

# **Kannaland Municipality**



## **Financial Management Report December 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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**WC041 Kannaland - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M06 December**

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	8 158	18 425	4 058	14 367	354,0%	8 116
Vote 2 - CORPORATE SERVICES		17 345	25 275	26 509	136	4 521	13 751	(9 229)	-67,1%	26 509
Vote 3 - FINANCIAL SERVICES		26 667	24 910	24 535	1 856	15 091	13 615	1 476	10,8%	24 535
Vote 4 - TECHNICAL SERVICES		84 183	155 394	158 490	5 863	41 782	84 210	(42 427)	-50,4%	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>217 650</b>	<b>16 013</b>	<b>79 820</b>	<b>115 633</b>	<b>(35 814)</b>	<b>-31,0%</b>	<b>217 650</b>
<b>Expenditure by Vote</b>	1									
Vote 1 - MUNICIPAL MANAGER		23 900	15 081	14 430	1 434	6 099	7 215	(1 116)	-15,5%	14 430
Vote 2 - CORPORATE SERVICES		24 755	28 843	29 654	2 059	11 124	13 939	(2 816)	-20,2%	29 654
Vote 3 - FINANCIAL SERVICES		21 006	30 062	29 017	1 632	9 627	14 509	(4 882)	-33,6%	29 017
Vote 4 - TECHNICAL SERVICES		87 854	88 330	88 732	9 916	34 101	44 366	(10 265)	-23,1%	88 732
Vote 5 - CALITZDORP SPA		-	-	-	-	-	-	-		-
Vote 6 - CORPORATE SERVICES (Continued)		566	639	589	23	225	294	(69)	-23,6%	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>15 065</b>	<b>61 175</b>	<b>80 323</b>	<b>(19 148)</b>	<b>-23,8%</b>	<b>162 423</b>
<b>Surplus/ (Deficit) for the year</b>	2	<b>(9 665)</b>	<b>51 366</b>	<b>55 227</b>	<b>949</b>	<b>18 645</b>	<b>35 310</b>	<b>(16 665)</b>	<b>-47,2%</b>	<b>55 227</b>

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## 1 Glossary

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



## 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.**

## 2 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 **December 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 including bonuses 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.

### 3 Budget Summary

WC041 Kannaland - Table C1 Monthly Budget Statement Summary - M06 December

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	998	10 544	8 558	1 986	23%	17 117
Service charges	69 672	88 958	88 958	5 864	41 073	44 479	(3 406)	-8%	88 958
Investment revenue	669	526	526	–	418	263	155	59%	526
Transfers and subsidies	33 803	37 147	37 875	8 157	22 904	23 721	(818)	-3%	37 875
Other own revenue	17 519	18 336	18 336	564	3 950	9 168	(5 218)	-57%	18 336
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>137 213</b>	<b>162 083</b>	<b>162 812</b>	<b>15 584</b>	<b>78 888</b>	<b>86 189</b>	<b>(7 302)</b>	<b>-8%</b>	<b>162 812</b>
Employee costs	55 504	59 406	59 344	5 882	31 747	28 784	2 963	10%	59 344
Remuneration of Councillors	3 323	3 277	3 277	227	1 301	1 638	(337)	-21%	3 277
Depreciation & asset impairment	15 710	11 192	11 270	–	–	5 635	(5 635)	-100%	11 270
Finance charges	2 921	722	722	–	202	361	(159)	-44%	722
Materials and bulk purchases	36 457	44 282	43 967	8 062	22 105	21 983	121	1%	43 967
Transfers and subsidies	1 899	558	558	27	27	279	(252)	-90%	558
Other expenditure	42 266	43 518	43 286	956	5 957	21 643	(15 686)	-72%	43 286
<b>Total Expenditure</b>	<b>158 080</b>	<b>162 954</b>	<b>162 423</b>	<b>15 154</b>	<b>61 339</b>	<b>80 323</b>	<b>(18 984)</b>	<b>-24%</b>	<b>162 423</b>
<b>Surplus/(Deficit)</b>	<b>(20 867)</b>	<b>(871)</b>	<b>389</b>	<b>430</b>	<b>17 548</b>	<b>5 866</b>	<b>11 682</b>	<b>199%</b>	<b>389</b>
Transfers and subsidies - capital (monetary allocations)	10 820	52 236	54 838	430	932	29 444	(28 512)	-97%	54 838
Contributions & Contributed assets	382	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(9 665)</b>	<b>51 366</b>	<b>55 227</b>	<b>859</b>	<b>18 481</b>	<b>35 310</b>	<b>(16 830)</b>	<b>-48%</b>	<b>55 227</b>
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–
<b>Surplus/ (Deficit) for the year</b>	<b>(9 665)</b>	<b>51 366</b>	<b>55 227</b>	<b>859</b>	<b>18 481</b>	<b>35 310</b>	<b>(16 830)</b>	<b>-48%</b>	<b>55 227</b>

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

#### Operating Surplus/Deficit

Operating revenue amounted to **R15.58 million** an improvement from the previous month reporting of **R9.24 million** this as a result of service charges collections, whilst operating expenditure amounted to **R15.18 million**, resulting in an operating **surplus of R859 thousand** showing an increase from the previously reported in **November 2019** deficit of **R1.5 million**.

## Financial Performance

### *Property Rates*

The property rates collection showed a collection of **R998 thousand** collection in the **December 2019** period and slight increase from the collection on **November 2019** of Just over R8 thousand.

### *Service Charges*

The municipality recorded an overall service charge collection over **R5.86 million** for the **December 2019** period, representing a slight decrease of **R136 thousand** from the **November 2019** period.

### *Transfers and Subsidies*

The municipality received the second batch of Equitable share in December of the amount **R8.16 million** vat inclusive.

## Total Expenditure

### *Employee related cost*

The employee related cost increased from the Month of December as a result of bonuses paid. The total expenditure on salaries including councillors was **R6.16 Million**.

### *Materials and Bulk Purchases*

Bulk purchases are slow due to the demand for electricity in the summer season. The municipality spent **R 8.06 million** toward bulk purchase (water and electricity) with materials and supplies, which includes payments towards an arrangement with Eskom and **R133 thousand** towards Materials.

