involved is 1 January 2020 to 31 March 2020.



DR JH LEIBBRANDT
CITY MANAGER

16 April 2020

Table of Content

	Page
1. Introduction	5
2. Actual operating revenue per revenue source	6
3. Actual operating expenditure per vote	9
4. Actual operating expenditure per category	10
5. Total cost saving disclosure	12
6. Actual capital expenditure per vote and funding source	13
7. Actual borrowings	15
8. Allocations received and actual expenditure on allocations received	17
9. Employees related costs	20
10. Debtors age analysis and payment rates	23
11. Creditors age analysis	29
12. Bank, cash, overdraft balances and investments	30
13. Recommendations	33

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 (R1,688,574,273) compares unfavourably with the pro rata budgeted figure (R1,694,224,963) – a negative variance of R5,650,690 or 0.33% at month end.

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

- Rental of facilities and equipment (R10,327,495 or 135.23%) – the rental of facilities includes income forgone for property rates as well, due to the basket of free services made available to those in rental units and will have to be split from the actual revenue. This will be corrected in the next month's report; and
- Fines, penalties and forfeits (R22,558,604 or 50.42%) – a calculation was done based on interim information / statistics and resulted in a negative variance. This was adjusted during the Adjustment Budget process and the year to date actual journal processed will be adjusted at year end when final data can be used.

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

- Service Charges: Property Rates (R9,410,132 or 3.81%) – 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 (R3,291,909 or 0.37%) – the services charges for electricity is more than anticipated for the month after the budget was adjusted downwards during the adjustments budget process;
- Service Charges: Water (R6,495,639 or 5.90%) – budget was adjusted downwards due to in year performance on this specific service when compared to the adjusted budget;
- Service Charges: Cleansing (R2,607,049 or 2.77%) – the service charges for cleansing is more than anticipated;
- Interest earned – external investments (R531,038 or 14.48%) – more surplus funds than envisaged during the adjustments budget process, could be invested to earn more interest; and
- Operational Revenue (R5,384,466 or 25.17%) – operational revenue on various line items is more than the historical budgeted trends, than anticipated.

Recommendation

(1) The variance between the actual operating revenue (R1,688,574,273) and the pro rata budgeted operating revenue (R1,694,224,963) has a negative variance of R5,650,690 or 0.33%.

TABLE 1: ACTUAL REVENUE PER REVENUE SOURCE FOR MARCH 2020

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	308,406,236	20,514,395	25,105,133	246,863,047	256,273,179	9,410,132	3.81%	52,133,057
2	Service Charges : Electricity	1,175,231,372	1,177,009,475	98,540,139	99,446,790	881,389,052	884,680,961	3,291,909	0.37%	292,328,514
3	Service Charges : Water	188,636,644	153,926,577	14,630,721	18,296,129	110,034,404	116,530,043	6,495,639	5.90%	37,396,534
4	Service Charges : Sanitation	116,092,167	117,174,530	9,782,318	11,795,291	87,827,576	89,149,515	1,321,939	1.51%	28,025,015
5	Service Charges : Cleansing	125,003,755	125,406,080	10,375,729	10,637,187	94,278,890	96,885,939	2,607,049	2.77%	28,520,141
6	Rental of facilities and equipment	15,852,367	14,471,595	2,574,874	(799,424)	7,636,943	(2,690,552)	(10,327,495)	-135.23%	17,162,147
7	Interest earned - external investments	12,000,000	5,761,663	698,165	664,394	3,667,165	4,198,203	531,038	14.48%	1,563,460
8	Interest earned - outstanding debtors	12,555,926	9,847,094	504,561	935,263	7,013,410	7,290,110	276,700	3.95%	2,556,984
9	Fines, penalties and forfeits	89,068,288	79,286,389	31,260	143,805	44,737,918	22,179,314	(22,558,604)	-50.42%	57,107,075
10	Licences and Permits	4,288,949	3,191,878	137,745	194,670	2,397,116	2,341,911	(55,204)	-2.30%	849,967
11	Ner: Transfers and Subsidies : Operational	250,727,572	281,754,365	17,706,803	0	157,066,789	155,576,566	(1,490,223)	-0.95%	126,177,799
12	Operational Revenue	28,469,913	28,579,919	2,394,438	3,076,539	21,396,285	26,780,751	5,384,466	25.17%	1,799,168
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	2,313,315,801	177,891,148	169,495,776	1,664,308,595	1,659,195,941	(5,112,655)	-0.31%	654,119,860
15	Ner : Transfers and Subsidies : Capital	120,907,968	145,779,518	4,243,171	0	29,916,368	29,378,332	(538,036)	-1.80%	116,401,186
16	Total Operating Revenue (Capital Grants Included)	2,452,684,736	2,459,095,319	182,134,319	169,495,776	1,694,224,963	1,688,574,273	(5,650,690)	-0.33%	770,521,046
							Actual Revenue to date			1,688,574,273
							Projected Revenue for 2019/2020			2,459,095,319

3. Actual operating expenditure per vote

The actual operating expenditure per vote is set out in Table 2 below. Total actual operating expenditure of R1,526,861,031 compares favourably with the pro rata budgeted expenditure of R1,592,411,873 – a positive variance of R65,550,841 or 4.12%.

TABLE 2: ACTUAL OPERATIONAL EXPENDITURE PER VOTE FOR MARCH 2020

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	487,104	302,773	3,267,357	2,773,572	493,785	15.11%	1,778,539.91
2	Internal Audit	7,888,061	7,889,045	569,383	573,141	5,655,346	5,745,481	(90,135)	-1.59%	2,143,564.16
3	Risk Management	2,666,019	2,908,400	247,012	130,514	1,993,782	1,320,857	672,925	33.75%	1,587,542.72
4	Communication and Marketing	5,532,638	5,575,540	543,744	298,215	4,222,634	3,062,678	1,159,956	27.47%	2,512,862.39
5	IDP/PMS	6,028,344	5,365,531	370,796	420,806	4,318,384	3,849,421	468,963	10.86%	1,516,110.34
6	Corporate Services	154,226,255	157,110,965	10,370,667	11,068,979	98,967,831	98,075,206	892,625	0.90%	59,035,759
7	Community Services	450,225,430	485,501,294	24,881,773	24,018,704	270,695,426	243,165,638	27,529,788	10.17%	242,335,656
8	Financial Services	125,591,344	128,530,639	9,771,243	8,432,115	94,707,110	85,831,210	8,875,900	9.37%	42,699,429
9	Planning and Development	56,890,371	57,293,460	3,625,872	3,845,702	42,779,595	38,665,221	4,114,374	9.62%	18,628,239
10	Engineering Services	1,586,025,584	1,545,149,757	98,787,553	95,497,434	1,065,804,408	1,044,371,746	21,432,662	2.01%	500,778,011
11	Totals	2,399,626,158	2,399,876,743	149,655,147	144,588,381	1,592,411,873	1,526,861,031	65,550,841	4.12%	873,015,713

Actual Expenditure to date **1,526,861,031**

Projected Expenditure for 2019/2020 **2,399,876,743**

Recommendation

(2) The variance between the actual operating expenditure (R1,526,861,031) and the pro rata budgeted operating expenditure (R1,592,411,873) has a positive variance of R65,550,841 or 4.12%.

