



**DRAKENSTEIN**  
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# Monthly Budget Monitoring Report (Section 71 of MFMA)

Period ending: 30 April 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 April 2020.

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



**CONRAD POOLE**  
**EXECUTIVE MAYOR**  
15 May 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 April 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).

  
**DR JH LEIBBRANDT**  
**CITY MANAGER**  
15 May 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 (R1,922,395,541) compares unfavourably with the pro rata budgeted figure (R1,923,511,282) – a negative variance of R1,115,741 or 0.06% at month end.

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

- Service Charges: Property Rates (R2,507,145 or 0.94%) – 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 less than anticipated;
- Fines, penalties and forfeits (R22,589,864 or 50.46%) – 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;
- Licences and Permits (R192,949 or 7.61%) – driver and motor vehicle licences are less than anticipated for the month; and
- Transfers and Subsidies: Operational (R5,284,888 or 2.64%) – due to the housing grant not being utilised to maximum capacity.

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

- Service Charges: Electricity (R13,754,587 or 1.40%) – 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 (R7,003,321 or 5.62%) – budget was adjusted downwards due to in year performance on this specific service when compared to the adjusted budget;
- Service Charges: Cleansing (R2,144,758 or 2.05%) – the service charges for cleansing is more than anticipated;
- Interest earned – external investments (R537,792 or 12.32%) – more surplus funds than envisaged during the adjustments budget process, could be invested to earn more interest; and
- Operational Revenue (R3,421,494 or 14.38%) – operational revenue on various line items is more than the historical budgeted trends, than anticipated; and
- Rental of facilities and equipment (R3,378,237 or 34.19%) – it was reported last month that 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 was corrected accordingly.

***Information included in this report on property rates and main services is based on what was billed for the month and not actual cash received. It is therefore important to note that the municipality has experienced a 26% decrease in actual cash received when measured on a month to month basis due to the impact of the COVID-19 pandemic on the local economy. The effect of the national lockdown has a devastating effect on businesses and is leading to an increase in unemployment and has a negative effect on the disposable income of consumers.***

***Recommendation***

- (1) The variance between the actual operating revenue (R1,922,395,541) and the pro rata budgeted operating revenue (R1,923,511,282) has a negative variance of R1,115,741 or 0.06%.***

TABLE 1: ACTUAL REVENUE PER REVENUE SOURCE FOR APRIL 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	8,597,117	267,377,442	264,870,296	(2,507,145)	-0.94%	43,535,940
2	Service Charges : Electricity	1,175,231,372	1,177,009,475	98,540,139	109,002,816	979,929,191	993,683,778	13,754,587	1.40%	183,325,697
3	Service Charges : Water	188,636,644	153,926,577	14,630,721	15,138,403	124,665,125	131,668,446	7,003,321	5.62%	22,258,131
4	Service Charges : Sanitation	116,092,167	117,174,530	9,782,318	9,041,132	97,609,894	98,190,647	580,752	0.59%	18,983,883
5	Service Charges : Cleansing	125,003,755	125,406,080	10,375,729	9,913,438	104,654,619	106,799,377	2,144,758	2.05%	18,606,703
6	Rental of facilities and equipment	15,852,367	14,471,595	2,244,874	15,950,605	9,881,817	13,260,053	3,378,237	34.19%	1,211,542
7	Interest earned - external investments	12,000,000	5,761,663	698,165	704,919	4,365,330	4,903,122	537,792	12.32%	858,541
8	Interest earned - outstanding debtors	12,555,926	9,847,094	504,561	(11,627)	7,517,971	7,278,483	(239,488)	-3.19%	2,568,611
9	Fines, penalties and forfeits	89,068,288	79,286,389	31,260	0	44,769,178	22,179,314	(22,589,864)	-50.46%	57,107,075
10	Licences and Permits	4,288,949	3,191,878	137,745	0	2,534,860	2,341,911	(192,949)	-7.61%	849,967
11	Ner: Transfers and Subsidies : Operational	250,727,572	281,754,365	42,873,803	39,019,138	199,880,592	194,595,704	(5,284,888)	-2.64%	87,158,661
12	Operational Revenue	28,469,913	28,579,919	2,394,438	431,466	23,790,724	27,212,217	3,421,494	14.38%	1,367,702
13	Gains and Losses	8,500,000	8,500,000	0	0	0	0	0	0.00%	8,500,000
14	<b>Total Operating Revenue</b>	<b>2,331,776,768</b>	<b>2,313,315,801</b>	<b>202,728,148</b>	<b>207,787,406</b>	<b>1,866,976,743</b>	<b>1,866,983,347</b>	<b>6,604</b>	<b>0.00%</b>	<b>446,332,454</b>
15	Ner : Transfers and Subsidies : Capital	120,907,968	145,779,518	26,618,171	26,033,862	56,534,539	55,412,194	(1,122,346)	-1.99%	90,367,324
16	<b>Total Operating Revenue (Capital Grants Included)</b>	<b>2,452,684,736</b>	<b>2,459,095,319</b>	<b>229,346,319</b>	<b>233,821,268</b>	<b>1,923,511,282</b>	<b>1,922,395,541</b>	<b>(1,115,741)</b>	<b>-0.06%</b>	<b>536,699,778</b>

Actual Revenue to date 1,922,395,541

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 R1,656,552,464 compares favourably with the pro rata budgeted expenditure of R1,735,592,645 – a positive variance of R79,040,180 or 4.55%.

