



DRAKENSTEIN
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ANNEXURE A

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

Period ending: 31 December 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 December 2019. Section 52(d) of the Municipal Finance Management Act (MFMA) determines that the Executive Mayor must within 30 days of the end of each quarter submit a report to the Council on the implementation of the budget and the financial state of affairs of the Municipality.

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

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



CONRAD POOLE
EXECUTIVE MAYOR
15 January 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 December 2019.

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

Section 52(d) of the MFMA required from the Mayor to submit a quarterly report to Council on the implementation of the approved budget. The period involved is 1 October 2019 to 31 December 2019.



DR. H. LEIBBRANDT
CITY MANAGER

15 January 2020

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1. Introduction

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

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

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

The main budget monitoring issues will now be discussed through paragraphs 2 to 11 of this report and will include appropriate recommendations as set out in paragraph 13 of the report.

2. Actual operating revenue per revenue source

The actual operating revenue per revenue source is set out in Table 1 below. From Table 1 it is clear that our actual operating revenue raised and/or collected (R1,113,122,186) compares favourably with the pro rata budgeted figure (R1,133,639,548) – a negative variance of R20,510,982 or 1.81% 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 (R8,820,284 or 10.79%) – The amount billed is less than projected due to changed consumer behaviour. The free service to indigent households is also more than anticipated;
- Interest earned – outstanding debtors (R370,121 or 7.47%) – the levying of interest on consumer accounts in arrears are less than anticipated as well as surcharges that are not applicable anymore;
- Fines, penalties and forfeits (R23,199,082 or 51.94%) – a calculation was done based on interim information / statistics and resulted in a negative variance which will have to be adjusted during the Adjustment Budget process; and
- Licences and Permits (R183,177 or 10.38%) – due to learner licence application fees being less than anticipated.

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

- Service Charges: Property Rates (R6,568,817 or 3.77%) – 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;
- Interest received – external investments (R418,094 or 20.65%) – more surplus funds could be invested to earn more interest; and
- Operational Revenue (R3,192,695 or 22.43%) – operational revenue on various line items is more than the historical budgeted trends, than anticipated.

Recommendation

- (1) The variance between the actual operating revenue (R1,113,122,186) and the pro rata budgeted operating revenue (R1,133,639,548) has a negative variance of R20,510,982 or 1.81%.**

TABLE 1: ACTUAL REVENUE PER REVENUE SOURCE FOR DECEMBER 2019

SERIAL NUMBER	REVENUE SOURCES	ANNUAL		MONTHLY		YEAR-TO-DATE				PROJECTED REVENUE FOR THE REST OF THE YEAR
		APPROVED BUDGET	ADJUSTED BUDGET	BUDGET	ACTUAL REVENUE	PRO RATA BUDGET	ACTUAL REVENUE	POSITIVE / (NEGATIVE) VARIANCES	POSITIVE / (NEGATIVE) VARIANCES %	
COLUMN REFERENCE	A	B	C	D	E	F	G	H	I	J
1	Service Charges : Property Rates	305,349,815	305,349,815	23,488,450	25,512,710	174,419,143	180,987,960	6,568,817	3.77%	124,361,855
2	Service Charges : Electricity	1,175,231,372	1,175,231,372	93,852,316	91,030,805	588,311,243	588,381,988	70,745	0.01%	586,849,384
3	Service Charges : Water	188,636,644	188,636,644	17,391,690	15,397,280	81,730,427	72,910,143	(8,820,284)	-10.79%	115,726,501
4	Service Charges : Sanitation	116,092,167	116,092,167	9,674,347	9,248,630	58,046,082	58,896,964	850,882	1.47%	57,195,203
5	Service Charges : Cleansing	125,003,755	125,003,755	10,416,979	10,200,945	62,501,874	63,347,730	845,856	1.35%	61,656,025
6	Rental of facilities and equipment	15,852,367	15,852,367	(562,976)	(574,121)	(627,836)	(631,026)	3,190	0.51%	16,483,393
7	Interest earned - external investments	12,000,000	12,000,000	245,833	431,245	2,025,002	2,443,096	418,094	20.65%	9,556,904
8	Interest earned - outstanding debtors	12,555,926	12,555,926	1,046,327	803,307	4,957,962	4,587,841	(370,121)	-7.47%	7,968,085
9	Fines, penalties and forfeits	89,068,288	89,068,288	44,257,856	21,060,673	44,661,141	21,462,059	(23,199,082)	-51.94%	67,606,229
10	Licences and Permits	4,288,949	4,288,949	358,672	183,707	1,764,467	1,581,290	(183,177)	-10.38%	2,707,659
11	Ner: Transfers and Subsidies : Operational	250,727,572	250,727,572	14,822,084	16,236,758	84,483,186	85,208,807	725,621	0.86%	165,518,765
12	Operational Revenue	28,469,913	28,469,913	2,372,787	3,205,877	14,234,972	17,427,667	3,192,695	22.43%	11,042,246
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	217,364,365	192,737,816	1,116,507,663	1,096,604,519	(19,896,764)	-1.78%	1,235,172,249
15	Ner : Transfers and Subsidies : Capital	120,907,968	132,033,118	7,236,214	6,941,530	17,131,885	16,517,667	(614,218)	-3.59%	115,515,451
16	Total Operating Revenue (Capital Grants Included)	2,452,684,736	2,463,809,886	224,600,579	199,679,347	1,133,639,548	1,113,122,186	(20,510,982)	-1.81%	1,350,687,700

Actual Revenue to date 1,113,122,186Projected 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 R1,083,103,923 compares favourably with the pro rata budgeted expenditure of R1,132,297,477 – a positive variance of R49,193,553 or 4.34%.

