

# **Kannaland Municipality**



## **Financial Management Report October 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.**

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## 1 Glossary

**Adjustments budget** - Prescribed in section 28 of the MFMA. The formal means by which a municipality October 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. Virement 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.

## 2 Legislative Framework

This report has been prepared in terms of **The Municipal Finance Management Act 56 of 2003**

### Legislative Requirements

The Municipality is required to assess on an ongoing basis whether it collects sufficient revenue to meet its commitments, such as paying Employees, Councillors, Eskom, and its service providers etc.

In accordance with Section 71(1) of the MFMA, the Accounting officer 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.

In accordance with regulation 28 of the MBRR, the monthly budget statements of a municipality must be in the format specified in Schedule C.

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

### 3 Mayor's Report

This report is submitted in compliance with Section 71(1) of the Municipal Finance Management Act (MFMA) and the Municipal Budget and Reporting Regulations (MBRR).

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 **October 2019**. An analysis of the financial position and performance was undertaken to determine the relative financial strength and liquidity of the Municipality.

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.

#### ***Financial problems and risks facing the municipality***

Cash flow has and will for the foreseeable future be a problem, but in the short-term Kannaland Municipality has done well to meet the most pressing commitments such as Eskom, Employee Related Cost and service delivery. The municipality still experiences cash flow challenges due to constrained resources. A Financial Recovery Plan is in place to mitigate this risk.

The National Treasury has concluded that we have unspent a total of **R 9.3 million** which is incorrect. The Grants noted by NT are the following

- Financial Management Grant (FMG) **R 30 thousand**
- Municipal Infrastructure Grant (MIG) **R 3.6 Million**
- Integrated National Electrification Programme (INEP) **R 650 thousand**
- Water Service Infrastructure Grant (WSIG) **R 5.1 Million**



The above calculation is not correct and the National Treasury has been provided with information indicating that **only the WSIG to the amount of R 2.9 million** was not spent and reason provided with the commitments provided. We have a rollover application for the Water Service infrastructure Grant of R2.9 million which National Treasury (NT) has rejected, however we have appealed for NT to reconsider its decision.

## 4 Budget Summary

1	WC041 Kannaland - Table C1 Monthly Budget Statement Summary - M04 October												
2	Description	2018/19	Budget Year 2019/20							Full Year Forecast	Check		
3		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %				
4	R thousands												
5	Financial Performance												
6	Property rates	15 549	17 117	17 117	990	8 548	5 706	2 842	50%	17 117	Link from C4 0200		
7	Service charges	69 672	88 958	88 958	6 461	28 411	29 653	(1 241)	-4%	88 958	Link from C4 (Sum)		
8	Investment revenue	669	526	526	82	359	175	183	105%	526	Link from C4 0900		
9	Transfers and subsidies	33 803	37 147	37 875	861	14 285	15 262	(977)	-6%	37 875	Link from C4 1500		
10	Other own revenue	17 519	18 336	18 336	779	2 425	6 112	(3 687)	-60%	18 336	Link from C4 (Sum)		
11	Total Revenue (excluding capital transfers and contributions)	137 213	162 083	162 812	9 173	54 028	56 907	(2 879)	-5%	162 812			
12	Employee costs	55 504	59 406	59 344	4 835	19 835	19 189	645	3%	59 344	Link from C4 2000		
13	Remuneration of Councillors	3 323	3 277	3 277	411	848	1 092	(245)	-22%	3 277	Link from C4 2100		
14	Depreciation & asset impairment	15 710	11 192	11 270	-	-	3 756	(3 756)	-100%	11 270	Link from C4 2300		
15	Finance charges	2 921	722	722	37	152	241	(89)	-37%	722	Link from C4 2400		
16	Materials and bulk purchases	36 457	44 282	43 867	4 990	10 707	14 622	(3 915)	-27%	43 867	Link from C4 (Sum)		
17	Transfers and subsidies	1 899	558	558	-	-	186	(186)	-100%	558	Link from C4 2800		
18	Other expenditure	42 266	43 518	43 386	1 094	3 533	14 462	(10 929)	-76%	43 386	Link from C4 (Sum)		
19	Total Expenditure	158 080	162 954	162 423	11 366	35 075	53 549	(18 474)	-34%	162 423			
20	Surplus/(Deficit)	(20 867)	(871)	389	(2 193)	18 953	3 358	15 595	464%	389	Sum		

This report provides a balanced and consolidated financial performance overview to assist the Executive Mayor in his oversight role.

An analysis of the financial performance was undertaken to determine the relative financial performance against the budget of the Municipality. This was analysing the revenue collected against the expend in the reporting period while looking at the capital budget performance for the month of **October 2019** so as to facilitate an informed assessment of the relative performance of the municipality against the set targets.

## **Operating Surplus/Deficit**

Operating revenue amounted to R9 173 million, whilst operating expenditure amounted to R11 366 million, resulting in an operating **deficit** of R2 193 million.

## **Financial Performance**

### *Property Rates*

The property rates collection showed a collection of R990 000 collection in the October period and slight decline from the collection on September of Just over R 80 thousand.

### *Service Charges*

The municipality recorded an overall service charge collection over R6 491 million for the October period, representing a decline of over R 1 million from the previous period.

### *Transfers and Subsidies*

The municipality received a grant from the Library to the amount of R 833 thousand for operational purpose and the LGS SETA Grant to the amount of R 29 thousand the funds will be used for training projects.

## 4.1 Operating Revenue and Expenditure

WC041 Kannaland - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M04 October

Description	Ref	2018/19	Budget Year 2019/20							C4	Check Import Sheet	
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %			Full Year Forecast
R thousands												
Revenue By Source											0100	
Property rates		15 549	17 117	17 117	990	8 548	5 706	2 842	50%	17 117	0200	C4 0200
Service charges - electricity revenue		44 924	59 573	59 573	4 102	18 757	19 858	(1 101)	-6%	59 573	0300	C4 0300
Service charges - water revenue		12 773	16 920	16 920	1 208	4 917	5 640	(723)	-13%	16 920	0400	C4 0400
Service charges - sanitation revenue		6 174	6 271	6 271	591	2 416	2 090	325	16%	6 271	0500	C4 0500
Service charges - refuse revenue		5 801	6 193	6 193	561	2 322	2 064	257	12%	6 193	0600	C4 0600
Service charges - other		—	—	—	—	—	—	—	—	—	0700	C4 0700
Rental of facilities and equipment		533	956	956	52	183	319	(136)	-43%	956	0800	C4 0800
Interest earned - external investments		669	526	526	82	359	175	183	105%	526	0900	C4 0900
Interest earned - outstanding debtors		49	5 622	5 622	2	5	1 874	(1 869)	-100%	5 622	1000	C4 1000
Dividends received		—	—	—	—	—	—	—	—	—	1100	C4 1100
Fines, penalties and forfeits		15 314	8 928	8 928	470	1 260	2 976	(1 716)	-58%	8 928	1200	C4 1200
Licences and permits		173	160	160	21	76	53	23	43%	160	1300	C4 1300
Agency services		828	1 010	1 010	109	335	337	(1)	0%	1 010	1400	C4 1400
Transfers and subsidies		33 803	37 147	37 875	861	14 285	15 262	(977)	-6%	37 875	1500	C4 1500
Other revenue		622	1 660	1 660	125	565	553	12	2%	1 660	1600	C4 1600
Gains on disposal of PPE		—	—	—	—	—	—	—	—	—	1700	C4 1700
Total Revenue (excluding capital transfers and contributions)		137 213	162 083	162 812	9 173	54 028	56 907	(2 879)	-5%	162 812	1800	
Expenditure By Type											1900	
Employee related costs		55 504	59 406	59 344	4 835	19 835	19 189	645	3%	59 344	2000	C4 2000
Remuneration of councillors		3 323	3 277	3 277	411	848	1 092	(245)	-22%	3 277	2100	C4 2100
Debt impairment		25 922	14 077	14 077	15	71	4 692	(4 622)	-98%	14 077	2200	C4 2200
Depreciation & asset impairment		15 710	11 192	11 270	—	—	3 756	(3 756)	-100%	11 270	2300	C4 2300
Finance charges		2 921	722	722	37	152	241	(89)	-37%	722	2400	C4 2400
Bulk purchases		35 483	40 200	40 200	4 818	10 238	13 400	(3 162)	-24%	40 200	2500	C4 2500
Other materials		974	4 082	3 667	172	470	1 222	(753)	-62%	3 667	2600	C4 2600
Contracted services		7 849	15 531	17 116	451	1 317	5 705	(4 388)	-77%	17 116	2700	C4 2700
Transfers and subsidies		1 899	558	558	—	—	186	(186)	-100%	558	2800	C4 2800
Other expenditure		8 200	13 911	12 193	628	2 145	4 064	(1 919)	-47%	12 193	2900	C4 2900
Loss on disposal of PPE		295	—	—	—	—	—	—	—	—	3000	C4 3000
Total Expenditure		158 080	162 954	162 423	11 366	35 075	53 549	(18 474)	-34%	162 423	3100	