**TABLE 2: ACTUAL OPERATIONAL EXPENDITURE PER VOTE FOR APRIL 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	333,957	296,720	3,601,314	3,070,292	531,022	14.75%	1,481,820.39
2	Internal Audit	7,888,061	7,889,045	677,929	594,097	6,333,274	6,339,578	(6,304)	-0.10%	1,549,467.18
3	Risk Management	2,666,019	2,908,400	234,213	128,241	2,227,996	1,449,098	778,897	34.96%	1,459,301.74
4	Communication and Marketing	5,532,638	5,575,540	429,101	316,086	4,651,735	3,378,763	1,272,972	27.37%	2,196,776.73
5	IDP/PMS	6,028,344	5,365,531	370,796	394,273	4,689,180	4,243,693	445,486	9.50%	1,121,837.63
6	Corporate Services	154,226,255	157,260,965	9,067,488	9,054,435	108,035,319	107,129,641	905,678	0.84%	50,131,324
7	Community Services	450,225,430	485,611,294	24,791,362	17,163,376	295,486,788	260,329,014	35,157,774	11.90%	225,282,280
8	Financial Services	125,591,344	128,380,639	9,709,504	6,357,961	104,416,614	92,189,171	12,227,443	11.71%	36,191,468
9	Planning and Development	56,890,371	57,183,460	4,727,845	3,899,414	47,507,439	42,564,635	4,942,804	10.40%	14,618,825
10	Engineering Services	1,586,025,584	1,545,149,757	94,406,122	91,486,831	1,158,642,986	1,135,858,578	22,784,408	1.97%	409,291,179
11	<b>Totals</b>	<b>2,399,626,158</b>	<b>2,399,876,743</b>	<b>144,748,316</b>	<b>129,691,434</b>	<b>1,735,592,645</b>	<b>1,656,552,464</b>	<b>79,040,180</b>	<b>4.55%</b>	<b>743,324,279</b>

Actual Expenditure to date 1,656,552,464

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

#### **Recommendation**

**(2) The variance between the actual operating expenditure (R1,656,552,464) and the pro rata budgeted operating expenditure (R1,735,592,645) has a positive variance of R79,040,180 or 4.55%.**

#### 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 (R1,656,552,464) compares favourably with the pro rata budgeted figures (R1,735,592,645) – a positive variance of R79,040,180 or 4.55% at month end.

**TABLE 3: ACTUAL OPERATIONAL EXPENDITURE PER EXPENDITURE CATEGORY FOR APRIL 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	50,896,779	550,201,355	537,496,038	12,705,317	2.31%	141,971,365
2	Remuneration of councillors	31,709,291	31,709,291	2,642,441	2,482,034	26,034,410	24,978,817	1,055,593	4.05%	6,730,474
3	Debt Impairment	125,034,743	127,640,569	4,925,103	4,403,938	81,061,755	62,047,404	19,014,351	23.46%	65,593,165
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	0	1,109,011	3,700,032	3,693,836	6,196	0.17%	8,306,164
7	Bulk Purchases: Electricity	781,937,527	781,937,527	57,136,353	58,996,288	583,817,430	584,772,180	(954,750)	-0.16%	197,165,347
8	Contracted Services	232,467,375	269,369,018	15,647,675	6,933,798	138,909,425	117,465,488	21,443,938	15.44%	151,903,530
9	Transfers and Subsidies	18,649,823	18,869,846	1,353,790	700,100	14,873,966	14,818,368	55,599	0.37%	4,051,478
10	Inventory	36,738,603	42,084,149	3,896,897	1,783,540	32,237,962	28,074,965	4,162,998	12.91%	14,009,184
11	Operating Leases	19,980,722	20,720,198	1,207,811	800,321	18,686,888	14,940,207	3,746,680	20.05%	5,779,991
12	Operational Cost	81,949,898	89,886,369	6,385,278	1,585,624	70,189,903	53,309,230	16,880,673	24.05%	36,577,139
13	Loss On Sale of Assets	2,000,000	2,000,000	0	0	0	0	0	0.00%	2,000,000
<b>14</b>	<b>TOTALS</b>	<b>2,399,626,158</b>	<b>2,399,876,743</b>	<b>144,748,316</b>	<b>129,691,434</b>	<b>1,735,592,645</b>	<b>1,656,552,464</b>	<b>79,040,180</b>	<b>4.55%</b>	<b>743,324,279</b>

Actual Expenditure to date **1,656,552,464**

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 (R12,705,317 or 2.31%) – please refer to detail included in table 8;
- Debt Impairment (R19,014,351 or 23.46%) – 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;
- Contracted Services (R21,443,938 or 15.44%) – due to building contractors appointed by the Provincial Housing Department and paid by them directly as they are the project managers/developers;
- Inventory (R4,162,998 or 12.91%) – underspending due to the implementation of various expenditure management and cost containment strategies;
- Operating Leases (R3,746,680 or 20.05%) – underspending due to the implementation of various expenditure management and cost containment strategies; and
- Operational Cost (R16,880,673 or 24.05%) – 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 variance to report on.

## 5. Total cost savings disclosure

According to Cost Containment Regulations, published on 7 June 2019 in the Government Gazette, each municipality must develop or revise and implement a cost containment policy accordingly. The actual expenditure per quarter can be seen in Table 4 below. It should be noted that *Quarter 4 Expenditure* will only include actuals for the month of April 2020.

**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	35,881,144	3,700,500	6,025,661	4,491,788	1,081,669	15,299,618	42.6%	20,581,526
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	122,840	4,710,659	60.1%	3,126,876
7	Other related expenditure items	0	0	0	0	0	0	0.0%	0
<b>8</b>	<b>Total</b>	<b>46,438,180</b>	<b>5,361,883</b>	<b>7,876,804</b>	<b>6,725,870</b>	<b>1,204,509</b>	<b>21,169,066</b>	<b>45.6%</b>	<b>25,269,114</b>

## 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 R172,456,595 compares unfavourably with the pro rata budgeted capital expenditure of R199,355,383 as per the cash flow projections of the SDBIP with a variance or underspending of R26,898,788 or 13.49%. 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 58.78% of the total capital budget of R293,413,739 after ten months of the financial year. Actual and recorded committed capital expenditure (R251,483,514) represents 85.71% of the total capital budget of R293,413,739 after ten months of the financial year.

