



DRAKENSTEIN

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ANNEXURE A

Monthly Budget Monitoring Report (Section 71 of MFMA)

Period ending: 29 February 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 February 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
13 March 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 February 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

13 March 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 (R1,519,078,496) compares unfavourably with the pro rata budgeted figure (R1,532,529,464) – a negative variance of R13,450,968 or 0.88% at month end.

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

- Rental of facilities and equipment (R6,953,197 or 137.36%) – the rental of facilities includes income forgone for property rates as well, due to the basket of free services made available to those in rental units and will have to be split from the actual revenue. This will be corrected in the next month's report; and
- Fines, penalties and forfeits (R22,671,149 or 50.71%) – 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 accordingly.

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

- Service Charges: Property Rates (R4,819,393 or 2.13%) – due to a change in policy the property rates are being levied monthly and thus the trend on which the budget has been based on is more than anticipated;
- Service Charges: Electricity (R2,385,259 or 0.30%) – the services charges for electricity is more than anticipated;
- Service Charges: Water (R2,830,231 or 2.97%) – budget was adjusted downwards due to in year performance on this specific service when compared to the adjusted budget;
- Service Charges: Cleansing (R2,345,591 or 2.80%) – the service charges for cleansing is more than anticipated;
- Interest earned – external investments (R564,809 or 19.02%) – more surplus funds could be invested to earn more interest; and
- Operational Revenue (R4,702,366 or 24.75%) – operational revenue on various line items is more than the historical budgeted trends, than anticipated.

Recommendation

- (1) The variance between the actual operating revenue (R1,519,078,496) and the pro rata budgeted operating revenue (R1,532,529,464) has a negative variance of R13,450,968 or 0.88%.***

TABLE 1: ACTUAL REVENUE PER REVENUE SOURCE FOR FEBRUARY 2020

SERIAL NUMBER	REVENUE SOURCES	ANNUAL		MONTHLY		YEAR-TO-DATE				PROJECTED REVENUE FOR THE REST OF THE YEAR
		APPROVED BUDGET	ADJUSTED BUDGET	BUDGET	ACTUAL REVENUE	PRO RATA BUDGET	ACTUAL REVENUE	POSITIVE / (NEGATIVE) VARIANCES	POSITIVE / (NEGATIVE) VARIANCES %	
COLUMN REFERENCE	A	B	C	D	E	F	G	H	I	J
1	Service Charges : Property Rates	305,349,815	308,406,236	20,514,395	25,333,791	226,348,653	231,168,046	4,819,393	2.13%	77,238,190
2	Service Charges : Electricity	1,175,231,372	1,177,009,475	98,540,139	100,925,310	782,848,913	785,234,172	2,385,259	0.30%	391,775,303
3	Service Charges : Water	188,636,644	153,926,577	14,630,721	17,460,947	95,403,683	98,233,914	2,830,231	2.97%	55,692,663
4	Service Charges : Sanitation	116,092,167	117,174,530	9,782,318	9,187,717	78,045,257	77,354,223	(691,034)	-0.89%	39,820,307
5	Service Charges : Cleansing	125,003,755	125,406,080	10,375,729	12,721,322	83,903,161	86,248,752	2,345,591	2.80%	39,157,328
6	Rental of facilities and equipment	15,852,367	14,471,595	2,706,876	(607,757)	5,062,070	(1,891,128)	(6,953,197)	-137.36%	16,362,723
7	Interest earned - external investments	12,000,000	5,761,663	698,165	685,982	2,969,000	3,533,809	564,809	19.02%	2,227,854
8	Interest earned - outstanding debtors	12,555,926	9,847,094	504,561	872,417	6,508,850	6,354,847	(154,003)	-2.37%	3,492,247
9	Fines, penalties and forfeits	89,068,288	79,286,389	31,260	559,846	44,706,658	22,035,509	(22,671,149)	-50.71%	57,250,880
10	Licences and Permits	4,288,949	3,191,878	137,745	247,640	2,259,371	2,147,242	(112,129)	-4.96%	1,044,636
11	Ner: Transfers and Subsidies : Operational	250,727,572	281,754,365	36,758,607	28,514,470	157,101,789	155,576,566	(1,525,223)	-0.97%	126,177,799
12	Operational Revenue	28,469,913	28,579,919	2,394,438	2,865,490	19,001,847	23,704,213	4,702,366	24.75%	4,875,706
13	Gains and Losses	8,500,000	8,500,000	0	0	0	0	0	0.00%	8,500,000
14	Total Operating Revenue	2,331,776,768	2,313,315,801	197,074,953	198,767,175	1,504,159,251	1,489,700,165	(14,459,086)	-0.96%	823,615,636
15	Ner : Transfers and Subsidies : Capital	120,907,968	145,779,518	2,893,804	3,910,826	28,370,213	29,378,332	1,008,118	3.55%	116,401,186
16	Total Operating Revenue (Capital Grants Included)	2,452,684,736	2,459,095,319	199,968,757	202,678,001	1,532,529,464	1,519,078,496	(13,450,968)	-0.88%	940,016,823
Actual Revenue to date										1,519,078,496
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 R1,382,272,649 compares favourably with the pro rata budgeted expenditure of R1,462,793,341 – a positive variance of R80,520,691 or 5.50%.