TABLE 2: ACTUAL OPERATIONAL EXPENDITURE PER VOTE FOR DECEMBER 2019

SERIAL NUMBER	VOTE	ANNUAL		MONTHLY		YEAR-TO-DATE				PROJECTED EXPENDITURE FOR THE YEAR
		APPROVED BUDGET	ADJUSTED BUDGET	BUDGET	ACTUAL EXPENDITURE	PRO RATA BUDGET	ACTUALS EXPENDITURE	POSITIVE / (NEGATIVE) VARIANCES	POSITIVE / (NEGATIVE) VARIANCES %	
COLUMN REFERENCE	A	B	C	D	E	F	G	H	I	J
1	City Manager	4,552,112	4,552,112	349,129	300,968	2,123,446	1,856,384	267,062	12.58%	2,695,727.66
2	Department of Internal Audit	7,888,061	7,888,061	585,709	619,142	3,946,794	3,865,702	81,092	2.05%	4,022,359.38
3	Department of Risk And Fraud	2,666,019	2,666,019	179,357	128,553	1,333,463	906,702	426,761	32.00%	1,759,316.52
4	Department of Communication	5,532,638	5,532,638	428,295	309,297	2,778,282	2,130,902	647,380	23.30%	3,401,735.56
5	Department of IDP/PMS	6,028,344	6,028,344	433,855	449,362	3,133,840	2,636,858	496,982	15.86%	3,391,486.01
6	Corporate Services	154,226,255	154,182,981	13,997,364	11,261,705	71,567,771	69,291,759	2,276,012	3.18%	84,891,222
7	Community Services	450,225,430	449,841,218	71,217,314	46,780,992	204,321,669	173,264,067	31,057,602	15.20%	276,577,151
8	Financial Services	125,591,344	125,687,902	10,447,737	10,451,073	60,449,001	59,731,534	717,467	1.19%	65,956,368
9	Planning and Development	56,890,371	56,761,142	4,243,038	4,354,282	29,960,698	27,021,794	2,938,903	9.81%	29,739,348
10	Engineering Services	1,586,025,584	1,586,485,741	153,919,179	148,310,343	752,682,514	742,398,220	10,284,294	1.37%	844,087,521
11	Totals	2,399,626,158	2,399,626,158	255,800,977	222,965,715	1,132,297,477	1,083,103,923	49,193,553	4.34%	1,316,522,235

Actual Expenditure to date 1,083,103,923

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

Recommendation

(2) The variance between the actual operating expenditure (R1,083,103,923) and the pro rata budgeted operating expenditure (R1,132,297,477) has a positive variance of R49,193,553 or 4.34%.

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 (R1,083,103,923) compares favourably with the pro rata budgeted figures (R1,132,297,477) – a positive variance of R49,193,553 or 4.34% at month end.

TABLE 3: ACTUAL OPERATIONAL EXPENDITURE PER EXPENDITURE CATEGORY FOR DECEMBER 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	54,665,379	52,579,129	343,116,068	332,052,803	11,063,265	3.22%	346,476,655
2	Remuneration of councillors	31,709,291	31,709,291	2,642,441	2,510,323	15,464,646	15,057,605	407,041	2.63%	16,651,686
3	Debt Impairment	125,034,743	125,034,743	39,862,817	22,411,962	61,882,507	44,431,652	17,450,855	28.20%	80,603,091
4	Depreciation and Amortisation	215,869,778	215,869,778	53,967,457	53,467,457	107,934,914	106,935,084	999,830	0.93%	108,934,694
5	Interest Paid	162,758,940	162,758,940	13,522,221	13,502,606	81,133,326	81,015,636	117,690	0.15%	81,743,304
6	Bulk Purchases Water	12,000,000	12,000,000	432,460	73,302	3,052,681	1,143,064	1,909,617	62.56%	10,856,936
7	Bulk Purchases: Electricity	781,937,527	781,937,527	56,208,470	55,255,094	355,883,626	354,718,367	1,165,259	0.33%	427,219,160
8	Contracted Services	232,467,375	223,490,495	22,611,864	13,448,018	84,267,401	73,545,123	10,722,278	12.72%	149,945,372
9	Transfers and Subsidies	18,649,823	18,794,846	162,506	396,502	11,906,307	12,237,705	(331,398)	-2.78%	6,557,141
10	Inventory	36,738,603	40,195,214	2,990,191	2,851,621	17,500,935	16,107,148	1,393,788	7.96%	24,088,066
11	Operating Leases	19,980,722	23,761,093	2,032,170	540,040	11,903,313	9,150,857	2,752,455	23.12%	14,610,236
12	Operational Cost	81,949,898	83,544,773	6,703,002	5,929,661	38,251,752	36,708,879	1,542,874	4.03%	46,835,894
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	255,800,977	222,965,715	1,132,297,477	1,083,103,923	49,193,553	4.34%	1,316,522,235

Actual Expenditure to date **1,083,103,923**

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 (R11,063,265 or 3.22%) – please refer to detail included in table 8;
- Debt Impairment (R17,450,855 or 28.20%) – a calculation was done based on interim information / statistics and resulted in a positive variance which will have to be adjusted during the Adjustment Budget process;
- Bulk Purchases: Water (R1,909,617 or 62.56%) - it should be noted that we received free water units first before we start paying for the water usage, thus the positive variance;
- Contracted Service (R10,722,278 or 12.72%) – due to building contractors and various other contractors line items the expenditure is less than anticipated as per the budget forecast;
- Inventory (R1,393,788 or 7.96%) – due to cost containment regulations being implemented, various line item's expenditure are less than anticipated as per the budget forecast
- Operating Leases (R2,752,455 or 23.12%) – 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.