**TABLE 5: ACTUAL CAPITAL EXPENDITURE PER VOTE FOR APRIL 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	5,983	0	13,035	20,720	1,172	21,892	(11,862)	-91.01%	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	20,000	0	223,345	4,192	198,001	202,194	(25,344)	-11.35%	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	107,752	(500)	4,238,319	3,015,657	5,412,644	8,428,301	1,174,325	27.71%	4,189,441
7	Community Services	123,515,468	79,479,788	8,453,692	2,000,356	58,601,223	14,450,361	49,215,711	63,666,072	(9,385,513)	-16.02%	30,264,077
8	Financial Services	13,850,000	3,082,860	454,624	92,644	1,911,205	513,343	1,765,560	2,278,903	(145,645)	-7.62%	1,317,300
9	Planning and Development	1,615,000	1,012,793	55,351	0	492,090	0	438,971	438,971	(53,119)	-10.79%	573,822
10	Engineering Services	226,200,770	199,975,867	22,482,560	12,959,422	133,876,166	61,022,646	115,424,536	176,447,182	(18,451,629)	-13.78%	84,551,331
11	<b>TOTALS</b>	<b>378,029,950</b>	<b>293,413,739</b>	<b>31,579,962</b>	<b>15,051,921</b>	<b>199,355,383</b>	<b>79,026,919</b>	<b>172,456,595</b>	<b>251,483,514</b>	<b>(26,898,788)</b>	<b>-13.49%</b>	<b>120,957,144</b>

% of Approved Budget = 26.93%      58.78%      85.71% Actual Expenditure to date      172,456,595

Actual Capex as a % of Pro Rata Budget = 86.51% Projected Expenditure for 2019/2020      293,413,739

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

**TABLE 6: ACTUAL CAPITAL EXPENDITURE PER FUNDING SOURCE FOR APRIL 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	8,153,641	4,866,145	67,788,657	16,541,619	62,562,009	79,103,628	(5,226,647)	-7.71%	31,441,209
2	CRR	8,881,650	61,730,129	10,409,506	1,383,758	42,701,029	17,489,956	28,068,472	45,558,428	(14,632,558)	-34.27%	33,661,658
3	GRANTS	146,572,968	137,680,392	13,016,815	8,802,017	88,865,697	44,995,344	81,826,114	126,821,458	(7,039,583)	-7.92%	55,854,278
4	TOTALS	378,029,950	293,413,739	31,579,962	15,051,921	199,355,383	79,026,919	172,456,595	251,483,514	(26,898,788)	-13.49%	120,957,144

Actual Expenditure to date 172,456,595

Projected Expenditure for 2019/2020 293,413,739

#### **Recommendation**

- (3) **The actual capital expenditure of R172,456,595 and the pro rata budgeted capital expenditure of R199,355,383 realised underspending of R26,898,788 or 13.49%.**
- (4) **Actual capital expenditure of R172,456,595 represents 58.78% of the total capital budget of R293,413,739 after ten months of the financial year.**
- (5) **The actual and committed capital expenditure of R251,483,514 compared with the capital expenditure budget of R293,413,739 represent a spending percentage of 85.71% after ten 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 R1,671,837,582 and after repayments (R0) were made and additional loans (R0) were taken up, the total borrowings outstanding as at 30 April 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 30 April 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 APRIL 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 30/04/2020
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	1,840,077	0	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	<b>TOTALS</b>				<b>1,671,837,582</b>	<b>0</b>	<b>0</b>	<b>1,671,837,582</b>

## 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 R270,486,138 were received to date. Operating grants expenditure to the amount of R175,753,041 and capital grants expenditure to the amount of R68,646,174 was spent and recorded as utilised at the end of April 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 April 2020 is R57,441,155.

### Recommendation

(7) *Unspent conditional and unconditional grants amounted to R57,441,155 at the end of April 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 30 APRIL 2020
COLUMN REFERENCE	A	B	C	D	E	F
<b>1</b>	<b>NATIONAL GOVERNMENT (UNCONDITIONAL GRANT)</b>					
2	G/F : EQUITABLE SHARE	0	(151,601,000)	150,603,816	0	(997,184)
<b>3</b>	<b>SUB-TOTAL</b>	<b>0</b>	<b>(151,601,000)</b>	<b>150,603,816</b>	<b>0</b>	<b>(997,184)</b>
<b>4</b>	<b>NATIONAL GOVERNMENT (CONDITIONAL GRANT)</b>					
5	G/F : MUNICIPAL INFRASTRUCTURE PROJECTS	0	(34,638,648)	0	23,054,764	(11,583,884)
6	G/F : BUDGET REFORM PROGRAMME NATIONAL TREASURY	0	(1,550,000)	618,797	0	(931,203)
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	(16,859,901)	0	12,903,085	(3,956,817)
10	G/F : RURAL DEVELOPMENT (SARON ROADS)	(639,324)	0		0	(639,324)
<b>11</b>	<b>SUB-TOTAL</b>	<b>(639,324)</b>	<b>(62,233,550)</b>	<b>9,100,052</b>	<b>35,957,849</b>	<b>(17,814,973)</b>

## ANNEXURE A

SERIAL NUMBER	DESCRIPTION	OPENING BALANCE 1 JULY 2019	OTHER INCOME	OPERATIONAL EXPENDITURE DURING THE YEAR	CAPITAL EXPENDITURE DURING THE YEAR	BALANCE AS ON 30 APRIL 2020
COLUMN REFERENCE	A	B	C	D	E	F
<b>12</b>	<b>PROVINCIAL GOVERNMENT (CONDITIONAL GRANT)</b>					
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	3,010,732	0	2,278,317
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	4,150,787	(3,248,407)
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)	575,956	0	(1,374,552)
44	G/F : LG GRADUATE INTERNSHIP	(39,569)	(2,038,212)	0	0	(2,077,781)
45	G/F : ROADS	0	(13,844,194)	0	13,999,960	155,766
46	G/F : CAPACITY BUILDING	(179,751)	0	189,956	0	10,206
<b>47</b>	<b>SUB-TOTAL</b>	<b>(26,585,295)</b>	<b>(53,169,389)</b>	<b>15,230,732</b>	<b>32,688,325</b>	<b>(31,835,628)</b>