### *Transfers and other subsidies*

The municipality incurred expenditure for operating grants of R27 thousand due to incorrect allocation and use of expenditure cost codes. This will be resolved in the next reporting period as no transfers to other donors has been done in the reporting period.

## 3.1 Operating Revenue and Expenditure

WC041 Kannaland - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December

Table 3: Summary of Performance (Revenue and Expenditure) - 30 December										
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
R thousands										
Revenue By Source										
Property rates		15 549	17 117	17 117	998	10 544	8 558	1 986	23%	17 117
Service charges - electricity revenue		44 924	59 573	59 573	3 236	26 204	29 786	(3 583)	-12%	59 573
Service charges - water revenue		12 773	16 920	16 920	1 489	7 863	8 460	(597)	-7%	16 920
Service charges - sanitation revenue		6 174	6 271	6 271	581	3 573	3 136	437	14%	6 271
Service charges - refuse revenue		5 801	6 193	6 193	558	3 433	3 097	337	11%	6 193
Service charges - other		—	—	—	—	—	—	—	—	—
Rental of facilities and equipment		533	956	956	41	269	478	(209)	-44%	956
Interest earned - external investments		669	526	526	—	418	263	155	59%	526
Interest earned - outstanding debtors		49	5 622	5 622	2	9	2 811	(2 802)	-100%	5 622
Dividends received		—	—	—	—	—	—	—	—	—
Fines, penalties and forfeits		15 314	8 928	8 928	417	2 345	4 464	(2 119)	-47%	8 928
Licences and permits		173	160	160	11	102	80	22	28%	160
Agency services		828	1 010	1 010	—	420	505	(85)	-17%	1 010
Transfers and subsidies		33 803	37 147	37 875	8 157	22 904	23 721	(818)	-3%	37 875
Other revenue		622	1 660	1 660	93	805	830	(25)	-3%	1 660
Gains on disposal of PPE		—	—	—	—	—	—	—	—	—

### 3.1.1 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 **R3.2 million** worth of electricity this month which is a less than last months. There is an improvement in terms of revenue collection in the electricity with the Year to date actual of surpassing the **91 percent collection** to the year- to-date budget.

However, areas that are services by ESKOM such Zoar and Van Wyks Dorp continue to be a challenge in terms of implementing our debt collection policy strategies and the council need to consider alternative ways of managing this problem.

### ***Water***

We have a revenue collection of **R1.49 Million** in water services in the December period showing a slight decrease on the previous reported figure of **R1.49 Million** in November 2019. There is a slight improvement in the revenue collected towards water, the year-to-date actuals represent **90 percent collection** against the year-to-date budget. This rate could be more if electricity in the whole municipal boundary was serviced by the municipality, as we are unable to effectively implement our debt collection policies.

No major water leaks were reported this month.

### ***Sewerage***

We have collected **R581 thousand** during December and this rate is more than the November period of **R577 thousand**. The sanitation is performing above expectation with collection percentage of 114 percent from the year to date actuals compared to year to date budget.

### ***Refuse Removal***

The municipality collected refuse and managed to generate **R558 thousand** for the reporting month which is more than the previous month of November figure of **R554 thousand**. The refuse removal is also performing above expectations with collection of 111 percent from the year to date actuals compared to the year to date budget.

There were no reported incidents regarding refuse collection this month.

### ***Rental of facilities***

The municipality doesn't have much revenue received from the rental of facilities, that include halls and other facilities. The total rental for facilities amounted to **R41 Thousand**, this rate is below the expected projections and stricter measures will need to be implemented in this regard.

### ***Interest earned (external investments and Outstanding debtors) and fines/Penalties forfeits***

The interest earned on outstanding debtors raises concerns, which will be addressed as the municipality is not showing collections towards interest even though outstanding debtors are increasing. The interest earned seems to have been included in the actual revenue for service charges.

The municipality is showing underperformance on fines, penalties and forfeits by collecting **R417 thousand** representing less than 50 percent of the year to date actuals against the year to date budget.

### 3.1.2 Operating Expenditure

<b>Expenditure By Type</b>										
Employee related costs	55 504	59 406	59 344	5 882	31 747	28 784	2 963	10%		59 344
Remuneration of councillors	3 323	3 277	3 277	251	1 301	1 638	(337)	-21%		3 277
Debt impairment	25 922	14 077	14 077	3	73	7 038	(6 965)	-99%		14 077
Depreciation & asset impairment	15 710	11 192	11 270	–	–	5 635	(5 635)	-100%		11 270
Finance charges	2 921	722	722	–	202	361	(159)	-44%		722
Bulk purchases	35 483	40 200	40 200	7 934	21 345	20 100	1 245	6%		40 200
Other materials	974	4 082	3 767	128	760	1 883	(1 123)	-60%		3 767
Contracted services	7 849	15 531	16 956	477	2 702	8 478	(5 777)	-68%		16 956
Transfers and subsidies	1 899	558	558	27	27	279	(252)	-90%		558
Other expenditure	8 200	13 911	12 253	476	3 182	6 126	(2 944)	-48%		12 253
Loss on disposal of PPE	295	–	–	–	–	–	–			–
<b>Total Expenditure</b>	<b>158 080</b>	<b>162 954</b>	<b>162 423</b>	<b>15 178</b>	<b>61 339</b>	<b>80 323</b>	<b>(18 984)</b>	<b>-24%</b>		<b>162 423</b>

### Employee Related Costs

Employee related cost amounted to **R5.88 million** which includes bonuses of just over **R1 million** paid in December for employees' level T10 and above due to financial constraints.

The total remuneration for councillors is reported as **R251 thousand**. This figure is understated due to system parameters that are not correctly setup and will be corrected on the next reporting period.

### **Bulk Purchase and Finance Charges**

The municipality made bulk purchases to the amount of **R7.96 million** for the reporting period. The bulk expenditure went to Electricity for over **R7.93 million** and for water **R29 thousand**.

