Kannaland Municipality



Financial Management Report July 2019

In-Year Report of the Municipality. Prepared in terms of the Local Government: Municipal Finance Management Act (56/2003): Municipal Budget and Reporting Regulations, Government Gazette 32141, 17 July 2009.

Contents

Glos	sary		3
Legi	slativ	ve Framework	5
3.1	Ma	yor's Report	7
3.2	Bu	dget Summary	8
3.3	Ор	erating Revenue and Expenditure	9
3.3	3.1	Operating Revenue	10
3.3	3.2	Operating Expenditure	10
3.4	Sta	atement of Financial Position	11
3.5	Ca	sh Receipts and Payments	13
3.6	De	btor Age Analysis	17
3.6 au		Chart of aged debtors age analysis – Current year actuals vs. prior year detaction outcome	17
3.6	6.2	Chart of debtors age analysis per consumer category	19
3.7	Cre	editors Age Analysis	19
3.7	7.1	Chart of creditors expressed proportionately to the total amount owed	21
3.8	Co	nditional Grants Transferred and Expenditure	23
3.9	Ca	pital Revenue & Expenditure	27
3.10	Ex	rpenditure on Salaries	30
3.11	Lo	ng-term borrowing	31
ANN	EXU	RE A	32
Ta by	ble C	C3 Monthly Budget Statement - Financial Performance (revenue and expenditunicipal vote)	ıre 32
ANN	EXU	RE B	34
		C2 Monthly Budget Statement - Financial Performance (functional classificational classification classificational classificational classification classif	
ANN	EXU	RE C	37
lm	plem	nentation of the Supply Chain Management policy	37

Glossary

Adjustments budget - Prescribed in section 28 of the MFMA. The formal means by which a municipality July revise its annual budget during the year.

Allocations - Money received from Provincial or National Government or other municipalities.

Equitable share - A general grant paid to municipalities. It is predominantly targeted to help with free basic services.

Budget - The financial plan of the Municipality.

Budget related policy - Policy of a municipality affecting or affected by the budget, examples include tariff policy, rates policy, credit control and debt collection policy.

Capital expenditure - Spending on assets such as land, buildings and machinery. Any capital expenditure must be reflected as an asset on the Municipality's balance sheet.

Cash flow statement - A statement showing when actual cash will be received and spent by the Municipality. Cash payments do not always coincide with budgeted expenditure timings. For example, when an invoice is received by the Municipality it is shown as expenditure in the month it is received, even though it may not be paid in the same period.

DORA - Division of Revenue Act. Annual legislation that shows the total allocations made by national to provincial and local government.

Equitable share - A general grant paid to municipalities. It is predominantly targeted to help with free basic services.

Fruitless and wasteful expenditure - Expenditure that was made in vain and would have been avoided had reasonable care been exercised.

GFS - Government Finance Statistics. An internationally recognised classification system that facilitates like for like comparison between municipalities.

GRAP - Generally Recognised Accounting Practice. The new standard for municipal accounting.

IDP - Integrated Development Plan. The main strategic planning document of the Municipality

MBRR - Local Government: Municipal Finance Management Act (56/2003): Municipal budget and reporting regulations.

MFMA - Local Government: Municipal Finance Management Act (56/2003). The principle piece of legislation relating to municipal financial management. Sometimes referred to as the Act.

MTREF - Medium Term Revenue and Expenditure Framework. A medium term financial plan, usually 3 years, based on a fixed first year and indicative further two years budget allocations. Also includes details of the previous and current years' financial position.

Operating expenditure - Spending on the day to day expenses of the Municipality such as salaries and wages.

Rates - Local Government tax based on the assessed value of a property. To determine the rates payable, the assessed rateable value is multiplied by the rate in the rand.

SDBIP - Service Delivery and Budget Implementation Plan. A detailed plan comprising quarterly performance targets and monthly budget estimates.

Strategic objectives - The main priorities of the Municipality as set out in the IDP. Budgeted spending must contribute towards the achievement of the strategic objectives.

Unauthorised expenditure - Generally, is spending without, or in excess of, an approved budget.

Virement - A transfer of budget.

Virement policy - The policy that sets out the rules for budget transfers. Virements are normally allowed within a vote. Transfers between votes must be agreed by Council through an Adjustments Budget.

Vote - One of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality and which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.

Legislative Framework

This report has been prepared in terms of the following enabling legislation.

The Municipal Finance Management Act 56 of 2003

Section 71: Monthly budget statements

- 71. (1) The accounting officer of a municipality must by no later than 10 working days after the end of each month submit to the mayor of the municipality and the relevant provincial treasury a statement in the prescribed format 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 borrowings;
- (c) actual expenditure, per vote;
- (d) actual capital expenditure, per vote;
- (e) the amount of any allocations received;
- (f) actual expenditure on those allocations, excluding expenditure on—
- (i) its share of the local government equitable share; and
- (ii) allocations exempted by the annual Division of Revenue Act from compliance with this paragraph; and
- (g) when necessary, an explanation of—
- (i) any material variances from the municipality's projected revenue by

source, and from the municipality's expenditure projections per vote;

- (ii) any material variances from the service delivery and budget implementation plan; and
- (iii) any remedial or corrective steps taken or to be taken to ensure that projected revenue and expenditure remain within the municipality's approved budget.
- (2) The statement must include—
- (a) a projection of the relevant municipality's revenue and expenditure for the rest of the financial year, and any revisions from initial projections; and
- (b) the prescribed information relating to the state of the budget of each municipal entity as provided to the municipality in terms of section 87(10).
- (3) The amounts reflected in the statement must in each case be compared with the corresponding amounts budgeted for in the municipality's approved budget.

- (4) The statement to the provincial treasury must be in the format of a signed document and in electronic format.
- (5) The accounting officer of a municipality which has received an allocation referred to in subsection (1)(e) during any particular month must, by no later than 10 working days after the end of that month, submit that part of the statement reflecting the particulars referred to in subsection (1)(e) and (f) to the national or provincial organ of state or municipality which transferred the allocation.
- (6) The provincial treasury must by no later than 22 working days after the end of each month submit to the National Treasury a consolidated statement in the prescribed format on the state of the municipalities' budgets, per municipality and per municipal entity.
- (7) The provincial treasury must, within 30 days after the end of each quarter, make public as may be prescribed, a consolidated statement in the prescribed format on the state of municipalities' budgets per municipality and per municipal entity. The MEC for finance must submit such consolidated statement to the provincial legislature no later than 45 days after the end of each quarter.

Section 66: Expenditure on staff benefits

- 66. The accounting officer of a municipality must, in a format and for periods as may be prescribed, report to the council on all expenditure incurred by the municipality on staff salaries, wages, allowances and benefits, and in a manner that discloses such expenditure per type of expenditure, namely—
- (a) salaries and wages;
- (b) contributions for pensions and medical aid;
- (c) travel, motor car, accommodation, subsistence and other allowances;
- (d) housing benefits and allowances;
- (e) overtime payments;
- (f) loans and advances; and
- (g) any other type of benefit or allowance related to staff.

Municipal Budget and Reporting Regulations, Government Gazette 32141, 17 July 2009.

3.1 Mayor's Report

The purpose of this report is to inform the mayor and provincial treasury of the monthly financial performance against the budget of the municipality for the month of July 2019. The mayor will consider all deviations and take the necessary corrective actions if needed. It should be noted that the monthly budget has been set at a straight-line approach (simply dividing the annual budget by twelve), which is not practical as the flow of revenue and expenditure incurred are not only cyclical but can be subject to procurement processes and other predictable factors that can cause delays or timing issues, especially during the start-up phase of capital projects.

The month of October is a month where the increase in economic activity is becoming more evident and can generally be considered as the start of the season where local economic activity starts building momentum that will be maintained for the next six months. Kannaland Municipality is dependent on the financial boost provided by agricultural and industrial operations during this period in our very cyclical economy. The cash flows of these activities however will only have an impact from the end of November.

Financial problems and risks facing the municipality

The implementation of mSCOA remains one of the biggest threats to the implementation and monitoring of the budget. It is not within the financial means of Kannaland Municipality to address all mSCOA related problems in a timely manner. This had an adverse effect on meeting legislative timelines given that all reports cannot be generated from the accounting system, which require significant manual intervention in preparation. This is also having a negative impact on the implementation of the financial recovery plan as reconciliations cannot be done and the implementation of internal controls is being delayed.