SERIAL NUMBER	DESCRIPTION	OPENING BALANCE 1 JULY 2019	OTHER INCOME	OPERATIONAL EXPENDITURE DURING THE YEAR	CAPITAL EXPENDITURE DURING THE YEAR	BALANCE AS ON 30 APRIL 2020
COLUMN REFERENCE	A	B	C	D	E	F
<b>48</b>	<b>OTHER GRANTS : (UNCONDITIONAL)</b>					
49	G/F : TRAINING LEVY	(127,697)	(1,032,846)	36,139	0	(1,124,403)
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)	782,302	0	(2,225,396)
53	G/F : CAPE WINELANDS	(300,000)	0	0	0	(300,000)
<b>54</b>	<b>SUB-TOTAL</b>	<b>(3,142,404)</b>	<b>(3,482,199)</b>	<b>818,441</b>	<b>0</b>	<b>(5,806,162)</b>
<b>55</b>	<b>GUARANTEES AND DONATIONS</b>					
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)
<b>58</b>	<b>SUB-TOTAL</b>	<b>(987,208)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(987,208)</b>
<b>59</b>	<b>GRAND TOTAL</b>	<b>(31,354,232)</b>	<b>(270,486,138)</b>	<b>175,753,041</b>	<b>68,646,174</b>	<b>(57,441,155)</b>

## 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 R537,496,038 compared with the pro rata budgeted amount of R550,201,355 – an underspending of R12,705,317 or 2.31%.

### 9.1 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.

### 9.2 Negative variances of 5% or more and/or above a monetary value of R500,000 are –

- Ex Gratia Allowances – Pensioners (R2,988,473 or 54.45%) – budget adjusted during the adjustment budget process and projections based on historical information;
- Overtime Payments (R3,064,534 or 15.32%) – due to an increase in overtime payments compared to historical trends, refer to table 9; and
- Cell Allowance (R864,133 or 36.76%) – expenditure is more than envisioned.

### *Recommendation*

***(8) The actual employee related cost expenditure of R537,496,038 compared with the pro rata budgeted expenditure of R550,201,355 relates to a positive variance of R12,705,317 or 2.31%.***

TABLE 9 : EMPLOYEE RELATED COST AS AT 30 APRIL 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	33,884,920	354,361,571	343,693,618	10,667,953	3.01%	81,568,109
2	Bonusses	36,728,008	36,728,008	0	12,821	30,984,798	31,055,256	(70,458)	-0.23%	5,672,752
3	Leave Pay	7,642,393	7,642,393	636,866	636,866	6,368,660	6,368,660	0	0.00%	1,273,733
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	14,626	0	14,626	0.00%	7,130,000
6	Ex Gratia Allowances - Pensioners	16,841,000	17,655,000	162,800	917,972	5,488,400	8,476,873	(2,988,473)	-54.45%	9,178,127
7	Overtime Payments	24,000,001	24,000,001	2,000,005	2,909,098	20,000,050	23,064,584	(3,064,534)	-15.32%	935,417
8	Subsidy House Loans	5,204,587	5,204,587	433,736	294,273	4,337,360	3,005,190	1,332,170	30.71%	2,199,397
9	Travel Allowances	26,754,462	26,754,462	2,229,537	2,247,433	22,295,370	22,446,781	(151,411)	-0.68%	4,307,681
10	Housing Allowance	731,783	731,783	60,987	59,877	609,870	601,047	8,823	1.45%	130,736
11	Acting Allowance	0	0	0	121,412	0	1,023,278	(1,023,278)	0.00%	(1,023,278)
12	Standby Allowance	10,824,879	10,824,879	902,077	699,236	9,020,770	7,601,024	1,419,746	15.74%	3,223,855
13	Night Shift Allowance	4,944,535	4,944,535	412,047	434,218	4,120,470	4,237,932	(117,462)	-2.85%	706,603
14	Cell Allowance	2,820,972	2,820,972	235,102	330,675	2,351,020	3,215,153	(864,133)	-36.76%	(394,181)
15	Group Insurance	5,024,537	5,024,537	418,716	364,729	4,187,160	3,799,307	387,853	9.26%	1,225,230
16	Medical Aid Fund Contr	27,345,230	27,345,230	2,278,772	2,044,001	22,787,720	19,390,103	3,397,617	14.91%	7,955,127
17	Pension Fund Contr	68,346,357	68,346,357	5,695,539	5,378,812	56,955,390	53,847,909	3,107,481	5.46%	14,498,448
18	Provident Fund Contr	4,480,782	4,480,782	373,400	293,487	3,734,000	2,958,490	775,510	20.77%	1,522,292
19	Unemployment Insurance Fund Contr	3,100,722	3,100,722	258,412	266,947	2,584,120	2,710,835	(126,715)	-4.90%	389,887
<b>20</b>	<b>Totals</b>	<b>678,529,458</b>	<b>679,467,403</b>	<b>51,552,968</b>	<b>50,896,779</b>	<b>550,201,355</b>	<b>537,496,038</b>	<b>12,705,317</b>	<b>2.31%</b>	<b>141,971,365</b>