### **Contracted services**

The municipality has improved on the expenditure for contracted services. Contracted services improved from the **R451 thousand** spent in **November 2019** to **R477 thousand for the December period**. The year-to-date actual represent 31 percent of the total year-to-date budget. However due to constrained financial resources, we are making strides on the expenditure on contracted services. An improvement on the SCM processes is underway to ensure proper spending and planning.

### **Other expenditure**

Other expenditure amounted to **R476 thousand** which represents **49 percent** of the year to date actuals against the year to date budget. This is due to cost containment measures that are being implemented as per the resolution of the Financial Recovery Plan.

## **4 Statement of Financial Position**



**WC041 Kannaland - Table C6 Monthly Budget Statement - Financial Position - M06 December**

Description	Ref	2018/19	Budget Year 2019/20			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
<b>R thousands</b>	1					
<b><u>ASSETS</u></b>						
<b>Current assets</b>						
Cash		1 732	—	(3 852)	11 391	(3 852)
Call investment deposits		8 289	—	—	11 600	—
Consumer debtors		(101)	(96 784)	(199 443)	72 923	(199 443)
Other debtors		(26 043)	(3 326)	(7 661)	18 778	(7 661)
Current portion of long-term receivables		(5)	—	—	—	—
Inventory		924	3 395	6 476	233	6 476
<b>Total current assets</b>		<b>(15 205)</b>	<b>(96 715)</b>	<b>(204 480)</b>	<b>114 926</b>	<b>(204 480)</b>
<b>Non current assets</b>						
Long-term receivables		—	—	—	—	—
Investments		(36)	—	—	—	—
Investment property		(211)	—	—	—	—
Investments in Associate		—	—	—	—	—
Property, plant and equipment		(7 208)	52 626	67 134	7 080	67 134
Agricultural		—	—	—	—	—
Biological assets		—	—	—	—	—
Intangible assets		(52)	—	29	—	29
Other non-current assets		—	—	—	—	—
<b>Total non current assets</b>		<b>(7 507)</b>	<b>52 626</b>	<b>67 164</b>	<b>7 080</b>	<b>67 164</b>
<b>TOTAL ASSETS</b>		<b>(22 712)</b>	<b>(44 088)</b>	<b>(137 316)</b>	<b>122 006</b>	<b>(137 316)</b>
<b><u>LIABILITIES</u></b>						
<b>Current liabilities</b>						
Bank overdraft		—	—	—	—	—
Borrowing		(566)	(437)	(873)	205	(873)
Consumer deposits		11	—	—	60	—
Trade and other payables		(4 359)	(133 603)	(261 776)	32 568	(261 776)
Provisions		(357)	—	—	—	—
<b>Total current liabilities</b>		<b>(5 271)</b>	<b>(134 040)</b>	<b>(262 649)</b>	<b>32 833</b>	<b>(262 649)</b>
<b>Non current liabilities</b>						
Borrowing		116	(1 157)	(1 157)	—	(1 157)
Provisions		2 452	—	(1 500)	—	(1 500)
<b>Total non current liabilities</b>		<b>2 567</b>	<b>(1 157)</b>	<b>(2 657)</b>	<b>—</b>	<b>(2 657)</b>
<b>TOTAL LIABILITIES</b>		<b>(2 704)</b>	<b>(135 197)</b>	<b>(265 306)</b>	<b>32 833</b>	<b>(265 306)</b>
<b>NET ASSETS</b>	2	<b>(20 008)</b>	<b>91 108</b>	<b>127 990</b>	<b>89 173</b>	<b>127 990</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 and other 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 R7.08 million which indicates 9 percent expenditure of the total capital budget and a slight increase from first Quarter of 5 percent. The current month's capital expenditure is at **R1 26 million**.

### 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** depending on the receipt of the promised funding from Provincial Treasury.

## **Liabilities**

### **Current Liabilities**

#### **Bank Overdraft**

Due to the financial challenges experienced, the municipality makes use overdraft facility (amounting to -R2.55 million) to fund some of the day to day operations. In the Month of **December**, we had made use of the overdraft facilities.

#### **Borrowings**

We have a long-term financial obligation with the Development Bank of Southern Africa and currently paying **R60 thousand** 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 **R3 1 million** obligations showing a decrease from the **R4.4 million** reported in November 2019. We are currently reconciling all our outstanding creditors to the system, as some outstanding order/payment were outside the system not a truly reflection as per reporting.

## 5 Cash Receipts and Payments

WC041 Kannaland - Table C7 Monthly Budget Statement - Cash Flow - M06 December

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>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Property rates		5 891	(2 488)	(1 259)	931	9 078	(629)	9 707	-1543%	(1 259)
Service charges		32 617	79 153	79 421	7 108	47 379	39 711	7 669	19%	79 421
Other revenue		(5 350)	8 625	8 610	562	3 926	4 305	(379)	-9%	8 610
Government - operating		31 150	9 452	9 855	6 917	15 914	10 624	5 290	50%	9 855
Government - capital		11 439	52 136	54 588	430	13 366	30 847	(17 480)	-57%	54 588
Interest		718	6 132	6 132	2	422	3 066	(2 644)	-86%	6 132
Dividends		–	–	–	–	–	–	–		–
<b>Payments</b>										
Suppliers and employees		(111 233)	(136 406)	(135 797)	(15 035)	(60 873)	(67 010)	(6 137)	9%	(135 797)
Finance charges		(2 921)	(722)	(722)	–	(202)	(361)	(159)	44%	(722)
Transfers and Grants		(406)	(558)	(558)	(27)	(27)	(279)	(252)	90%	(558)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>(38 095)</b>	<b>15 325</b>	<b>20 270</b>	<b>888</b>	<b>28 983</b>	<b>20 272</b>	<b>(8 711)</b>	<b>-43%</b>	<b>20 270</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Proceeds on disposal of PPE		–	–	–	–	–	–	–		–
Decrease (Increase) in non-current debtors		–	–	–	–	–	–	–		–
Decrease (increase) other non-current receivables		–	–	–	–	–	–	–		–
Decrease (increase) in non-current investments		36	–	–	–	–	–	–		–
<b>Payments</b>										
Capital assets		(778)	(52 626)	(55 972)	–	–	(26 433)	(26 433)	100%	(55 972)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(743)</b>	<b>(52 626)</b>	<b>(55 972)</b>	<b>–</b>	<b>–</b>	<b>(26 433)</b>	<b>(26 433)</b>	<b>100%</b>	<b>(55 972)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Short term loans		–	–	–	–	–	–	–		–
Borrowing long term/refinancing		–	–	–	–	–	–	–		–
Increase (decrease) in consumer deposits		11	–	–	7	60	–	60	0%	–
<b>Payments</b>										
Repayment of borrowing		0	(720)	(720)	–	(2)	(360)	(358)	99%	(720)

## 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. There are some positive performance with regards to reported receipts on the December period.