TABLE 2: ACTUAL OPERATIONAL EXPENDITURE PER VOTE FOR FEBRUARY 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	333,880	306,711	2,780,253	2,470,800	309,453	11.13%	2,081,312.41
2	Department of Internal Audit	7,888,061	7,889,045	569,683	696,219	5,085,963	5,172,340	(86,377)	-1.70%	2,716,704.80
3	Department of Risk And Fraud	2,666,019	2,908,400	233,228	143,898	1,746,770	1,190,344	556,427	31.85%	1,718,056.43
4	Department of Communication	5,532,638	5,575,540	481,122	284,212	3,678,889	2,764,462	914,427	24.86%	2,811,077.67
5	Department of IDP/PMS	6,028,344	6,028,344	406,874	388,580	3,947,588	3,428,614	518,974	13.15%	2,599,729.56
6	Corporate Services	154,226,255	157,317,735	8,863,661	9,645,002	88,597,164	87,006,227	1,590,936	1.80%	70,311,508
7	Community Services	450,225,430	485,501,294	36,861,065	23,044,734	263,720,571	219,146,935	44,573,636	16.90%	266,354,359
8	Financial Services	125,591,344	127,657,853	15,432,285	10,352,860	84,935,868	77,399,095	7,536,772	8.87%	50,258,758
9	Planning and Development	56,890,371	57,293,460	5,087,746	3,612,028	39,153,722	34,819,519	4,334,204	11.07%	22,473,941
10	Engineering Services	1,586,025,584	1,545,152,960	113,917,475	107,881,626	969,146,553	948,874,313	20,272,240	2.09%	596,278,647
11	Totals	2,399,626,158	2,399,876,743	182,187,020	156,355,868	1,462,793,341	1,382,272,649	80,520,691	5.50%	1,017,604,094

Actual Expenditure to date 1,382,272,649

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

Recommendation

(2) *The variance between the actual operating expenditure (R1,382,272,649) and the pro rata budgeted operating expenditure (R1,462,793,341) has a positive variance of R80,520,691 or 5.50%.*

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 (R1,382,272,649) compares favourably with the pro rata budgeted figures (R1,462,793,341) – a positive variance of R80,520,691 or 5.50% at month end.

TABLE 3: ACTUAL OPERATIONAL EXPENDITURE PER EXPENDITURE CATEGORY FOR FEBRUARY 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	52,613,972	51,550,379	447,095,419	434,313,035	12,782,384	2.86%	245,154,368
2	Remuneration of councillors	31,709,291	31,709,291	2,642,441	2,510,535	20,749,528	20,038,667	710,861	3.43%	11,670,624
3	Debt Impairment	125,034,743	127,640,569	4,925,103	4,403,938	71,211,548	53,239,528	17,972,020	25.24%	74,401,041
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	13,289,058	13,502,606	107,944,605	108,020,848	(76,243)	-0.07%	301,747
6	Bulk Purchases Water	12,000,000	12,000,000	231,438	163,264	4,311,470	2,045,164	2,266,306	52.56%	9,954,836
7	Bulk Purchases: Electricity	781,937,527	781,937,527	59,098,937	60,102,472	467,197,857	466,020,672	1,177,185	0.25%	315,916,855
8	Contracted Services	232,467,375	267,040,830	29,225,833	13,023,545	127,025,901	95,490,983	31,534,919	24.83%	171,549,847
9	Transfers and Subsidies	18,649,823	18,794,846	1,470,873	385,808	13,453,053	13,554,642	(101,589)	-0.76%	5,240,204
10	Inventory	36,738,603	41,353,198	4,218,626	2,962,562	24,590,810	22,793,455	1,797,356	7.31%	18,559,743
11	Operating Leases	19,980,722	22,980,198	1,965,478	1,258,942	15,532,448	12,806,529	2,725,918	17.55%	10,173,669
12	Operational Cost	81,949,898	90,760,508	12,505,260	6,491,817	55,745,787	47,014,043	8,731,744	15.66%	43,746,465
13	Loss On Sale of Assets	2,000,000	2,000,000	0	0	0	0	0	0.00%	2,000,000
14	TOTALS	2,399,626,158	2,399,876,743	182,187,020	156,355,868	1,462,793,341	1,382,272,649	80,520,691	5.50%	1,017,604,094

Actual Expenditure to date **1,382,272,649**

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

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

- Employee Related Cost (R12,782,384 or 2.86%) – please refer to detail included in table 8;
- Debt Impairment (R17,972,020 or 25.24%) – 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 accordingly;
- Bulk Purchases: Water (R2,266,306 or 52.56%) – underspending on bulk purchases is attributed to the decrease in water sales that led to an adjustment in the revenue during the adjustment budget process;
- Contracted Services (R31,534,919 or 24.83%) – due to building contractors appointed by the Provincial Housing Department and paid by them directly as they are the project managers/developers;
- Inventory (R1,797,356 or 7.31%) – underspending due to the implementation of various expenditure management and cost containment strategies;
- Operating Leases (R2,725,918 or 17.55%) – underspending due to the implementation of various expenditure management and cost containment strategies; and
- Operational Cost (R8,731,744 or 15.66%) – underspending due to the implementation of various expenditure management and cost containment strategies.

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

- No negative variances to report.

5. Total cost savings disclosure

According to Cost Containment Regulations, published on 7 June 2019 in the Government Gazette, each municipality must develop or revise and implement a cost containment policy accordingly. The actual expenditure per quarter can be seen in Table 4 below. It should be noted that *Quarter 3 Expenditure* will only include actuals for the month of January and February 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	35,507,329	3,700,500	6,025,661	2,017,855	0	11,744,016	33.1%	23,763,313
2	Vehicles used vir political office bearers	0	0	0	0	0	0	0.0%	0
3	Travel and Subsistance	887,384	145,391	280,416	46,760	0	472,566	53.3%	414,818
4	Domestic Accomodation	270,539	12,666	61,045	13,865	0	87,577	32.4%	182,962
5	Sponsorship, Events and Catering	1,571,942	377,885	131,337	18,770	0	527,991	33.6%	1,043,951
6	Communication	7,886,535	1,125,442	1,378,345	1,914,131	0	4,417,918	56.0%	3,468,617
7	Other related expenditure items	0	0	0	0	0	0	0.0%	0
8	Total	46,123,729	5,361,883	7,876,804	4,011,380	0	17,250,068	37.4%	28,873,661

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 R123,660,560 compares unfavourably with the pro rata budgeted capital expenditure of R136,761,286 as per the cash flow projections of the SDBIP with a variance or underspending of R13,100,726 or 9.58%. 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 42.15% of the total capital budget of R293,413,739 after eight months of the financial year. Actual and recorded committed capital expenditure (R221,327,310) represents 75.43% of the total capital budget of R293,413,739 after eight months of the financial year.