TABLE 4: TOTAL COST SAVINGS DISCLOSURE

SERIAL NUMBER	EXPENDITURE MEASURES AS PRESCRIBED	APPROVED BUDGET	QUARTER 1 EXPENDITURE	QUARTER 2 EXPENDITURE	QUARTER 3 EXPENDITURE	QUARTER 4 EXPENDITURE	TOTAL EXPENDITURE TO DATE	PERCENTAGE OF BUDGETED EXPENDITURE	AVAILABLE BUDGETED EXPENDITURE
COLUMN REFERENCE	A	B	C	D	E	F	G	H	I
1	Consultants	27,041,722	3,700,500	6,025,661	0	0	9,726,161	36.0%	17,315,562
2	Vehicles used vir political office bearers	0	0	0	0	0	0	0.0%	0
3	Travel and Subsistance	911,300	145,391	280,416	0	0	425,806	46.7%	485,494
4	Domestic Accomodation	326,062	12,666	61,045	0	0	73,711	22.6%	252,351
5	Sponsorsip, Events and Catering	1,355,355	377,885	131,337	0	0	509,221	37.6%	846,134
6	Communication	7,914,172	1,125,442	1,378,345	0	0	2,503,787	31.6%	5,410,385
7	Other related expenditure items	0	0	0	0	0	0	0.0%	0
8	Total	37,548,611	5,361,883	7,876,804	0	0	13,238,687	35.3%	24,309,924

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 R93,509,128 compares unfavourably with the pro rata budgeted capital expenditure of R120,868,922 as per the cash flow projections of the SDBIP with a variance or underspending of R27,359,793 or 22.64%. 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 30.21% of the total capital budget of R309,567,339 after six months of the financial year. Actual and recorded committed capital expenditure (R171,897,908) represents 55.53% of the total capital budget of R309,567,339 after six months of the financial year.

TABLE 5: ACTUAL CAPITAL EXPENDITURE PER VOTE FOR DECEMBER 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	4,000	0	0	0	(4,000)	0.00%	12,000	
4	Department of Communication	100,000	266,248	22,386	0	131,931	343	240,903	241,247	108,972	0.00%	25,345	
5	Department of IDP/PMS	0	0	0	0	0	0	0	0	0	0.00%	0	
6	Corporate Services	12,048,000	9,540,775	664,304	0	5,406,759	2,764,955	3,264,367	6,029,322	(2,142,391)	-39.62%	6,276,408	
7	Community Services	123,515,468	103,160,162	11,133,735	17,087,145	40,327,858	16,729,602	36,440,574	53,170,176	(3,887,285)	-9.64%	66,719,588	
8	Financial Services	13,850,000	2,093,193	770,658	314,223	2,191,935	1,117,508	746,738	1,864,246	(1,445,197)	-65.93%	1,346,455	
9	Planning and Development	1,615,000	1,012,793	48,789	0	720,057	175,392	276,909	452,301	(443,149)	-61.54%	735,884	
10	Engineering Services	226,200,770	193,482,168	14,127,456	17,224,920	72,086,381	57,600,978	52,539,637	110,140,616	(19,546,744)	-27.12%	140,942,531	
11	TOTALS	378,029,950	309,567,339	26,768,661	34,626,288	120,868,922	78,388,780	93,509,128	171,897,908	(27,359,793)	-22.64%	216,058,211	
% of Approved Budget =						25.32%	30.21%	55.53%	Actual Expenditure to date				93,509,128
Actual Capex as a % of Pro Rata Budget =								77.36%	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 DECEMBER 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	7,276,092	4,194,443	42,351,684	29,463,129	38,846,553	68,309,682	(3,505,131)	-8.28%	55,156,665
2	CRR	8,881,650	55,631,003	5,663,658	2,526,639	21,649,053	14,349,755	15,329,613	29,679,368	(6,319,440)	-29.19%	40,301,390
3	GRANTS	146,572,968	159,933,118	13,828,911	27,905,207	56,868,184	34,575,896	39,332,962	73,908,858	(17,535,222)	-30.83%	120,600,156
4	TOTALS	378,029,950	309,567,339	26,768,661	34,626,288	120,868,922	78,388,780	93,509,128	171,897,908	(27,359,793)	-22.64%	216,058,211

Actual Expenditure to date 93,509,128

Projected Expenditure for 2019/2020 309,567,339

Recommendation

- (3) The actual capital expenditure of R93,509,128 and the pro rata budgeted capital expenditure of R120,868,922 realised underspending of R27,359,793 or 22.64%.**
- (4) Actual capital expenditure of R93,509,128 represents 30.21% of the total capital budget of R309,567,339 after six months of the financial year.**
- (5) The actual and committed capital expenditure of R171,897,908 compared with the capital expenditure budget of R309,567,339 represent a spending percentage of 55.53% after six 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 (R14,383,393) were made and additional loans (R0) were taken up, the total borrowings outstanding as at 31 December 2019 amounts to R1,614,284,660. This borrowing debt represents 72.34% 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 R1,614,284,660 as at 31 December 2019 and that it represents 72.34% 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 DECEMBER 2019