Actual Expenditure to date **537,496,038**  
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 30 APRIL 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	12,874	145,310	89,431	55,879	38.46%
6	Corporate Services	0	0	0	3,995	0	28,796	(28,796)	0.00%
7	Community Services	9,206,624	9,206,624	767,222	1,081,329	7,672,220	9,038,561	(1,366,341)	-17.81%
8	Financial Services	731,936	731,936	60,995	4,716	609,950	149,040	460,910	75.57%
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	1,806,183	11,572,570	13,758,756	(2,186,186)	-18.89%
<b>11</b>	<b>Totals</b>	<b>24,000,001</b>	<b>24,000,001</b>	<b>2,000,005</b>	<b>2,909,098</b>	<b>20,000,050</b>	<b>23,064,583</b>	<b>(3,064,533)</b>	<b>-15.32%</b>

## 10. Debtors age analysis and payment rates

### 10.1 Debtors age analysis per service

The municipality's total outstanding debtors amounted to R407,891,940 as at 30 April 2020 compared with the R378,304,684 as at 31 March 2020. As reflected in Table 11 below, current debt represents 38.34% of the total outstanding debt compared with the 41.25% of March 2020; 30 days and older debt 10.56% compared with the 8.10% for March 2020; 60 days and older debt 5.14% compared with the 3.87% of March 2020; and 90 days and older debt 45.96% compared with the 46.78% of March 2020.

**TABLE 11 : DEBTORS AGE ANALYSIS PER SERVICE AS AT 30 APRIL 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	22,505,754	4,833,165	2,226,699	17,488,979	47,054,598	11.54%
2	Water	0	16,907,980	8,691,580	5,466,632	62,769,632	93,835,824	23.01%
3	Electricity	0	94,971,026	18,177,679	6,546,274	25,465,112	145,160,091	35.59%
4	Sewerage	0	9,602,415	3,482,843	2,114,645	21,710,050	36,909,952	9.05%
5	Refuse	0	10,644,892	4,657,380	3,133,053	36,080,530	54,515,855	13.37%
6	Housing	0	948,549	926,049	835,195	10,373,898	13,083,692	3.21%
7	Others	0	801,559	2,316,044	634,491	13,579,834	17,331,928	4.25%
8	<b>TOTAL</b>	<b>0</b>	<b>156,382,174</b>	<b>43,084,741</b>	<b>20,956,990</b>	<b>187,468,035</b>	<b>407,891,940</b>	<b>100.00%</b>
	2020/04 =		38.34%	10.56%	5.14%	45.96%	100.00%	
	2020/03 =		41.25%	8.10%	3.87%	46.78%	100.00%	

Current debt increased with R313,906 to R156,382,174 compared with the R156,068,268 as at 31 March 2020; 30 days + debt increased with R12,440,206 to R43,084,741; 60 days + debt increased with R6,629,254 to R20,956,990 and 90 days and older debt as at 30 April 2020 has increased with R10,503,890 to R187,468,035 compared with the R176,964,145 as at 31 March 2020.

Debtors owe the municipality property rates (11.54%); water (23.01%); electricity (35.59%); sewerage (9.05%); refuse (13.37%); housing (3.21%), and sundry debt (4.25%).

As reflected in Table 12 below, the debtors test ratio (before bad debt provision) shows a decrease of 1.6 days from 67.6 days in February 2020 to 66.0 days in March 2020 and an increase of 5.2 days to 71.2 days in April 2020. The debtors test ratio (after bad debt provision) shows a decrease of 1.3 days from 53.3 days in February 2020 to 52.0 days in March 2020 and an increase of 4.3 days to 56.3 days in April 2020. The acceptable norm is 45 days.

TABLE 12 : OUTSTANDING DEBT SUMMARY REPORT AS AT 30 APRIL 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	April-2020
Column Reference	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
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	38,354,308
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	18,733,983
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	169,966,537
4	<b>Outstanding Debtors 30 Days and Older</b>	<b>170,630,601</b>	<b>171,184,432</b>	<b>165,086,314</b>	<b>168,568,092</b>	<b>157,039,618</b>	<b>164,083,914</b>	<b>167,199,730</b>	<b>185,535,456</b>	<b>181,471,766</b>	<b>189,047,420</b>	<b>190,431,123</b>	<b>195,973,917</b>	<b>200,986,386</b>	<b>227,054,828</b>
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	139,095,343
6	<b>Total Outstanding Debtors (Before Bad Debt Provision)</b>	<b>287,284,347</b>	<b>281,987,749</b>	<b>274,400,026</b>	<b>274,578,074</b>	<b>315,059,411</b>	<b>342,862,704</b>	<b>339,168,849</b>	<b>309,950,353</b>	<b>310,715,038</b>	<b>316,114,528</b>	<b>312,562,377</b>	<b>337,774,230</b>	<b>339,698,845</b>	<b>366,150,171</b>
7	<b>Bad Debt Provision</b>	<b>71,701,201</b>	<b>74,290,820</b>	<b>80,062,686</b>	<b>72,271,736</b>	<b>60,917,124</b>	<b>59,786,644</b>	<b>60,936,535</b>	<b>63,140,772</b>	<b>63,700,084</b>	<b>65,948,249</b>	<b>69,358,192</b>	<b>71,522,529</b>	<b>71,901,767</b>	<b>76,305,705</b>
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	71,901,767
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	4,403,938
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)	0
11	<b>Outstanding Debtors (After Bad Debt Provision)</b>	<b>215,583,146</b>	<b>207,696,928</b>	<b>194,337,339</b>	<b>202,306,338</b>	<b>242,983,180</b>	<b>283,076,059</b>	<b>278,232,314</b>	<b>246,809,581</b>	<b>247,014,954</b>	<b>250,166,279</b>	<b>248,602,791</b>	<b>266,251,700</b>	<b>267,797,078</b>	<b>289,844,466</b>
12	<b>Current Debtors as a % of Total Outstanding Debtors</b>	<b>40.10%</b>	<b>39.30%</b>	<b>39.80%</b>	<b>38.60%</b>	<b>50.20%</b>	<b>52%</b>	<b>50.70%</b>	<b>40.10%</b>	<b>41.60%</b>	<b>40.20%</b>	<b>39.00%</b>	<b>42.00%</b>	<b>40.80%</b>	<b>40.00%</b>
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	1,878,246,276
14	<b>Debtors Test (Before Bad Debt Provision) = (Total Outstanding Debtors ÷ Budgeted Total Billed Revenue From Rates &amp; Services x 365 days)</b>	<b>63 Days</b>	<b>61.8 Days</b>	<b>60.1 Days</b>	<b>60.1 Days</b>	<b>63.1 Days</b>	<b>68.7 Days</b>	<b>67.9 Days</b>	<b>62.1 Days</b>	<b>62.2 Days</b>	<b>63.3 Days</b>	<b>62.6 Days</b>	<b>67.6 Days</b>	<b>66.0 Days</b>	<b>71.2 Days</b>
15	<b>Debtors Test (After Bad Debt Provision) = (Outstanding Debtors ÷ Budgeted Total Billed Revenue From Rates &amp; Services x 365 days)</b>	<b>47.2 Days</b>	<b>45.5 Days</b>	<b>42.6 Days</b>	<b>44.4 Days</b>	<b>50.9 Days</b>	<b>56.7 Days</b>	<b>55.7 Days</b>	<b>49.4 Days</b>	<b>49.5 Days</b>	<b>50.1 Days</b>	<b>49.8 Days</b>	<b>53.3 Days</b>	<b>52.0 Days</b>	<b>56.3 Days</b>