4. Actual operating expenditure per category

The actual operating expenditure per category is set out in Table 3 below. From Table 3 it is clear that our actual operating expenditure incurred (R1,526,861,031) compares favourably with the pro rata budgeted figures (R1,592,411,873) – a positive variance of R65,550,841 or 4.12% at month end.

TABLE 3: ACTUAL OPERATIONAL EXPENDITURE PER EXPENDITURE CATEGORY FOR MARCH 2020

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	679,467,403	51,552,968	52,286,224	498,648,387	486,599,259	12,049,128	2.42%	192,868,144
2	Remuneration of councillors	31,709,291	31,709,291	2,642,441	2,458,116	23,391,969	22,496,783	895,186	3.83%	9,212,508
3	Debt Impairment	125,034,743	127,640,569	4,925,103	4,403,938	76,136,651	57,643,466	18,493,186	24.29%	69,997,103
4	Depreciation and Amortisation	215,869,778	215,869,778	0	0	107,934,914	106,935,084	999,830	0.93%	108,934,694
5	Interest Paid	162,758,940	108,322,595	0	0	107,944,605	108,020,848	(76,243)	-0.07%	301,747
6	Bulk Purchases Water	12,000,000	12,000,000	956,106	539,661	5,267,576	2,584,825	2,682,751	50.93%	9,415,175
7	Bulk Purchases: Electricity	781,937,527	781,937,527	59,483,220	59,755,220	526,681,077	525,775,892	905,185	0.17%	256,161,635
8	Contracted Services	232,467,375	267,091,018	16,272,464	15,040,707	123,261,750	110,531,690	12,730,061	10.33%	156,559,328
9	Transfers and Subsidies	18,649,823	18,759,846	67,123	563,625	13,520,177	14,118,268	(598,091)	-4.42%	4,641,578
10	Inventory	36,738,603	41,584,149	3,750,255	3,497,970	28,341,066	26,291,425	2,049,641	7.23%	15,292,724
11	Operating Leases	19,980,722	22,840,198	1,946,629	1,333,357	17,479,076	14,139,886	3,339,190	19.10%	8,700,312
12	Operational Cost	81,949,898	90,654,369	8,058,838	4,709,563	63,804,625	51,723,606	12,081,019	18.93%	38,930,763
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	2,399,876,743	149,655,147	144,588,381	1,592,411,873	1,526,861,031	65,550,841	4.12%	873,015,713

Actual Expenditure to date **1,526,861,031**

Projected Expenditure for 2019/2020 **2,399,876,742**

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

- Employee Related Cost (R12,049,128 or 2.42%) – please refer to detail included in table 8;
- Debt Impairment (R18,493,186 or 24.29%) – a calculation was done based on interim information / statistics and resulted in a positive variance. This was adjusted during the Adjustment Budget process and the year to date actual journals processed will be adjusted at year end when final data is available;
- Bulk Purchases: Water (R2,682,751 or 50.93%) – underspending on bulk purchases is attributed to the decrease in water sales that led to an adjustment in the revenue during the adjustment budget process;
- Contracted Service (R12,730,061 or 10.33%) – due to building contractors appointed by the Provincial Housing Department and paid by them directly as they are the project managers/developers;
- Inventory (R2,049,641 or 7.23%) – underspending due to the implementation of various expenditure management and cost containment strategies;
- Operating Leases (R3,339,190 or 19.10%) – underspending due to the implementation of various expenditure management and cost containment strategies; and
- Operational Cost (R12,081,019 or 18.93%) – underspending due to the implementation of various expenditure management and cost containment strategies.

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

- No negative variances to report.

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.

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	35,828,094	3,700,500	6,025,661	4,491,788	0	14,217,949	39.7%	21,610,145
2	Vehicles used vir political office bearers	0	0	0	0	0	0	0.0%	0
3	Travel and Subsistance	898,540	145,391	280,416	87,819	0	513,626	57.2%	384,914
4	Domestic Accomodation	292,536	12,666	61,045	28,660	0	102,371	35.0%	190,165
5	Sponsorship, Events and Catering	1,528,425	377,885	131,337	33,572	0	542,793	35.5%	985,632
6	Communication	7,837,535	1,125,442	1,378,345	2,084,031	0	4,587,819	58.5%	3,249,716
7	Other related expenditure items	0	0	0	0	0	0	0.0%	0
8	Total	46,385,130	5,361,883	7,876,804	6,725,870	0	19,964,557	43.0%	26,420,573

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 R157,404,674 compares unfavourably with the pro rata budgeted capital expenditure of R167,783,976 as per the cash flow projections of the SDBIP with a variance or underspending of R10,379,302 or 6.19%. 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 53.65% of the total capital budget of R293,413,739 after nine months of the financial year. Actual and recorded committed capital expenditure (R236,803,848) represents 80.71% of the total capital budget of R293,413,739 after nine months of the financial year.

TABLE 5: ACTUAL CAPITAL EXPENDITURE PER VOTE FOR MARCH 2020

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	25,001	7,025	1,172	7,051	20,720	1,172	21,892	(5,879)	-83.38%	23,829
2	Internal Audit	650,000	0	0	0	0	0	0	0	0	0.00%	0
3	Risk Management	50,712	12,000	0	0	0	0	0	0	0	0.00%	12,000
4	Communication and Marketing	100,000	223,345	0	(42,902)	203,345	4,192	198,001	202,194	(5,344)	-2.63%	25,344
5	IDP/PMS	0	0	0	0	0	0	0	0	0	0.00%	0
6	Corporate Services	12,048,000	9,602,085	743,338	33,301	4,130,567	3,015,657	5,413,144	8,428,801	1,282,577	31.05%	4,188,941
7	Community Services	123,515,468	79,479,788	7,555,884	6,114,082	50,147,532	14,421,775	47,215,355	61,637,130	(2,932,177)	-5.85%	32,264,433
8	Financial Services	13,850,000	3,082,860	617,289	505,215	1,456,581	513,343	1,672,916	2,186,259	216,335	14.85%	1,409,944
9	Planning and Development	1,615,000	1,012,793	104,479	162,062	436,739	0	438,971	438,971	2,232	0.51%	573,822
10	Engineering Services	226,200,770	199,975,867	21,994,675	26,971,184	111,402,161	61,423,487	102,465,115	163,888,602	(8,937,046)	-8.02%	97,510,752
11	TOTALS	378,029,950	293,413,739	31,022,690	33,744,114	167,783,976	79,399,174	157,404,674	236,803,848	(10,379,302)	-6.19%	136,009,065
						% of Approved Budget = <u>27.06%</u>		53.65%		80.71% Actual Expenditure to date		<u>157,404,674</u>
						Actual Capex as a % of Pro Rata Budget = <u>93.81%</u>		Projected Expenditure for 2019/2020				<u>293,413,739</u>