#### 4.1.1 Operating Revenue

The detailed operating revenue items are as follows:

##### *Electricity*

The Kannaland municipality supplies the following locations with electricity, Ladismith and Calitzdorp and we have sold about R4.1 million worth of electricity this month. However, areas that are serviced by ESKOM such as Zoar and Van Wyks Dorp continue to be a challenge in terms of implementing our debt collection policy strategies and the council needs to consider alternative ways of managing this problem.

##### *Water*

We have a revenue collection of R 1.2 Million in water services in the October period. This rate could be more if electricity in the whole municipal boundary was serviced by the municipality, as electricity blocking for revenue collection improves our collection rate. No major water leaks were reported this month.

##### *Sewerage*

We have collected R 596 000 during this month and this rate is below for the October period.

##### *Refuse Removal*

The municipality collected refuse and managed to generate R 561 000 for the reporting month. There were no reported incidents regarding refuse collection this month.

#### 4.1.2 Operating Expenditure

	A	B	C	D	E	F	G	H	I	J	K	L	M	N
1	WC041 Kannaland - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M04 October													
2	Description	Ref	2018/19	Budget Year 2019/20							C4	Check Import Sheet		
3			Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %			Full Year Forecast	
4	R thousands													
24	Expenditure By Type												1900	
25	Employee related costs		55 504	59 406	59 344	4 835	19 835	19 189	645	3%	59 344	2000	C4 2000	Link to C0
26	Remuneration of councillors		3 323	3 277	3 277	411	848	1 092	(245)	-22%	3 277	2100	C4 2100	Link to C1
27	Debt impairment		25 922	14 077	14 077	15	71	4 692	(4 622)	-98%	14 077	2200	C4 2200	Link to C1(Sum)
28	Depreciation & asset impairment		15 710	11 192	11 270	–	–	3 756	(3 756)	-100%	11 270	2300	C4 2300	Link to C0
29	Finance charges		2 921	722	722	37	152	241	(89)	-37%	722	2400	C4 2400	Link to C1
30	Bulk purchases		35 483	40 200	40 200	4 818	10 238	13 400	(3 162)	-24%	40 200	2500	C4 2500	Link to C1(Sum)
31	Other materials		974	4 082	3 667	172	470	1 222	(753)	-62%	3 667	2600	C4 2600	Link to C1(Sum)
32	Contracted services		7 849	15 531	17 116	451	1 317	5 705	(4 388)	-77%	17 116	2700	C4 2700	Link to C1(Sum)
33	Transfers and subsidies		1 899	558	558	–	–	186	(186)	-100%	558	2800	C4 2800	Link to C1
34	Other expenditure		8 200	13 911	12 193	628	2 145	4 064	(1 919)	-47%	12 193	2900	C4 2900	Link to C1(Sum)
35	Loss on disposal of PPE		295	–	–	–	–	–	–	–	–	3000	C4 3000	Link to C1(Sum)
36	Total Expenditure		158 080	162 954	162 423	11 366	35 075	53 549	(18 474)	-34%	162 423	3100		

#### Employee Related Costs

Employee related cost amounted to R 4.8 million, which included the recent appointment of BTO manager and Accountant reporting and the councillors were corrected in the current period to reflect a total of R 411 thousand. The re-alignment of expenditure incurred for salary related expenses is being monitored and corrected where required.

#### Bulk Purchase

The municipality made bulk purchases to the amount of R 4.8 million for the reporting period. The bulk expenditure went to Electricity for over R 4.757 million and for water R 60 thousand.

#### Contracted services

The under expenditure of R 451 thousand is due to cash flow challenges for contracted services and also the re-alignment of expenditure budget with the actual expenditure is ongoing for contracted services.

## **5      Statement of Financial Position**

**WC041 Kannaland - Table C6 Monthly Budget Statement - Financial Position - M04 October**

Description	Ref	2018/19	Budget Year 2019/20				C6	Check Import Sheet
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast		
<b>R thousands</b>	1							
<b>ASSETS</b>							<b>0100</b>	
<b>Current assets</b>							0110	
Cash		1 732	–	(5 227)	7 174	(5 227)	0120	C6 0120
Call investment deposits		8 289	–	–	6 146	–	0130	C6 0130
Consumer debtors		(101)	(96 784)	(199 443)	6 777	(199 443)	0140	C6 0140
Other debtors		(26 043)	(3 326)	(7 661)	12 609	(7 661)	0150	C6 0150
Current portion of long-term receivables		(5)	–	–	–	–	0160	C6 0160
Inventory		924	3 395	6 376	84	6 376	0170	C6 0170
<b>Total current assets</b>		<b>(15 205)</b>	<b>(96 715)</b>	<b>(205 956)</b>	<b>32 790</b>	<b>(205 956)</b>	<b>0180</b>	
<b>Non current assets</b>							0190	
Long-term receivables		–	–	–	–	–	0200	C6 0200
Investments		(36)	–	–	–	–	0210	C6 0210
Investment property		(211)	–	–	–	–	0220	C6 0220
Investments in Associate		–	–	–	–	–	0230	C6 0230
Property, plant and equipment		(7 208)	52 626	66 884	5 335	66 884	0240	C6 0240
Agricultural		–	–	–	–	–	0250	C6 0250
Biological assets		–	–	–	–	–	0260	C6 0260
Intangible assets		(52)	–	29	–	29	0270	C6 0270
Other non-current assets		–	–	–	–	–	0280	C6 0280
<b>Total non current assets</b>		<b>(7 507)</b>	<b>52 626</b>	<b>66 914</b>	<b>5 335</b>	<b>66 914</b>	<b>0290</b>	
<b>TOTAL ASSETS</b>		<b>(22 712)</b>	<b>(44 088)</b>	<b>(139 042)</b>	<b>38 125</b>	<b>(139 042)</b>	<b>0300</b>	
<b>LIABILITIES</b>							0310	
<b>Current liabilities</b>							0320	
Bank overdraft		–	–	–	–	–	0330	C6 0330
Borrowing		(566)	(437)	(873)	163	(873)	0340	C6 0340
Consumer deposits		11	–	–	50	–	0350	C6 0350
Trade and other payables		(4 359)	(133 603)	(262 007)	6 453	(262 007)	0360	C6 0360
Provisions		(357)	–	–	–	–	0370	C6 0370
<b>Total current liabilities</b>		<b>(5 271)</b>	<b>(134 040)</b>	<b>(262 881)</b>	<b>6 666</b>	<b>(262 881)</b>	<b>0380</b>	
<b>Non current liabilities</b>							0390	
Borrowing		116	(1 157)	(1 157)	15	(1 157)	0400	C6 0400
Provisions		2 452	–	(1 500)	–	(1 500)	0410	C6 0410
<b>Total non current liabilities</b>		<b>2 567</b>	<b>(1 157)</b>	<b>(2 657)</b>	<b>15</b>	<b>(2 657)</b>	<b>0420</b>	
<b>TOTAL LIABILITIES</b>		<b>(2 704)</b>	<b>(135 197)</b>	<b>(265 538)</b>	<b>6 681</b>	<b>(265 538)</b>	<b>0430</b>	
<b>NET ASSETS</b>	2	<b>(20 008)</b>	<b>91 108</b>	<b>126 496</b>	<b>31 444</b>	<b>126 496</b>	<b>0440</b>	



<b>COMMUNITY WEALTH/EQUITY</b>							0450	
Accumulated Surplus/(Deficit)		(1 347)	-	-	-	-	0460	C6 0460
Reserves		701	-	-	(2)	-	0470	C6 0470
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>2</b>	<b>(645)</b>	<b>-</b>	<b>-</b>	<b>(2)</b>	<b>-</b>	<b>0480</b>	

## Assets

### Cash

The financial cash flow of the municipality remains an on-going challenge that is being addressed by the implementation of the financial recovery plan in collaboration with the Provincial Treasury.