## 10.2 Debtors age analysis per debtor type

Agricultural debtors owe the municipality R22,796,320 (5.6%); business debtors R106,637,594 (26.1%); domestic debtors R250,388,879 (61.4%); government accounts R16,355,650 (4.0%); sundry accounts R11,713,496 (2.9%) and of the total outstanding debt of R407,891,940 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 30 APRIL 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	0	13,533,678	2,112,208	680,498	6,469,937	<b>22,796,320</b>	5.6%
2	Business	0	75,742,453	13,591,249	5,305,794	11,998,099	<b>106,637,594</b>	26.1%
3	Domestic	0	57,516,180	21,682,974	14,067,506	157,122,220	<b>250,388,879</b>	61.4%
4	Government	0	7,952,161	4,052,873	702,652	3,647,964	<b>16,355,650</b>	4.0%
5	Sundry Accounts	0	1,637,702	1,645,439	200,540	8,229,815	<b>11,713,496</b>	2.9%
<b>6</b>	<b>TOTAL</b>	<b>0</b>	<b>156,382,174</b>	<b>43,084,741</b>	<b>20,956,990</b>	<b>187,468,035</b>	<b>407,891,940</b>	<b>100.0%</b>

### 10.3 Debtors age analysis per ward

In Table 14 below the total outstanding debt of R407,891,840 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 25 of the 33 wards is above 50%. Notably is the percentages of ward 5 (82.4%); ward 6 (86.3%); ward 7 (81.2%); ward 8 (88.1%); ward 9 (77.5%); ward 10 (74.1%); ward 11 (80.9%); ward 12 (93.0%); ward 13 (85.6%); ward 14 (91.8%); ward 16 (63.8%); ward 18 (55.0%); ward 20 (84.7%); ward 21 (88.9%); ward 22 (65.9%); ward 23 (63.7%); ward 24 (87.6%); ward 25 (64.5%); ward 26 (79.9%); ward 27 (89.8%); ward 29 (52.1%); ward 30 (96.8%); ward 31 (94.6%); ward 32 (84.8%) and ward 33 (76.3%).

Wards that owe the municipality more than R10,000,000 monetary wise are ward 1 (R18,511,132); ward 4 (R27,915,603); ward 9 (R16,452,406); ward 11 (R11,562,446); ward 12 (R12,559,628); ward 14 (R15,190,604); ward 15 (R22,466,604); ward 16 (R10,816,656); ward 17 (R23,401,016); ward 18 (R25,284,481); ward 19 (R25,422,654); ward 22 (R13,804,961); ward 25 (R11,589,646); ward 28 (R24,672,522); ward 30 (R28,912,880); and ward 31 (R22,238,590).

#### **Recommendation**

**(9) Total outstanding debtors as at 30 April 2020 amounted to R407,891,940 and that 30 days and older debt constitutes 61.66% of total outstanding debtors.**