SERIAL NUMBER	EXTERNAL LOANS PROVIDERS	INTEREST RATES	TERM ENDING	OPENING BALANCE 01/12/2019	CAPITAL REDEEMED	NEW LOANS TAKEN UP	CLOSING BALANCE 31/12/2019
COLUMN REFERENCE	A	B	C	D	E	F	G
1	ABSA BANK	9.40%	2020	1,239,691	605,575	0	634,115
2	ABSA BANK	9.21%	2019	3,130,511	1,529,948	0	1,600,563
3	DBSA	10.03%	2024	55,926,728	0	0	55,926,728
4	DBSA	9.97%	2028	112,572,452	0	0	112,572,452
5	DBSA	9.79%	2028	140,630,764	0	0	140,630,764
6	DBSA	10.70%	2028	94,881,910	0	0	94,881,910
7	DBSA	10.67%	2028	31,997,107	0	0	31,997,107
8	DBSA	10.82%	2025	220,438,799	0	0	220,438,799
9	DBSA	10.28%	2029	100,000,000	0	0	100,000,000
10	DBSA	10.13%	2029	100,000,000	0	0	100,000,000
11	DBSA	9.87%	2029	58,626,160	0	0	58,626,160
12	NEDBANK	10.64%	2021	21,297,484	4,916,007	0	16,381,477
13	NEDBANK	9.14%	2022	49,295,979	0	0	49,295,979
14	NEDBANK	9.93%	2025	140,511,526	0	0	140,511,526
15	STANDARD BANK	10.40%	2020	7,365,739	3,587,745	0	3,777,994
16	STANDARD BANK	9.36%	2020	1,517,101	740,780	0	776,321
17	STANDARD BANK	9.63%	2021	3,682,377	854,219	0	2,828,159
18	STANDARD BANK	9.87%	2023	11,617,468	1,210,060	0	10,407,408
19	STANDARD BANK	10.26%	2021	790,019	0	0	790,019
20	STANDARD BANK	9.68%	2022	2,995,056	440,572	0	2,554,484
21	STANDARD BANK	10.08%	2023	30,149,419	0	0	30,149,419
22	STANDARD BANK	10.12%	2027	433,066,762	0	0	433,066,762
23	STANDARD BANK	9.84%	2024	6,935,001	498,487	0	6,436,514
24	TOTALS			1,628,668,052	14,383,393	0	1,614,284,660

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 R186,014,926 were received to date. Operating grants expenditure to the amount of R88,584,771 and capital grants expenditure to the amount of R16,469,282 was spent and recorded as utilised at the end of December 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 December 2019 is R112,315,105.

Recommendation

(7) Unspent conditional and unconditional grants amounted to R112,315,105 at the end of December 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 DECEMBER 2019
COLUMN REFERENCE	A	B	C	D	E	F
1	NATIONAL GOVERNMENT (UNCONDITIONAL GRANT)					
2	G/F : EQUITABLE SHARE	0	(112,950,000)	62,751,037	0	(50,198,963)
3	SUB-TOTAL	0	(112,950,000)	62,751,037	0	(50,198,963)
4	NATIONAL GOVERNMENT (CONDITIONAL GRANT)					
5	G/F : MUNICIPAL INFRASTRUCTURE PROJECTS	0	(14,638,648)	0	2,122,599	(12,516,049)
6	G/F : BUDGET REFORM PROGRAMME NATIONAL TREASURY	0	(1,550,000)	299,859	0	(1,250,141)
7	G/F : EPWP TOEKENING VIR INFRASTRUKPROJEKT CWL	0	(3,631,000)	3,631,000	0	0
8	G/F : ELEKT MASTERPLAN (ROLL OVER)	0	(4,000,000)	4,839,728	0	839,728
9	G/F : ELECTRIFICATION FUNDING (INEP)	0	(14,859,901)	0	6,565,970	(8,293,931)
10	G/F : RURAL DEVELOPMENT (SARON ROADS)	(639,324)	(3,247,707)	3,247,707	0	(639,324)
11	SUB-TOTAL	(639,324)	(41,927,257)	12,018,294	8,688,569	(21,859,718)

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 DECEMBER 2019
12	PROVINCIAL GOVERNMENT (CONDITIONAL GRANT)					
13	G/F : CARTERVILLE HOUSING PROJECT	(956,503)	0	0	0	(956,503)
14	G/F : 1068 HUISE WD SKENKING	(341,699)	0	0	0	(341,699)
15	G/F : DROMMEDARIS ST EHP	(732,415)	0	2,271,414	0	1,538,999
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 : SIMONDIUM	0	(15,125,000)	0	0	(15,125,000)
22	G/F : GOUDA	(704,674)	0	0	0	(704,674)
23	G/F : DALJOSAPHAT TRANSFERS	(453,180)	0	0	0	(453,180)
24	G/F : KINGSTON TOWN TRANSFERS	(24,000)	0	0	0	(24,000)
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 : DALJOSAPAHT (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)	11,380,667	0	(89,885)
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 : MANDELA ROUTE	(15,000)	(1,187,341)	0	0	(1,202,341)
40	G/F : FINANCIAL MANAGEMENT CAPACITY BUILDING	(120,805)	(240,000)	0	0	(360,805)
41	G/F : LG GRADUATE INTERNSHIP	(39,569)	0	0	0	(39,569)
42	G/F : ROADS	0	0	0	7,332,837	7,332,837
43	G/F : CAPACITY BUILDING	(179,751)	0	78,834	0	(100,917)
44	SUB-TOTAL	(26,585,295)	(27,933,008)	13,730,915	7,780,713	(33,006,675)

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 DECEMBER 2019
45	OTHER GRANTS : (UNCONDITIONAL)					
46	G/F : TRAINING LEVY	(127,697)	(755,308)	36,139	0	(846,865)
47	G/F: EMERGENCY KITS:O R THAMBOINF SETTLE	(1,191,615)	0	0	0	(1,191,615)
48	G/F : DE KRAAL	(964,748)	0	0	0	(964,748)
49	G/F : NUMARKT	(558,344)	(2,449,354)	48,385	0	(2,959,313)
50	G/F : CAPE WINELANDS	(300,000)	0	0	0	(300,000)
51	SUB-TOTAL	(3,142,404)	(3,204,661)	84,524	0	(6,262,541)
52	GUARANTEES AND DONATIONS					
53	G/F : UNSPENT MONEY PROJECT 59 (GUARANTEE)	(623,636)	0	0	0	(623,636)
54	G/F : TRUST FUND : MUN WEDUWEE & WESE PENSIOEN	(363,572)	0	0	0	(363,572)
55	SUB-TOTAL	(987,208)	0	0	0	(987,208)
56	GRAND TOTAL	(31,354,232)	(186,014,926)	88,584,771	16,469,282	(112,315,105)

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 R332,052,803 compared with the pro rata budgeted amount of R343,116,068 – an underspending of R11,063,265 or 3.22%.