### Call Investment Deposits

We currently have short-term investments deposits which consist of the Conditional Grants received from National Treasury. These grants are more detailed under the Grants Schedule which is Table SC06 of this report.

### Consumer Debtors

Although the municipality has a high debt book however prospects of collecting 85 per cent of this value is unlikely due to the reasons stated earlier which include areas that are serviced by ESKOM on Electricity.

### Property, Plant and Equipment

The municipality did not make any asset acquisition for the reporting period. The year to date on capital expenditure is R 5 335 million which indicates 8 % expenditure of the total capital budget and a slight increase from first Quarter of 5 %.

### Intangible Assets

The acquisition of Intangible Assets such as software and antivirus will only take place after we have secured a new server. We anticipate to have both assets in January 2020.

## **Liabilities**

### Current Liabilities

#### Bank Overdraft

The municipality did not use any overdraft facility for the month of October 2019.

#### Borrowings

We have a long-term financial obligation with the Development Bank of Southern Africa and currently paying R 60 000 per month inclusive of finance charges.

#### Trade and Other Payables

Due to the nature of our financial situation we are struggling to fulfil our obligations and we have been in negotiations with our creditors such as ESKOM to negotiate payment plans that will suit our affordability. We have about R 6.4 obligations showing a decrease from the R 6.9 million reported in the first Quarter of September.

## 6 3.5 Cash Receipts and Payments

WC041 Kannaland - Table C7 Monthly Budget Statement - Cash Flow - M04 October

Description	Ref	2018/19	Budget Year 2019/20								C7	Check Import Sheet
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast		
R thousands	1											
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											<b>0100</b>	
<b>Receipts</b>											0110	
Property rates		5 891	(2 488)	(1 259)	479	7 377	(420)	7 796	-1858%	(1 259)	0120	C7 0120
Service charges		32 617	79 153	79 421	7 478	32 420	26 474	5 946	22%	79 421	0130	C7 0130
Other revenue		(5 350)	8 625	8 610	778	2 410	2 870	(460)	-16%	8 610	0140	C7 0140
Government - operating		31 150	9 452	9 855	69	9 817	6 547	3 271	50%	9 855	0150	C7 0150
Government - capital		11 439	52 136	55 332	-	7 719	19 159	(11 440)	-60%	55 332	0160	C7 0160
Interest		718	6 132	6 132	83	359	2 044	(1 685)	-82%	6 132	0170	C7 0170
Dividends		-	-	-	-	-	-	-		-	0180	C7 0180
<b>Payments</b>											0190	
Suppliers and employees		(111 233)	(136 406)	(135 797)	(11 314)	(34 852)	(44 674)	(9 821)	22%	(135 797)	0200	C7 0200
Finance charges		(2 921)	(722)	(722)	(37)	(152)	(241)	(89)	37%	(722)	0210	C7 0210
Transfers and Grants		(406)	(558)	(558)	-	-	(186)	(186)	100%	(558)	0220	C7 0220
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>(38 095)</b>	<b>15 325</b>	<b>21 014</b>	<b>(2 464)</b>	<b>25 098</b>	<b>11 574</b>	<b>(13 525)</b>	<b>-117%</b>	<b>21 014</b>	<b>0230</b>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											0240	
<b>Receipts</b>											<b>0250</b>	
Proceeds on disposal of PPE		-	-	-	-	-	-	-		-	0260	C7 0260
Decrease (Increase) in non-current debtors		-	-	-	-	-	-	-		-	0270	C7 0270
Decrease (increase) other non-current receivables		-	-	-	-	-	-	-		-	0280	C7 0280
Decrease (increase) in non-current investments		36	-	-	-	-	-	-		-	0290	C7 0290
<b>Payments</b>											0300	
Capital assets		(778)	(52 626)	(55 722)	-	-	(18 526)	(18 526)	100%	(55 722)	0310	C7 0310
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(743)</b>	<b>(52 626)</b>	<b>(55 722)</b>	<b>-</b>	<b>-</b>	<b>(18 526)</b>	<b>(18 526)</b>	<b>100%</b>	<b>(55 722)</b>	<b>0320</b>	

## Cash Receipts

As extensively reported earlier, the municipal cash flow position remains difficult and with the implementation of the Financial Recovery Plan we hope to turn this situation around in the near future.

The bank balance as at 31 October 2019 was R – 2.6 million and no overdraft facilities were used this month, and R 2.4 million on Deposits and Traffic account.

The lack of revenue streams has left the municipality to be heavily dependent on Grant Funding to run its daily operations and the current national economic situation is not helping our situation.

We will keep the cash situation closely monitored and we hope to cut on unnecessary spending in order to improve our cash flow situation.

## **7   3.6   Debtor Age Analysis**

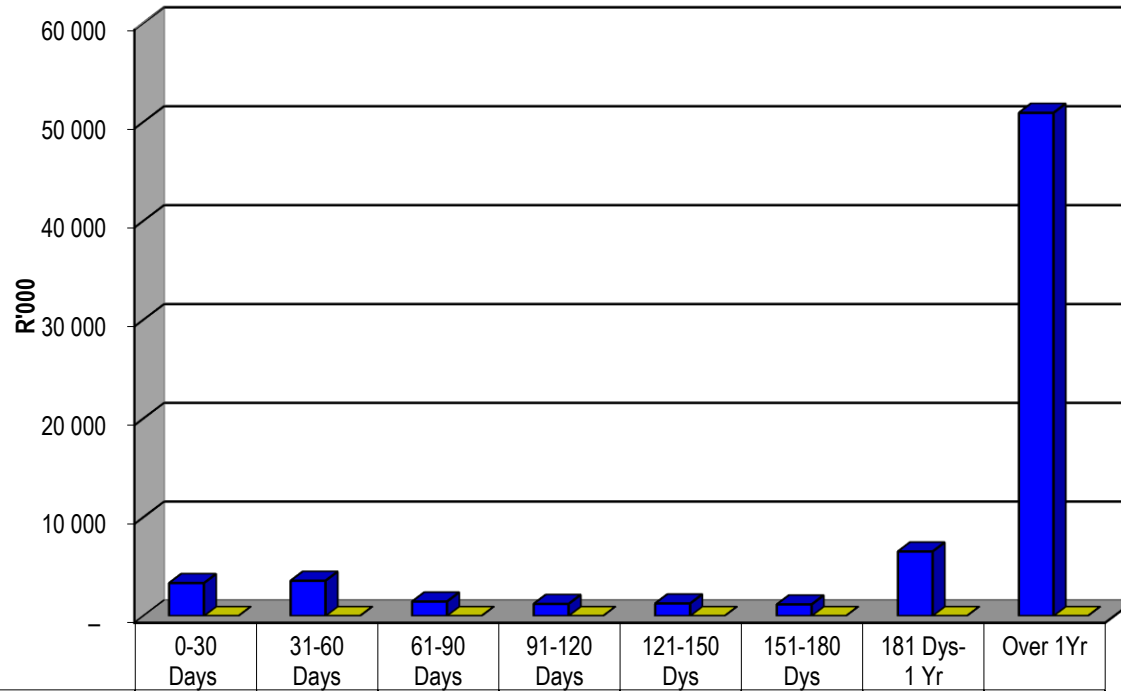
WC041 Kannaland - Supporting Table SC3 Monthly Budget Statement - aged debtors - M04 October