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

TABLE 6: ACTUAL CAPITAL EXPENDITURE PER FUNDING SOURCE FOR MARCH 2020

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	8,615,145	9,837,316	59,643,571	20,359,438	57,695,864	78,055,301	(1,947,707)	-3.27%	36,307,354
2	CRR	8,881,650	61,730,129	8,449,164	6,086,798	32,291,523	16,439,044	26,684,713	43,123,757	(5,606,810)	-17.36%	35,045,416
3	GRANTS	146,572,968	137,680,392	13,958,381	17,820,001	75,848,882	42,600,693	73,024,097	115,624,790	(2,824,785)	-3.72%	64,656,295
4	TOTALS	378,029,950	293,413,739	31,022,690	33,744,114	167,783,976	79,399,174	157,404,674	236,803,848	(10,379,302)	-6.19%	136,009,065

Actual Expenditure to date 157,404,674

Projected Expenditure for 2019/2020 293,413,739

Recommendation

- (3) ***The actual capital expenditure of R157,404,674 and the pro rata budgeted capital expenditure of R167,783,976 realised underspending of R10,379,302 or 6.19%.***
- (4) ***Actual capital expenditure of R157,404,674 represents 53.65% of the total capital budget of R293,413,739 after nine months of the financial year.***
- (5) ***The actual and committed capital expenditure of R236,803,848 compared with the capital expenditure budget of R293,413,739 represent a spending percentage of 80.71% after nine 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 R1,672,551,989 and after repayments (R714,407) were made and additional loans (R0) were taken up, the total borrowings outstanding as at 31 March 2020 amounts to R1,671,837,582. This borrowing debt represents 76.61% of our total operating budgeted revenue of R2,182,162,436 (conditional capital and operational grants excluded) for the 2019/2020 financial year.

Recommendation

(6) External borrowings amounted to R1,671,837,582 as at 31 March 2020 and that it represents 76.61% of Drakenstein's total budgeted operating revenue of R2,182,162,436 (conditional capital and operational grants excluded) for the 2019/2020 financial year.

TABLE 7: ACTUAL BORROWINGS FOR MARCH 2020

SERIAL NUMBER	EXTERNAL LOANS PROVIDERS	INTEREST RATES	START DATE OF LOAN	TERM ENDING DATE	OPENING BALANCE 01/03/2020	CAPITAL REDEEMED	NEW LOANS TAKEN UP	CLOSING BALANCE 31/03/2020
COLUMN REFERENCE	A	B		C	D	E	F	G
1	ABSA BANK	9.40%	25 June 2015	24 June 2020	634,115	0	0	634,115
2	ABSA BANK	9.21%	01 July 2013	30 June 2020	1,600,563	0	0	1,600,563
3	STANDARD BANK	10.40%	25 June 2010	30 June 2020	3,777,994	0	0	3,777,994
4	STANDARD BANK	9.36%	20 June 2017	30 June 2020	776,321	0	0	776,321
5	NEDBANK	10.64%	12 May 2011	30 June 2021	16,381,477	0	0	16,381,477
6	STANDARD BANK	9.63%	05 June 2018	30 June 2021	2,828,159	0	0	2,828,159
7	STANDARD BANK	10.26%	22 April 2016	31 March 2021	2,255,582	0	0	2,255,582
8	STANDARD BANK	9.68%	20 June 2017	30 June 2022	2,554,484	714,407	0	1,840,077
9	STANDARD BANK	9.87%	05 June 2018	30 June 2023	10,407,408	0	0	10,407,408
10	STANDARD BANK	9.84%	29 May 2019	30 June 2024	6,436,514	0	0	6,436,514
11	STANDARD BANK	10.97%	12 December 2019	30 June 2028	30,149,419	0	0	30,149,419
12	STANDARD BANK	11.44%	12 December 2019	30 June 2032	433,066,762	0	0	433,066,762
13	NEDBANK	11.48%	29 November 2019	31 December 2029	198,701,741	0	0	198,701,741
14	DBSA	10.73%	31 December 2019	30 June 2037	962,981,450	0	0	962,981,450
15	TOTALS				1,672,551,989	714,407	0	1,671,837,582

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 R266,447,492 were received to date. Operating grants expenditure to the amount of R136,736,067 and capital grants expenditure to the amount of R42,609,849 was spent and recorded as utilised at the end of March 2020. 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 March 2020 is R118,455,807.

Recommendation

(7) *Unspent conditional and unconditional grants amounted to R118,455,807 at the end of March 2020.*

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 MARCH 2020
COLUMN REFERENCE	A	B	C	D	E	F
1	NATIONAL GOVERNMENT (UNCONDITIONAL GRANT)					
2	G/F : EQUITABLE SHARE	0	(150,601,000)	112,952,517	0	(37,648,483)
3	SUB-TOTAL	0	(150,601,000)	112,952,517	0	(37,648,483)
4	NATIONAL GOVERNMENT (CONDITIONAL GRANT)					
5	G/F : MUNICIPAL INFRASTRUCTURE PROJECTS	0	(34,638,648)	0	9,355,810	(25,282,839)
6	G/F : BUDGET REFORM PROGRAMME NATIONAL TREASURY	0	(1,550,000)	384,120	0	(1,165,880)
7	G/F : EPWP TOEKENING VIR INFRASTRUKPROJEKT CWL	0	(5,185,000)	3,631,000	0	(1,554,000)
8	G/F : ELEKT MASTERPLAN (ROLL OVER)	0	(4,000,000)	4,850,255	0	850,255
9	G/F : ELECTRIFICATION FUNDING (INEP)	0	(15,859,901)	0	6,565,970	(9,293,931)
10	G/F : RURAL DEVELOPMENT (SARON ROADS)	(639,324)	0		0	(639,324)
11	SUB-TOTAL	(639,324)	(61,233,550)	8,865,375	15,921,780	(37,085,719)