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 (R384,973 or 3.21%) – 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 R332,052,803 compared with the pro rata budgeted expenditure of R343,116,068 relates to a positive variance of R11,063,265 or 3.22%.

TABLE 9 : EMPLOYEE RELATED COST AS AT 31 DECEMBER 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	35,029,877	212,581,098	206,130,792	6,450,306	3.03%	219,031,366
2	Bonusses	36,728,008	36,728,008	0	878,346	29,923,794	30,461,336	(537,542)	-1.80%	6,266,672
3	Leave Pay	7,642,393	7,642,393	636,866	636,866	3,821,196	3,821,196	0	0.00%	3,821,197
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	3,300,000	1,633,293	5,000,000	4,929,091	70,909	1.42%	11,911,909
7	Overtime Payments	24,000,001	24,000,001	2,000,005	1,918,629	12,000,030	12,385,003	(384,973)	-3.21%	11,614,998
8	Subsidy House Loans	5,204,587	5,204,587	433,736	288,267	2,602,416	1,811,924	790,492	30.38%	3,392,663
9	Travel Allowances	26,754,462	26,754,462	2,229,537	2,288,595	13,377,222	13,337,753	39,469	0.30%	13,416,709
10	Housing Allowance	731,783	731,783	60,987	57,479	365,922	349,808	16,114	4.40%	381,975
11	Acting Allowance	0	0	0	109,784	0	574,773	(574,773)	0.00%	(574,773)
12	Standby Allowance	10,824,879	10,824,879	902,077	736,494	5,412,462	4,590,459	822,003	15.19%	6,234,420
13	Night Shift Allowance	4,944,535	4,944,535	412,047	408,950	2,472,282	2,521,083	(48,801)	-1.97%	2,423,452
14	Cell Allowance	2,820,972	2,820,972	235,102	335,403	1,410,612	1,864,689	(454,077)	-32.19%	956,283
15	Group Insurance	5,024,537	5,024,537	418,716	370,248	2,512,296	2,334,446	177,850	7.08%	2,690,091
16	Medical Aid Fund Contr	27,345,230	27,345,230	2,278,772	1,886,794	13,672,632	11,259,324	2,413,308	17.65%	16,085,906
17	Pension Fund Contr	68,346,357	68,346,357	5,695,539	5,429,321	34,173,234	32,290,226	1,883,008	5.51%	36,056,131
18	Provident Fund Contr	4,480,782	4,480,782	373,400	297,394	2,240,400	1,764,025	476,375	21.26%	2,716,757
19	Unemployment Insurance Fund Contr	3,100,722	3,100,722	258,412	273,389	1,550,472	1,626,874	(76,402)	-4.93%	1,473,848
20	Totals	678,529,458	678,529,458	54,665,379	52,579,129	343,116,068	332,052,803	11,063,265	3.22%	346,476,655

Actual Expenditure to date **332,052,803**
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 DECEMBER 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	15,155	87,186	54,208	32,978	37.83%
6	Corporate Services	0	0	0	3,371	0	15,096	(15,096)	0.00%
7	Community Services	9,206,624	9,206,624	767,222	731,165	4,603,332	4,636,244	(32,912)	-0.71%
8	Financial Services	731,936	731,936	60,995	2,135	365,970	121,831	244,139	66.71%
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	1,166,802	6,943,542	7,557,625	(614,083)	-8.84%
11	Totals	24,000,001	24,000,001	2,000,005	1,918,629	12,000,030	12,385,004	(384,974)	-3.21%

10. Debtors age analysis and payment rates

10.1 Debtors age analysis per service

The municipality's total outstanding debtors amounted to R350,960,749 as at 31 December 2019 compared with the R344,826,981 as at 30 November 2019. As reflected in Table 11 below, current debt represent 40.58% of the total outstanding debt compared with the 42.04% of November 2019; 30 days and older debt 7.61% compared with the 6.85% for November 2019; 60 days and older debt 4.37% compared with the 5.51% of November 2019; and 90 days and older debt 47.44% compared with the 45.61% of November 2019.

The debtors test ratio (before bad debt provision) shows an increase of 0.1 days from 62.1 days in October 2019 to 62.2 days in November 2019 and an increase of 1.1 days to 63.3 days in December 2019. The debtors test ratio (after bad debt provision) shows an increase of 0.1 days from 49.4 days in October 2019 to 49.5 days in November 2019 and an increase of 0.6 days to 50.1 days in December 2019. The acceptable norm is 45 days.

Current debt decreased with R2,520,533 to R142,428,295 compared with the R144,948,828 as at 30 November 2019; 30 days + debt increased with R3,086,483 to R26,705,813; 60 days + debt decreased with R3,659,619 to R15,337,593 and 90 days and older debt as at 31 December 2019 has increased with R9,227,437 to R166,489,048 compared with the R157,261,611 as at 30 November 2019.