The total bank balance as at 30 December 2019 was **R6.83 million** of which the Standard Bank main account is **R2.56 million** and the **R649 thousand** at the Traffic account and the deposit account has **R4.73 million**.

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.

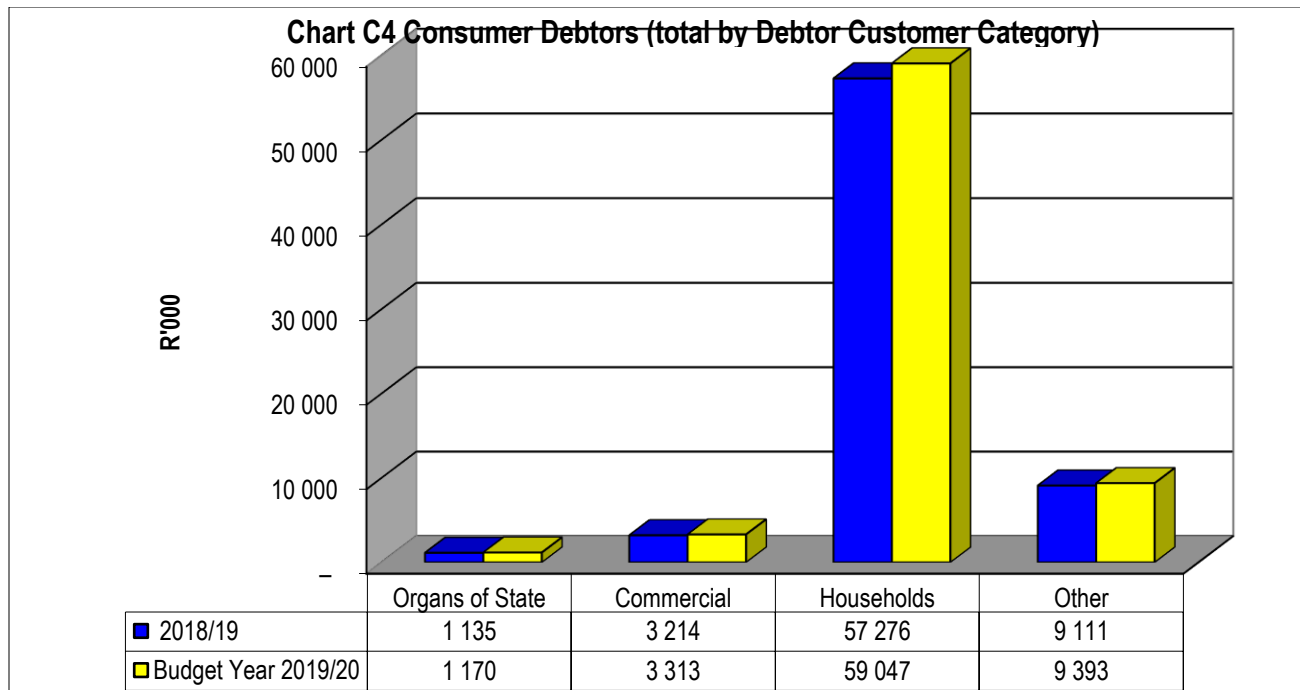
## 6 Debtor Age Analysis

WC041 Kannaland - Supporting Table SC3 Monthly Budget Statement - aged debtors - M06 December