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 MARCH 2020
COLUMN REFERENCE	A	B	C	D	E	F
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	2,564,350	0	1,831,935
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	(29,000)	0	447,876	418,876
21	G/F : SIMONDIUM	0	(15,125,000)	0	14,089,702	(1,035,298)
22	G/F : GOUDA	(704,674)	0	0	0	(704,674)
23	G/F : DALIOSAPHAT TRANSFERS	(453,180)	0	0	0	(453,180)
24	G/F : KINGSTON TOWN TRANSFERS	(24,000)	(6,512,468)	0	0	(6,536,468)
25	G/F : PAARL EAST HOUSING PROJECT	(320,971)	0	0	0	(320,971)
26	G/F : DROMMEDARIS ST EHP	(140,064)	0	0	0	(140,064)
27	G/F : HOUSING SCHEME 49	(1,262,587)	0	0	0	(1,262,587)
28	G/F : AMSTELHOF PROJECT 35	(10,348)	0	0	0	(10,348)
29	G/F : CHESTER WILLIAMS & PAARL LOVERS LANE	(383,312)	0	0	0	(383,312)
30	G/F : NCEDOLWETHU/CHRIS HANI	(2,000)	0	0	0	(2,000)
31	G/F : HUMAN SETTLEMENTS	(672,000)	0	0	0	(672,000)
32	G/F : DALIOSAPAHT (PHASE 1-3)	(90,000)	0	0	0	(90,000)
33	G/F : VLAKKELAND	(7,399,194)	0	0	0	(7,399,194)
34	G/F : TITLE DEEDS	(2,784,000)	0	0	0	(2,784,000)
35	G/F : LIBRARY SERVICES CONDITIONAL GRANT	(89,885)	(11,380,667)	11,454,087	0	(16,465)
36	G/F : COMMUNITY DEVELOPMENT SUPPORT GRANT	(516,212)	0	0	0	(516,212)
37	G/F : DEVELOPMENT OF SPORT AND RECREATION FACILITIES	(67,098)	0	0	0	(67,098)
38	G/F : FMG WESTERN CAPE	(60,000)	0	0	0	(60,000)
39	G/F : COMMUNITY DEVELOPMENT WORKERS	0	(222,000)	0	0	(222,000)
40	G/F : GREENEST TOWN	0	(260,000)	0	0	(260,000)
41	G/F : MANDELA ROUTE	(15,000)	(1,187,341)	0	0	(1,202,341)
42	G/F : FINANCIAL MANAGEMENT CAPACITY BUILDING	(120,805)	(620,000)	0	0	(740,805)
43	G/F : OOSBOSCH	0	(1,950,508)	0	0	(1,950,508)
44	G/F : LG GRADUATE INTERNSHIP	(39,569)	(2,038,212)	0	0	(2,077,781)
45	G/F : ROADS	0	(11,810,420)	0	12,150,491	340,072
46	G/F : CAPACITY BUILDING	(179,751)	0	78,834	0	(100,917)
47	SUB-TOTAL	(26,585,295)	(51,135,615)	14,097,271	26,688,069	(36,935,570)

SERIAL NUMBER	DESCRIPTION	OPENING BALANCE 1 JULY 2019	OTHER INCOME	OPERATIONAL EXPENDITURE DURING THE YEAR	CAPITAL EXPENDITURE DURING THE YEAR	BALANCE AS ON 31 MARCH 2020
COLUMN REFERENCE	A	B	C	D	E	F
48	OTHER GRANTS : (UNCONDITIONAL)					
49	G/F : TRAINING LEVY	(127,697)	(1,027,974)	36,139	0	(1,119,531)
50	G/F: EMERGENCY KITS:O R THAMBOINF SETTLE	(1,191,615)	0	0	0	(1,191,615)
51	G/F : DE KRAAL	(964,748)	0	0	0	(964,748)
52	G/F : NUMARKT	(558,344)	(2,449,354)	784,765	0	(2,222,933)
53	G/F : CAPE WINELANDS	(300,000)	0	0	0	(300,000)
54	SUB-TOTAL	(3,142,404)	(3,477,327)	820,904	0	(5,798,827)
55	GUARANTEES AND DONATIONS					
56	G/F : UNSPENT MONEY PROJECT 59 (GUARANTEE)	(623,636)	0	0	0	(623,636)
57	G/F : TRUST FUND : MUN WEDUWEE & WESE PENSIOEN	(363,572)	0	0	0	(363,572)
58	SUB-TOTAL	(987,208)	0	0	0	(987,208)
59	GRAND TOTAL	(31,354,232)	(266,447,492)	136,736,067	42,609,849	(118,455,807)

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 amount to R486,599,259 compared with the pro rata budgeted amount of R498,648,387 – an underspending of R12,049,128 or 2.42%.

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 (R2,155,441 or 11.97%) – 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 R486,599,259 compared with the pro rata budgeted expenditure of R498,648,387 relates to a positive variance of R12,049,128 or 2.42%.

TABLE 9 : EMPLOYEE RELATED COST AS AT 31 MARCH 2020

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	425,261,727	35,450,097	34,634,728	318,911,475	309,808,698	9,102,777	2.85%	115,453,029
2	Bonusses	36,728,008	36,728,008	0	45,493	30,984,798	31,042,435	(57,637)	-0.19%	5,685,573
3	Leave Pay	7,642,393	7,642,393	636,866	636,866	5,731,794	5,731,794	0	0.00%	1,910,599
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	7,130,000	4,875	0	9,750	0	9,750	0.00%	7,130,000
6	Ex Gratia Allowances - Pensioners	16,841,000	17,655,000	162,800	1,738,257	5,325,600	7,558,900	(2,233,300)	-41.94%	10,096,100
7	Overtime Payments	24,000,001	24,000,001	2,000,005	2,532,222	18,000,045	20,155,486	(2,155,441)	-11.97%	3,844,515
8	Subsidy House Loans	5,204,587	5,204,587	433,736	313,475	3,903,624	2,710,917	1,192,707	30.55%	2,493,670
9	Travel Allowances	26,754,462	26,754,462	2,229,537	2,279,648	20,065,833	20,199,348	(133,515)	-0.67%	6,555,114
10	Housing Allowance	731,783	731,783	60,987	76,404	548,883	541,169	7,714	1.41%	190,614
11	Acting Allowance	0	0	0	165,370	0	901,865	(901,865)	0.00%	(901,865)
12	Standby Allowance	10,824,879	10,824,879	902,077	739,225	8,118,693	6,901,787	1,216,906	14.99%	3,923,092
13	Night Shift Allowance	4,944,535	4,944,535	412,047	421,217	3,708,423	3,803,714	(95,291)	-2.57%	1,140,821
14	Cell Allowance	2,820,972	2,820,972	235,102	335,960	2,115,918	2,884,478	(768,560)	-36.32%	(63,506)
15	Group Insurance	5,024,537	5,024,537	418,716	366,244	3,768,444	3,434,577	333,867	8.86%	1,589,960
16	Medical Aid Fund Contr	27,345,230	27,345,230	2,278,772	2,039,465	20,508,948	17,346,102	3,162,846	15.42%	9,999,128
17	Pension Fund Contr	68,346,357	68,346,357	5,695,539	5,396,816	51,259,851	48,469,097	2,790,754	5.44%	19,877,260
18	Provident Fund Contr	4,480,782	4,480,782	373,400	291,407	3,360,600	2,665,003	695,597	20.70%	1,815,779
19	Unemployment Insurance Fund Contr	3,100,722	3,100,722	258,412	273,429	2,325,708	2,443,888	(118,180)	-5.08%	656,834
20	Totals	678,529,458	679,467,403	51,552,968	52,286,224	498,648,387	486,599,259	12,049,128	2.42%	192,868,144