Cash flow has and will for the foreseeable future be a problem, but in the short-term Kannaland has done well to meet the most pressing commitments. It is difficult during this time of the year with pressure on cash flows caused by the low profit margin on electricity during the winter months and lower economic activity. Inevitably, the municipality incurred fruitless and wasteful expenditure in the form of interest and penalties, due to its inability to pay creditors timeously as required in terms of section 65 of the MFMA.

Other information considered relevant

It should be noted that this report was compiled from all the functioning sub-systems and has not been entirely system-generated. Because of the extensive manual intervention required; this might have a negative influence on the accuracy to a certain extent, but is not expected to deviate materially from the reported figures.

3.2 Budget Summary
WC041 Kannaland - Table C1 Monthly Budget Statement Summary - M01 July

	2018/19				Budget Ye	ear 2019/20					
Description	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast		
R thousands								%			
Financial Performance											
Property rates	17 001	17 117	17 117	5 445	5 445	1 426	4 018	282%	17 117		
Service charges	69 672	88 958	88 958	6 893	6 893	7 413	(520)	-7%	88 958		
Investment revenue	669	526	526	112	112	44	68	156%	526		
Transfers and subsidies	34 779	37 147	38 545	(1)	(1)	11 778	(11 780)	-100%	38 545		
Other own revenue	12 617	18 336	18 336	700	700	1 528	(828)	-54%	18 336		
Total Revenue (excluding capital transfers and	134 738	162 083	163 481	13 148	13 148	22 190	(9 041)	-41%	163 481		
contributions)											
Employee costs	55 327	59 406	59 406	5 049	5 049	4 803	246	5%	59 406		
Remuneration of Councillors	2 866	3 277	3 277	-	-	273	(273)	-100%	3 277		
Depreciation & asset impairment	1 331	11 192	11 192	-	-	933	(933)	-100%	11 192		
Finance charges	612	722	722	27	27	60	(34)	-56%	722		
Materials and bulk purchases	27 048	44 282	44 297	177	177	3 691	(3 514)	-95%	44 297		
Transfers and subsidies	2 394	558	558	-	-	46	(46)	-100%	558		
Other expenditure	29 986	43 518	44 901	550	550	3 742	(3 191)	-85%	44 901		
Total Expenditure	119 565	162 954	164 352	5 803	5 803	13 548	(7 745)	-57%	164 352		
Surplus/(Deficit)	15 173	(871)	(871)	7 345	7 345	8 642	(1 296)	-15%	(871		
Transfers and subsidies - capital (monetary allocations)	12 056	52 236	55 332	-	-	3 824	(3 824)	-100%	55 332		
Contributions & Contributed assets	_	_	_	_	-	_	_		_		
Surplus/(Deficit) after capital transfers & contributions	27 229	51 366	54 461	7 345	7 345	12 465	(5 120)	-41%	54 461		
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-		-		
Surplus/ (Deficit) for the year	27 229	51 366	54 461	7 345	7 345	12 465	(5 120)	-41%	54 461		
Capital expenditure & funds sources											
Capital expenditure	87 068	52 626	55 722	-	_	4 595	(4 595)	-100%	55 722		
Capital transfers recognised	-	52 236	55 332	-	_	4 563	(4 563)	-100%	55 332		
Public contributions & donations	-	-	-	-	_	-	_		-		
Borrowing	_	_	_	-	_	-	_		_		
Internally generated funds	-	390	390	_	_	33	(33)	-100%	390		
Total sources of capital funds	-	52 626	55 722	-	_	4 595	(4 595)	-100%	55 722		
Financial position											
Total current assets	(8 803)	(96 715)	(96 715)		(4 560)				(96 715		
Total non current assets	16 946	52 626	55 722		_				55 722		
Total current liabilities	(23 935)	(134 040)	(77 020)		(11 914)				(77 020		
Total non current liabilities	125	(1 157)	(1 157)						(1 157		
Community wealth/Equity	750	-	-		(9)				-		
Cash flows					. ,						
	231 288	290 697	205 400	10 505	10 505	32 426	13 831	43%	295 190		
Net cash from (used) operating Net cash from (used) investing	(777)	52 626	295 190 55 722	18 595	18 595		4 595	100%	55 722		
, , ,						4 595					
Net cash from (used) financing Cash/cash equivalents at the month/year end	220 520	720	720 351 632	17	17	60 27.094	43	71% 50%	720 351 632		
Cash/Cash equivalents at the month/year end	230 520	344 043	331 032	_	18 612	37 081	18 469	30 %	331 032		
Debtors & creditors analysis	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total		
Debtors Age Analysis											
Total By Income Source	(5 216)	2 118	1 486	1 254	1 136	1 104	8 522	47 005	57 409		
Creditors Age Analysis											
Total Creditors	7 595	1 398	4 679	3 047	19 831	-	_	2 180	38 732		

3.3 Operating Revenue and Expenditure

WC041 Kannaland - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M01 July

WC041 Kannaland - Table C4 Monthly Budget		2018/19	·									
Description	Ref	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast		
R thousands									%			
Revenue By Source												
Property rates		17 001	17 117	17 117	5 445	5 445	1 426	4 018	282%	17 117		
Service charges - electricity revenue		44 924	59 573	59 573	4 555	4 555	4 964	(409)	-8%	59 573		
Service charges - water revenue		12 773	16 920	16 920	1 118	1 118	1 410	(292)	-21%	16 920		
Service charges - sanitation revenue		6 174	6 271	6 271	619	619	523	97	18%	6 271		
Service charges - refuse revenue		5 801	6 193	6 193	600	600	516	84	16%	6 193		
Service charges - other		-	-	-	-	-	-	-		-		
Rental of facilities and equipment		500	956	956	44	44	80	(36)	-45%	956		
Interest earned - external investments		669	526	526	112	112	44	68	156%	526		
Interest earned - outstanding debtors		49	5 622	5 622	2	2	468	(467)	-100%	5 622		
Dividends received		-	-	-	-	-	-	-	0.40/	-		
Fines, penalties and forfeits		10 445	8 928	8 928	513	513	744	(231)	-31%	8 928		
Licences and permits		173	160	160	26	26	13	13	99%	160		
Agency services		828	1 010	1 010	77	77	84 11 779	(7)	-9% 100%	1 010		
Transfers and subsidies		34 779	37 147	38 545	(1)	(1)	11 778	(11 780)	-100%	38 545		
Other revenue Gains on disposal of PPE		622	1 660	1 660	38	38	138	(100) -	-72%	1 660		
	-					_		_	-	_		
Total Revenue (excluding capital transfers and contributions)		134 738	162 083	163 481	13 148	13 148	22 190	(9 041)	-41%	163 481		
Expenditure By Type												
Employee related costs		55 327	59 406	59 406	5 049	5 049	4 803	246	5%	59 406		
Remuneration of councillors		2 866	3 277	3 277	-	-	273	(273)	-100%	3 277		
Debt impairment		13 622	14 077	14 077	12	12	1 173	(1 161)	-99%	14 077		
Depreciation & asset impairment		1 331	11 192	11 192	_	_	933	(933)	-100%	11 192		
Finance charges		612	722	722	27	27	60	(34)	-56%	722		
Bulk purchases		25 263	40 200	40 200	54	54	3 350	(3 296)	-98%	40 200		
Other materials		1 785	4 082	4 097	123	123	341	(218)	-64%	4 097		
Contracted services		7 886	15 531	16 929	167	167	1 411	(1 243)	-88%	16 929		
Transfers and subsidies		2 394	558	558	-	-	46	(46)	-100%	558		
								` '	1			
Other expenditure		8 477	13 911	13 896	371	371	1 158	(787)	-68%	13 896		
Loss on disposal of PPE				-	_	_		-				
Total Expenditure		119 565	162 954	164 352	5 803	5 803	13 548	(7 745)	-57%	164 352		
Surplus/(Deficit)		15 173	(871)	(871)	7 345	7 345	8 642	(1 296)	(0)	(871)		
Transfers and subsidies - capital (monetary allocations)												
(National / Provincial and District)		12 056	52 236	55 332	-	-	3 824	(3 824)	(0)	55 332		
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-												
profit Institutions, Private Enterprises, Public Corporations, Higher		-	-	-	-	-	-	-		-		
Educational Institutions)												
Transfers and subsidies - capital (in-kind - all)		_	_	_		_	_	_		_		
Surplus/(Deficit) after capital transfers & contributions		27 229	51 366	54 461	7 345	7 345	12 465			54 461		
Taxation		_	_	_	_	_	-	_		-		
Surplus/(Deficit) after taxation		27 229	51 366	54 461	7 345	7 345	12 465			54 461		
Attributable to minorities			_	_	-	-	-			-		
Surplus/(Deficit) attributable to municipality		27 229	51 366	54 461	7 345	7 345	12 465			54 461		
Share of surplus/ (deficit) of associate												
	-	27 220	51 200	54.464	7 245	7 245	12 /55			EA 464		
Surplus/ (Deficit) for the year		27 229	51 366	54 461	7 345	7 345	12 465		1	54 461		

There was an operating surplus of R7345 mil that, if capital contributions are to be taken into account, . Significant deviations can be attributed to the straight-lining of the budget that complicates budget comparison and need to be urgently addressed within an adjustments-budget in order to make the year to date budget comparison a useful tool.