TABLE 5: ACTUAL CAPITAL EXPENDITURE PER VOTE FOR FEBRUARY 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	1,173	26	0	26	1,172	0	1,172	(26)	-100.00%	1,173
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	0	0	0	0	0	0	0	0.00%	12,000
4	Department of Communication	100,000	223,345	0	0	203,345	4,192	240,903	245,096	37,558	18.47%	(17,558)
5	Department of IDP/PMS	0	0	0	0	0	0	0	0	0	0.00%	0
6	Corporate Services	12,048,000	9,602,085	110,359	2,102,727	3,387,229	3,064,755	5,379,843	8,444,598	1,992,614	58.83%	4,222,242
7	Community Services	123,515,468	79,529,788	5,046,593	3,507,486	42,601,648	20,361,999	41,103,478	61,465,477	(1,498,170)	-3.52%	38,426,310
8	Financial Services	13,850,000	2,672,633	77,554	0	839,292	1,102,508	761,738	1,864,246	(77,554)	-9.24%	1,910,895
9	Planning and Development	1,615,000	1,012,793	55,351	0	332,260	175,392	276,909	452,301	(55,351)	-16.66%	735,884
10	Engineering Services	226,200,770	200,359,922	20,598,478	7,098,690	89,397,486	72,956,731	75,897,690	148,854,420	(13,499,796)	-15.10%	124,462,232
11	TOTALS	378,029,950	293,413,739	25,888,361	12,708,903	136,761,286	97,666,750	123,660,560	221,327,310	(13,100,726)	-9.58%	169,753,179

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

TABLE 6: ACTUAL CAPITAL EXPENDITURE PER FUNDING SOURCE FOR FEBRUARY 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	7,661,909	4,450,853	51,028,426	29,970,534	47,858,548	77,829,082	(3,169,878)	-6.21%	46,144,670
2	CRR	8,881,650	61,730,129	6,685,522	3,403,522	23,842,359	17,547,993	20,597,916	38,145,909	(3,244,443)	-13.61%	41,132,213
3	GRANTS	146,572,968	137,680,392	11,540,930	4,854,528	61,890,501	50,148,224	55,204,096	105,352,320	(6,686,405)	-10.80%	82,476,296
4	TOTALS	378,029,950	293,413,739	25,888,361	12,708,903	136,761,286	97,666,750	123,660,560	221,327,310	(13,100,726)	-9.58%	169,753,179

Actual Expenditure to date 123,660,560

Projected Expenditure for 2019/2020 293,413,739

Recommendation

- (3) *The actual capital expenditure of R123,660,560 and the pro rata budgeted capital expenditure of R136,761,286 realised underspending of R13,100,726 or 9.58%.*
- (4) *Actual capital expenditure of R123,660,560 represents 42.15% of the total capital budget of R293,413,739 after eight months of the financial year.*
- (5) *The actual and committed capital expenditure of R221,327,310 compared with the capital expenditure budget of R293,413,739 represent a spending percentage of 75.43% after eight months of the financial year.*

7. Actual borrowings

The municipality's position on external loans is set out in Table 7 below. The municipality started the month with borrowing debt of R1,672,551,989 and after repayments (R0) were made and additional loans (R0) were taken up, the total borrowings outstanding as at 29 February 2020 amounts to R1,672,551,989. This borrowing debt represents 76.65% 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 R1,672,551,989 as at 29 February 2020 and that it represents 76.65% 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 FEBRUARY 2020

SERIAL NUMBER	EXTERNAL LOANS PROVIDERS	INTEREST RATES	TERM ENDING	OPENING BALANCE 01/01/2020	CAPITAL REDEEMED	NEW LOANS TAKEN UP	CLOSING BALANCE 29/02/2020
COLUMN REFERENCE	A	B	C	D	E	F	G
1	ABSA BANK	9.40%	2020	634,115	0	0	634,115
2	ABSA BANK	9.21%	2020	1,600,563	0	0	1,600,563
3	STANDARD BANK	10.40%	2020	3,777,994	0	0	3,777,994
4	STANDARD BANK	9.36%	2020	776,321	0	0	776,321
5	NEDBANK	10.64%	2021	16,381,477	0	0	16,381,477
6	STANDARD BANK	9.63%	2021	2,828,159	0	0	2,828,159
7	STANDARD BANK	10.26%	2021	2,255,582	0	0	2,255,582
8	STANDARD BANK	9.68%	2022	2,554,484	0	0	2,554,484
9	STANDARD BANK	9.87%	2023	10,407,408	0	0	10,407,408
10	STANDARD BANK	9.84%	2024	6,436,514	0	0	6,436,514
11	STANDARD BANK	10.97%	2028	30,149,419	0	0	30,149,419
12	STANDARD BANK	11.44%	2028	433,066,762	0	0	433,066,762
13	NEDBANK	11.48%	2029	198,701,741	0	0	198,701,741
14	DBSA	10.73%	2037	962,981,450	0	0	962,981,450
15	TOTALS			1,672,551,989	0	0	1,672,551,989

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 R201,875,024 were received to date. Operating grants expenditure to the amount of R136,736,067 and capital grants expenditure to the amount of R42,609,849 was spent and recorded as utilised at the end of February 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 February 2020 is R53,883,340.