Actual Expenditure to date **486,599,259**
Projected Expenditure for 2019/2020 **679,467,403**

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 MARCH 2020

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	Internal Audit	0	0	0	0	0	0	0	0.00%
3	Risk Management	0	0	0	0	0	0	0	0.00%
4	Communication and Marketing	0	0	0	0	0	0	0	0.00%
5	IDP/PMS	174,376	174,376	14,531	8,599	130,779	76,556	54,223	41.46%
6	Corporate Services	0	0	0	5,622	0	24,802	(24,802)	0.00%
7	Community Services	9,206,624	9,206,624	767,222	1,136,670	6,904,998	8,046,584	(1,141,586)	-16.53%
8	Financial Services	731,936	731,936	60,995	6,705	548,955	149,040	399,915	72.85%
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	1,374,626	10,415,313	11,858,504	(1,443,191)	-13.86%
11	Totals	24,000,001	24,000,001	2,000,005	2,532,222	18,000,045	20,155,486	(2,155,441)	-11.97%

10. Debtors age analysis and payment rates

10.1 Debtors age analysis per service

The municipality's total outstanding debtors amounted to R378,304,684 as at 31 March 2020 compared with the R375,717,003 as at 29 February 2020. As reflected in Table 11 below, current debt represents 41.25% of the total outstanding debt compared with the 42.39% of February 2020; 30 days and older debt 8.10% compared with the 6.92% for February 2020; 60 days and older debt 3.87% compared with the 3.81% of February 2020; and 90 days and older debt 46.78% compared with the 46.87% of February 2020.

TABLE 11 : DEBTORS AGE ANALYSIS PER SERVICE AS AT 31 MARCH 2020

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	0.00	20,402,490.67	3,337,776.73	1,523,132.87	16,746,592.88	42,009,993	11.10%
2	Water	0.00	21,175,828.80	7,952,281.70	4,004,726.55	59,385,108.41	92,517,945	24.46%
3	Electricity	118,495.03	88,307,195.99	11,404,387.37	3,546,507.36	23,700,368.74	127,076,954	33.59%
4	Sewerage	0.00	9,245,060.15	2,639,619.18	1,771,187.67	20,286,367.44	33,942,234	8.97%
5	Refuse	0.00	10,360,339.90	3,774,302.72	2,741,981.15	33,773,353.25	50,649,977	13.39%
6	Housing	0.00	1,051,424.57	848,352.93	701,336.60	9,726,218.60	12,327,333	3.26%
7	Others	120,284.66	5,287,147.64	687,814.61	338,863.31	13,346,136.08	19,780,246	5.23%
8	TOTAL	238,780	155,829,488	30,644,535	14,627,736	176,964,145	378,304,684	100.00%
	2020/03 =		41.25%	8.10%	3.87%	46.78%	100.00%	
	2020/02 =		42.39%	6.92%	3.81%	46.87%	100.00%	

Current debt decreased with R3,204,025 to R156,068,267 compared with the R159,272,292 as at 29 February 2020; 30 days + debt increased with R4,645,872 to R30,644,535; 60 days + debt increased with R295,091 to R14,627,736 and 90 days and older debt as at 31 March 2020 has increased with R850,741 to R176,964,145 compared with the R176,113,404 as at 29 February 2020.

Debtors owe the municipality property rates (11.10%); water (24.46%); electricity (33.59%); sewerage (8.97%); refuse (13.39%); housing (3.26%), and sundry debt (5.23%).

As reflected in Table 12 below, the debtors test ratio (before bad debt provision) shows an increase of 5.0 days from 62.6 days in January 2020 to 67.6 days in February 2020 and a decrease of 1.6 days to 66.0 days in March 2020. The debtors test ratio (after bad debt provision) shows an increase of 3.5 days from 49.8 days in January 2020 to 53.3 days in February 2020 and a decrease of 1.3 days to 52.0 days in March 2020. The acceptable norm is 45 days.