TABLE 11 : DEBTORS AGE ANALYSIS PER SERVICE AS AT 31 DECEMBER 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	8,003	22,240,985	3,599,796	1,805,061	18,086,528	45,740,373	13.03%
2	Water	13,327	14,409,115	5,401,568	3,864,576	57,035,232	80,723,818	23.00%
3	Electricity	3,097,923	79,331,932	9,651,302	3,637,907	21,900,088	117,619,152	33.51%
4	Sewerage	10,573	9,744,916	2,699,566	1,843,688	18,046,335	32,345,078	9.22%
5	Refuse	4,401	10,941,695	3,778,788	2,851,945	30,166,218	47,743,047	13.60%
6	Housing	0	1,124,851	827,609	897,886	8,304,373	11,154,719	3.18%
7	Others	26,260	1,474,314	747,183	436,530	12,950,274	15,634,561	4.45%
8	TOTAL	3,160,487	139,267,808	26,705,813	15,337,593	166,489,048	350,960,749	100.00%
	2019/12 =	40.58%		7.61%	4.37%	47.44%	100.00%	
	2019/11 =	42.04%		6.85%	5.51%	45.61%	100.00%	

Debtors owe the municipality property rates (13.03%); water (23.00%); electricity (33.51%); sewerage (9.22%); refuse (13.60%); housing (3.18%), and sundry debt (4.45%).

10.2 Debtors age analysis per debtor type

Agricultural debtors owes the municipality R18,766,023 (5.3%); business debtors R84,679,181 (24.1%); domestic debtors R217,580,129 (62.0%); government accounts R17,137,347 (4.9%); sundry accounts R12,798,068 (3.6%) and of the total outstanding debt of R350,960,749 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 DECEMBER 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	10,630	10,816,362	1,214,479	614,616	6,109,936	18,766,023	5.3%
2	Business	30,445	65,865,975	6,071,090	1,594,523	11,117,148	84,679,181	24.1%
3	Domestic	53,076	53,496,052	15,680,432	11,993,500	136,357,070	217,580,129	62.0%
4	Government	16,434	7,742,281	3,394,902	906,639	5,077,092	17,137,347	4.9%
5	Sundry Accounts	3,049,902	1,347,138	344,910	228,315	7,827,802	12,798,068	3.6%
6	TOTAL	3,160,487	139,267,808	26,705,813	15,337,593	166,489,048	350,960,749	100.0%

10.3 Debtors age analysis per ward

In Table 13 below the total outstanding debt of R350,960,749 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 (78.3%); ward 6 (88.3%); ward 7 (76.9%); ward 8 (86.4%); ward 9 (86.3%); ward 10 (68.3%); ward 11 (78.1%); ward 12 (90.1%); ward 13 (81.5%); ward 14 (88.3%); ward 16 (57.7%); ward 18 (51.4%); ward 20 (82.5%); ward 21 (85.6%); ward 22 (62.2%); ward 23 (61.3%); ward 24 (86.6%); ward 25 (69.0%); ward 26 (75.9%); ward 27 (87.1%); ward 30 (95.8%); ward 31 (93.5%); ward 32 (70.6%) and ward 33 (71.4%).

Wards that owe the municipality more than R10,000,000 monetary wise are ward 1 (R13,997,735); ward 4 (R19,890,818); ward 9 (R12,614,046); ward 11 (R10,237,096); ward 12 (R10,296,582); ward 14 (R12,809,923); ward 15 (R18,384,944); ward 16 (R10,615,366); ward 17 (R18,528,380); ward 18 (R22,990,302); ward 19 (R22,100,469); ward 22 (R12,045,617); ward 28 (R22,198,613); ward 30 (R26,011,863); and ward 31 (R19,546,378).

Recommendation

(9) Total outstanding debtors as at 31 December 2019 amounted to R350,960,749 and that 30 days and older debt constitutes 59.42% of total outstanding debtors.

(10) Domestic consumers owe the municipality R217,580,129 or 62.0% of the municipality's total debtor's book.