Description	NT Code	Budget Year 2019/20										Total over 90 days	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy
		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				
R thousands														
Debtors Age Analysis By Income Source														
Trade and Other Receivables from Exchange Transactions - Water	1200	1 317	503	431	375	417	336	1 710	8 968	14 057	11 806	-	-	
Trade and Other Receivables from Exchange Transactions - Electricity	1300	845	103	65	43	43	32	167	1 258	2 557	1 544	-	-	
Receivables from Non-ex change Transactions - Property Rates	1400	1 184	2 022	239	251	243	243	1 204	11 721	17 107	13 662	-	-	
Receivables from Ex change Transactions - Waste Water Management	1500	518	244	245	190	187	187	1 106	6 840	9 518	8 511	-	-	
Receivables from Ex change Transactions - Waste Management	1600	1 162	541	372	273	267	265	1 552	7 675	12 108	10 033	-	-	
Receivables from Ex change Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	-	24	24	24	-	-	
Interest on Arrear Debtor Accounts	1810	16	45	15	23	34	41	398	12 944	13 515	13 439	-	-	
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-	
Other	1900	(1 705)	114	100	74	82	66	396	1 496	622	2 114	-	-	
Total By Income Source	2000	3 337	3 572	1 468	1 229	1 273	1 171	6 534	50 926	69 509	61 133	-	-	
2018/19 - totals only										-	-			
Debtors Age Analysis By Customer Group														
Organs of State	2200	(223)	825	23	17	17	10	31	426	1 126	501	-	-	
Commercial	2300	426	252	85	77	84	72	338	1 803	3 136	2 374	-	-	
Households	2400	3 438	1 846	1 251	999	1 038	949	5 382	41 034	55 938	49 402	-	-	
Other	2500	(304)	649	109	138	133	140	783	7 662	9 309	8 856	-	-	
Total By Customer Group	2600	3 337	3 572	1 468	1 229	1 273	1 171	6 534	50 926	69 509	61 133	-	-	

- The total amount owed to Kannaland Municipality amounted to R 69.5 million during October 2019.
- R 49.7 million or 74% of the total outstanding debtors are older than one year.
- R 59.8 million 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 debt collection in Kannaland Municipality is the ability to collect service charges for water, refuse and sewerage in areas where electricity is not supplied by the municipality.

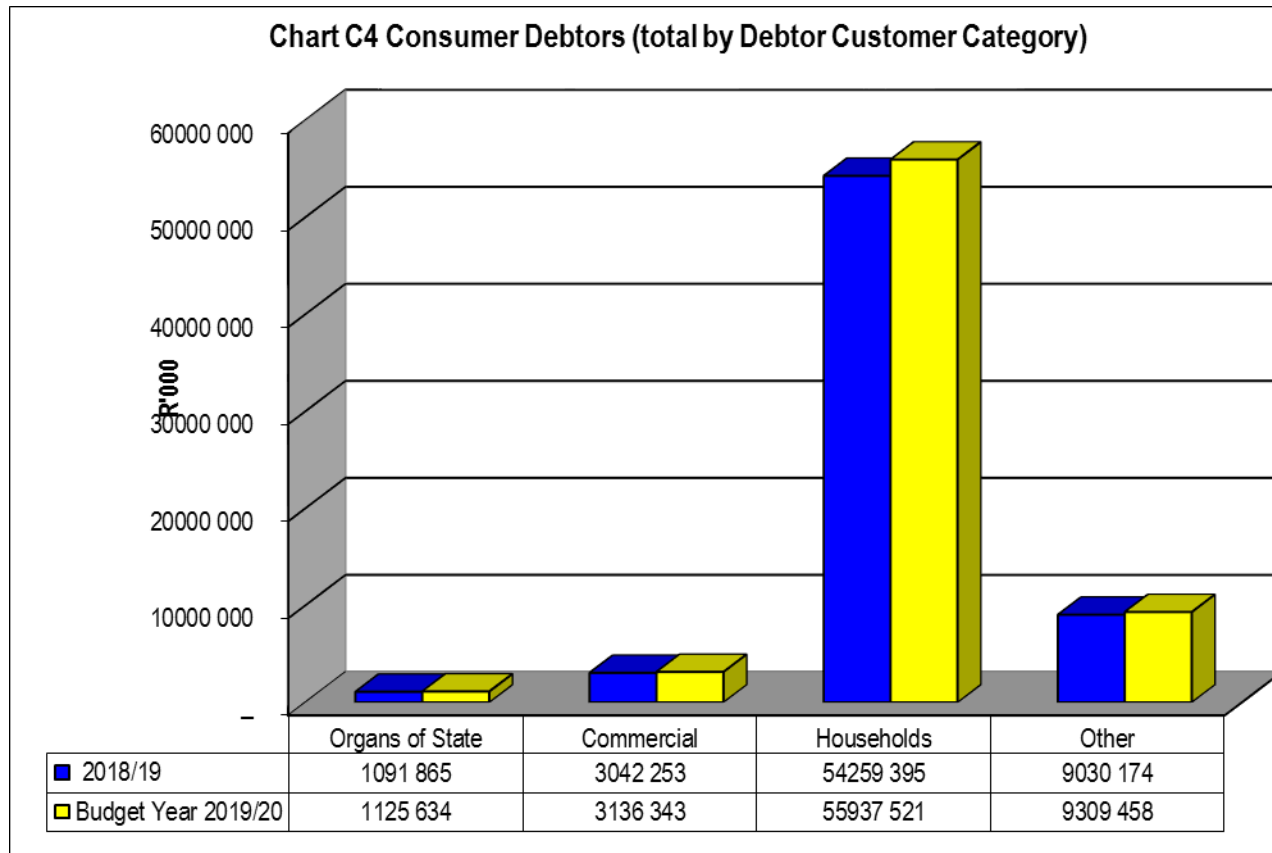
## 7.1 3.6.1 Chart of aged debtors age analysis – Current year actuals vs. prior year audited outcome

**Chart C3 Aged Consumer Debtors Analysis**



Budget Year 2019/20	3 337	3 572	1 468	1 229	1 273	1 171	6 534	50 926
2018/19	-	-	-	-	-	-	-	-

### 3.6.2 Chart of debtors age analysis per consumer category



The problematic category is households, which represent 80% (R53 million) of the total amount of outstanding debt with a 3% year-on-year increase.

## 8 3.7 Creditors Age Analysis

WC041 Kannaland - Supporting Table SC4 Monthly Budget Statement - aged creditors - M04 October