3.3.1 Operating Revenue

The statement of financial performance indicates several significant variances due to the straightline approach that has been followed within the budget.

Property rates exceeded the monthly budget by 6% and this, as well as the 5% deviation in electricity service charges were caused by the straight-line budget approach. Property rates include the annual billing of the public sector and rural property rates. The electricity income exceeded the budget due to the application of time of use billing and is currently falling under the winter (high) season billing period, where a higher tariff was aimed to reduce the higher demand for electricity during the winter months.

Service charges have a significant shortfall under sanitation (26%). The shortfall was caused by a reporting error, as the service charges were reported as a net amount and did not separately disclose the cost of free basic services and will need further investigation and be adjusted if necessary. The balance of the revenue deviations are significant in percentage, but not in value and are due to the timing of cash flows that were not considered within the monthly budget breakdown.

3.3.2 Operating Expenditure

The full year expenditure incurred is 4% (R 2.6 million) less than the budgeted forecast and was only incurred in line with revenue realising.

Employee cost has been influenced by the straight-line approach as well and considerations that were ignored included the bonus component, the provision for planned new appointments and the annual salary increase that was belated finalised. The before mentioned factors caused a deviation of 2% more than the budgeted amount. There was a material deviation in bulk purchases from the budgeted amount, but was brought about by the time of use and winter pricing structure but this was proportionate to the revenue deviation. The balance of the expenditure deviations is significant in percentage but not in value and is caused by the timing of cash flows that were not considered within the monthly budget break-down.

It is important to note that expenditure is only incurred in line with revenue realising and therefore it is of the utmost importance to bring the mSCOA implementation challenges under control and recognise expenditure when incurred and to ensure that it is captured timeously on the accounting system.

3.4 Statement of Financial Position

WC041 Kannaland - Table C6 Monthly Budget Statement - Financial Position - M01 July

		2018/19	Budget Year 2019/20					
Description	Ref	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast		
R thousands	1							
<u>ASSETS</u>								
Current assets								
Cash		1 728	-	-	(18 224)	-		
Call investment deposits		8 289	-	-	7 234	-		
Consumer debtors		2 450	(96 784)	(96 784)	6 107	(96 784)		
Other debtors		(27 076)	(3 326)	(3 326)	306	(3 326)		
Current portion of long-term receivables		-	-	-	-	-		
Inventory		5 806	3 395	3 395	18	3 395		
Total current assets		(8 803)	(96 715)	(96 715)	(4 560)	(96 715)		
Non current assets								
Long-term receivables		-	-	-	-	_		
Investments		(18)	-	_	-	_		
Investment property		(105)	_	_	-	_		
Investments in Associate		_	_	_	-	_		
Property, plant and equipment		17 097	52 626	55 722	-	55 722		
Agricultural		-	_	_	-	_		
Biological assets		_	_	_	-	_		
Intangible assets		(28)	_	_	-	_		
Other non-current assets			_	_	-	_		
Total non current assets		16 946	52 626	55 722	-	55 722		
TOTAL ASSETS		8 143	(44 088)	(40 993)	(4 560)	(40 993)		
LIABILITIES								
Current liabilities								
Bank overdraft		_	_	_	_	_		
Borrowing		(446)	(437)	(437)	(42)	(437)		
Consumer deposits		11	_	_	15	_		
Trade and other payables		(23 507)	(133 603)	(76 584)	1	(76 584)		
Provisions		7	_	-	- (_		
Total current liabilities		(23 935)	(134 040)	(77 020)	(11 914)	(77 020)		
Non current liabilities								
Borrowing		125	(1 157)	(1 157)	_	(1 157)		
Provisions		-	(1 107)	(1.101)	_	(1 101)		
Total non current liabilities		125	(1 157)	(1 157)	_	(1 157)		
TOTAL LIABILITIES		(23 810)	(135 197)	(78 177)	(11 914)	(78 177)		
	_							
NET ASSETS	2	31 954	91 108	37 184	7 354	37 184		
COMMUNITY WEALTH/EQUITY								
Accumulated Surplus/(Deficit)		(1 404)	-	_	-	-		
Reserves		2 154	_	_	(9)	_		
	2							

The statement of financial position deviates significantly from the budgeted amount due to the provision for bad that has been accounted for within the actual versus the budgeted amount. In layman's terms the current ratio or the liquidity situation can be explained to the point that there

are fifty sent of current assets for every one rand of current obligations also expressed as 0.55:1, with the industry norm being 2:1 to be healthy and with at least 1:1 needed to be regarded as sustainable.