Recommendation

(7) Unspent conditional and unconditional grants amounted to R53,883,340 at the end of February 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 29 FEBRUARY 2020
COLUMN REFERENCE	A	B	C	D	E	F
1	NATIONAL GOVERNMENT (UNCONDITIONAL GRANT)					
2	G/F : EQUITABLE SHARE	0	(112,950,000)	112,952,517	0	2,517
3	SUB-TOTAL	0	(112,950,000)	112,952,517	0	2,517
4	NATIONAL GOVERNMENT (CONDITIONAL GRANT)					
5	G/F : MUNICIPAL INFRASTRUCTURE PROJECTS	0	(14,638,648)	0	9,355,810	(5,282,839)
6	G/F : BUDGET REFORM PROGRAMME NATIONAL TREASURY	0	(1,550,000)	384,120	0	(1,165,880)
7	G/F : EPWP TOEKENING VIR INFRASTRUKPROJEKT CWL	0	(5,185,000)	3,631,000	0	(1,554,000)
8	G/F : ELEKT MASTERPLAN (ROLL OVER)	0	(4,000,000)	4,850,255	0	850,255
9	G/F : ELECTRIFICATION FUNDING (INEP)	0	(15,859,901)	0	6,565,970	(9,293,931)
10	G/F : RURAL DEVELOPMENT (SARON ROADS)	(639,324)	0		0	(639,324)
11	SUB-TOTAL	(639,324)	(41,233,550)	8,865,375	15,921,780	(17,085,719)

ANNEXURE A

SERIAL NUMBER	DESCRIPTION	OPENING BALANCE 1 JULY 2019	OTHER INCOME	OPERATIONAL EXPENDITURE DURING THE YEAR	CAPITAL EXPENDITURE DURING THE YEAR	BALANCE AS ON 29 FEBRUARY 2020
COLUMN REFERENCE	A	B	C	D	E	F
12	PROVINCIAL GOVERNMENT (CONDITIONAL GRANT)					
13	G/F : CARTERVILLE HOUSING PROJECT	(956,503)	0	0	0	(956,503)
14	G/F : 1068 HUISE WD SKENKING	(341,699)	0	0	0	(341,699)
15	G/F : DROMMEDARIS ST EHP	(732,415)	0	2,564,350	0	1,831,935
16	G/F : P59 FAIRYLANDS INCOME	(7,492,039)	0	0	0	(7,492,039)
17	G/F : CHICARGO	(8,500)	0	0	0	(8,500)
18	G/F : NEW SIZAYAMA	(916,838)	0	0	0	(916,838)
19	G/F : ERF 2220 (NOODKAMP)	(802,653)	0	0	0	(802,653)
20	G/F : LANTANA	0	0	0	447,876	447,876
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 : 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)	11,454,087	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)	(240,000)	0	0	(360,805)
43	G/F : OOSBOSCH	0	(1,950,508)	0	0	(1,950,508)
44	G/F : LG GRADUATE INTERNSHIP	(39,569)	(2,038,212)	0	0	(2,077,781)
45	G/F : ROADS	0	(11,810,420)	0	12,150,491	340,072
46	G/F : CAPACITY BUILDING	(179,751)	0	78,834	0	(100,917)
47	SUB-TOTAL	(26,585,295)	(44,214,147)	14,097,271	26,688,069	(30,014,102)

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 29 FEBRUARY 2020
COLUMN REFERENCE	A	B	C	D	E	F
48	OTHER GRANTS : (UNCONDITIONAL)					
49	G/F : TRAINING LEVY	(127,697)	(1,027,974)	36,139	0	(1,119,531)
50	G/F: EMERGENCY KITS:O R THAMBOINF SETTLE	(1,191,615)	0	0	0	(1,191,615)
51	G/F : DE KRAAL	(964,748)	0	0	0	(964,748)
52	G/F : NUMARKT	(558,344)	(2,449,354)	784,765	0	(2,222,933)
53	G/F : CAPE WINELANDS	(300,000)	0	0	0	(300,000)
54	SUB-TOTAL	(3,142,404)	(3,477,327)	820,904	0	(5,798,827)
55	GUARANTEES AND DONATIONS					
56	G/F : UNSPENT MONEY PROJECT 59 (GUARANTEE)	(623,636)	0	0	0	(623,636)
57	G/F : TRUST FUND : MUN WEDUWEE & WESE PENSIOEN	(363,572)	0	0	0	(363,572)
58	SUB-TOTAL	(987,208)	0	0	0	(987,208)
59	GRAND TOTAL	(31,354,232)	(201,875,024)	136,736,067	42,609,849	(53,883,340)

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 R434,313,035 compared with the pro rata budgeted amount of R447,095,419 – an underspending of R12,782,384 or 2.86%.

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 –

- Ex Gratia Allowances – Pensioners (R657,844 or 12.74%) – budget adjusted during the adjustment budget process and projections based on historical information;
- Overtime Payments (R1,623,224 or 10.15%) – due to an increase in overtime payments compared to historical trends, refer to table 9; and
- Cell Allowance (R667,702 or 35.50%) – expenditure is more than envisioned.