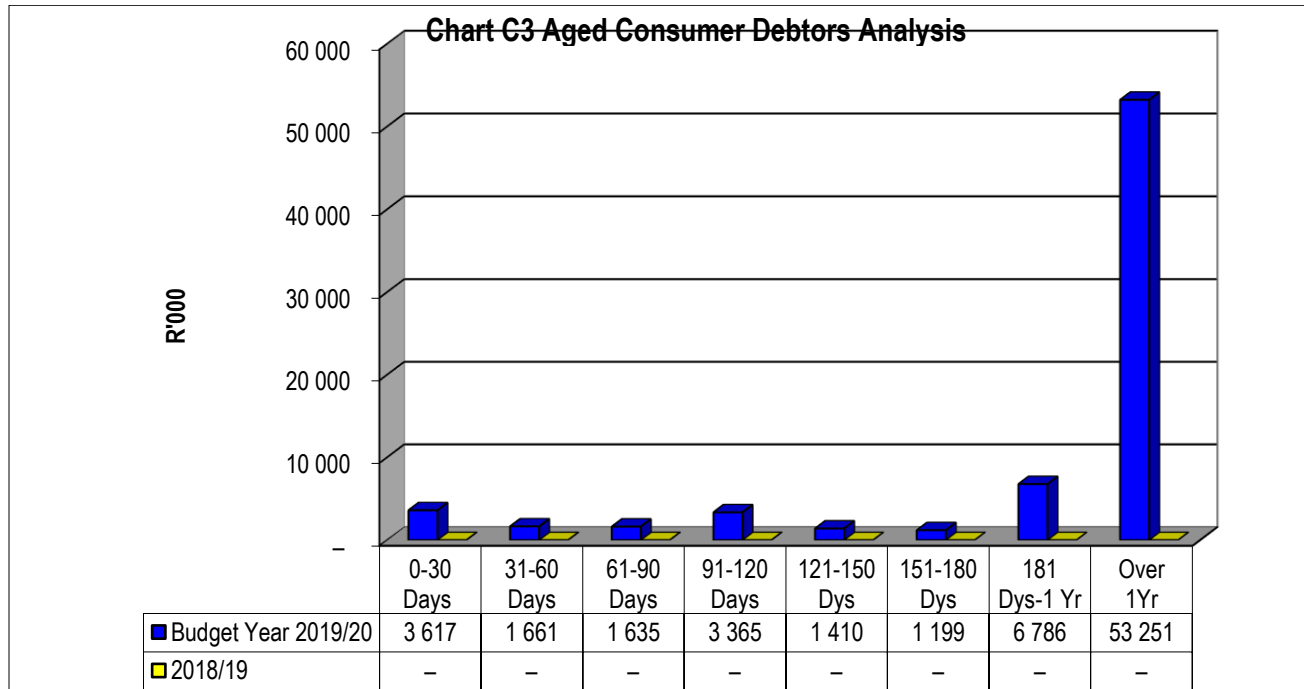
Description		NT Code	Budget Year 2019/20										Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy
			0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total	Total over 90 days		
R thousands														
Debtors Age Analysis By Income Source														
Trade and Other Receivables from Exchange Transactions - Water	1200	1 781	478	509	459	410	359	1 874	9 471	15 341	12 572	-	-	
Trade and Other Receivables from Exchange Transactions - Electricity	1300	849	82	74	79	62	37	180	1 288	2 650	1 645	-	-	
Receivables from Non-exchange Transactions - Property Rates	1400	1 208	269	239	1 905	218	238	1 256	11 899	17 232	15 516	-	-	
Receivables from Exchange Transactions - Waste Water Management	1500	507	240	241	238	238	189	1 107	7 186	9 946	8 958	-	-	
Receivables from Exchange Transactions - Waste Management	1600	1 152	441	427	506	353	268	1 549	8 152	12 849	10 828	-	-	
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	-	24	24	24	-	-	
Interest on Arrear Debtor Accounts	1810	18	25	37	81	37	41	409	13 636	14 284	14 204	-	-	
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-	
Other	1900	(1 897)	125	106	97	92	68	411	1 596	597	2 263	-	-	
Total By Income Source	2000	3 617	1 661	1 635	3 365	1 410	1 199	6 786	53 251	72 923	66 011	-	-	
2018/19 - totals only										-	-			
Debtors Age Analysis By Customer Group														
Organs of State	2200	(216)	30	24	817	22	11	42	442	1 170	1 333	-	-	
Commercial	2300	428	103	90	222	84	77	398	1 912	3 313	2 693	-	-	
Households	2400	3 692	1 399	1 400	1 692	1 204	981	5 577	43 103	59 047	52 557	-	-	
Other	2500	(286)	129	122	635	100	130	769	7 794	9 393	9 429	-	-	
Total By Customer Group	2600	3 617	1 661	1 635	3 365	1 410	1 199	6 786	53 251	72 923	66 011	-	-	

- The total amount owed to Kannaland Municipality amounted to **R72.9** million during December 2019.
- **R 53.2 million** or 90 percent of the total outstanding debtors are older than one year.
- **R 66 million** or 98 percent 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.

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



## 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.



## 7 Creditors Age Analysis

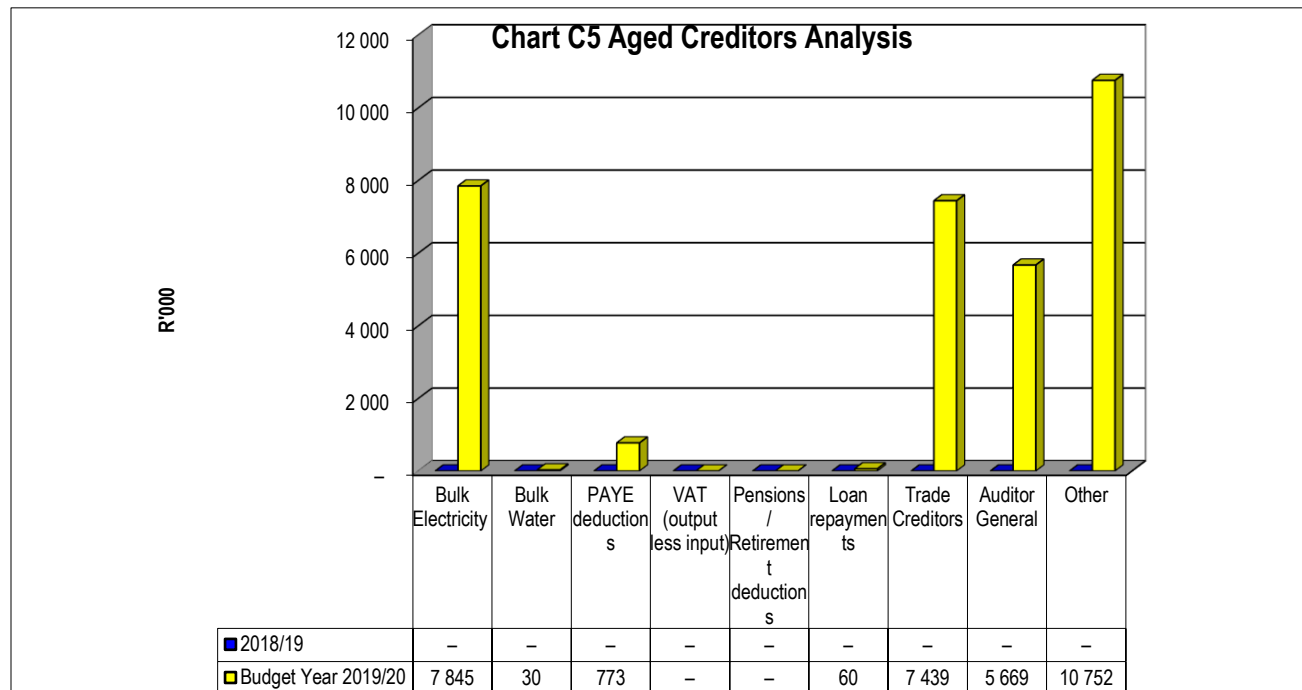
WC041 Kannaland - Supporting Table SC4 Monthly Budget Statement - aged creditors - M06 December