3.5 Cash Receipts and Payments

WC041 Kannaland - Supporting Table SC8 Monthly Budget Statement - transfers and grant receipts - M01 July 201919 Budget Year 2019/20										
Description	Ref	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands RECEIPTS:	1,2				-				%	-
Operating Transfers and Grants National Government:		(2)	32 729 28 816	32 729 28 816	(2)	(2)	11 533 9 147	(11 535) (9 147)	-100,0%	32 729 28 816
Operational Revenue: Ceneral Revenue Equitable Share Operational Revenue: Ceneral Revenue Fuel Levy 2014 African Nations Championship Host City Operating Grant [Schedule 5B]	3	- 1	28 816	28 816	- 1	1	9 147	(9 147)	-100,0%	28 816
2014 African Nations Championship Host City Operating Grant [Schedule 58] Agriculture Research and Technology	ı	- 1	- 1	- 1	- 1	- 1	- 1	-		1
Agricultura, Conservation and Environmental Arts and Culture Sustainable Resource Management	ı	- 1	- 1		- 1	- 1	1	-		-
Community Library Department of Environmental Affairs Department of Tourism	ı	- 1	- 1	- 1		1	1	-		1
Department of Tourism Department of Water Affairs and Sanitation Masibambane Emergency Medical Service	ı	1	1	- 1	1	- 1	1	-		1
Emergency Medical Service Emergy Efficiency and Demand-side (Schedule SB) Expanded Public Works Programme Integrated Grant for Municipalities (Schedule SB)	ı	1			1	- 1	1	-		1 184
Expanded Public Works Programme Integrated Grant for Municipalities (Schedule 58) HIV and Aids Housing Accreditation	ı	1	1 184	1 184	1	- 1	1	-		1 184
Housing Top structure	ı	- 1	- 1	- 1	- 1	- 1	- 1	-		- 3
Housing Top structure Intrastructure Skills Development Grant (Schedule SB) Integrated City Development Grant Klayellisha Urban Rannwall					- 2	-	- 2	-		1
Local Government Financial Management Grent [Schedule SB] Mitchel's Plain Urban Renewal			2 215	2 215	- 2		2 215	(2 215)	-100,0%	2 215
Municipal Denarcation and Transition Grant [Schedule 58] Municipal Disaster Grant [Schedule 58]	ı		-	- 2	1	- 2	1	-		1
Municipal Human Settlement Capacity Grant (Schedule 58) Municipal Sustant Inspose second Grant			- :	- 1	1 1		1 1	- 1		
Natural Resource Management Project Neighbourhood Development Partnership Crant Operation Clean Audit Municipal Disaster Recovery Crant			- :	- 1	1 1	- 1	- 1	- 1		
Operation Clean Audit Municipal Disaster Recovery Grant	ı	1	1	- 1	1	- 1	1	- 1		1
Public Service Improvement Facility Public Transport Network Operations Grant (Schedule 58)	ı	1	1	- 1	1	- 1	1	-		1
Restricturing - Seed Funding Revenue Enhancement Grant Debtors Book		- 1	- 1	- 1	1	- 1	1	-		- 1
Rural Road Asset Management Systems Grant		- 1	- 1	- 1	1	- 1	1	-		- 1
Terrestrial Invasive Alien Plants Vilater Services Operating Subsidy Grant [Schedule 58]		- 1	- 1	- 1	- 1	- 1	- 1			- 1
opor ato reconsisto Terrestali Invasideo Allen Plants Valart Services Operatello Outsely Crant (Schedule 58) Habit Hygiene in Inthonal Sediments Municipal Inhabructure Crant (Schedule 58)		(2)	514	- 514	(2)	- (2)	171	(173)	-100,9%	514
Water Services Infrastructure Grant Public Transport Nation's Grant [Schedule 58] Smart Connect Grant		(2) - -	- 1	- 1	(2)	Ė	- 1	[]		1
Smart Connect Grant Urban Settement Development Grant WiFi Grant [Department of Telecommunications and Postal Services	ı	- 3	- 1	- 1	1	- 1	1	-		1
Street Lighting	1	- 1	- 3	- 1	- 1	- 1		-		- 1
Traditional Leaders - Imbition Department of Water and Sanitation Smart Living Handbook	1	- 1	- 1	- 1	- 1	- 1	- 1	-		- 1
Tratificial sizabers - Hobition Couperheuter (filters an destinate fraunt Laine planchook teagurant Kalanut Barel Malanut Franchook teagurant Kalanut Barel Malanut Franchook teagurant Salanut Annaha Grant Manapar Barel Barel Haraha Grant Manapar Barel Barel Haraha Grant Manapar Barel Haraha Grant Manapar Barel Haraha Grant Manapar Barel Haraha Grant Parel Malanut Barel Haraha Casulty Balling	1	- 1	- 1	- 1	1	- 1	1	-		5144
Regional Bulk Infrastructure Grant Municipal Emergency Housing Grant	ı	1	1	- 1	1	- 1	1	-		1
Meto Informal Settements Partnership Crent Provincial Covernment:	H	- 0	4 268	5 666	- 0	- 0	278	(278)	-99,9%	5 666
Capacity Building and Other		0	4 218	5 616	0	-0	278	(278)	-99,9%	5 616
	4		-	- 2	- 1	- 2	- 1	-		1
Infrastructure	4		50	50			-	-		50
Other Consessed	1		50 - -	50 - -		- 2		-		1
Road Inflastructure - Maintenance System and Responsible	4 4 4 4	-				-	-	-		-
Waste Water Infrastructure - Maintenance Water Sunnis Infrastructure - Maintenance	4			- 3	-	- 3	-	-		5 616
Librains, Andreas and Manores Chair Public Training Andreason Theat Industrian Theat Industrian Theat Industrian Water Water Industrian Water Water Industrian Water Water Industrian Water Shippi Industrian United Water Industrian Water Shippi Industria								-		
District Municipality: All Claris Other great provides: Department Apoids and Accounts Foreign Government and International Organizations Hospitalisis					-		==			
Foreign Government and International Organisations Households		1	1	- 1	1	- 1	1	-		-
Non-profit Institutions Private Enterprises		1	1			- 1	- :			- :
Households Non-pool histallidons Privata Enterprises Privata Enterprises Higher Educational Institutions		- 1	1	- 1	1	1	1	-		1
Parent Municipality / Entity Total Operating Transfers and Grants	5	- (1)	36 997	38 395	- (1)	- (1)	11 812	(11 813)	-100,0%	38 395
Canital Transfers and Grants	Γ		47 658	50 633					.100.0%	
National Government: Integrate National Exact Scale Programme (Municipal Chanf) (Schedule SE) Municipal Interatructura Chant (Schedule SE) Municipal Visita Interatructura Chant (Schedule SE) Municipal Visita Interatructura Chant (Schedule SE) Meglichario Development Partners (Castal (Schedule SE)	ı		2 901 9 757	2 901 9 757	- 1	- 1	3 386 242 813	(3 386) (242) (813)	-100,0% -100,0% -100,0%	50 633 2 901 9 757
Municipal Water Inflastructure Grant [Schedule 58] Neighbourhood Development Partnership Grant [Schedule 58]					- 1		1	-	,	
Rural Household Infrastructure Grant (Schedule SB)	ı	1	1	- 1	1	- 1	1	-		1
Rural Road Asset Management Systems Grant [Schedule 58] Urban Settement Development Grant [Schedule 48] Municipal Human Settement		- 1	- 1	- 1	1	- 1	1	-		- 1
Municipal Human Settlement Community Library		- 1	1	- 1	- 1	- 1	1	- 1		1
Integrated City Development Crent (Schedule 4B) Municipal Disaster Recovery Crent (Schedule 4B)	ı	- 1	- 1	- 1	1	1	1			1
Community Library Integrated City Development Orient (Schedule 48) Manipio (Disaber Recovery Crient (Schedule 48) Energy Efficiency and Demand Side Management Orient Khayelitha Librar Recoveril Local Government Financial Management Orient (Schedule 58)	ı	- 1	- 1	- 1	1	1	1			1
Local Government Financial Management Crant. (Schedule 5B) Municipal Systems Improvement Grant. (Schedule 5B)	1	- 1	- 1	- 1	- 1	- 1	- 1	:		
Losa Coveriment haracina Maragement Crain (Sorbedus de) Municipal Sylvania Inprovented Crain Effordada 68) Public Transport Nation (Crain Effordada 68) Public Transport Nation (Crain Carlo Court (Softada 68)) Regional Dali Inharacina Crain (Echada 68) National Sylvania Crain (Echada 68) Water Servicios Instalautura Crain (Echada 68) National Servicios (Echada 68)			1	1	1	1	1	_ [25 000
Magonar butx infrastructure Grant (Schedule SB) Water Services Infrastructure Grant (Schedule SB)		3	25 000 10 000	25 000 12 975	1	- 1	1 250 1 081	(1 250) (1 081)	-100,0% -100,0%	12 975
Expanded Public Works Programme Integrated Grant for Municipalities (Schedule SB)		-	- 1	- 1	- 1	- 1	- 1			
Aqueponic Project Resilion Sattement Infrastructure Skills Development Grant (Schedule SB)	1	-	- 1	- 1	- 1	- 1	- 1			
measurane outs Davelopment Grant (schedule 56)		-	- 1	- 1	- 1	- 1	1			
reservouring oved hunding		-	- 1	- 1	- 1	- 1	- 1	-		- 1
Restructuring Seed Funding Municipal Diseater Relief Grant Municipal Emergency Housing Grant Mate Natural Settlement Burtonschip Grant		-						(387)	-100.0%	4 649
Municipal Emergency Housing Grant Metro Informal Settlements Partnership Grant			4 528	4 649		-	387	(307)		
Municipal Emergency Housing Grant Mato Internal Salfaments Parthership Grant Provincial Government: Canadia Publishe			4 528 - 1 228	4 649 - 1 228		-	387 - 102	(102)	-100,0%	1 228
Municipal Energyancy Housing Claret Make Internal Statements Perivarish Grant Provincial Covernment: Capacity Building Capacity Building Capacity Building and Other Disaster and Energency Services Health			-	-	-	-	-	-	-100,0%	1 228
Municipal Energiansy Housing Grant Mates Infernit Selements Purharship Grant Persisted Government: Capany Building Capany Building and Cher Chantal and Energiansy Selection Housing Housing Housing Housing Housing Housing			-	-	-	-	-	-	-100,0%	1 228 - - - 3 421
Municipal Enrapages Pricating Court Provincial Courtments Provincial Courtments Copped Solidary and Other Dissists and Energency Devices Haath Hosting Librarias, Archives and Missouries Librarias, Archives and Missouries			1228	1 228 - -	-	-	102	(102) - -		3 421
Mexical Emispecy Housing Caret Make Infant Silens Protein() Caret Provided Comment Com			1228	1 228 - -		-	102	(102) - -		3 421
Mucropia Emparyo Nosang Oust Proviscial Governance Proviscial Governance Cassing Assing and Other Cassing Assing and Hauth Hauth Language Language Language Language Language Language Language Language Language			1228	1 228 - -		-	102	(102) - -		3 421
Mucropia Emparyo Yeaning Out of Provisiol Government. Casing Abding Color Casing Color Casing Abding Color Casing Casing Color Casing Color Casing Casing Casing Color Casing C			1 228 - - - 3 300 - - - -	1 228 - - - 3 421 - - - -	-	-	- 102 	(102) - -		3 421
Monopoli Emispero (Note) (Out of Previousid Comments (Note) (Out of Previousid Comments (Out of Note) (Out of Note			1228	1 228 - -		-	102	(102) - -		3 421
Monopoli Emiraporo Notario Quart Proviscial Giovannesis - Navensio Caret Caspin Balling Caspin Balling Caspin Balling Caspin Balling Caspin Balling Caspin Caspin Caspin Caspin Hash Hash Hash Hash Hash Hash Hash Hash			3 300	1 228 			285	(102) - -		3 421
Mucropia Emproye Neuroling Out of Previotid Generaling Through Coat Previotid Generaling Through Coat Claude Buildings of Charles Caude Buildings of Charles Caude Buildings of Charles Caude Buildings of Charles Cha			1228	1 228 			285	(102) - -		3 421
Monogod Emergent Vision () Out of Previousid Government Community Out of Previousid Government Community Out of Previousid Government Community Out of Previousid Community Out			1228	1 228 			285	(102) - -		3 421
Mucropia Emproye Neuroling Out of Previotid Generaling Through Coat Previotid Generaling Through Coat Claude Buildings of Charles Caude Buildings of Charles Caude Buildings of Charles Caude Buildings of Charles Cha	5		1228	1 228 			285	(102)		3 421