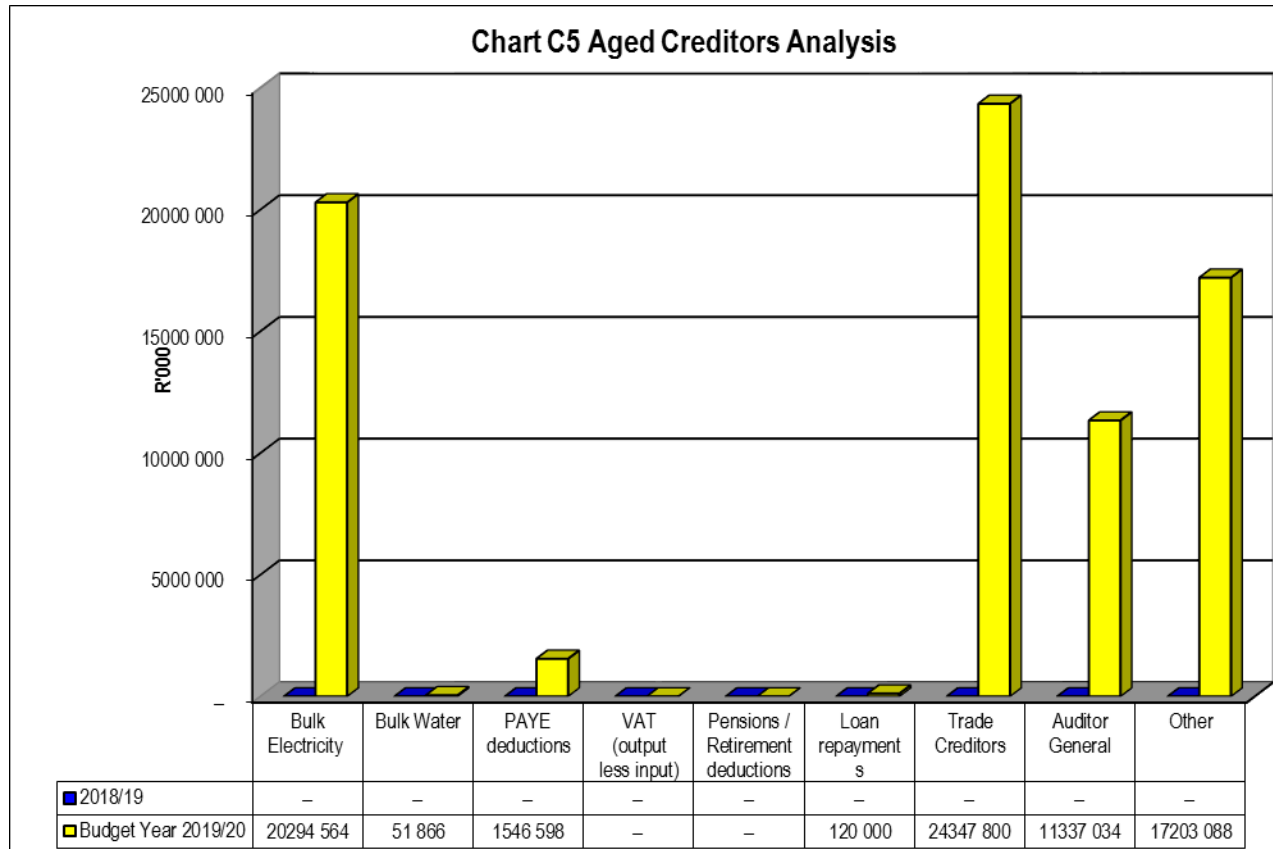
Description		NT Code	Budget Year 2019/20							
			0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year
R thousands										
Creditors Age Analysis By Customer Type										
Bulk Electricity	0100	3 754	–	4 142	2 252	–	–	–	10 147	20 295
Bulk Water	0200	26	–	–	–	–	–	–	26	52
PAYE deductions	0300	773	–	–	–	–	–	–	773	1 547
VAT (output less input)	0400	–	–	–	–	–	–	–	–	–
Pensions / Retirement deductions	0500	–	–	–	–	–	–	–	–	–
Loan repayments	0600	60	–	–	–	–	–	–	60	120
Trade Creditors	0700	312	2 293	144	2 036	7 389	–	–	12 174	24 348
Auditor General	0800	(300)	736	331	394	4 507	–	–	5 669	11 337
Other	0900	179	2 181	517	324	5 399	–	–	8 602	17 203
Total By Customer Type	1000	4 804	5 211	5 135	5 006	17 296	–	–	37 450	74 901

- The total outstanding creditors as at 31 October 2019 amounts to R37 450 million.
- The biggest outstanding creditors are Eskom (R10 million), the Auditor-General of South Africa (R5 669 million) and SARS (R773 thousand). Combined, the before mentioned, represents 60% of all outstanding creditors.
- The Eskom bulk account is in arrears to the amount of R 10.1 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.



### 8.1 3.7.1 Chart of creditors expressed proportionately to the total amount owed



## 9 3.8 Conditional Grants Transferred and Expenditure

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

No grants have been received from National Departments:

The following grants have been received from Provincial Departments:

- The Library grant received to the total of R 959 thousand

The following indicates expenditure on each respective grant received:

- Municipal Infrastructure Grant (MIG) to the amount of R 2.5 million spent. On the system it shows an amount of R 1.7 million and further R 700 thousand incorrectly reported under September.

## 3.9 Capital Revenue & Expenditure

**WC041 Kannaland - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M04 October**

Vote Description	Ref	2018/19	Budget Year 2019/20							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>	1									
<b><u>Multi-Year expenditure appropriation</u></b>	2									
Vote 1 - MUNICIPAL MANAGER		-	-	-	-	-	-	-		-
Vote 2 - CORPORATE SERVICES		-	650	650	-	-	217	(217)	-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]		-	-	-	-	-	-	-		-
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]		-	-	-	-	-	-	-	-	-
<b>Total Capital Multi-year expenditure</b>	4,7	-	650	650	-	-	217	(217)	-100%	650
<b><u>Single Year expenditure appropriation</u></b>	2									
Vote 1 - MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-
Vote 2 - CORPORATE SERVICES		3 161	3 733	3 733	-	1 005	1 196	(192)	-16%	3 733
Vote 3 - FINANCIAL SERVICES		2 003	360	360	-	-	120	(120)	-100%	360
Vote 4 - TECHNICAL SERVICES		13 520	47 883	50 979	1 783	4 330	16 993	(12 663)	-75%	50 979
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]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Total Capital single-year expenditure</b>	4	18 683	51 976	55 072	1 783	5 335	18 309	(12 975)	-71%	55 072
<b>Total Capital Expenditure</b>	3	18 683	52 626	55 722	1 783	5 335	18 526	(13 191)	-71%	55 722
<b><u>Capital Expenditure - Functional Classification</u></b>										
<b><i>Governance and administration</i></b>		2 003	360	360	-	-	120	(120)	-100%	360
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		2 003	360	360	-	-	120	(120)	-100%	360
Internal audit		-	-	-	-	-	-	-	-	-
<b><i>Community and public safety</i></b>		2 945	4 383	4 383	-	1 005	1 413	(408)	-29%	4 383

Community and social services		–	700	700	–	–	233	(233)	-100%	700
Sport and recreation		2 945	3 105	3 105	–	1 005	1 035	(30)	-3%	3 105
Public safety		–	578	578	–	–	145	(145)	-100%	578
Housing		–	–	–	–	–	–	–		–
Health		–	–	–	–	–	–	–		–
<b>Economic and environmental services</b>		<b>215</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>		<b>–</b>
Planning and development		–	–	–	–	–	–	–		–
Road transport		215	–	–	–	–	–	–		–
Environmental protection		–	–	–	–	–	–	–		–
<b>Trading services</b>		<b>13 520</b>	<b>47 883</b>	<b>50 979</b>	<b>1 783</b>	<b>4 330</b>	<b>16 993</b>	<sup>(12)</sup> 663)	-75%	<b>50 979</b>
Energy sources		2 208	3 345	3 345	243	322	1 115	(793)	-71%	3 345
Water management		10 972	26 538	29 634	1 539	4 008	9 878	<sup>(5)</sup> 870)	-59%	29 634
Waste water management		–	18 000	18 000	–	–	6 000	<sup>(6)</sup> 000)	-100%	18 000
Waste management		340	–	–	–	–	–	–		–
<b>Other</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>		<b>–</b>
<b>Total Capital Expenditure - Functional Classification</b>	<b>3</b>	<b>18 683</b>	<b>52 626</b>	<b>55 722</b>	<b>1 783</b>	<b>5 335</b>	<b>18 526</b>	<sup>(13)</sup> 191)	<b>-71%</b>	<b>55 722</b>
<b>Funded by:</b>										
National Government		14 094	47 658	50 633	1 770	5 322	16 878	<sup>(11)</sup> 555)	-68%	50 633
Provincial Government		2 031	4 578	4 599	–	–	1 485	<sup>(1)</sup> 485)	-100%	4 599
District Municipality		–	–	–	–	–	–	–		–
Other transfers and grants		–	–	–	–	–	–	–		–
<b>Transfers recognised - capital</b>		<b>16 125</b>	<b>52 236</b>	<b>55 232</b>	<b>1 770</b>	<b>5 322</b>	<b>18 362</b>	<sup>(13)</sup> 040)	<b>-71%</b>	<b>55 232</b>
<b>Public contributions &amp; donations</b>	<b>5</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>		<b>–</b>
<b>Borrowing</b>	<b>6</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>		<b>–</b>
<b>Internally generated funds</b>		<b>985</b>	<b>390</b>	<b>490</b>	<b>12</b>	<b>12</b>	<b>163</b>	<sup>(151)</sup>	-92%	<b>490</b>
<b>Total Capital Funding</b>		<b>17 111</b>	<b>52 626</b>	<b>55 722</b>	<b>1 783</b>	<b>5 335</b>	<b>18 526</b>	<sup>(13)</sup> 191)	<b>-71%</b>	<b>55 722</b>

- The actual year to date capital expenditure amounts to R 5.3 million and R 2.5 million to be reported for month of October from the R 2.5 million, the actual paid this period is R 1.7 million and just over R 800 thousand was incorrectly reported on the schedule in the previous period on the c-schedule. Corrections will reflect in the next period.
- 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.