TABLE 12 : OUTSTANDING DEBT SUMMARY REPORT AS AT 31 MARCH 2020

No	Description	March-2019	April-2019	May-2019	June-2019	July-2019	August-2019	September-2019	October-2019	November-2019	December-2019	January-2020	February-2020	March-2020
Column Reference	A	B	C	D	E	F	G	H	I	J	K	L	M	N
1	Debtors - 30 Days	17,073,539	18,330,486	14,494,679	15,200,025	14,499,307	22,781,149	20,123,817	33,154,080	21,173,530	23,909,884	20,216,799	23,260,836	27,310,341
2	Debtors - 60 Days	11,091,129	10,523,692	9,331,096	8,944,938	7,958,504	8,893,032	12,665,967	12,655,381	17,488,060	13,780,688	13,572,642	12,863,899	13,108,122
3	Debtors - 90 Days and Older	142,465,933	142,330,254	141,260,539	144,423,129	134,581,807	132,409,733	134,409,946	139,725,995	142,810,176	151,356,848	156,641,682	159,849,182	160,567,923
4	Outstanding Debtors 30 Days and Older	170,630,601	171,184,432	165,086,314	168,568,092	157,039,618	164,083,914	167,199,730	185,535,456	181,471,766	189,047,420	190,431,123	195,973,917	200,986,386
5	Current Debtors	116,653,746	110,803,317	109,313,712	106,009,982	158,019,793	178,778,790	171,969,119	124,414,897	129,243,272	127,067,108	122,131,254	141,800,313	138,712,459
6	Total Outstanding Debtors (Before Bad Debt Provision)	287,284,347	281,987,749	274,400,026	274,578,074	315,059,411	342,862,704	339,168,849	309,950,353	310,715,038	316,114,528	312,562,377	337,774,230	339,698,845
7	Bad Debt Provision	71,701,201	74,290,820	80,062,686	72,271,736	60,917,124	59,786,644	60,936,535	63,140,772	63,700,084	65,948,249	69,358,192	71,522,529	71,901,767
8	<i>Opening balance</i>	69,535,590	71,701,201	74,290,820	80,062,686	72,271,736	60,917,124	59,786,644	60,936,535	63,140,772	63,700,084	65,948,249	69,358,192	71,522,529
9	<i>Contributions</i>	3,570,879	4,183,430	6,939,906	(7,924,281)	4,403,938	4,403,938	4,403,938	4,402,690	4,403,938	4,403,938	4,403,938	4,403,938	4,403,008
10	<i>Write-offs</i>	(1,405,268)	(1,593,811)	(1,168,040)	133,331	(15,758,550)	(5,534,418)	(3,254,047)	(2,198,453)	(3,844,626)	(2,155,773)	(993,995)	(2,239,601)	(4,023,771)
11	Outstanding Debtors (After Bad Debt Provision)	215,583,146	207,696,928	194,337,339	202,306,338	242,983,180	283,076,059	278,232,314	246,809,581	247,014,954	250,166,279	248,602,791	266,251,700	267,797,078
12	Current Debtors as a % of Total Outstanding Debtors	40.10%	39.30%	39.80%	38.60%	50.20%	52%	50.70%	40.10%	41.60%	40.20%	39.00%	42.00%	40.80%
13	Budgeted / Actual Total Billed Revenue from Rates, Service Charges and Other Services (VAT Excluded)	1,665,818,040	1,665,818,040	1,665,818,040	1,693,264,951	1,822,256,463	1,822,256,463	1,822,256,463	1,822,256,463	1,822,256,463	1,822,256,463	1,822,256,463	1,822,256,463	1,878,246,276
14	Debtors Test (Before Bad Debt Provision) = (Total Outstanding Debtors ÷ Budgeted Total Billed Revenue From Rates & Services x 365 days)	63 Days	61.8 Days	60.1 Days	60.1 Days	63.1 Days	68.7 Days	67.9 Days	62.1 Days	62.2 Days	63.3 Days	62.6 Days	67.6 Days	66.0 Days
15	Debtors Test (After Bad Debt Provision) = (Outstanding Debtors ÷ Budgeted Total Billed Revenue From Rates & Services x 365 days)	47.2 Days	45.5 Days	42.6 Days	44.4 Days	50.9 Days	56.7 Days	55.7 Days	49.4 Days	49.5 Days	50.1 Days	49.8 Days	53.3 Days	52.0 Days

10.2 Debtors age analysis per debtor type

Agricultural debtors owe the municipality R20,904,260 (5.5%); business debtors R97,959,648 (25.9%); domestic debtors R230,783,659 (61.0%); government accounts R16,558,596 (4.4%); sundry accounts R12,098,520 (3.2%) and of the total outstanding debt of R378,304,684 as set out in Table 13 below. Most of the domestic debt and other debt will be irrecoverable and most probably will have to be written-off.

TABLE 13 : DEBTORS AGE ANALYSIS PER DEBTOR TYPE AS AT 31 MARCH 2020

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	235,662	12,730,975	1,167,313	613,431	6,156,879	20,904,260	5.5%
2	Business	0	76,070,263	8,734,222	1,719,737	11,435,426	97,959,648	25.9%
3	Domestic	3,118	54,838,195	16,765,517	11,493,697	147,683,132	230,783,659	61.0%
4	Government	0	8,672,976	3,731,151	526,858	3,627,611	16,558,596	4.4%
5	Sundry Accounts	0	3,517,078	246,334	274,012	8,061,097	12,098,520	3.2%
6	TOTAL	238,780	155,829,488	30,644,535	14,627,736	176,964,145	378,304,684	100.0%

10.3 Debtors age analysis per ward

In Table 14 below the total outstanding debt of R378,304,684 is reflected per ward. It is of great concern to note that 30 days and older debt as a percentage of the current debt of 24 of the 33 wards is above 50%. Notably is the percentages of ward 5 (81.6%); ward 6 (99.3%); ward 7 (79.3%); ward 8 (87.8%); ward 9 (86.8%); ward 10 (79.6%); ward 11 (80.5%); ward 12 (85.4%); ward 13 (84.5%); ward 14 (90.6%); ward 16 (58.5%); ward 20 (85.9%); ward 21 (72.8%); ward 22 (63.6%); ward 23 (66.2%); ward 24 (96.2%); ward 25 (70.8%); ward 26 (79.6%); ward 27 (95.2%); ward 29 (50.3%); ward 30 (96.8%); ward 31 (91.8%); ward 32 (79.9%) and ward 33 (77.0%).

Wards that owe the municipality more than R10,000,000 monetary wise are ward 1 (R15,854,267); ward 4 (R22,842,292); ward 9 (R13,505,886); ward 11 (R10,412,835); ward 12 (R11,991,852); ward 14 (R14,287,247); ward 15 (R20,272,503); ward 16 (R10,803,981); ward 17 (R21,091,874); ward 18 (R26,922,635); ward 19 (R26,902,588); ward 22 (R12,048,108); ward 28 (R26,410,817); ward 30 (R27,952,406); and ward 31 (R21,194,556).

Recommendation

(9) Total outstanding debtors as at 31 March 2020 amounted to R378,304,684 and that 30 days and older debt constitutes 58.75% of total outstanding debtors.

(10) Domestic consumers owe the municipality R230,783,659 or 61.0% of the municipality's total debtor's book.