**(10) Domestic consumers owe the municipality R250,388,879 or 61.4% of the municipality's total debtor's book.**

TABLE 14: OUTSTANDING DEBTORS PER WARD AS AT 30 APRIL 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	0	11,477,427	3,113,679	1,608,188	2,311,838	18,511,132	38.0%	15,854,267	2,656,866	C KROUTZ
2	0	4,414,303	929,811	272,125	1,282,647	6,898,886	36.0%	8,347,121	(1,448,236)	HJ KOTZE
3	0	3,518,864	600,894	156,927	1,328,853	5,605,538	37.2%	5,631,174	(25,636)	WE SMIT
4	0	18,768,013	3,199,221	1,378,301	4,570,068	27,915,603	32.8%	22,842,292	5,073,311	J MILLER
5	0	1,250,287	803,338	375,232	4,691,975	7,120,832	82.4%	6,259,216	861,616	NP MBENENE
6	0	1,187,338	684,112	351,806	6,471,860	8,695,115	86.3%	7,059,908	1,635,208	TZ NQORO / NOMANA
7	0	880,357	593,619	369,208	2,839,436	4,682,620	81.2%	4,202,203	480,416	RB ARNOLDS
8	0	474,333	395,109	217,793	2,904,192	3,991,427	88.1%	3,761,450	229,977	N.ZIKHALI
9	0	3,705,437	1,144,535	788,572	10,813,863	16,452,406	77.5%	13,505,886	2,946,521	TC MANGENA
10	0	826,730	538,593	262,656	1,562,274	3,190,253	74.1%	2,421,508	768,745	C KEARNS
11	0	2,204,496	1,264,188	864,296	7,229,466	11,562,446	80.9%	10,412,835	1,149,611	AC STOWMAN
12	0	877,590	1,533,111	686,341	9,462,586	12,559,628	93.0%	11,991,852	567,776	MD NOBULA
13	0	749,891	560,396	374,388	3,540,243	5,224,917	85.6%	4,776,629	448,288	S ROSS
14	0	1,249,360	1,239,891	1,298,410	11,402,944	15,190,604	91.8%	14,287,247	903,357	J DE WET
15	0	16,745,251	2,532,220	577,882	2,611,250	22,466,604	25.5%	20,272,503	2,194,101	LW NIEHAUS
16	0	3,920,096	630,805	522,348	5,743,408	10,816,656	63.8%	10,803,981	12,675	DS BLANCKENBERG
17	0	14,263,339	2,427,879	1,208,459	5,501,339	23,401,016	39.0%	21,091,874	2,309,142	HJN MATTHEE
18	0	11,376,989	2,719,621	677,798	10,510,073	25,284,481	55.0%	26,922,635	(1,638,154)	AML BUCKLE
19	0	18,190,676	2,785,927	1,145,514	3,300,536	25,422,654	28.4%	26,902,588	(1,479,934)	TE BESTER
20	0	1,036,109	615,342	479,446	4,640,488	6,771,385	84.7%	6,074,469	696,916	PBA CUPIDO
21	0	700,041	558,551	424,164	4,648,792	6,331,548	88.9%	7,152,128	(820,580)	E GOUWS
22	0	4,702,601	1,929,776	847,724	6,324,860	13,804,961	65.9%	12,048,108	1,756,853	FP CUPIDO
23	0	3,107,770	1,030,794	529,467	3,890,055	8,558,085	63.7%	7,371,412	1,186,674	F JACOBS
24	0	731,055	497,628	355,213	4,307,658	5,891,554	87.6%	4,960,907	930,647	MM ADRIAANSE
25	0	4,117,413	1,288,778	537,325	5,646,129	11,589,646	64.5%	9,991,100	1,598,546	LT VAN NIEKERK
26	0	1,470,704	791,973	435,253	4,618,378	7,316,308	79.9%	6,616,332	699,976	JV ANDERSON
27	0	469,485	414,277	285,601	3,455,917	4,625,280	89.8%	4,073,841	551,439	VC BOOYSEN
28	0	16,019,080	3,930,174	992,662	3,730,606	24,672,522	35.1%	26,410,817	(1,738,295)	RH VAN NIEWENHUYZEN
29	0	3,479,492	944,032	364,524	2,472,205	7,260,253	52.1%	6,202,820	1,057,433	L WILLEMSE
30	0	916,041	973,512	1,172,209	25,851,119	28,912,880	96.8%	27,952,406	960,475	J SMIT
31	0	1,192,200	1,730,583	1,033,579	18,282,228	22,238,590	94.6%	21,194,556	1,044,033	GH FORD
32	0	67,219	70,241	72,065	233,681	443,206	84.8%	383,995	59,211	LV NZELE
33	0	266,839	222,856	225,155	411,883	1,126,733	76.3%	1,003,387	123,345	SE SEPTEMBER
SUNDRIES	0	2,025,349	389,274	66,360	875,190	3,356,172	39.7%	(478,763)	3,834,935	SUNDRIES
<b>TOTAL</b>	<b>0</b>	<b>156,382,174</b>	<b>43,084,741</b>	<b>20,956,990</b>	<b>187,468,035</b>	<b>407,891,940</b>	<b>61.7%</b>	<b>378,304,684</b>	<b>29,587,257</b>	

## 11. Creditors age analysis

The municipality's creditor's age analysis amounted to R12,518 as at 30 April 2020 as set out in Table 15 below. Creditors 30 days and older amount to R12,518.

### *Recommendation*

**(11) Outstanding creditors amounted to R12,518 as at 30 April 2020.**

**TABLE 15: CREDITORS AGE ANALYSIS AS AT 30 APRIL 2020**

SERIAL NUMBER	CREDITOR	CURRENT	30 DAYS +	60 DAYS +	90 DAYS +	TOTAL AS AT 30/04/2020
COLUMN REFERENCE	A	B	C	D	E	F
1	ACTOM (PTY) LTD T/A GENLUX LIGHTING,A DIVIDI	0	0	0	5,070	5,070
2	CC AUTO SUPPLIES CC T/A MIDAS PAARL	0	0	7,448	0	7,448
		<b>0</b>	<b>0</b>	<b>7,448</b>	<b>5,070</b>	<b>12,518</b>

## 12. Bank, cash, overdraft balances and investments

The municipality's primary and secondary bank accounts reconcile as at 30 April 2020 as can be seen in table 16 below. The primary bank account showed a positive cashbook balance of R6,880,591 at the end of April 2020 whilst the actual bank balance was a positive R85,839,013.