Despite on-going efforts to manage cash flow with the necessary due care, the municipality's financial situation remains precarious. This is mainly due to the burden of historical obligations, a lower date collection rate, the impact of the drought, an impoverished community and other well-documented socio-economic problems within the Kannaland municipal jurisdiction.

The cash flow from operating activities is 36% less than the year to date budgeted amount and due to the straight-line approach not much could be read into this budget comparison. Grant payment schedules as well as the cyclical flow of revenue from service charges are some of the aspects that will cause periodical spikes that can be predicted but were not accounted for within the monthly budget split.

Cash flow from property rates is 34% more than the year-to-date budgeted amount. This is due to the annual billing component that was due in September 2018. The service charge component deviates by 11% and will mostly be influenced by electricity being billed at a higher winter tariff and therefore, bring about a higher inflow of cash as where the budget ignored the cyclical nature of service charge cash flows. The straight line budget approach complicates the year-to-date budget comparison but compared to previous financial years the pattern of cash flow does not differ significantly. It should however be noted that cash flow from the selling of water is significantly lower than in the past due to the high amount of unbilled water due to the persisting broken water meter problem and demand due to the drought situation.

There is a significant deviation from the cash flow from investing activities that has been caused once again by the straight-line approach. Capital expenditure is less than the budgeted amount, this is due to this being only the first quarter of the new financial year and it will take more time for capital projects to progress more swiftly due to planning, procurement and implementation requirements.

3.6 Debtor Age Analysis

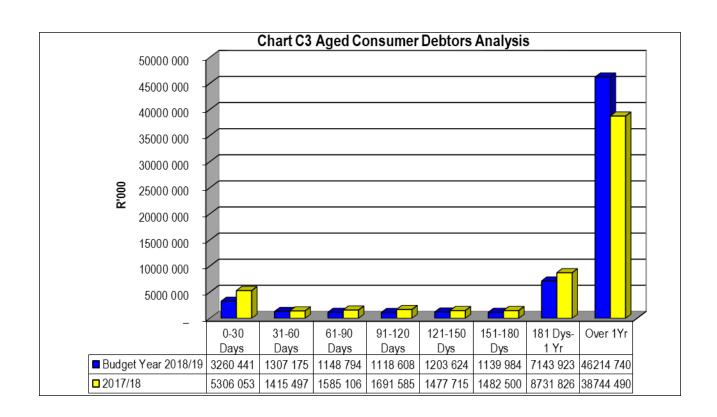
WC041 Kannaland - Supporting Table SC3 Monthly Budget Statement - aged debtors - M01 July

Description							Budge	t Year 2019/20					
	NT Code	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total	Total over 90 days	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy
R thousands													
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200	4	525	479	363	286	259	1 950	8 384	12 251	11 243	-	-
Trade and Other Receivables from Exchange Transactions - Electricity	1300	0	263	69	39	52	39	194	1 210	1 867	1 535	-	-
Receivables from Non-exchange Transactions - Property Rates	1400	6	524	320	273	233	219	2 255	10 747	14 576	13 726	-	-
Receivables from Exchange Transactions - Waste Water Management	1500	0	208	193	190	188	186	1 296	6 350	8 611	8 210	-	-
Receivables from Exchange Transactions - Waste Management	1600	-	395	298	284	273	266	1 839	7 007	10 361	9 668	-	-
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	_	-	-	-	-	25	25	25	-	-
Interest on Arrear Debtor Accounts	1810	0	0	12	21	28	37	539	11 915	12 552	12 540	-	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-
Other	1900	(5 226)	205	113	84	76	98	448	1 368	(2 834)	2 074	-	-
Total By Income Source	2000	(5 216)	2 118	1 486	1 254	1 136	1 104	8 522	47 005	57 409	59 021	-	-
2018/19 - totals only										-	_		
Debtors Age Analysis By Customer Group													
Organs of State	2200	(256)	91	43	19	19	14	318	369	617	739	-	-
Commercial	2300	(3 553)	236	102	83	77	67	427	1 605	(956)	2 259	-	-
Households	2400	(675)	1 621	1 193	1 012	898	887	6 327	38 236	49 498	47 360	-	-
Other	2500	(732)	170	148	140	142	136	1 451	6 795	8 249	8 664	_	_
Total By Customer Group	2600	(5 216)	2 118	1 486	1 254	1 136	1 104	8 522	47 005	57 409	59 021	_	-

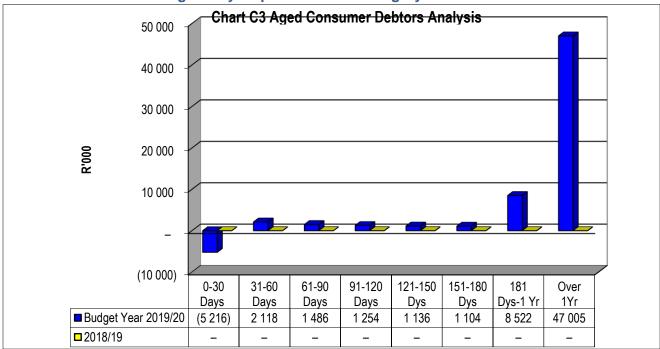
- The total amount owed to Kannaland Municipality amounted to 57409 million during July 2019.
- R 47.005 million or 74% of the total outstanding debtors are older than one year.
- R 1254 or 91% of the outstanding debtors are outstanding for more than 90 days and are less likely to be recoverable debt.
- There has been an increase in debtors from the previous month. This increase can be contributed to increasingly difficult economic circumstances.

The biggest concern regarding the collection of debt in Kannaland is the ability to collect water, refuse and sewerage in areas which are not being supplied by municipal electricity.

3.6.1 Chart of aged debtors age analysis – Current year actuals vs. prior year audited outcome



3.6.2 Chart of debtors age analysis per consumer category



The problematic category is households, which represent 80% (R49 million) of the total amount of outstanding debt with a 3% year-on-year increase.

3.7 Creditors Age Analysis

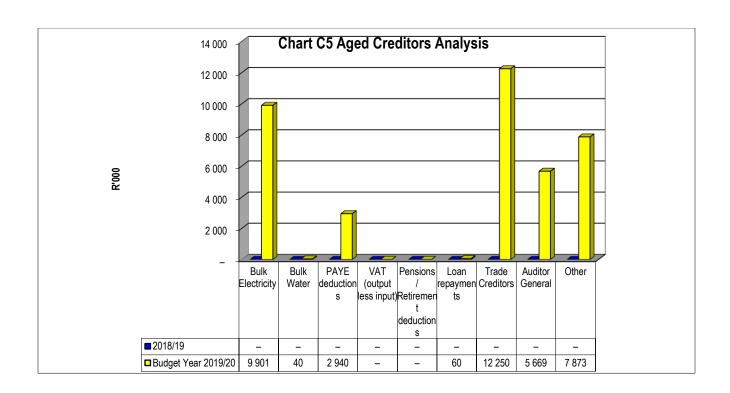
WC041 Kannaland - Supporting Table SC4 Monthly Budget Statement - aged creditors - M01 July

					Ru	dget Year 2019	/20			
Description	NT	0 -	31 -	61 -	91 -	121 -	151 -	181 Days -	Over 1	Total
R thousands	Code	30 Days	60 Days	90 Days	120 Days	150 Days	180 Days	1 Year	Year	iotai
Creditors Age Analysis By Customer Type										
Bulk Electricity	0100	5 166	-	3 613	249	873	-	-	_	9 901
Bulk Water	0200	40	-	-	-	-	_	-	_	40
PAYE deductions	0300	760	-	-	-	-	_	-	2 180	2 940
VAT (output less input)	0400	-	-	-	-	-	_	-	_	-
Pensions / Retirement deductions	0500	-	-	-	-	-	_	-	_	-
Loan repayments	0600	60	-	-	-	-	-	-	_	60
Trade Creditors	0700	443	10	565	2 327	8 906	_	-	_	12 250
Auditor General	0800	(300)	736	331	394	4 507	-	-	_	5 669
Other	0900	1 427	652	171	76	5 546	-	-	-	7 873
Total By Customer Type	1000	7 595	1 398	4 679	3 047	19 831	-	-	2 180	38 732

- The total outstanding creditors as at 30 July 2019 amounts to R38 million.
- The biggest outstanding creditors are Eskom (R9 million), the Auditor-General of South Africa (R5.6 million) and SARS (R2.9 million). Combined, the before mentioned, represents 60% of all outstanding creditors.
- The Eskom bulk account is in arrears to the amount of R 9.9 million.