Recommendation

(8) *The actual employee related cost expenditure of R434,313,035 compared with the pro rata budgeted expenditure of R447,095,419 relates to a positive variance of R12,782,384 or 2.86%.*

TABLE 9 : EMPLOYEE RELATED COST AS AT 29 FEBRUARY 2020

SERIAL NUMBER	CATEGORY OF EXPENDITURE	ANNUAL		MONTHLY		YEAR-TO-DATE				PROJECTED EXPENDITURE FOR THE YEAR
		APPROVED BUDGET	ADJUSTED BUDGET	BUDGET	ACTUAL EXPENDITURE	PRO RATA BUDGET	ACTUALS EXPENDITURE	POSITIVE / (NEGATIVE) VARIANCES	POSITIVE / (NEGATIVE) VARIANCES %	
COLUMN REFERENCE	A	B	C	D	E	F	G	H	I	J
1	Salaries	425,162,158	425,261,727	35,450,097	34,695,067	283,461,378	275,173,970	8,287,407	2.92%	150,087,757
2	Bonusses	36,728,008	36,728,008	1,061,004	460,002	30,984,798	30,996,942	(12,144)	-0.04%	5,731,066
3	Leave Pay	7,642,393	7,642,393	636,866	636,866	5,094,928	5,094,928	0	0.00%	2,547,465
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	4,875	0	4,875	0.00%	7,130,000
6	Ex Gratia Allowances - Pensioners	16,841,000	17,655,000	162,800	891,552	5,162,800	5,820,644	(657,844)	-12.74%	11,834,356
7	Overtime Payments	24,000,001	24,000,001	2,000,005	2,249,112	16,000,040	17,623,264	(1,623,224)	-10.15%	6,376,737
8	Subsidy House Loans	5,204,587	5,204,587	433,736	299,394	3,469,888	2,397,442	1,072,446	30.91%	2,807,145
9	Travel Allowances	26,754,462	26,754,462	2,229,537	2,247,648	17,836,296	17,919,700	(83,404)	-0.47%	8,834,762
10	Housing Allowance	731,783	731,783	60,987	57,479	487,896	464,765	23,131	4.74%	267,018
11	Acting Allowance	0	0	0	151,484	0	736,496	(736,496)	0.00%	(736,496)
12	Standby Allowance	10,824,879	10,824,879	902,077	742,625	7,216,616	6,162,562	1,054,054	14.61%	4,662,317
13	Night Shift Allowance	4,944,535	4,944,535	412,047	422,472	3,296,376	3,382,497	(86,121)	-2.61%	1,562,038
14	Cell Allowance	2,820,972	2,820,972	235,102	344,926	1,880,816	2,548,518	(667,702)	-35.50%	272,454
15	Group Insurance	5,024,537	5,024,537	418,716	366,799	3,349,728	3,068,334	281,394	8.40%	1,956,203
16	Medical Aid Fund Contr	27,345,230	27,345,230	2,278,772	2,025,149	18,230,176	15,306,636	2,923,540	16.04%	12,038,594
17	Pension Fund Contr	68,346,357	68,346,357	5,695,539	5,389,371	45,564,312	43,072,281	2,492,031	5.47%	25,274,076
18	Provident Fund Contr	4,480,782	4,480,782	373,400	299,511	2,987,200	2,373,596	613,604	20.54%	2,107,186
19	Unemployment Insurance Fund Contr	3,100,722	3,100,722	258,412	270,921	2,067,296	2,170,459	(103,163)	-4.99%	930,263
20	Totals	678,529,458	679,467,403	52,613,972	51,550,379	447,095,419	434,313,035	12,782,384	2.86%	245,154,368

Actual Expenditure to date **434,313,035**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 29 FEBRUARY 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	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	3,877	116,248	67,957	48,291	41.54%
6	Corporate Services	0	0	0	4,084	0	19,180	(19,180)	0.00%
7	Community Services	9,206,624	9,206,624	767,222	949,882	6,137,776	6,909,914	(772,138)	-12.58%
8	Financial Services	731,936	731,936	60,995	6,469	487,960	142,335	345,625	70.83%
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	1,284,800	9,258,056	10,483,878	(1,225,822)	-13.24%
11	Totals	24,000,001	24,000,001	2,000,005	2,249,112	16,000,040	17,623,264	(1,623,224)	-10.15%

10. Debtors age analysis and payment rates

10.1 Debtors age analysis per service

The municipality's total outstanding debtors amounted to R375,717,003 as at 29 February 2020 compared with the R347,113,542 as at 31 January 2020. As reflected in Table 11 below, current debt represents 42.39% of the total outstanding debt compared with the 39.47% of January 2020; 30 days and older debt 6.92% compared with the 6.49% for January 2020; 60 days and older debt 3.81% compared with the 4.36% of January 2020; and 90 days and older debt 46.87% compared with the 49.68% of January 2020.

The debtors test ratio (before bad debt provision) shows a decrease of 0.7 days from 63.3 days in December 2019 to 62.6 days in January 2020 and an increase of 5 days to 67.6 days in February 2020. The debtors test ratio (after bad debt provision) shows a decrease of 0.3 days from 50.1 days in December 2019 to 49.8 days in January 2020 and an increase of 3.5 days to 53.3 days in February 2020. The acceptable norm is 45 days.

Current debt increased with R22,273,216 to R159,272,292 compared with the R136,999,076 as at 31 January 2020; 30 days + debt increased with R3,461,661 to R25,998,663; 60 days + debt decreased with R805,568 to R14,332,645 and 90 days and older debt as at 29 February 2020 has increased with R3,674,153 to R176,113,404 compared with the R172,439,251 as at 31 January 2020.