**TABLE 16: BANK RECONCILIATION AS AT 30 APRIL 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	<b>Cashbook balance - beginning of the month</b>	<b>41,425,762</b>	<b>(1,919,484)</b>	-	-	<b>39,505,478</b>
2	Add: Receipts	78,408,583	83,261,356	135,942	118,525	<b>161,924,407</b>
3	Add: Investments withdrawn	-	-	-	-	-
4	Less: Investments made	(25,000,000)	-	-	-	<b>(25,000,000)</b>
5	Less: Payments	(169,521,660)	(28,339)	(95)	-	<b>(169,550,095)</b>
6	Add/Less: Sweeping of Balance	83,469,914	(83,215,542)	(135,847)	(118,525)	<b>(0)</b>
7	<b>Cashbook balance - end of period of the month</b>	<b>8,782,599</b>	<b>(1,902,009)</b>	-	-	<b>6,880,590</b>
8	<b>Balance as per bank statement</b>	<b>85,839,013</b>	-	-	-	<b>85,839,013</b>
9	<b>Add: Transactions receipt on cash book, but not reflecting on bank statement</b>					
10	Cashier receipts not yet banked	757,606	-	-	-	<b>757,606</b>
11	Third party receipts received but not banked: Easypay	874,752	-	-	-	<b>874,752</b>
12	Direct deposit/Transfer in cash book	(3,069,512)	7,605	-	-	<b>(3,061,907)</b>
13	<b>Less: Payments issued in cash book, but not reflecting on bank statement</b>					
14	Cheque payments	(555,476)	-	-	-	<b>(555,476)</b>
15	ACB (Automatic Clearing Bureau) payments/System generated payments	(68,661,964)	-	-	-	<b>(68,661,964)</b>
16	Postdated payments/System generated payments	(5,146,252)	-	-	-	<b>(5,146,252)</b>
17	<b>Less: Transactions on bank statement, but not reflecting in cashbook</b>					
18	Electronic transfers received in bank statement not yet receipted	(1,255,568)	(1,909,614)	-	-	<b>(3,165,181)</b>
19	Cheques issued and cancelled after month-end	-	-	-	-	-
20	<b>Balance as per cash book</b>	<b>8,782,599</b>	<b>(1,902,009)</b>	-	-	<b>6,880,591</b>

Surplus cash is invested on a daily basis. The municipality's investments as at 30 April 2020 is as set out in Table 17 below. The municipality started the beginning of the month with total investments of R75,875,801 and after investments made (R25,000,000), withdrawn (R0) and interest capitalised (R459,664) closed with an investments balance of R101,334,995 at the six listed local banks and at Eskom where we do have some shares.

TABLE 17 : INVESTMENTS AS AT 30 APRIL 2020

SERIAL NUMBER	BANK	BALANCE AT 31 MARCH 2020	INVESTMENTS MADE	INVESTMENTS WITHDRAWN	INTEREST CAPITALISED	BALANCE AT 30 APRIL 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	0.00%
2	ABSA BANK	1,104	0	0	0	1,104	0	11,516	0.00%
3	ABSA BANK	1,110	0	0	0	1,110	0	12,102	0.00%
4	ABSA BANK	1,106	0	0	0	1,106	0	11,736	0.00%
5	ABSA BANK	1,062	0	0	0	1,062	0	7,314	0.00%
6	ABSA BANK	1,155	0	0	5	1,160	5	29,162	4.40%
7	ABSA BANK	10,297,110	0	0	64,040	10,361,149	58,051	451,189	6.50%
8	ABSA BANK	10,082,326	0	0	62,704	10,145,030	56,840	145,030	6.50%
9	ABSA BANK	27,522,658	0	0	171,168	27,693,826	155,161	293,826	6.50%
10	FNB	0	0	0	0	0	0	8,611	5.84%
11	GRINDROD BANK	27,859,773	15,000,000	0	161,653	43,021,426	137,715	843,574	4.75%
12	INVESTEC	19,183	0	0	94	19,276	73	892	4.15%
13	NEDBANK	0	10,000,000	0	0	10,000,000	10,479	0	4.25%
14	STANDARD BANK	0	0	0	0	0	0	222,381	5.25%
15	STANDARD BANK	(0)	0	0	0	(0)	0	7,123	5.25%
16	ESKOM	87,635	0	0	0	87,635	0	7,560	0.00%
17	<b>GRAND TOTAL</b>	<b>75,875,801</b>	<b>25,000,000</b>	<b>0</b>	<b>459,664</b>	<b>101,334,995</b>	<b>418,325</b>	<b>2,063,550</b>	<b>5.34%</b>

### Recommendation

(12) *The primary bank account had a positive bank balance at 30 April 2020 which amounted to R85,839,013.*

(13) *Total investments in cash and shares amounted to R101,334,995 as at 30 April 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 (R1,922,395,541) and the pro rata budgeted operating revenue (R1,923,511,282) has a negative variance of R1,115,741 or 0.06%.
- (2) The variance between the actual operating expenditure (R1,656,552,464) and the pro rata budgeted operating expenditure (R1,735,592,645) has a positive variance of R79,040,180 or 4.55%.
- (3) The actual capital expenditure of R172,456,595 and the pro rata budgeted capital expenditure of R199,355,383 realised underspending of R26,898,788 or 13.49%.
- (4) Actual capital expenditure of R172,456,595 represents 58.78% of the total capital budget of R293,413,739 after ten months of the financial year.
- (5) The actual and committed capital expenditure of R251,483,514 compared with the capital expenditure budget of R293,413,739 represent a spending percentage of 85.71% after ten months of the financial year.
- (6) External borrowings amounted to R1,671,837,582 as at 30 April 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 R57,441,155 at the end of April 2020.
- (8) The actual employee related cost expenditure of R537,496,038 compared with the pro rata budgeted expenditure of R550,201,355 relates to a positive variance of R12,705,317 or 2.31%.

- (9) Total outstanding debtors as at 30 April 2020 amounted to R407,891,940 and that 30 days and older debt constitutes 61.66% of total outstanding debtors.
  - (10) Domestic consumers owe the municipality R250,388,879 or 61.4% of the municipality's total debtor's book.
  - (11) Outstanding creditors amounted to R12,518 as at 30 April 2020.
  - (12) The primary bank account had a positive bank balance at 30 April 2020 which amounted to R85,839,013.
  - (13) Total investments in cash and shares amounted to R101,334,995 as at 30 April 2020 at the six local banks and Eskom.
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