The outstanding trade creditors continue to have a negative influence on service delivery and the ability to fully comply to supply chain management regulations. Creditors are owed money for extended periods of time and this is causing a reluctance to quote and take part in competitive bidding processes. Pressure on cash flow is increasing with long outstanding creditors demanding settlement.

3.7.1 Chart of creditors expressed proportionately to the total amount owed



3.8 Conditional Grants Transferred and Expenditure

WC041 Kannaland Table	CE Monthly Dudget Statement	Conital Evacaditure (munic	inal vota functional alcosifia	ation and funding) - M01 July

- Supra - Supr	+ Raminalanu - Fabre Co working Budget Statement - Capital Experimenture (municipal vote, functional classification and funding) - wor July 2018/19 Budget Year 2019/20									
Vote Description	Ref	Audited	Original	Adjusted	Monthly	YearTD actual	YearTD	YTD	YTD	Full Year
L	1.	Outcome	Budget	Budget	actual	redrib accual	budget	variance	variance	Forecast
R thousands	1 2							-	%	-
Multi-Year expenditure appropriation	2									
Vote 1 - MUNICIPAL MANAGER		-	-	-	-	-	-	-		-
Vote 2 - CORPORATE SERVICES		-	650	650	-	-	54	(54)	-100%	650
Vote 3 - FINANCIAL SERVICES		-	-	-	-	-	-	-		-
Vote 4 - TECHNICAL SERVICES		-	-	-	-	-	-	-		-
Vote 5 - CALITZDORP SPA		-	-	-	-	-	-	-		-
Vote 6 - CORPORATE SERVICES (Continued)		-	-	-	-	-	-	-		-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-		-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-		-
Vote 9 - [NAME OF VOTE 9]	1	-	-	-	-	-	-	-		-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-		-
Vote 11 - [NAME OF VOTE 11]	1	-	-	-	-	-	-	-		-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-		-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-		-
Vote 14 - [NAME OF VOTE 14]		_	-	-	-	-	-	_		-
Vote 15 - [NAME OF VOTE 15]		_	-	-	_	-	-	-		-
Total Capital Multi-year expenditure	4,7	-	650	650	-	-	54	(54)	-100%	650
	2									
Single Year expenditure appropriation	2									
Vote 1 - MUNICIPAL MANAGER	1			- 0 700	-	-	-	- (000)	4000/	
Vote 2 - CORPORATE SERVICES		3 306	3 733	3 733	-	-	263	(263)	-100%	3 733
Vote 3 - FINANCIAL SERVICES		430	360	360	-	-	30	(30)	-100%	360
Vote 4 - TECHNICAL SERVICES		83 333	47 883	50 979	-	-	4 248	(4 248)	-100%	50 979
Vote 5 - CALITZDORP SPA		-	-	-	-	_	-	-		-
Vote 6 - CORPORATE SERVICES (Continued)		-	-	-	-	1	-	-		-
Vote 7 - [NAME OF VOTE 7]		-	-	-	_	-	-	-		-
Vote 8 - [NAME OF VOTE 8]			-	-		1	-	-		-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-		-
Vote 10 - [NAME OF VOTE 10]	1	-	-	_	_	_	_	-		_
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-		i
Vote 12 - [NAME OF VOTE 12]	1	-	-	-	-	-	-	-		-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-		-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-		-
Vote 15 - [NAME OF VOTE 15]	١.		-	-		-	-	-		
Total Capital single-year expenditure	3	87 068 87 068	51 976 52 626	55 072 55 722			4 541	(4 541)	-100% -100%	55 072 55 722
Total Capital Expenditure	+-	87 068	32 626	33 / 22			4 595	(4 595)	-100%	33 /22
Capital Expenditure - Functional Classification										
Governance and administration		-	360	360	-	-	30	(30)	-100%	360
Executive and council		-	-	-	-	-	-	-		-
Finance and administration		-	360	360	-	-	30	(30)	-100%	360
Internal audit		-	-	-	-	-	-	-		-
Community and public safety		-	4 383	4 383	-	-	317	(317)	-100%	4 383
Community and social services		-	700	700	-	-	58	(58)	-100%	700
Sport and recreation		-	3 105	3 105	-	-	259	(259)	-100%	3 105
Public safety		-	578	578	-	-	-	-		578
Housing	1	-	-	-	-	-	-	-		-
Health		-	-	-	-	-	-	-		-
Economic and environmental services		-	-	-	-	-	-	-		-
Planning and development	1	-	-	-	-	-	-	-		-
Road transport	1	-	-	-	-	-	-	-		-
Environmental protection		-	-	-	-	-	-	-		-
Trading services		-	47 883	50 979	-	-	4 248	(4 248)	-100%	50 979
Energy sources		-	3 345	3 345	-	-	279	(279)	-100%	3 345
Water management		-	26 538	29 634	-	-	2 469	(2 469)	-100%	29 634
Waste water management		-	18 000	18 000	-	-	1 500	(1 500)	-100%	18 000
Waste management		-	-	-	-	-	-	-		-
Other	4-	-	-	_					ļ	
Total Capital Expenditure - Functional Classification	3	-	52 626	55 722	-	-	4 595	(4 595)	-100%	55 722
Funded by:										
National Government	1	_	47 658	50 633	_	_	4 219	(4 219)	-100%	50 633
Provincial Government		_	4 578	4 699	_	_	343	(343)	-100%	4 699
District Municipality		_	-	-	_	_	_	(-10)		- 000
Other transfers and grants	1									
								ļ		55.000
Transfers recognised - capital		-	52 236	55 332	_	_	4 563	(4.563)	-100%	
Transfers recognised - capital Public contributions & donations	5	-	52 236	55 332 -	-	-	4 563	(4 563)	-100%	55 332
Transfers recognised - capital Public contributions & donations Borrowing			52 236 - -	55 332 - -			4 563 - -	(4 563) - -	-100%	
Public contributions & donations	5	-	52 236 - - - 390	55 332 - - 390	-	-	4 563 - - - 33	(4 563) - - (33)	-100% -100%	- - 390

Supporting Table SC7(1) sets outs the expenditure against all grants to date while as Table SC6 sets out all grants received for this financial year.

The following grants have been received from National Departments:

- Equitable Share the amount of R11 728 000.
 This is for the provision of free basic services and the administration thereof to subsidise the cost of providing basic services to the poor.
- Financial Management Grant to the amount of R2 215 000 has been received to assist in the financial management of Kannaland Municipality and to subsidise the appointment of 5 financial interns.
- Municipal Infrastructure Grant (MIG) to the amount of R 6048 000.
 The purpose of these funds is to address service delivery backlogs from the past and this forms part of the allocation that is directed at projects as identified within the IDP.
- Expanded Public Works Programme to the amount of R296 000.
 The purpose of the grant is to incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods
- Water Infrastructure Grant to the amount of R700 000.
 This allocation is to improve service delivery relating to the supply of piped water and this allocation will be used for the construction of the Bloekomlaan Reservoir in Calitzdorp.
- Grants received from Provincial Departments only included R1608 666 for the librry maintenance and R830000 for Fire Services. Department of energy R 901 000.