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	Total
R thousands										
Creditors Age Analysis By Customer Type										
Bulk Electricity	0100	3 807	2 860	1 177	–	–	–	–	–	7 845
Bulk Water	0200	30	–	–	–	–	–	–	–	30
PAYE deductions	0300	773	–	–	–	–	–	–	–	773
VAT (output less input)	0400	–	–	–	–	–	–	–	–	–
Pensions / Retirement deductions	0500	–	–	–	–	–	–	–	–	–
Loan repayments	0600	60	–	–	–	–	–	–	–	60
Trade Creditors	0700	71	368	61	73	–	6 866	–	–	7 439
Auditor General	0800	(300)	736	331	394	4 507	–	–	–	5 669
Other	0900	222	94	546	2 300	–	7 590	–	–	10 752
Total By Customer Type	1000	4 663	4 059	2 115	2 767	4 507	14 456	–	–	32 568

- The total outstanding creditors as at 30 December 2019 amounts to **R32 57 million**.
- The biggest outstanding creditors are Eskom (R7 million), the Auditor-General of South Africa R5 67 million. Combined, the before mentioned, represents 60 percent of all outstanding creditors.
- The Eskom bulk account is in arrears to the amount of R7 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.

## 7.1 Chart of creditors expressed proportionately to the total amount owed



## 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.

The following grants have been received from National Treasury:

- Equitable Share of **R9.38 million**

The following indicates expenditure on each respective grant received:

- Municipal Infrastructure Grant (MIG) to the amount of **R782 thousand** and Fire services to the amount of **R474 thousand**.

## 9 Capital Revenue & Expenditure

<b>Total Capital Expenditure</b>	3	11 618	52 626	55 972	1 257	6 976	26 433	(19 457)	-74%	55 972
<b>Capital Expenditure - Functional Classification</b>										
<b>Governance and administration</b>		-	360	610	-	-	305	(305)	-100%	610
Executive and council		-	-	-	-	-	-	-		-
Finance and administration		-	360	610	-	-	305	(305)	-100%	610
Internal audit		-	-	-	-	-	-	-		-
<b>Community and public safety</b>		1 703	4 383	3 257	698	1 703	639	1 064	166%	3 257
Community and social services		-	700	700	-	-	350	(350)	-100%	700
Sport and recreation		1 228	3 105	1 979	224	1 228	-	1 228	#DIV/0!	1 979
Public safety		474	578	578	474	474	289	185	64%	578
Housing		-	-	-	-	-	-	-		-
Health		-	-	-	-	-	-	-		-
<b>Economic and environmental services</b>		-	-	-	-	-	-	-		-
Planning and development		-	-	-	-	-	-	-		-
Road transport		-	-	-	-	-	-	-		-
Environmental protection		-	-	-	-	-	-	-		-
<b>Trading services</b>		5 377	47 883	52 105	559	5 377	25 490	(20 112)	-79%	52 105
Energy sources		322	3 345	3 345	-	322	1 673	(1 350)	-81%	3 345
Water management		4 935	26 538	30 760	439	4 935	14 817	(9 882)	-67%	30 760
Waste water management		120	18 000	18 000	120	120	9 000	(8 880)	-99%	18 000
Waste management		-	-	-	-	-	-	-		-
<b>Other</b>		-	-	-	-	-	-	-		-
<b>Total Capital Expenditure - Functional Classification</b>	3	7 080	52 626	55 972	1 257	7 080	26 433	(19 354)	-73%	55 972
<b>Funded by:</b>										
National Government		6 541	47 658	50 633	782	6 541	23 764	(17 223)	-72%	50 633
Provincial Government		474	4 578	4 849	474	474	2 424	(1 950)	-80%	4 849
District Municipality		-	-	-	-	-	-	-		-
Other transfers and grants		-	-	-	-	-	-	-		-
<b>Transfers recognised - capital</b>		7 016	52 236	55 482	1 257	7 016	26 188	(19 173)	-73%	55 482
<b>Public contributions &amp; donations</b>	5	-	-	-	-	-	-	-		-
<b>Borrowing</b>	6	-	-	-	-	-	-	-		-
<b>Internally generated funds</b>		64	390	490	-	64	245	(181)	-74%	490
<b>Total Capital Funding</b>		7 080	52 626	55 972	1 257	7 080	26 433	(19 354)	-73%	55 972

10

- The actual year to date capital expenditure amounts to **R7.08 million**.
- 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.

- Delays on the appointment of consulting engineers which was due to technical issues particularly the unforeseen changes in Supply Chain Management Regulation that we experienced