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

WARD	CURRENT 1 (Levied but not billed as yet)	CURRENT 2 (Levied and billed)	30 DAYS +	60 DAYS +	90 DAYS +	TOTAL OUTSTANDING DEBT 31/12/2019	30 DAYS AND OLDER AS A % OF TOTAL DEBT	TOTAL OUTSTANDING DEBT 30/11/2019	INCREASE / (DECREASE)	WARD COUNCILLOR
COLUMN REFERENCE	A	B	C	D	E	F	G	H	I	J
1	0	9,567,751	1,315,270	601,229	2,513,484	13,997,735	31.6%	13,159,297	838,438	C KROUTZ
2	3,795	4,310,438	664,543	138,021	1,187,739	6,304,535	31.6%	6,046,304	258,232	HJ KOTZE
3	10,293	3,573,308	246,455	99,933	1,333,363	5,263,353	31.9%	5,028,176	235,177	WE SMIT
4	7,082	13,639,853	1,284,721	431,128	4,528,033	19,890,818	31.4%	19,974,071	(83,253)	J MILLER
5	0	1,387,965	677,000	346,727	3,977,549	6,389,241	78.3%	6,061,743	327,498	NP MBENENE
6	9,328	871,835	445,313	574,379	5,640,605	7,541,460	88.3%	7,434,024	107,436	TZ NQORO / NOMANA
7	184	952,526	421,278	313,520	2,436,924	4,124,431	76.9%	3,908,176	216,255	RB ARNOLDS
8	0	473,281	239,520	203,511	2,559,279	3,475,590	86.4%	3,585,233	(109,643)	N.ZIKHALI
9	34	1,732,589	903,273	653,351	9,324,799	12,614,046	86.3%	12,553,981	60,065	TC MANGENA
10	1,547	838,455	283,524	180,774	1,346,223	2,650,524	68.3%	2,580,085	70,438	C KEARNS
11	0	2,237,100	937,391	668,141	6,394,464	10,237,096	78.1%	9,970,432	266,664	AC STOWMAN
12	0	1,024,401	596,796	574,976	8,100,409	10,296,582	90.1%	10,506,907	(210,325)	MD NOBULA
13	0	842,212	370,120	299,442	3,041,053	4,552,827	81.5%	4,475,880	76,948	S ROSS
14	1,966	1,500,980	1,071,478	985,057	9,250,441	12,809,923	88.3%	12,600,229	209,694	J DE WET
15	9,578	14,597,289	1,165,967	331,098	2,281,012	18,384,944	20.5%	18,751,750	(366,806)	LW NIEHAUS
16	1,383	4,492,822	494,333	506,662	5,120,166	10,615,366	57.7%	10,723,261	(107,895)	DS BLANCKENBERG
17	31,279	12,021,313	1,587,662	834,954	4,053,172	18,528,380	35.0%	18,241,940	286,441	HJN MATTHEE
18	949	11,176,912	1,400,529	467,003	9,944,910	22,990,302	51.4%	22,621,400	368,902	AML BUCKLE
19	6,631	16,203,423	1,305,561	513,215	4,071,639	22,100,469	26.7%	23,544,316	(1,443,847)	TE BESTER
20	747	991,173	454,415	387,486	3,820,446	5,654,267	82.5%	5,600,025	54,242	PBA CUPIDO
21	16,434	797,244	440,041	402,368	4,012,775	5,668,862	85.6%	5,376,801	292,061	E GOUWS
22	3,745	4,555,016	1,096,687	715,116	5,675,053	12,045,617	62.2%	11,832,712	212,905	FP CUPIDO
23	499	3,107,451	922,836	441,226	3,569,082	8,041,094	61.3%	7,694,218	346,875	F JACOBS
24	0	737,619	407,529	378,815	3,976,812	5,500,775	86.6%	5,260,097	240,678	MM ADRIAANSE
25	0	2,967,928	1,153,770	699,178	4,753,211	9,574,087	69.0%	9,041,230	532,857	LT VAN NIEKERK
26	633	1,478,694	491,281	360,664	3,810,365	6,141,638	75.9%	6,043,990	97,648	JV ANDERSON
27	0	509,751	302,124	274,397	2,863,933	3,950,204	87.1%	3,893,839	56,365	VC BOOYSEN
28	1,324	14,863,240	3,229,283	731,025	3,373,740	22,198,613	33.0%	19,589,462	2,609,151	RH VAN NIEWENHUYZEN
29	1,730	3,345,488	517,353	289,264	2,148,694	6,302,528	46.9%	6,100,415	202,113	L WILLEMSE
30	1,362	1,095,777	952,042	900,936	23,061,747	26,011,863	95.8%	25,221,804	790,059	J SMIT
31	0	1,264,931	864,691	780,901	16,635,855	19,546,378	93.5%	19,564,068	(17,691)	GH FORD
32	0	63,190	21,999	21,588	107,882	214,659	70.6%	216,351	(1,692)	LV NZELE
33	0	247,520	203,664	181,702	233,441	866,327	71.4%	741,795	124,532	SE SEPTEMBER
SUNDRIES	3,049,963	1,798,336	237,363	49,808	1,340,746	6,476,215	25.1%	6,882,969	(406,754)	SUNDRIES
TOTAL	3,160,487	139,267,808	26,705,813	15,337,593	166,489,048	350,960,749	59.4%	344,826,981	6,133,768	

11. Creditors age analysis

The municipality's creditor's age analysis amounted to R163,629 as at 31 December 2019 as set out in Table 14 below. Creditors 30 days and older amount to R0.

Recommendation

(11) Outstanding creditors amounted to R163,629 as at 31 December 2019.

TABLE 14: CREDITORS AGE ANALYSIS AS AT 31 DECEMBER 2019

SERIAL NUMBER	CREDITOR	CURRENT	30 DAYS +	60 DAYS +	90 DAYS +	TOTAL AS AT 31/12/2019
COLUMN REFERENCE	A	B	C	D	E	F
1	EARL-NIQUE DECORATORS CC	58,137	0	0	0	58,137
2	BIDVEST PAPERPLUS (PTY) LTD T/A BIDVEST DATA	54,858	0	0	0	54,858
3	NEW HEMISPHERE RETAILER (PAARL)(PTY) LTD T/A	50,634	0	0	0	50,634
		163,629	0	0	0	163,629

12. Bank, cash, overdraft balances and investments

The municipality's primary and secondary bank accounts reconciles as at 31 December 2019 as can be seen in table 15 below. The primary bank account showed a negative cashbook balance of R34,495,711 at the end of December 2019 whilst the actual bank balance was a positive R59,798,616.

TABLE 15: BANK RECONCILIATION AS AT 31 DECEMBER 2019

DESCRIPTION	FNB Primary Account 62702310385	FNB Billing & Sundry Receipt Account 62702312349	FNB Traffic Account 62071526514	FNB Motor Vehicle Licencing Account 62804637570	TOTALS
A	B	C	D	E	F
Cashbook balance - beginning of the month	(43,052,094)	(6,709,342)	(0)	-	(49,761,436)
Add: Receipts	157,751,171	86,561,093	653,669	2,046,701	247,012,634
Add: Investments withdrawn	-	-	-	-	-
Less: Investments made	-	-	-	-	-
Less: Payments	(231,732,476)	(14,167)	(265)	-	(231,746,909)
Add/Less: Sweeping of Balance	90,524,216	(87,824,111)	(653,404)	(2,046,701)	-
Cashbook balance - end of period of the month	(26,509,184)	(7,986,527)	(0)	-	(34,495,711)
Balance as per bank statement	59,798,616	-	-	-	59,798,616
Add: Transactions receipt on cash book, but not reflecting on bank statement					
Cashier receipts not yet banked	304,758	-	-	-	304,758
Third party receipts received but not banked: Easypay	267,822	-	-	-	267,822
Direct deposit/Transfer in cash book	(3,236,783)	7,605	-	-	(3,229,178)
Less: Payments issued in cash book, but not reflecting on bank statement					
Cheque payments	(154,112)	-	-	-	(154,112)
ACB (Automatic Clearing Bureau) payments/System generated payments	(75,856,484)	-	-	-	(75,856,484)
Less: Transactions on bank statement, but not reflecting in cashbook					
Electronic transfers received in bank statement not yet receipted	(7,633,000)	(7,994,133)	-	-	(15,627,133)
Cheques issued and cancelled after month-end	-	-	-	-	-
Balance as per cash book	(26,509,184)	(7,986,528)	-	-	(34,495,711)