The reason for the low expenditure rate is that most allocations still have to be transferred and the capital projects are still in the procurement process or in the beginning of the implementation phase. The total obligation of unspent grants against the available cash amounts to R12.7 million

3.9 Capital Revenue & Expenditure

WC044 Kannaland	Table CE Monthly I	Oudant Statement	Conital Evacadity	ra (municipal vota	functional alabatica	tion and funding) - M01 July

- Supra - Supr	+ Raminalanu - Fabre Co working Budget Statement - Capital Experimenture (municipal vote, functional classification and funding) - wor July 2018/19 Budget Year 2019/20									
Vote Description	Ref	Audited	Original	Adjusted	Monthly	YearTD actual	YearTD	YTD	YTD	Full Year
L	1.	Outcome	Budget	Budget	actual	redrib accual	budget	variance	variance	Forecast
R thousands	1 2							-	%	-
Multi-Year expenditure appropriation	2									
Vote 1 - MUNICIPAL MANAGER		-	-	-	-	-	-	-		-
Vote 2 - CORPORATE SERVICES		-	650	650	-	-	54	(54)	-100%	650
Vote 3 - FINANCIAL SERVICES		-	-	-	-	-	-	-		-
Vote 4 - TECHNICAL SERVICES		-	-	-	-	-	-	-		-
Vote 5 - CALITZDORP SPA		-	-	-	-	-	-	-		-
Vote 6 - CORPORATE SERVICES (Continued)		-	-	-	-	-	-	-		-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-		-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-		-
Vote 9 - [NAME OF VOTE 9]	1	-	-	-	-	-	-	-		-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-		-
Vote 11 - [NAME OF VOTE 11]	1	-	-	-	-	-	-	-		-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-		-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-		-
Vote 14 - [NAME OF VOTE 14]		_	-	-	_	-	-	_		-
Vote 15 - [NAME OF VOTE 15]		_	-	-	_	-	-	-		-
Total Capital Multi-year expenditure	4,7	-	650	650	-	-	54	(54)	-100%	650
	2									
Single Year expenditure appropriation	2									
Vote 1 - MUNICIPAL MANAGER	1			- 0.700	-	-	-	- (000)	4000/	
Vote 2 - CORPORATE SERVICES		3 306	3 733	3 733	-	-	263	(263)	-100%	3 733
Vote 3 - FINANCIAL SERVICES		430	360	360	-	-	30	(30)	-100%	360
Vote 4 - TECHNICAL SERVICES		83 333	47 883	50 979	-	-	4 248	(4 248)	-100%	50 979
Vote 5 - CALITZDORP SPA		-	-	-	-	_	-	-		-
Vote 6 - CORPORATE SERVICES (Continued)		-	-	-	-	1	-	-		-
Vote 7 - [NAME OF VOTE 7]		-	-	-	_	-	-	-		-
Vote 8 - [NAME OF VOTE 8]			-	-		1	-	-		-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-		-
Vote 10 - [NAME OF VOTE 10]	1	-	-	_	_	_	_	-		_
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-		i
Vote 12 - [NAME OF VOTE 12]	1	-	-	-	-	-	-	-		-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-		-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-		-
Vote 15 - [NAME OF VOTE 15]	١.		-	-		-	-	-		
Total Capital single-year expenditure	3	87 068 87 068	51 976 52 626	55 072 55 722			4 541	(4 541)	-100% -100%	55 072 55 722
Total Capital Expenditure	+-	87 068	32 626	33 / 22			4 595	(4 595)	-100%	33 /22
Capital Expenditure - Functional Classification										
Governance and administration		-	360	360	-	-	30	(30)	-100%	360
Executive and council		-	-	-	-	-	-	-		-
Finance and administration		-	360	360	-	-	30	(30)	-100%	360
Internal audit		-	-	-	-	-	-	-		-
Community and public safety		-	4 383	4 383	-	-	317	(317)	-100%	4 383
Community and social services		-	700	700	-	-	58	(58)	-100%	700
Sport and recreation		-	3 105	3 105	-	-	259	(259)	-100%	3 105
Public safety		-	578	578	-	-	-	-		578
Housing	1	-	-	-	-	-	-	-		-
Health		-	-	-	-	-	-	-		-
Economic and environmental services		-	-	-	-	-	-	-		-
Planning and development	1	-	-	-	-	-	-	-		-
Road transport	1	-	-	-	-	-	-	-		-
Environmental protection		-	-	-	-	-	-	-		-
Trading services		-	47 883	50 979	-	-	4 248	(4 248)	-100%	50 979
Energy sources		-	3 345	3 345	-	-	279	(279)	-100%	3 345
Water management		-	26 538	29 634	-	-	2 469	(2 469)	-100%	29 634
Waste water management		-	18 000	18 000	-	-	1 500	(1 500)	-100%	18 000
Waste management		-	-	-	-	-	-	-		-
Other	4-	-	-	_					ļ	
Total Capital Expenditure - Functional Classification	3	-	52 626	55 722	-	-	4 595	(4 595)	-100%	55 722
Funded by:										
National Government	1	_	47 658	50 633	_	_	4 219	(4 219)	-100%	50 633
Provincial Government		_	4 578	4 699	_	_	343	(343)	-100%	4 699
District Municipality		_	-	-	_	_	_	(-10)		- 000
Other transfers and grants	1									
								ļ		55.000
Transfers recognised - capital		-	52 236	55 332	_	_	4 563	(4.563)	-100%	
Transfers recognised - capital Public contributions & donations	5	-	52 236	55 332 -	-	-	4 563	(4 563)	-100%	55 332
Transfers recognised - capital Public contributions & donations Borrowing			52 236 - -	55 332 - -			4 563 - -	(4 563) - -	-100%	
Public contributions & donations	5	-	52 236 - - - 390	55 332 - - 390	-	-	4 563 - - - 33	(4 563) - - (33)	-100% -100%	- - 390

The year-to-date (YTD) budget is not realistic as it is the start of a new financial year and before capital projects can commence, the necessary procurement processes will have to be followed. The straight line budgeting problem, that relates to the timing of capital expenditure, is not practical or realisable and not of much use for monitoring purposes and therefore will have to be revised within an adjustment budget. Most projects are still in the start-up phase and expenditure should increase significantly within the next quarter.

3.10 Expenditure on Salaries

Councillors (Political Office Bearers plus Other)	Senior Managers of the Municipality	Other Municipal Staff	Subsidised Staff Expenditure (MIG & Library Excl EPWP)	Pensioners	Total
356 123,00	173 418,72	3 137 871,83	105 501,62	-	3 772 915,17
-	-	13 116,15	-	-	13 116,15
-	-	111 583,12	-	-	111 583,12
-	-	140 970,74	-	-	140 970,74
-	-	69 062,36	-	-	69 062,36
35 563,22	17 000,00	175 044,03	6 120,00	-	233 727,25
49 231,31	5 000,00	9 500,00	600,00	-	64 331,31
-	-	22 511,09	852,00	-	23 363,09
11 878,67	-	122 839,79	6 721,29	54 505,00	195 944,75
-	-	364 795,86	11 419,90	-	376 215,76
-	17,50	1 653,75	35,00	-	1 706,25
-	2 030,53	39 298,52	1 356,31	-	42 685,36
-	297,44	25 656,48	803,40	-	26 757,32
-	3 586,25	4 064,01	-	-	7 650,26
-	-	2 744,76	-	-	2 744,76
452 796,20	201 350,44	4 240 712,49	133 409,52	54 505,00	5 082 773,65

Standby / Overtime 5,52%
% Of Administration Costs

The total expenditure on employee and councillor-related cost amounted to R5.082 million. There are several critical vacancies that influence the organisation negatively. The high vacancy rate resulted in significant overtime and standby allowances, which accounts for 5.52% of the total employee-related costs. There has been a decrease on a month to month basis but the rate remains above the industry norm of 5%. Vacancies within the financial department added to the financial risk facing the municipality due to the non-segregation of incompatible duties. R116 044 of the total personnel expenditure was a subsidised expense and a amount of R452 796.2 relates to councillor remuneration.