TABLE 11 : DEBTORS AGE ANALYSIS PER SERVICE AS AT 29 FEBRUARY 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	22,669,790	3,394,578	1,508,755	17,217,085	44,790,208	11.92%
2	Water	2,118	20,783,409	5,927,506	3,294,971	59,537,608	89,545,612	23.83%
3	Electricity	3,796,236	88,577,211	8,977,913	3,751,110	23,346,359	128,448,830	34.19%
4	Sewerage	0	9,781,241	2,666,108	1,820,573	19,910,731	34,178,654	9.10%
5	Refuse	0	10,964,552	3,806,943	2,789,039	33,271,967	50,832,500	13.53%
6	Housing	0	1,092,989	817,940	824,044	9,517,310	12,252,283	3.26%
7	Others	15,365	1,589,380	407,674	344,152	13,312,345	15,668,916	4.17%
8	TOTAL	3,813,720	155,458,572	25,998,663	14,332,645	176,113,404	375,717,003	100.00%
	2020/02 =	42.39%		6.92%	3.81%	46.87%	100.00%	
	2020/01 =	39.47%		6.49%	4.36%	49.68%	100.00%	

Debtors owe the municipality property rates (11.92%); water (23.83%); electricity (34.19%); sewerage (9.10%); refuse (13.53%); housing (3.26%), and sundry debt (4.17%).

10.2 Debtors age analysis per debtor type

Agricultural debtors owe the municipality R20,453,781 (5.4%); business debtors R93,177,104 (24.8%); domestic debtors R233,104,558 (62.0%); government accounts R15,377,217 (4.1%); sundry accounts R13,604,343 (3.6%) and of the total outstanding debt of R375,717,003 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 29 FEBRUARY 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	12,445,871	1,052,766	595,309	6,359,835	20,453,781	5.4%
2	Business	4,170	74,857,380	5,301,809	2,025,040	10,988,705	93,177,104	24.8%
3	Domestic	13,916	59,051,889	16,232,438	10,856,696	146,949,619	233,104,558	62.0%
4	Government	0	7,848,509	3,052,229	662,578	3,813,901	15,377,217	4.1%
5	Sundry Accounts	3,795,634	1,254,924	359,420	193,021	8,001,343	13,604,343	3.6%
6	TOTAL	3,813,720	155,458,572	25,998,663	14,332,645	176,113,404	375,717,003	100.0%

10.3 Debtors age analysis per ward

In Table 13 below the total outstanding debt of R375,717,003 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 (80.0%); ward 6 (87.1%); ward 7 (78.4%); ward 8 (86.1%); ward 9 (85.5%); ward 10 (71.3%); ward 11 (78.2%); ward 12 (90.5%); ward 13 (81.6%); ward 14 (87.5%); ward 16 (58.9%); ward 18 (50.4%); ward 20 (80.6%); ward 21 (87.8%); ward 22 (62.7%); ward 23 (59.1%); ward 24 (86.6%); ward 25 (69.2%); ward 26 (77.3%); ward 27 (87.6%); ward 30 (95.0%); ward 31 (90.1%); ward 32 (70.3%) and ward 33 (66.1%).

Wards that owe the municipality more than R10,000,000 monetary wise are ward 1 (R15,696,943); ward 4 (R21,925,109); ward 9 (R13,409,918); ward 11 (R10,743,081); ward 12 (R11,077,082); ward 14 (R14,519,303); ward 15 (R21,880,095); ward 16 (R10,489,726); ward 17 (R19,876,342); ward 18 (R23,243,036); ward 19 (R23,007,911); ward 22 (R12,743,918); ward 25 (R10,060,989); ward 28 (R23,244,357); ward 30 (R27,470,860); and ward 31 (R20,902,512).

Recommendation

(9) Total outstanding debtors as at 29 February 2020 amounted to R375,717,003 and that 30 days and older debt constitutes 57.61% of total outstanding debtors.

(10) Domestic consumers owe the municipality R233,104,558 or 62.0% of the municipality's total debtor's book.