TABLE 16: BANK WITHDRAWALS AS AT 31 DECEMBER 2019

SERIAL NUMBER	DESCRIPTION	AMOUNT	REASON FOR WITHDRAW
COLUMN REFERENCE	A	B	C
1	MFMA section 11. (1) Only the <i>accounting officer</i> or the <i>chief financial officer</i> of a <i>municipality</i> , or any other senior financial <i>official</i> of the <i>municipality</i> acting on the written authority of the <i>accounting officer</i> may withdraw money or authorise the withdrawal of money from any of the <i>municipality's</i> bank accounts, and may do so only -		
2	(b) to defray expenditure authorised in terms of section 26(4);	N/A	N/A
3	(c) to defray unforeseeable and unavoidable expenditure authorised in terms of section 29(1);	N/A	N/A
4	(d) in the case of a bank account opened in terms of section 12. to make payments from the account in accordance with subsection (4) of that section;	N/A	N/A
5	(e) to pay over to a person or organ of state money received by the <i>municipality</i> on behalf of that person or organ of state, including -	N/A	N/A
6	(i) money collected by the <i>municipality</i> on behalf of that person or organ of state by agreement; or	N/A	N/A
7	(ii) any insurance or other payments received by the <i>municipality</i> for that person or organ of state;	N/A	N/A
8	(f) to refund money incorrectly paid into a bank account;	N/A	N/A
9	(g) to refund guarantees, sureties and <i>security</i> deposits;	N/A	N/A
10	(h) for cash management and <i>investment</i> purposes in accordance with section 13;	R30,000,000.00	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 December 2019 is as set out in Table 17 below. The municipality started the beginning of the month with total investments of R40,830,675 and after investments made (R0), withdrawn (R0) and interest capitalised (R234,137) closed with an investments balance of R41,064,812 at the six listed local banks and at Eskom where we do have some shares.

TABLE 17 : INVESTMENTS AS AT 31 DECEMBER 2019

SERIAL NUMBER	BANK	BALANCE AT 30 NOVEMBER 2019	INVESTMENTS MADE	INVESTMENTS WITHDRAWN	INTEREST CAPITALISED	BALANCE AT 31 DECEMBER 2019	INTEREST ACCRUED	INTEREST EARNED YEAR- TO-DATE	INTEREST RATE
COLUMN REFERENCE	A	G	C	D	E	G	H	I	J
1	ABSA BANK	1,110	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	1,609	0	0	4	1,613	9	29,144	6.750%
7	ABSA BANK	10,045,022	0	0	61,921	10,106,944	64,380	196,984	7.500%
8	FNB	0	0	0	0	0	0	8,611	6.840%
9	GRINDROD BANK	20,069,041	0	0	115,466	20,184,507	120,001	298,254	7.000%
10	INVESTEC	18,786	0	0	99	18,885	103	500	6.400%
11	STANDARD BANK	10,603,090	0	0	56,647	10,659,737	58,848	159,737	6.500%
12	ESKOM	87,635	0	0	0	87,635	0	7,560	13.500%
13	GRAND TOTAL	40,830,675	0	0	234,137	41,064,812	243,340	754,991	4.54%

Recommendation

(12) The primary bank account had a positive bank balance at 31 December 2019 which amounted to R59,798,616.

(13) Total investments in cash and shares amounted to R41,064,812 as at 31 December 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 (R1,113,122,186) and the pro rata budgeted operating revenue (R1,133,639,548) has a negative variance of R20,510,982 or 1.81%.
- (2) The variance between the actual operating expenditure (R1,083,103,923) and the pro rata budgeted operating expenditure (R1,132,297,477) has a positive variance of R49,193,553 or 4.34%.
- (3) The actual capital expenditure of R93,509,128 and the pro rata budgeted capital expenditure of R120,868,922 realised underspending of R27,359,793 or 22.64%.
- (4) Actual capital expenditure of R93,509,128 represents 30.21% of the total capital budget of R309,567,339 after six months of the financial year.
- (5) The actual and committed capital expenditure of R171,897,908 compared with the capital expenditure budget of R309,567,339 represent a spending percentage of 55.53% after six months of the financial year.
- (6) External borrowings amounted to R1,614,284,660 as at 31 December 2019 and that it represents 72.34% 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 R112,315,105 at the end of December 2019.
- (8) The actual employee related cost expenditure of R332,052,803 compared with the pro rata budgeted expenditure of R343,116,068 relates to a positive variance of R11,063,265 or 3.22%.

- (9) Total outstanding debtors as at 31 December 2019 amounted to R350,960,749 and that 30 days and older debt constitutes 59.42% of total outstanding debtors.
 - (10) Domestic consumers owe the municipality R217,580,129 or 62.0% of the municipality's total debtor's book.
 - (11) Outstanding creditors amounted to R163,629 as at 31 December 2019.
 - (12) The primary bank account had a positive bank balance at 31 December 2019 which amounted to R59,798,616.
 - (13) Total investments in cash and shares amounted to R41,064,812 as at 31 December 2019 at the six local banks and Eskom.
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