3.11 Long-term borrowing

Kannaland Municipality (WC041) 32 Church Street P.O. Box 30 Ladismith 6655 Republic of South Africa

Date: 10.09.2018



VAT Registration No: 4260126711

ACCOUNT STATEMENT

Repayment Due	01.07	7.2019 01.07.20	19 -39,654.34	0.00	-20,345.66	-60,000.00	1,940,656.98	1,940,656.98
Interest Accrual	31.07	7.2019 31.07.20	19 0.00	20,623.42	0.00	20,623.42	1,961,280.40	1,940,656.98
Interest Capitalisation	31.07	7.2019 31.07.20	19 0.00	-20,623.42	20,623.42	0.00	1,961,280.40	1,961,280.40
Repayment Due	31.07	7.2019 31.07.20	19 -39,376.58	0.00	-20,623.42	-60,000.00	1,901,280.40	1,901,280.40

- o The total outstanding long-term debt of Kannaland Municipality amounts to R1,901 280.4 as at 31 July 2019
- o A monthly instalment of R60 000 at an interest rate of 12.52% per annum is being paid.
- For the current month the instalment amount is made up out of R20,623.42.in interest with a capital redemption amount of R39,376.58

ANNEXURE A

Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) -

WC041 Kannaland - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M01 July

Vote Description		2018/19	Budget Year 2019/20							
	Ref	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands	1								%	
Revenue by Vote										
Vote 1 - MUNICIPAL MANAGER		20 220	8 740	8 786	-	-	3 937	(3 937)	-100,0%	8 786
Vote 2 - CORPORATE SERVICES		13 390	25 275	26 509	284	284	2 019	(1 735)	-85,9%	26 509
Vote 3 - FINANCIAL SERVICES		27 786	24 910	25 029	5 973	5 973	4 410	1 563	35,4%	25 029
Vote 4 - TECHNICAL SERVICES		85 398	155 394	158 490	6 891	6 891	15 647	(8 756)	-56,0%	158 490
Vote 5 - CALITZDORP SPA		-	-	-	_	-	-	-		_
Vote 6 - CORPORATE SERVICES (Continued)		_	-	-	-	_	-	-		_
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	_	-	-		-
Vote 8 - [NAME OF VOTE 8]		_	-	-	-	_	-	-		-
Vote 9 - [NAME OF VOTE 9]		_	-	-	-	_	-	-		-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-		-
Vote 11 - [NAME OF VOTE 11]		-	-	-	_	-	-	-		-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-		-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-		-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	- 1	-	-		-
Vote 15 - [NAME OF VOTE 15]		_	_	_	-	_	-	-		_
Total Revenue by Vote	2	146 794	214 320	218 813	13 148	13 148	26 013	(12 865)	-49,5%	218 813
Expenditure by Vote	1									
Vote 1 - MUNICIPAL MANAGER		13 503	15 081	15 126	979	979	1 261	(282)	-22,3%	15 126
Vote 2 - CORPORATE SERVICES		28 146	28 843	30 077	1 611	1 611	2 358	(747)	-31,7%	30 077
Vote 3 - FINANCIAL SERVICES		21 108	30 062	30 180	1 295	1 295	2 515	(1 220)	-48,5%	30 180
Vote 4 - TECHNICAL SERVICES		56 242	88 330	88 330	1 910	1 910	7 361	(5 451)	-74,0%	88 330
Vote 5 - CALITZDORP SPA		_	_	_	_	_	_	_	,	_
Vote 6 - CORPORATE SERVICES (Continued)		566	639	639	8	8	53	(45)	-84,4%	639
Vote 7 - [NAME OF VOTE 7]		_	_	_	_	_	-	_	0.,.70	_
Vote 8 - [NAME OF VOTE 8]		_	_	_	_	_	_	_		_
Vote 9 - [NAME OF VOTE 9]		_	_	_	_	_	_	_		_
Vote 10 - [NAME OF VOTE 10]		_	-	-	-	_	-	_		_
Vote 11 - [NAME OF VOTE 11]		_	-	-	_	_	-	_		_
Vote 12 - [NAME OF VOTE 12]		_	_	-	_	_	_	_		-
Vote 13 - [NAME OF VOTE 13]		-	-	-	_	_	-	_		-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	_		-
Vote 15 - [NAME OF VOTE 15]		_	-	-	_	_	_	_		_
Total Expenditure by Vote		119 565	162 954	164 352	5 803	5 803	13 548	(7 745)	-57,2%	164 352
Surplus/ (Deficit) for the year	2	27 229	51 366	54 461	7 345	7 345	12 465	(5 120)	-41,1%	54 461

ANNEXURE B

Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M01 Jyly 2019

WC041 Kannaland - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M01 July

		2018/19								
Description	Ref	Audited	Original	Adjusted	Monthly	YearTD actual	YearTD	YTD	YTD	Full Year
R thousands	1	Outcome	Budget	Budget	actual		budget	variance	variance %	Forecast
Revenue - Functional	+-								-/0	
Governance and administration		48 382	34 370	34 534	6 002	6 002	8 407	(2 404)	-29%	34 534
Executive and council		20 220	8 740	8 786	- 0002	0 002	3 937	(3 937)		8 786
Finance and administration		28 162	25 630	25 749	6 002	6 002	4 470	1 533	34%	25 749
Internal audit		20 102	25 050	25 145	0 002	0 002	4470	- 1 333	J4 /0	25 143
		13 103	- 17 122	18 356	- 54	54	1 241	(1 187)	-96%	18 356
Community and public safety Community and social services		5 474	14 723	14 949	30	30	957	(927)	-90% -97%	14 949
•		54/4	14 /23	14 949	30	30	957	(927)	-97%	14 949
Sport and recreation		5 830	2 019	2 019	24	24	168	(144)	-86%	2 019
Public safety								(144)		1
Housing		1 799	380	1 388		-	116	(116)	-100%	1 388
Health				- 0.400	-	- 100	-	(004)	700/	
Economic and environmental services		5 842	9 182	9 182	199	199	889	(691)	-78%	9 182
Planning and development			-	-	-	-	-	- (004)	700/	-
Road transport		5 842	9 182	9 182	199	199	889	(691)	-78%	9 182
Environmental protection			-	-	-	-	-	-		_
Trading services		79 467	153 646	156 742	6 893	6 893	15 476	(8 583)	I .	156 742
Energy sources		44 940	64 873	64 873	4 555	4 555	6 202	(1 647)	1	64 873
Water management		22 551	46 059	49 155	1 118	1 118	3 263	(2 145)		49 155
Waste water management		6 174	28 768	28 768	619	619	2 397	(1 778)		28 768
Waste management		5 801	13 946	13 946	600	600	3 613	(3 013)	-83%	13 946
Other	4	-		_				-		
Total Revenue - Functional	2	146 794	214 320	218 813	13 148	13 148	26 013	(12 865)	-49%	218 813
Expenditure - Functional										
Governance and administration		47 980	58 160	58 324	3 172	3 172	4 860	(1 689)	-35%	58 324
Executive and council		13 503	15 081	15 126	979	979	1 261	(282)	-22%	15 126
Finance and administration		34 477	43 079	43 197	2 193	2 193	3 600	(1 407)	-39%	43 197
Internal audit		_	_	_	_	- 1	_			_
Community and public safety		16 360	9 694	10 928	698	698	763	(65)	-8%	10 928
Community and social services		5 640	7 670	7 896	326	326	510	(184)	-36%	7 896
Sport and recreation		364	325	325	37	37	27	10	37%	325
Public safety		8 317	59	59	274	274	5	270	5502%	59
Housing		2 040	1 640	2 648	61	61	221	(160)	-72%	2 648
Health		_	_	_	_	- 1	_	`-´		_
Economic and environmental services		5 750	18 573	18 573	631	631	1 548	(917)	-59%	18 573
Planning and development		21	_	_	_	-	_	`-´		_
Road transport		5 729	18 573	18 573	631	631	1 548	(917)	-59%	18 573
Environmental protection		_	_	_	_	_	_	l `_ ′		_
Trading services		49 474	76 527	76 527	1 302	1 302	6 377	(5 075)	-80%	76 527
Energy sources		30 690	50 932	50 932	420	420	4 244	(3 824)	-90%	50 932
Water management		9 903	12 196	12 196	384	384	1 016	(632)	-62%	12 196
Waste water management		4 107	6 607	6 607	207	207	551	(344)	-62%	6 607
Waste management		4 774	6 792	6 792	291	291	566	(275)	-49%	6 792
Other			0732	- 0.02			-	(275)	.570	1 -
Total Expenditure - Functional	3	119 565	162 954	164 352	5 803	5 803	13 548	(7 745)	-57%	164 352
Surplus/ (Deficit) for the year		27 229	51 366	54 461	7 345	7 345	12 465	(5 120)	-41%	54 461

ANNEXURE C

Implementation of the Supply Chain Management policy

No deviations for July 2019