TABLE 14: OUTSTANDING DEBTORS PER WARD AS AT 31 MARCH 2020

WARD	CURRENT 1 (Levied but not billed as yet)	CURRENT 2 (Levied and billed)	30 DAYS +	60 DAYS +	90 DAYS +	TOTAL OUTSTANDING DEBT 31/03/2020	30 DAYS AND OLDER AS A % OF TOTAL DEBT	TOTAL OUTSTANDING DEBT 29/02/2020	INCREASE / (DECREASE)	WARD COUNCILLOR
COLUMN REFERENCE	A	B	C	D	E	F	G	H	I	J
1	(367,323)	11,440,930	1,894,750	488,925	2,396,985	15,854,267	30.2%	15,696,943	157,324	C KROUTZ
2	1,903,439	4,566,872	503,629	173,407	1,199,774	8,347,121	22.5%	6,772,772	1,574,349	HJ KOTZE
3	(190,884)	4,186,504	281,477	87,125	1,266,951	5,631,174	29.0%	5,703,650	(72,476)	WE SMIT
4	1,065,601	14,776,190	2,266,561	287,494	4,446,446	22,842,292	30.6%	21,925,109	917,183	J MILLER
5	(322,809)	1,477,520	392,459	341,976	4,370,069	6,259,216	81.6%	6,951,382	(692,166)	NP MBENENE
6	(798,009)	848,362	398,123	604,973	6,006,459	7,059,908	99.3%	7,960,006	(900,098)	TZ NQORO / NOMANA
7	(88,682)	957,549	433,514	357,540	2,542,281	4,202,203	79.3%	4,427,591	(225,388)	RB ARNOLDS
8	(58,128)	515,473	357,373	197,141	2,749,592	3,761,450	87.8%	3,832,576	(71,125)	N.ZIKHALI
9	(296,181)	2,076,818	845,162	619,062	10,261,025	13,505,886	86.8%	13,409,918	95,967	TC MANGENA
10	(359,970)	854,662	326,619	250,935	1,349,261	2,421,508	79.6%	2,799,219	(377,711)	C KEARNS
11	(229,803)	2,265,179	987,429	768,567	6,621,463	10,412,835	80.5%	10,743,081	(330,246)	AC STOWMAN
12	(567,347)	2,314,836	712,756	588,831	8,942,775	11,991,852	85.4%	11,077,082	914,770	MD NOBULA
13	(153,342)	894,931	418,317	301,189	3,315,533	4,776,629	84.5%	4,894,388	(117,758)	S ROSS
14	(155,850)	1,504,614	1,344,816	1,013,032	10,580,635	14,287,247	90.6%	14,519,303	(232,056)	J DE WET
15	(961,078)	17,534,011	1,022,487	291,587	2,385,496	20,272,503	18.2%	21,880,095	(1,607,592)	LW NIEHAUS
16	(511,767)	4,991,214	561,076	380,388	5,383,070	10,803,981	58.5%	10,489,726	314,255	DS BLANCKENBERG
17	1,227,366	12,464,398	1,718,816	848,612	4,832,681	21,091,874	35.1%	19,876,342	1,215,532	HJN MATTHEE
18	1,391,484	13,799,265	960,875	573,831	10,197,179	26,922,635	43.6%	23,243,036	3,679,599	AML BUCKLE
19	4,328,814	16,933,483	2,036,949	351,589	3,251,752	26,902,588	21.0%	23,007,911	3,894,677	TE BESTER
20	(242,751)	1,096,757	534,695	370,612	4,315,154	6,074,469	85.9%	6,250,473	(176,005)	PBA CUPIDO
21	1,161,596	784,827	466,180	469,984	4,269,541	7,152,128	72.8%	6,239,714	912,413	E GOUWS
22	(701,384)	5,087,116	1,093,035	731,977	5,837,364	12,048,108	63.6%	12,743,918	(695,810)	FP CUPIDO
23	(780,718)	3,272,368	785,880	412,028	3,681,853	7,371,412	66.2%	8,032,349	(660,937)	F JACOBS
24	(592,067)	782,745	386,803	355,043	4,028,384	4,960,907	96.2%	5,548,329	(587,422)	MIM ADRIAANSE
25	(195,636)	3,109,988	1,258,880	476,038	5,341,828	9,991,100	70.8%	10,060,989	(69,889)	LT VAN NIEKERK
26	(205,893)	1,556,345	516,051	375,807	4,374,022	6,616,332	79.6%	6,789,679	(173,346)	JV ANDERSON
27	(373,111)	568,323	318,866	274,449	3,285,314	4,073,841	95.2%	4,378,988	(305,147)	VC BOOYSEN
28	3,190,055	14,781,631	4,371,199	603,729	3,464,203	26,410,817	32.0%	23,244,357	3,166,460	RH VAN NIEWENHUYZEN
29	(345,509)	3,431,301	498,469	295,337	2,323,221	6,202,820	50.3%	6,898,377	(695,557)	L WILLEMSE
30	(174,802)	1,056,191	1,181,972	875,861	25,013,183	27,952,406	96.8%	27,470,860	481,546	J SMIT
31	(422,107)	2,150,342	1,113,704	572,351	17,780,267	21,194,556	91.8%	20,902,512	292,044	GH FORD
32	(2,494)	79,586	72,323	25,002	209,579	383,995	79.9%	430,795	(46,800)	LV NZELE
33	(23,402)	254,680	232,328	191,865	347,917	1,003,387	77.0%	892,524	110,863	SE SEPTEMBER
SUNDRIES	(4,908,533)	3,414,473	350,964	71,447	592,886	(478,763)	-212.1%	6,623,010	(7,101,773)	SUNDRIES
TOTAL	238,780	155,829,488	30,644,535	14,627,736	176,964,145	378,304,684	58.7%	375,717,003	2,587,680	

11. Creditors age analysis

The municipality's creditor's age analysis amounted to R0 as at 31 March 2020 as set out in Table 15 below. Creditors 30 days and older amount to R0.

Recommendation

(11) Outstanding creditors amounted to R0 as at 31 March 2020.

TABLE 15: CREDITORS AGE ANALYSIS AS AT 31 MARCH 2020

SERIAL NUMBER	CREDITOR	CURRENT	30 DAYS +	60 DAYS +	90 DAYS +	TOTAL AS AT 31/03/2020
COLUMN REFERENCE	A	B	C	D	E	F
		0.00	0.00	0.00	0.00	0.00

12. Bank, cash, overdraft balances and investments

The municipality's primary and secondary bank accounts reconcile as at 31 March 2020 as can be seen in table 16 below. The primary bank account showed a positive cashbook balance of R39,505,479 at the end of March 2020 whilst the actual bank balance was a positive R137,318,460.

TABLE 16: BANK RECONCILIATION AS AT 31 MARCH 2020

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	(33,316,023)	(4,353,043)	-	-	(37,669,066)
2	Add: Receipts	159,143,615	107,839,538	612,103	1,373,678	268,968,934
3	Add: Investments withdrawn	20,000,000	-	-	-	20,000,000
4	Less: Investments made	-	-	-	-	-
5	Less: Payments	(211,754,463)	(39,661)	(265)	-	(211,794,389)
6	Add/Less: Sweeping of Balance	107,352,633	(105,367,117)	(611,838)	(1,373,678)	(0)
7	Cashbook balance - end of period of the month	41,425,762	(1,920,284)	-	-	39,505,478
8	Balance as per bank statement	137,318,460	-	-	-	137,318,460
9	Add: Transactions receipt on cash book, but not reflecting on bank statement					
10	Cashier receipts not yet banked	791,740	-	-	-	791,740
11	Third party receipts received but not banked: Easy pay	374,288	-	-	-	374,288
12	Direct deposit/Transfer in cash book	(3,069,511)	7,605	-	-	(3,061,906)
13	Less: Payments issued in cash book, but not reflecting on bank statement					
14	Cheque payments	(462,448)	-	-	-	(462,448)
15	ACB (Automatic Clearing Bureau) payments/System generated payments	(93,122,844)	-	-	-	(93,122,844)
16	Less: Transactions on bank statement, but not reflecting in cashbook					
17	Electronic transfers received in bank statement not yet receipted	(403,924)	(1,927,888)	-	-	(2,331,812)
18	Cheques issued and cancelled after month-end	-	-	-	-	-
19	Balance as per cash book	41,425,762	(1,920,283)	-	-	39,505,479