## **11 Expenditure on Salaries**

**WC041 Kannaland - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M06 December**

Summary of Employee and Councillor remuneration	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	A	B	C						D
<b><u>Councillors (Political Office Bearers plus Other)</u></b>										
Basic Salaries and Wages		2 513	2 559	2 559	195	932	1 279	(347)	-27%	2 559
Pension and UIF Contributions		12	52	52	—	—	26	(26)	-100%	52
Medical Aid Contributions		—	32	32	8	33	16	17	107%	32
Motor Vehicle Allowance		143	282	282	22	107	141	(35)	-25%	282
Cellphone Allowance		656	352	352	26	229	176	53	30%	352
Housing Allowances		—	—	—	—	—	—	—	—	—
Other benefits and allowances		—	—	—	—	—	—	—	—	—
<b>Sub Total - Councillors</b>		<b>3 323</b>	<b>3 277</b>	<b>3 277</b>	<b>251</b>	<b>1 301</b>	<b>1 638</b>	<b>(337)</b>	<b>-21%</b>	<b>3 277</b>
<b>% increase</b>	4		<b>-1,4%</b>	<b>-1,4%</b>						<b>-1,4%</b>
<b><u>Senior Managers of the Municipality</u></b>	3									
Basic Salaries and Wages		1 145	3 120	3 120	—	1 040	1 560	(520)	-33%	3 120
Pension and UIF Contributions		—	—	—	—	—	—	—	—	—
Medical Aid Contributions		—	—	—	—	—	—	—	—	—
Overtime		1 644	—	—	—	—	—	—	—	—
Performance Bonus		491	273	273	90	90	137	(47)	-34%	273
Motor Vehicle Allowance		459	193	193	28	169	96	73	75%	193
Cellphone Allowance		13	—	32	—	—	16	(16)	-100%	32
Housing Allowances		—	10	10	—	—	5	(5)	-100%	10
Other benefits and allowances		2	26	50	—	—	25	(25)	-100%	50
Payments in lieu of leave		—	—	—	—	—	—	—	—	—
Long service awards		—	—	—	—	—	—	—	—	—
Post-retirement benefit obligations		—	—	—	—	—	—	—	—	—
<b>Sub Total - Senior Managers of Municipality</b>		<b>3 755</b>	<b>3 622</b>	<b>3 679</b>	<b>118</b>	<b>1 299</b>	<b>1 839</b>	<b>(541)</b>	<b>-29%</b>	<b>3 679</b>
<b>% increase</b>	4		<b>-3,5%</b>	<b>-2,0%</b>						<b>-2,0%</b>
<b><u>Other Municipal Staff</u></b>										
Basic Salaries and Wages		35 411	38 108	38 108	3 445	20 162	18 179	1 983	11%	38 108
Pension and UIF Contributions		5 300	6 823	6 823	496	2 940	3 411	(472)	-14%	6 823
Medical Aid Contributions		1 606	1 713	1 713	176	980	856	124	14%	1 713
Overtime		3 245	1 950	1 370	282	1 880	685	1 195	174%	1 370
Performance Bonus		2 186	—	—	643	1 757	—	1 757	#DIV/0!	—
Motor Vehicle Allowance		1 931	2 364	2 390	181	1 130	1 195	(65)	-5%	2 390
Cellphone Allowance		97	152	152	10	90	76	14	19%	152
Housing Allowances		291	337	337	21	119	168	(49)	-29%	337
Other benefits and allowances		933	4 337	4 773	508	1 363	2 374	(1 011)	-43%	4 773
Payments in lieu of leave		591	—	—	2	26	—	26	#DIV/0!	—
Long service awards		—	—	—	—	—	—	—	—	—
Post-retirement benefit obligations		159	—	—	—	—	—	—	—	—
<b>Sub Total - Other Municipal Staff</b>		<b>51 749</b>	<b>55 784</b>	<b>55 665</b>	<b>5 764</b>	<b>30 449</b>	<b>26 945</b>	<b>3 504</b>	<b>13%</b>	<b>55 665</b>
<b>% increase</b>	4		<b>7,8%</b>	<b>7,6%</b>						<b>7,6%</b>
<b>Total Parent Municipality</b>		<b>58 827</b>	<b>62 683</b>	<b>62 621</b>	<b>6 133</b>	<b>33 049</b>	<b>30 423</b>	<b>2 626</b>	<b>9%</b>	<b>62 621</b>

## 12 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		02.12.2019	02.12.2019	-41,712.74	0.00	-18,287.26	-60,000.00	1,738,246.85	1,738,246.85
Interest Accrual		31.12.2019	31.12.2019	0.00	18,495.09	0.00	18,495.09	1,756,741.94	1,738,246.85
Interest Capitalisation		31.12.2019	31.12.2019	0.00	-18,495.09	18,495.09	0.00	1,756,741.94	1,756,741.94

Loan 61000778	Interest Rate	Posting Date	Value Date	Capital	Interest Accrued	Interest Capitalized	Total	Balance Incl. Accruals	Balance Excl. Accruals
Repayment Due		31.12.2019	31.12.2019	-41,504.91	0.00	-18,495.09	-60,000.00	1,696,741.94	1,696,741.94

- The total outstanding long-term debt of Kannaland Municipality amounts to **R1.96 million** as at 31 December 2019.
- A monthly instalment of **R60 thousand** at an interest rate of 12.52 percent per annum is being paid.
- For the current month the instalment amount is made up out of **R18 thousand** in interest with a capital redemption amount of **R42 thousand**.

## **13 ANNEXURE A**

### **13.1 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) - M06 December**

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><u>Revenue by Vote</u></b>	1									
Vote 1 - MUNICIPAL MANAGER		20 220	8 740	8 116	8 158	18 425	4 058	14 367	354,0%	8 116
Vote 2 - CORPORATE SERVICES		17 345	25 275	26 509	136	4 521	13 751	(9 229)	-67,1%	26 509
Vote 3 - FINANCIAL SERVICES		26 667	24 910	24 535	1 856	15 091	13 615	1 476	10,8%	24 535
Vote 4 - TECHNICAL SERVICES		84 183	155 394	158 490	5 863	41 782	84 210	(42 427)	-50,4%	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>217 650</b>	<b>16 013</b>	<b>79 820</b>	<b>115 633</b>	<b>(35 814)</b>	<b>-31,0%</b>	<b>217 650</b>
<b><u>Expenditure by Vote</u></b>	1									
Vote 1 - MUNICIPAL MANAGER		23 900	15 081	14 430	1 434	6 099	7 215	(1 116)	-15,5%	14 430
Vote 2 - CORPORATE SERVICES		24 755	28 843	29 654	2 059	11 124	13 939	(2 816)	-20,2%	29 654
Vote 3 - FINANCIAL SERVICES		21 006	30 062	29 017	1 632	9 627	14 509	(4 882)	-33,6%	29 017
Vote 4 - TECHNICAL SERVICES		87 854	88 330	88 732	9 916	34 101	44 366	(10 265)	-23,1%	88 732
Vote 5 - CALITZDORP SPA		-	-	-	-	-	-	-		-
Vote 6 - CORPORATE SERVICES (Continued)		566	639	589	23	225	294	(69)	-23,6%	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>15 065</b>	<b>61 175</b>	<b>80 323</b>	<b>(19 148)</b>	<b>-23,8%</b>	<b>162 423</b>
<b>Surplus/ (Deficit) for the year</b>	2	<b>(9 665)</b>	<b>51 366</b>	<b>55 227</b>	<b>949</b>	<b>18 645</b>	<b>35 310</b>	<b>(16 665)</b>	<b>-47,2%</b>	<b>55 227</b>