#### **10 3.10      Expenditure on Salaries**

WC041 Kannaland - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M04 October

Budget Statement - Councillor and Staff Benefits - 2019/2020												
Summary of Employee and Councillor remuneration	Ref	2018/19	Budget Year 2019/20							SC8	Check Import Sheet	
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %			Full Year Forecast
R thousands												
	1	A	B	C						D		
<b>Councillors (Political Office Bearers plus Other)</b>												
Basic Salaries and Wages		2 513	2 559	2 559	349	730	853	(123)	-14%	2 559	2101	SC8 2101
Pension and UIF Contributions		12	52	52	-	-	17	(17)	-100%	52	2102	SC8 2102
Medical Aid Contributions		-	32	32	8	17	11	6	56%	32	2103	SC8 2103
Motor Vehicle Allowance		143	282	282	27	49	94	(45)	-48%	282	2106	SC8 2106
Cellphone Allowance		656	352	352	26	52	117	(66)	-56%	352	2107	SC8 2107
Housing Allowances		-	-	-	-	-	-	-	-	-	2108	SC8 2108
Other benefits and allowances		-	-	-	-	-	-	-	-	-	2109	SC8 2109
<b>Sub Total - Councillors</b>		3 323	3 277	3 277	411	848	1 092	(245)	-22%	3 277		
<b>% increase</b>	4		-1.4%	-1.4%						-1.4%		
<b>Senior Managers of the Municipality</b>												
Basic Salaries and Wages		1 145	3 120	3 120	1 040	1 040	1 040	-	-	3 120	2001	SC8 2001
Pension and UIF Contributions		-	-	-	-	-	-	-	-	-	2002	SC8 2002
Medical Aid Contributions		-	-	-	-	-	-	-	-	-	2003	SC8 2003
Overtime		1 644	-	-	-	-	-	-	-	-	2004	SC8 2004
Performance Bonus		491	273	273	-	-	91	(91)	-100%	273	2005	SC8 2005
Motor Vehicle Allowance		459	193	193	27	114	64	50	78%	193	2006	SC8 2006
Cellphone Allowance		13	-	32	-	-	11	(11)	-100%	32	2007	SC8 2007
Housing Allowances		-	10	10	-	-	3	(3)	-100%	10	2008	SC8 2008
Other benefits and allowances		2	26	50	-	-	17	(17)	-100%	50	2009	SC8 2009
Payments in lieu of leave		-	-	-	-	-	-	-	-	-	2010	SC8 2010
Long service awards		-	-	-	-	-	-	-	-	-	2011	SC8 2011
Post-retirement benefit obligations		-	-	-	-	-	-	-	-	-	2012	SC8 2012
<b>Sub Total - Senior Managers of Municipality</b>		3 755	3 622	3 679	1 067	1 154	1 226	(72)	-6%	3 679		
<b>% increase</b>	4		-3.5%	-2.0%						-2.0%		
<b>Other Municipal Staff</b>												
Basic Salaries and Wages		35 411	38 108	38 108	2 409	13 353	12 119	1 234	10%	38 108	2021	SC8 2021
Pension and UIF Contributions		5 300	6 823	6 823	498	1 951	2 274	(323)	-14%	6 823	2022	SC8 2022
Medical Aid Contributions		1 606	1 713	1 713	179	628	571	57	10%	1 713	2023	SC8 2023
Overtime		3 245	1 950	1 370	309	1 295	457	838	184%	1 370	2024	SC8 2024
Performance Bonus		2 186	-	-	53	275	-	275	#DIV/0!	-	2025	SC8 2025
Motor Vehicle Allowance		1 931	2 364	2 390	192	755	797	(41)	-5%	2 390	2026	SC8 2026
Cellphone Allowance		97	152	152	10	71	51	21	41%	152	2027	SC8 2027
Housing Allowances		291	337	337	18	77	112	(35)	-32%	337	2028	SC8 2028
Other benefits and allowances		933	4 337	4 773	95	252	1 583	(1 331)	-84%	4 773	2029	SC8 2029
Payments in lieu of leave		591	-	-	6	23	-	23	#DIV/0!	-	2030	SC8 2030
Long service awards		-	-	-	-	-	-	-	-	-	2031	SC8 2031
Post-retirement benefit obligations		159	-	-	-	-	-	-	-	-	2032	SC8 2032
<b>Sub Total - Other Municipal Staff</b>		51 749	55 784	55 665	3 769	18 680	17 963	717	4%	55 665		
<b>% increase</b>	4		7.8%	7.6%						7.6%		
<b>Total Parent Municipality</b>		58 827	62 683	62 621	5 246	20 682	20 282	401	2%	62 621		
<b>Unpaid salary, allowances &amp; benefits in arrears:</b>												
<b>Sub Total - Other Staff of Entities</b>		-	-	-	-	-	-	-	-	-		
<b>% increase</b>	4											
<b>Total Municipal Entities</b>		-	-	-	-	-	-	-	-	-		
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>		58 827	62 683	62 621	5 246	20 682	20 282	401	2%	62 621		
<b>% increase</b>	4		6.6%	6.4%						6.4%		
<b>TOTAL MANAGERS AND STAFF</b>		55 504	59 406	59 344	4 835	19 835	19 189	645	3%	59 344		

**WC041 Kannaland - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M04 October**

Summary of Employee and Councillor remuneration R thousands	Ref	2018/19	Budget Year 2019/20							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
	1	A	B	C						D
<b><u>Councillors (Political Office Bearers plus Other)</u></b>										
		2	2	2						2
Basic Salaries and Wages		513	559	559	349	730	853	(123)	-14%	559
Pension and UIF Contributions		12	52	52	–	–	17	(17)	-100%	52
Medical Aid Contributions		–	32	32	8	17	11	6	56%	32
Motor Vehicle Allowance		143	282	282	27	49	94	(45)	-48%	282
Cellphone Allowance		656	352	352	26	52	117	(66)	-56%	352
Housing Allowances		–	–	–	–	–	–	–		–
Other benefits and allowances		–	–	–	–	–	–	–		–
<b>Sub Total - Councillors</b>		3	3	3			1			3
<b>% increase</b>	4	323	277 -1,4%	277 -1,4%	411	848	092	(245)	-22%	277 -1,4%
<b><u>Senior Managers of the Municipality</u></b>	3									
		1	3	3	1	1	1			3
Basic Salaries and Wages		145	120	120	040	040	040	–		120
Pension and UIF Contributions		–	–	–	–	–	–	–		–
Medical Aid Contributions		–	–	–	–	–	–	–		–
Overtime		644	–	–	–	–	–	–		–
Performance Bonus		491	273	273	–	–	91	(91)	-100%	273
Motor Vehicle Allowance		459	193	193	27	114	64	50	78%	193
Cellphone Allowance		13	–	32	–	–	11	(11)	-100%	32
Housing Allowances		–	10	10	–	–	3	(3)	-100%	10
Other benefits and allowances		2	26	50	–	–	17	(17)	-100%	50
Payments in lieu of leave		–	–	–	–	–	–	–		–

Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	2	-	-	-	-	-	-	-	-	-
<b>Sub Total - Senior Managers of Municipality</b>		755	622	679	067	154	226	(72)	-6%	679
<b>% increase</b>	4		-3,5%	-2,0%						-2,0%
<b>Other Municipal Staff</b>										
Basic Salaries and Wages		411	108	108	409	353	119	234	10%	108
Pension and UIF Contributions		300	823	823	498	951	274	(323)	-14%	823
Medical Aid Contributions		606	713	713	179	628	571	57	10%	713
Overtime		245	950	370	309	295	457	838	184%	370
Performance Bonus		186	-	-	53	275	-	275	#DIV/0!	-
Motor Vehicle Allowance		931	364	390	192	755	797	(41)	-5%	390
Cellphone Allowance		97	152	152	10	71	51	21	41%	152
Housing Allowances		291	337	337	18	77	112	(35)	-32%	337
Other benefits and allowances		933	337	773	95	252	583	331	-84%	773
Payments in lieu of leave		591	-	-	6	23	-	23	#DIV/0!	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	2	159	-	-	-	-	-	-	-	-
<b>Sub Total - Other Municipal Staff</b>		749	784	665	769	680	963	717	4%	665
<b>% increase</b>	4		7,8%	7,6%						7,6%
<b>Total Parent Municipality</b>		827	683	621	246	682	282	401	2%	621
<b>Unpaid salary, allowances &amp; benefits in arrears:</b>										
<b>Sub Total - Other Staff of Entities</b>		-	-	-	-	-	-	-		-
<b>% increase</b>	4									
<b>Total Municipal Entities</b>		-	-	-	-	-	-	-		-



TOTAL SALARY, ALLOWANCES & BENEFITS		58	62	62	5	20	20			62
		827	683	621	246	682	282	401	2%	621
% increase	4		6,6%	6,4%						6,4%
TOTAL MANAGERS AND STAFF		55	59	59	4	19	19			59
		504	406	344	835	835	189	645	3%	344

### 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

## ACCOUNT STATEMENT



Repayment Due	30.09.2019	30.09.2019	-40,834.26	0.00	-19,165.74	-60,000.00	1,820,630.97	1,820,630.97
Interest Accrual	31.10.2019	31.10.2019	0.00	19,328.62	0.00	19,328.62	1,839,959.59	1,820,630.97
Interest Capitalisation	31.10.2019	31.10.2019	0.00	-19,328.62	19,328.62	0.00	1,839,959.59	1,839,959.59
Repayment Due	31.10.2019	31.10.2019	-40,671.38	0.00	-19,328.62	-60,000.00	1,779,959.59	1,779,959.59
Interest Accrual	30.11.2019	30.11.2019	0.00	18,287.26	0.00	18,287.26	1,798,246.85	1,779,959.59

- The total outstanding long-term debt of Kannaland Municipality amounts to R1 779 959.59 as at 31 October 2019
- 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 R19 328.62 in interest with a capital redemption amount of R40 671.38.



## 11 ANNEXURE A

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

#### 11.2

WC041 Kannaland - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M04 October

Vote Description	Ref	2018/19	Budget Year 2019/20							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>										
<b>Revenue by Vote</b>	1									
Vote 1 - MUNICIPAL MANAGER		20 220	8 740	8 116	29	10 267	2 705	7 561	279.5%	8 116
Vote 2 - CORPORATE SERVICES		17 345	25 275	26 509	1 205	3 897	8 870	(4 973)	-56.1%	26 509
Vote 3 - FINANCIAL SERVICES		26 667	24 910	25 029	1 479	11 706	9 913	1 793	18.1%	25 029
Vote 4 - TECHNICAL SERVICES		84 183	155 394	158 490	6 460	28 661	54 563	(25 902)	-47.5%	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]		-	-	-	-	-	-	-		-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-		-
<b>Total Revenue by Vote</b>	2	<b>148 415</b>	<b>214 320</b>	<b>218 144</b>	<b>9 173</b>	<b>54 531</b>	<b>76 051</b>	<b>(21 521)</b>	<b>-28.3%</b>	<b>218 144</b>
<b>Expenditure by Vote</b>	1									
Vote 1 - MUNICIPAL MANAGER		23 900	15 081	14 430	1 045	3 720	4 810	(1 090)	-22.7%	14 430
Vote 2 - CORPORATE SERVICES		24 755	28 843	29 654	1 640	6 903	9 293	(2 390)	-25.7%	29 654
Vote 3 - FINANCIAL SERVICES		21 006	30 062	29 017	1 759	5 894	9 672	(3 778)	-39.1%	29 017
Vote 4 - TECHNICAL SERVICES		87 854	88 330	88 732	6 916	18 442	29 577	(11 135)	-37.6%	88 732
Vote 5 - CALITZDORP SPA		-	-	-	-	-	-	-		-
Vote 6 - CORPORATE SERVICES (Continued)		566	639	589	6	116	196	(81)	-41.1%	589
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]		-	-	-	-	-	-	-		-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-		-
<b>Total Expenditure by Vote</b>	2	<b>158 080</b>	<b>162 954</b>	<b>162 423</b>	<b>11 366</b>	<b>35 075</b>	<b>53 549</b>	<b>(18 474)</b>	<b>-34.5%</b>	<b>162 423</b>
<b>Surplus/ (Deficit) for the year</b>	2	<b>(9 665)</b>	<b>51 366</b>	<b>55 721</b>	<b>(2 193)</b>	<b>19 456</b>	<b>22 502</b>	<b>(3 047)</b>	<b>-13.5%</b>	<b>55 721</b>

## **12 ANNEXURE B**

### **12.1 Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M04 October 2019**

WC041 Kannaland - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M04 October

Description	Ref	2018/19	Budget Year 2019/20							Full Year Forecast
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
<b>R thousands</b>	<b>1</b>									
<b>Revenue - Functional</b>										
<i><b>Governance and administration</b></i>		<b>47 263</b>	<b>34 370</b>	<b>33 865</b>	<b>1 543</b>	<b>22 078</b>	<b>12 858</b>	9 220	72%	<b>33 865</b>
Executive and council		20 220	8 740	8 116	29	10 267	2 705	7 561	279%	8 116
Finance and administration		27 043	25 630	25 749	1 514	11 812	10 153	1 659	16%	25 749
Internal audit		-	-	-	-	-	-	-	-	-
<i><b>Community and public safety</b></i>		<b>17 058</b>	<b>17 122</b>	<b>18 356</b>	<b>983</b>	<b>3 235</b>	<b>6 152</b>	(2 917)	-47%	<b>18 356</b>
Community and social services		5 569	14 723	14 949	874	2 013	5 016	(3 004)	-60%	14 949
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		10 699	2 019	2 019	110	1 222	673	549	82%	2 019
Housing		790	380	1 388	-	-	463	(463)	-100%	1 388
Health		-	-	-	-	-	-	-	-	-
<i><b>Economic and environmental services</b></i>		<b>5 862</b>	<b>9 182</b>	<b>9 182</b>	<b>186</b>	<b>806</b>	<b>3 094</b>	(2 288)	-74%	<b>9 182</b>
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		5 862	9 182	9 182	186	806	3 094	(2 288)	-74%	9 182
Environmental protection		-	-	-	-	-	-	-	-	-
<i><b>Trading services</b></i>		<b>78 231</b>	<b>153 646</b>	<b>156 742</b>	<b>6 461</b>	<b>28 412</b>	<b>53 947</b>	(25 536)	-47%	<b>156 742</b>
Energy sources		44 940	64 873	64 873	4 102	18 757	21 878	(3 121)	-14%	64 873
Water management		21 316	46 059	49 155	1 208	4 918	17 052	(12 134)	-71%	49 155
Waste water management		6 174	28 768	28 768	591	2 416	9 589	(7 174)	-75%	28 768
Waste management		5 801	13 946	13 946	561	2 322	5 429	(3 107)	-57%	13 946
<i><b>Other</b></i>	<b>4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Revenue - Functional</b>	<b>2</b>	<b>148 415</b>	<b>214 320</b>	<b>218 144</b>	<b>9 173</b>	<b>54 531</b>	<b>76 051</b>	<b>(21 521)</b>	<b>-28%</b>	<b>218 144</b>
<b>Expenditure - Functional</b>										
<i><b>Governance and administration</b></i>		<b>59 197</b>	<b>58 160</b>	<b>55 972</b>	<b>3 751</b>	<b>13 643</b>	<b>18 657</b>	(5 014)	-27%	<b>55 972</b>
Executive and council		24 733	15 081	14 430	1 045	3 720	4 810	(1 090)	-23%	14 430
Finance and administration		34 464	43 079	41 541	2 706	9 923	13 847	(3 924)	-28%	41 541
Internal audit		-	-	-	-	-	-	-	-	-
<i><b>Community and public safety</b></i>		<b>12 047</b>	<b>9 694</b>	<b>10 934</b>	<b>798</b>	<b>3 399</b>	<b>3 053</b>	346	11%	<b>10 934</b>
Community and social services		6 275	7 670	7 871	450	1 844	2 032	(188)	-9%	7 871
Sport and recreation		524	325	305	14	178	102	76	75%	305
Public safety		3 208	59	59	273	1 130	20	1 110	5666%	59
Housing		2 040	1 640	2 698	61	247	899	(652)	-73%	2 698
Health		-	-	-	-	-	-	-	-	-
<i><b>Economic and environmental services</b></i>		<b>8 332</b>	<b>18 573</b>	<b>18 383</b>	<b>560</b>	<b>2 511</b>	<b>6 128</b>	(3 617)	-59%	<b>18 383</b>
Planning and development		21	-	-	-	-	-	-	-	-
Road transport		8 312	18 573	18 383	560	2 511	6 128	(3 617)	-59%	18 383
Environmental protection		-	-	-	-	-	-	-	-	-
<i><b>Trading services</b></i>		<b>78 505</b>	<b>76 527</b>	<b>77 134</b>	<b>6 257</b>	<b>15 522</b>	<b>25 711</b>	(10 189)	-40%	<b>77 134</b>
Energy sources		44 497	50 932	48 965	5 115	11 717	16 322	(4 605)	-28%	48 965
Water management		13 260	12 196	12 007	440	1 596	4 002	(2 407)	-60%	12 007
Waste water management		11 137	6 607	7 306	246	879	2 435	(1 557)	-64%	7 306
Waste management		9 611	6 792	8 856	457	1 331	2 952	(1 621)	-55%	8 856
<i><b>Other</b></i>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditure - Functional</b>	<b>3</b>	<b>158 080</b>	<b>162 954</b>	<b>162 423</b>	<b>11 366</b>	<b>35 075</b>	<b>53 549</b>	<b>(18 474)</b>	<b>-34%</b>	<b>162 423</b>
<b>Surplus/ (Deficit) for the year</b>		<b>(9 665)</b>	<b>51 366</b>	<b>55 721</b>	<b>(2 193)</b>	<b>19 456</b>	<b>22 502</b>	<b>(3 047)</b>	<b>-14%</b>	<b>55 721</b>