ANNEXURE A

TABLE 13: OUTSTANDING DEBTORS PER WARD AS AT 29 FEBRUARY 2020

WARD	CURRENT 1 (Levied but not billed as yet)	CURRENT 2 (Levied and billed)	30 DAYS +	60 DAYS +	90 DAYS +	TOTAL OUTSTANDING DEBT 29/02/2020	30 DAYS AND OLDER AS A % OF TOTAL DEBT	TOTAL OUTSTANDING DEBT 31/12/2019	INCREASE / (DECREASE)	WARD COUNCILLOR
COLUMN REFERENCE	A	B	C	D	E	F	G	H	I	J
1	0	11,795,691	898,103	641,763	2,361,385	15,696,943	24.9%	13,445,413	2,251,530	C KROUTZ
2	0	4,977,687	456,650	177,341	1,161,094	6,772,772	26.5%	5,767,061	1,005,712	HJ KOTZE
3	0	4,123,538	177,646	129,688	1,272,778	5,703,650	27.7%	5,761,416	-57,766	WE SMIT
4	1,094	15,285,330	1,960,716	269,046	4,408,923	21,925,109	30.3%	19,109,182	2,815,927	J MILLER
5	1,650	1,387,962	489,990	596,843	4,474,936	6,951,382	80.0%	6,330,711	620,671	NP MBENENE
6	0	1,028,823	647,597	333,832	5,949,754	7,960,006	87.1%	7,920,773	39,233	TZ NQORO / NOMANA
7	0	955,707	494,642	316,317	2,660,924	4,427,591	78.4%	4,314,971	112,620	RB ARNOLDS
8	0	531,987	348,746	178,674	2,773,169	3,832,576	86.1%	3,676,688	155,887	N.ZIKHALI
9	0	1,945,598	809,311	585,954	10,069,055	13,409,918	85.5%	13,213,740	196,178	TC MANGENA
10	1,538	803,235	379,905	258,877	1,355,664	2,799,219	71.3%	2,891,037	-91,818	C KEARNS
11	426	2,345,387	1,042,051	612,859	6,742,359	10,743,081	78.2%	10,423,542	319,539	AC STOWMAN
12	0	1,050,290	654,628	561,663	8,810,501	11,077,082	90.5%	10,622,663	454,418	MD NOBULA
13	840	900,867	397,219	314,844	3,280,618	4,894,388	81.6%	4,728,215	166,173	S ROSS
14	0	1,817,761	1,182,963	1,030,661	10,487,917	14,519,303	87.5%	12,613,993	1,905,310	J DE WET
15	3,495	18,244,804	972,627	306,185	2,352,985	21,880,095	16.6%	19,699,570	2,180,525	LW NIEHAUS
16	0	4,310,844	485,311	407,375	5,286,197	10,489,726	58.9%	9,595,416	894,310	DS BLANCKENBERG
17	834	13,054,145	1,394,668	796,756	4,629,940	19,876,342	34.3%	16,812,804	3,063,538	HJN MATTHEE
18	660	11,534,043	998,103	561,094	10,149,136	23,243,036	50.4%	21,929,553	1,313,483	AML BUCKLE
19	0	17,881,327	1,351,190	403,573	3,371,821	23,007,911	22.3%	21,380,503	1,627,408	TE BESTER
20	0	1,212,711	453,569	348,201	4,235,993	6,250,473	80.6%	5,929,371	321,103	PBA CUPIDO
21	0	758,549	564,913	392,729	4,523,522	6,239,714	87.8%	5,972,565	267,150	E GOUWS
22	2,502	4,746,960	1,358,591	684,072	5,951,793	12,743,918	62.7%	12,552,790	191,128	FP CUPIDO
23	3,336	3,285,260	701,824	379,670	3,662,259	8,032,349	59.1%	7,852,788	179,561	F JACOBS
24	0	742,063	452,587	348,301	4,005,378	5,548,329	86.6%	5,706,336	-158,007	MM ADRIAANSE
25	0	3,093,768	1,307,873	449,971	5,209,377	10,060,989	69.2%	9,185,304	875,684	LT VAN NIEKERK
26	0	1,542,971	579,422	363,740	4,303,546	6,789,679	77.3%	6,706,948	82,731	JV ANDERSON
27	0	543,687	342,950	268,688	3,223,663	4,378,988	87.6%	4,175,645	203,342	VC BOOYSEN
28	0	16,396,986	2,551,735	626,596	3,669,040	23,244,357	29.5%	17,945,849	5,298,508	RH VAN NIEWENHUYZEN
29	1,922	3,617,234	557,928	329,068	2,392,224	6,898,377	47.5%	6,513,467	384,910	L WILLEMSE
30	50	1,384,097	903,228	842,440	24,341,045	27,470,860	95.0%	26,569,865	900,994	J SMIT
31	0	2,061,625	639,533	551,156	17,650,199	20,902,512	90.1%	19,800,859	1,101,653	GH FORD
32	0	127,953	51,234	22,623	228,985	430,795	70.3%	332,268	98,527	LV NZELE
33	0	302,972	197,316	192,005	200,231	892,524	66.1%	749,414	143,110	SE SEPTEMBER
SUNDRIES	3,795,374	1,666,710	193,890	50,042	916,994	6,623,010	17.5%	6,882,819	-259,809	SUNDRIES
TOTAL	3,813,720	155,458,572	25,998,663	14,332,645	176,113,404	375,717,003	57.6%	347,113,542	28,603,461	

11. Creditors age analysis

The municipality's creditor's age analysis amounted to R282,683 as at 29 February 2020 as set out in Table 14 below. Creditors 30 days and older amount to R12,093.

Recommendation

(11) Outstanding creditors amounted to R282,683 as at 29 February 2020.

TABLE 14: CREDITORS AGE ANALYSIS AS AT 29 FEBRUARY 2020

SERIAL NUMBER	CREDITOR	CURRENT	30 DAYS +	60 DAYS +	90 DAYS +	TOTAL AS AT 29/02/2020
COLUMN REFERENCE	A	B	C	D	E	F
1	ATARAXIA SECURITY SYSTEMS (PTY) LTD	1,840	0	0	0	1,840
2	ARB ELECTRICAL WHOLESALERS (PTY) LTD	43,899	0	0	0	43,899
3	BERMAR HYDRAULICS (PTY) LTD	18,688	0	0	0	18,688
4	CAPRICHEM SACCS (PTY) LTD	3,406	0	0	0	3,406
5	HAROLD'S AUTO REPAIRS	2,661	0	0	0	2,661
6	BERGRIVIER HIDROLIES BK T/A HYDRAQUIP	0	0	11,371	0	11,371
7	NEJENI CONSTRUCTION AND PROJECT PTY LTD	198,720	0	0	0	198,720
8	PRIMA BANDE BK	1,376	723	0	0	2,099
9	TOTALS	270,589	723	11,371	0	282,683

12. Bank, cash, overdraft balances and investments

The municipality's primary and secondary bank accounts reconcile as at 29 February 2020 as can be seen in table 15 below. The primary bank account showed a negative cashbook balance of R37,669,066 at the end of February 2020 whilst the actual bank balance was a positive R49,441,509.