TABLE 17: BANK WITHDRAWALS AS AT 31 MARCH 2020

SERIAL NUMBER	DESCRIPTION	AMOUNT	REASON FOR WITHDRAW
COLUMN REFERENCE	A	B	C
1	MFMA section 11. (1) Only the <i>accounting officer</i> or the <i>chief financial officer</i> of a <i>municipality</i> , or any other senior financial <i>official</i> of the <i>municipality</i> acting on the written authority of the <i>accounting officer</i> may withdraw money or authorise the withdrawal of money from any of the <i>municipality's</i> bank accounts, and may do so only -		
2	(b) to defray expenditure authorised in terms of section 26(4);	N/A	N/A
3	(c) to defray unforeseeable and unavoidable expenditure authorised in terms of section 29(1);	N/A	N/A
4	(d) in the case of a bank account opened in terms of section 12. to make payments from the account in accordance with subsection (4) of that section;	N/A	N/A
5	(e) to pay over to a person or organ of state money received by the <i>municipality</i> on behalf of that person or organ of state, including -	N/A	N/A
6	(i) money collected by the <i>municipality</i> on behalf of that person or organ of state by agreement; or	N/A	N/A
7	(ii) any insurance or other payments received by the <i>municipality</i> for that person or organ of state;	N/A	N/A
8	(f) to refund money incorrectly paid into a bank account;	N/A	N/A
9	(g) to refund guarantees, sureties and <i>security</i> deposits;	N/A	N/A
10	(h) for cash management and <i>investment</i> purposes in accordance with section 13;	R105,000,000.00	Investments made during the 3 months
11	(i) to defray increased expenditure in terms of section 31; or	N/A	N/A
12	(j) for such other purposes as may be <i>prescribed</i> .	N/A	N/A

Surplus cash is invested on a daily basis. The municipality's investments as at 31 March 2020 is as set out in Table 18 below. The municipality started the beginning of the month with total investments of R95,428,846 and after investments made (R0), withdrawn (R20,000,000) and interest capitalised (R446,955) closed with an investments balance of R75,875,801 at the six listed local banks and at Eskom where we do have some shares.

TABLE 18 : INVESTMENTS AS AT 31 MARCH 2020

SERIAL NUMBER	BANK	BALANCE AT 29 FEBRUARY 2020	INVESTMENTS MADE	INVESTMENTS WITHDRAWN	INTEREST CAPITALISED	BALANCE AT 31 MARCH 2020	INTEREST ACCRUED	INTEREST EARNED YEAR-TO-DATE	INTEREST RATE
COLUMN REFERENCE	A	G	C	D	E	G	H	I	J
1	ABSA BANK	1,110	0	0	0	1,110	0	11,533	0.000%
2	ABSA BANK	1,104	0	0	0	1,104	0	11,516	0.000%
3	ABSA BANK	1,110	0	0	0	1,110	0	12,102	0.000%
4	ABSA BANK	1,106	0	0	0	1,106	0	11,736	0.000%
5	ABSA BANK	1,062	0	0	0	1,062	0	7,314	0.000%
6	ABSA BANK	1,621	0	0	4	1,625	10	29,157	5.750%
7	ABSA BANK	10,236,114	0	0	60,996	10,297,110	62,206	387,150	7.000%
8	ABSA BANK	10,022,603	0	0	59,724	10,082,326	60,908	82,326	7.000%
9	ABSA BANK	27,408,137	0	0	114,521	27,522,658	166,267	122,658	7.000%
10	FNB	0	0	0	0	0	0	8,611	5.840%
11	GRINDROD BANK	47,648,156	0	(20,000,000)	211,616	27,859,773	161,653	681,921	5.750%
12	INVESTEC	19,089	0	0	93	19,183	94	798	5.150%
13	STANDARD BANK	0	0	0	0	0	0	222,381	5.250%
14	STANDARD BANK	(0)	0	0	0	(0)	0	7,123	5.250%
15	ESKOM	87,635	0	0	0	87,635	0	7,560	0.000%
16	GRAND TOTAL	95,428,846	0	(20,000,000)	446,955	75,875,801	451,138	1,603,886	6.00%

Recommendation

(12) The primary bank account had a positive bank balance at 31 March 2020 which amounted to R137,318,460.

(13) Total investments in cash and shares amounted to R75,875,801 as at 31 March 2020 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 (R1,688,574,273) and the pro rata budgeted operating revenue (R1,694,224,963) has a negative variance of R5,650,690 or 0.33%.
- (2) The variance between the actual operating expenditure (R1,526,861,031) and the pro rata budgeted operating expenditure (R1,592,411,873) has a positive variance of R65,550,841 or 4.12%.
- (3) The actual capital expenditure of R157,404,674 and the pro rata budgeted capital expenditure of R167,783,976 realised underspending of R10,379,302 or 6.19%.
- (4) Actual capital expenditure of R157,404,674 represents 53.65% of the total capital budget of R293,413,739 after nine months of the financial year.
- (5) The actual and committed capital expenditure of R236,803,848 compared with the capital expenditure budget of R293,413,739 represent a spending percentage of 80.71% after nine months of the financial year.
- (6) External borrowings amounted to R1,671,837,582 as at 31 March 2020 and that it represents 76.61% of Drakenstein's total budgeted operating revenue of R2,182,162,436 (conditional capital and operational grants excluded) for the 2019/2020 financial year.
- (7) Unspent conditional and unconditional grants amounted to R118,455,807 at the end of March 2020.
- (8) The actual employee related cost expenditure of R486,599,259 compared with the pro rata budgeted expenditure of R498,648,387 relates to a positive variance of R12,049,128 or 2.42%.

- (9) Total outstanding debtors as at 31 March 2020 amounted to R378,304,684 and that 30 days and older debt constitutes 58.75% of total outstanding debtors.
 - (10) Domestic consumers owe the municipality R230,783,659 or 61.0% of the municipality's total debtor's book.
 - (11) Outstanding creditors amounted to R0 as at 31 March 2020.
 - (12) The primary bank account had a positive bank balance at 31 March 2020 which amounted to R137,318,460.
 - (13) Total investments in cash and shares amounted to R75,875,801 as at 31 March 2020 at the six local banks and Eskom.
-