### 13 Annexure C

### 14 Table C1 Monthly Budget Statement Summary M04 October 2019

WC041 Kannaland - Table C1 Monthly Budget Statement Summary - M04 October

Description	2018/19	Budget Year 2019/20							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>Financial Performance</b>									
Property rates	15 549	17 117	17 117	990	8 548	5 706	2 842	50%	17 117
Service charges	69 672	88 958	88 958	6 461	28 411	29 653	(1 241)	-4%	88 958
Investment revenue	669	526	526	82	359	175	183	105%	526
Transfers and subsidies	33 803	37 147	37 875	861	14 285	15 262	(977)	-6%	37 875
Other own revenue	17 519	18 336	18 336	779	2 425	6 112	(3 687)	-60%	18 336
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>137 213</b>	<b>162 083</b>	<b>162 812</b>	<b>9 173</b>	<b>54 028</b>	<b>56 907</b>	<b>(2 879)</b>	<b>-5%</b>	<b>162 812</b>
Employee costs	55 504	59 406	59 344	4 835	19 835	19 189	645	3%	59 344
Remuneration of Councillors	3 323	3 277	3 277	411	848	1 092	(245)	-22%	3 277
Depreciation & asset impairment	15 710	11 192	11 270	–	–	3 756	(3 756)	-100%	11 270
Finance charges	2 921	722	722	37	152	241	(89)	-37%	722
Materials and bulk purchases	36 457	44 282	43 867	4 990	10 707	14 622	(3 915)	-27%	43 867
Transfers and subsidies	1 899	558	558	–	–	186	(186)	-100%	558
Other expenditure	42 266	43 518	43 386	1 094	3 533	14 462	(10 929)	-76%	43 386
<b>Total Expenditure</b>	<b>158 080</b>	<b>162 954</b>	<b>162 423</b>	<b>11 366</b>	<b>35 075</b>	<b>53 549</b>	<b>(18 474)</b>	<b>-34%</b>	<b>162 423</b>
<b>Surplus/(Deficit)</b>	<b>(20 867)</b>	<b>(871)</b>	<b>389</b>	<b>(2 193)</b>	<b>18 953</b>	<b>3 358</b>	<b>15 595</b>	<b>464%</b>	<b>389</b>
Transfers and subsidies - capital (monetary allocation)	10 820	52 236	55 332	–	503	19 144	(18 641)	-97%	55 332
Contributions & Contributed assets	382	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(9 665)</b>	<b>51 366</b>	<b>55 721</b>	<b>(2 193)</b>	<b>19 456</b>	<b>22 502</b>	<b>(3 047)</b>	<b>-14%</b>	<b>55 721</b>
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–
<b>Surplus/ (Deficit) for the year</b>	<b>(9 665)</b>	<b>51 366</b>	<b>55 721</b>	<b>(2 193)</b>	<b>19 456</b>	<b>22 502</b>	<b>(3 047)</b>	<b>-14%</b>	<b>55 721</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	<b>18 683</b>	<b>52 626</b>	<b>55 722</b>	<b>1 783</b>	<b>5 335</b>	<b>18 526</b>	<b>(13 191)</b>	<b>-71%</b>	<b>55 722</b>
Capital transfers recognised	16 125	52 236	55 232	1 770	5 322	18 362	(13 040)	-71%	55 232
Public contributions & donations	–	–	–	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–	–	–	–
Internally generated funds	985	390	490	12	12	163	(151)	-92%	490
<b>Total sources of capital funds</b>	<b>17 111</b>	<b>52 626</b>	<b>55 722</b>	<b>1 783</b>	<b>5 335</b>	<b>18 526</b>	<b>(13 191)</b>	<b>-71%</b>	<b>55 722</b>
<b>Financial position</b>									
Total current assets	(15 205)	(96 715)	(205 956)		32 790				(205 956)
Total non current assets	(7 507)	52 626	66 914		5 335				66 914
Total current liabilities	(5 271)	(134 040)	(262 881)		6 666				(262 881)
Total non current liabilities	2 567	(1 157)	(2 657)		15				(2 657)
<b>Community wealth/Equity</b>	<b>(645)</b>	<b>–</b>	<b>–</b>		<b>(2)</b>				<b>–</b>
<b>Cash flows</b>									
Net cash from (used) operating	(38 095)	15 325	21 014	(2 602)	25 098	11 574	(13 525)	-117%	21 014
Net cash from (used) investing	(743)	(52 626)	(55 722)	–	–	(18 526)	(18 526)	100%	(55 722)
Net cash from (used) financing	11	(720)	(720)	12	47	(240)	(287)	120%	(720)
<b>Cash/cash equivalents at the month/year end</b>	<b>(38 829)</b>	<b>(38 022)</b>	<b>(35 428)</b>	<b>–</b>	<b>25 145</b>	<b>(7 192)</b>	<b>(32 338)</b>	<b>450%</b>	<b>(35 428)</b>
<b>Debtors &amp; creditors analysis</b>	<b>0-30 Days</b>	<b>31-60 Days</b>	<b>61-90 Days</b>	<b>91-120 Days</b>	<b>121-150 Dys</b>	<b>151-180 Dys</b>	<b>181 Dys-1 Yr</b>	<b>Over 1Yr</b>	<b>Total</b>
<b>Debtors Age Analysis</b>									
Total By Income Source	3 337	3 572	1 468	1 229	1 273	1 171	6 534	50 926	69 509
<b>Creditors Age Analysis</b>									
Total Creditors	4 804	5 211	5 135	5 006	17 296	–	–	37 450	74 901



## **15 ANNEXURE D**

### **15.1 Implementation of the Supply Chain Management policy**

No deviations for October 2019