TABLE 15: BANK RECONCILIATION AS AT 29 FEBRUARY 2020

SERIAL NUMBER	DESCRIPTION	FNB Primary Account 62702310385	FNB Billing & Sundry Receipt Account 62702312349	FNB Traffic Account 62071526514	FNB Motor Vehicle Licencing Account 62804637570	TOTALS
COLUMN REFERENCE	A	B	C	D	E	F
1	Cashbook balance - beginning of the month	20,847,792	(5,696,297)	-	-	15,151,495
2	Add: Receipts	77,406,919	86,516,784	580,396	975,181	165,479,280
3	Add: Investments withdrawn	-	-	-	-	-
4	Less: Investments made	(35,000,000)	-	-	-	(35,000,000)
5	Less: Payments	(183,280,005)	(19,591)	(245)	-	(183,299,841)
6	Add/Less: Sweeping of Balance	86,709,271	(85,153,939)	(580,151)	(975,181)	-
7	Cashbook balance - end of period of the month	(33,316,023)	(4,353,043)	-	-	(37,669,066)
8	Balance as per bank statement	49,441,509	-	-	-	49,441,509
9	Add: Transactions receipt on cash book, but not reflecting on bank statement					
10	Cashier receipts not yet banked	384,099	-	-	-	384,099
11	Third party receipts received but not banked: Easypay	470,746	-	-	-	470,746
12	Direct deposit/Transfer in cash book	(3,446,485)	7,605	-	-	(3,438,880)
13	Less: Payments issued in cash book, but not reflecting on bank statement					
14	Cheque payments	(746,465)	-	-	-	(746,465)
15	ACB (Automatic Clearing Bureau) payments/System generated payments	(79,159,922)	-	-	-	(79,159,922)
16	Less: Transactions on bank statement, but not reflecting in cashbook					
17	Electronic transfers received in bank statement not yet receipted	(259,505)	(4,360,648)	-	-	(4,620,153)
18	Cheques issued and cancelled after month-end	-	-	-	-	-
19	Balance as per cash book	(33,316,023)	(4,353,043)	-	-	(37,669,066)

ANNEXURE A

Surplus cash is invested on a daily basis. The municipality's investments as at 29 February 2020 is as set out in Table 16 below. The municipality started the beginning of the month with total investments of R60,281,161 and after investments made (R35,000,000), withdrawn (R0) and interest capitalised (R147,685) closed with an investments balance of R95,428,846 at the six listed local banks and at Eskom where we do have some shares.

TABLE 16 : INVESTMENTS AS AT 29 FEBRUARY 2020

SERIAL NUMBER	BANK	BALANCE AT 31 JANUARY 2020	INVESTMENTS MADE	INVESTMENTS WITHDRAWN	INTEREST CAPITALISED	BALANCE AT 29 FEBRUARY 2020	INTEREST ACCRUED	INTEREST EARNED YEAR-TO-DATE	INTEREST RATE
COLUMN REFERENCE	A	G	C	D	E	G	H	I	J
1	ABSA BANK	1,110	0	0	0	1,110	0	11,533	0.000%
2	ABSA BANK	1,104	0	0	0	1,104	0	11,516	0.000%
3	ABSA BANK	1,110	0	0	0	1,110	0	12,102	0.000%
4	ABSA BANK	1,106	0	0	0	1,106	0	11,736	0.000%
5	ABSA BANK	1,062	0	0	0	1,062	0	7,314	0.000%
6	ABSA BANK	1,617	0	0	4	1,621	4	29,153	6.750%
7	ABSA BANK	10,171,324	0	0	64,790	10,236,114	60,996	326,154	7.500%
8	ABSA BANK	10,000,000	0	0	22,603	10,022,603	59,724	22,603	7.500%
9	ABSA BANK	9,900,000	17,500,000	0	8,137	27,408,137	114,521	8,137	7.500%
10	FNB	0	0	0	0	0	0	8,611	6.840%
11	GRINDROD BANK	30,096,106	17,500,000	0	52,050	47,648,156	211,616	470,305	6.750%
12	INVESTEC	18,988	0	0	101	19,089	93	704	6.150%
13	STANDARD BANK	0	0	0	0	0	0	222,381	6.250%
14	STANDARD BANK	(0)	0	0	0	(0)	0	7,123	6.250%
15	ESKOM	87,635	0	0	0	87,635	0	7,560	0.000%
16	GRAND TOTAL	60,281,161	35,000,000	0	147,685	95,428,846	446,955	1,156,932	6.83%

Recommendation

(12) The primary bank account had a positive bank balance at 29 February 2020 which amounted to R49,441,509.

(13) Total investments in cash and shares amounted to R95,428,846 as at 29 February 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 (R1,519,078,496) and the pro rata budgeted operating revenue (R1,532,529,464) has a negative variance of R13,450,968 or 0.88%.
- (2) The variance between the actual operating expenditure (R1,382,272,649) and the pro rata budgeted operating expenditure (R1,462,793,341) has a positive variance of R80,520,691 or 5.50%.
- (3) The actual capital expenditure of R123,660,560 and the pro rata budgeted capital expenditure of R136,761,286 realised overspending of R13,100,726 or 9.58%.
- (4) Actual capital expenditure of R123,660,560 represents 42.15% of the total capital budget of R293,413,739 after eight months of the financial year.
- (5) The actual and committed capital expenditure of R221,327,310 compared with the capital expenditure budget of R293,413,739 represent a spending percentage of 75.43% after eight months of the financial year.
- (6) External borrowings amounted to R1,672,551,989 as at 29 February 2020 and that it represents 76.65% 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 R53,883,340 at the end of February 2020.
- (8) The actual employee related cost expenditure of R434,313,035 compared with the pro rata budgeted expenditure of R447,095,419 relates to a positive variance of R12,782,384 or 2.86%.

- (9) Total outstanding debtors as at 29 February 2020 amounted to R375,717,003 and that 30 days and older debt constitutes 57.61% of total outstanding debtors.
 - (10) Domestic consumers owe the municipality R233,104,558 or 62.0% of the municipality's total debtor's book.
 - (11) Outstanding creditors amounted to R282,683 as at 29 February 2020.
 - (12) The primary bank account had a positive bank balance at 29 February 2020 which amounted to R49,441,509.
 - (13) Total investments in cash and shares amounted to R95,428,846 as at 29 February 2020 at the six local banks and Eskom.
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