## **14 ANNEXURE B**

### **14.1 Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M06 December 2019**

WC041 Kannaland - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M06 December

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>1</b>									
<b>Revenue - Functional</b>										
<i><b>Governance and administration</b></i>		<b>47 263</b>	<b>34 370</b>	<b>33 371</b>	<b>10 018</b>	<b>33 661</b>	<b>18 033</b>	15 628	87%	<b>33 371</b>
Executive and council		20 220	8 740	8 116	8 158	18 425	4 058	14 367	354%	8 116
Finance and administration		27 043	25 630	25 255	1 859	15 236	13 975	1 261	9%	25 255
Internal audit		-	-	-	-	-	-	-	-	-
<i><b>Community and public safety</b></i>		<b>17 058</b>	<b>17 122</b>	<b>18 356</b>	<b>133</b>	<b>4 028</b>	<b>9 871</b>	(5 843)	-59%	<b>18 356</b>
Community and social services		5 569	14 723	14 949	28	2 537	8 168	(5 631)	-69%	14 949
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		10 699	2 019	2 019	104	1 491	1 009	482	48%	2 019
Housing		790	380	1 388	-	-	694	(694)	-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>(2)</b>	<b>1 058</b>	<b>4 701</b>	(3 644)	-78%	<b>9 182</b>
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		5 862	9 182	9 182	(2)	1 058	4 701	(3 644)	-78%	9 182
Environmental protection		-	-	-	-	-	-	-	-	-
<i><b>Trading services</b></i>		<b>78 231</b>	<b>153 646</b>	<b>156 742</b>	<b>5 864</b>	<b>41 073</b>	<b>83 028</b>	(41 955)	-51%	<b>156 742</b>
Energy sources		44 940	64 873	64 873	3 236	26 204	33 088	(6 884)	-21%	64 873
Water management		21 316	46 059	49 155	1 489	7 863	26 577	(18 715)	-70%	49 155
Waste water management		6 174	28 768	28 768	581	3 573	14 384	(10 811)	-75%	28 768
Waste management		5 801	13 946	13 946	558	3 433	8 978	(5 545)	-62%	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>217 650</b>	<b>16 013</b>	<b>79 820</b>	<b>115 633</b>	<b>(35 814)</b>	<b>-31%</b>	<b>217 650</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>4 361</b>	<b>22 279</b>	<b>27 986</b>	(5 706)	-20%	<b>55 972</b>
Executive and council		24 733	15 081	14 430	1 434	6 099	7 215	(1 116)	-15%	14 430
Finance and administration		34 464	43 079	41 541	2 927	16 180	20 771	(4 590)	-22%	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>838</b>	<b>5 313</b>	<b>4 579</b>	733	16%	<b>10 934</b>
Community and social services		6 275	7 670	7 871	423	2 908	3 048	(140)	-5%	7 871
Sport and recreation		524	325	305	-	199	153	46	30%	305
Public safety		3 208	59	59	328	1 785	29	1 755	5972%	59
Housing		2 040	1 640	2 698	87	421	1 349	(928)	-69%	2 698
Health		-	-	-	-	-	-	-	-	-
<i><b>Economic and environmental services</b></i>		<b>8 332</b>	<b>18 573</b>	<b>18 383</b>	<b>487</b>	<b>3 649</b>	<b>9 191</b>	(5 542)	-60%	<b>18 383</b>
Planning and development		21	-	-	-	-	-	-	-	-
Road transport		8 312	18 573	18 383	487	3 649	9 191	(5 542)	-60%	18 383
Environmental protection		-	-	-	-	-	-	-	-	-
<i><b>Trading services</b></i>		<b>78 505</b>	<b>76 527</b>	<b>77 134</b>	<b>9 378</b>	<b>29 934</b>	<b>38 567</b>	(8 633)	-22%	<b>77 134</b>
Energy sources		44 497	50 932	48 965	8 456	23 885	24 482	(597)	-2%	48 965
Water management		13 260	12 196	12 007	302	2 384	6 004	(3 620)	-60%	12 007
Waste water management		11 137	6 607	7 306	334	1 584	3 653	(2 069)	-57%	7 306
Waste management		9 611	6 792	8 856	287	2 081	4 428	(2 347)	-53%	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>15 065</b>	<b>61 175</b>	<b>80 323</b>	<b>(19 148)</b>	<b>-24%</b>	<b>162 423</b>
<b>Surplus/ (Deficit) for the year</b>		<b>(9 665)</b>	<b>51 366</b>	<b>55 227</b>	<b>949</b>	<b>18 645</b>	<b>35 310</b>	<b>(16 665)</b>	<b>-47%</b>	<b>55 227</b>

## 15 Annexure C

### Table C1 Monthly Budget Statement Summary M06 December 2019

**WC041 Kannaland - Table C1 Monthly Budget Statement Summary - M06 December**

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><u>Financial Performance</u></b>									
Property rates	15 549	17 117	17 117	998	10 544	8 558	1 986	23%	17 117
Service charges	69 672	88 958	88 958	5 864	41 073	44 479	(3 406)	-8%	88 958
Investment revenue	669	526	526	-	418	263	155	59%	526
Transfers and subsidies	33 803	37 147	37 875	8 157	22 904	23 721	(818)	-3%	37 875
Other own revenue	17 519	18 336	18 336	564	3 950	9 168	(5 218)	-57%	18 336
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>137 213</b>	<b>162 083</b>	<b>162 812</b>	<b>15 584</b>	<b>78 888</b>	<b>86 189</b>	<b>(7 302)</b>	<b>-8%</b>	<b>162 812</b>
Employee costs	55 504	59 406	59 344	5 882	31 747	28 784	2 963	10%	59 344
Remuneration of Councillors	3 323	3 277	3 277	251	1 301	1 638	(337)	-21%	3 277
Depreciation & asset impairment	15 710	11 192	11 270	-	-	5 635	(5 635)	-100%	11 270
Finance charges	2 921	722	722	-	202	361	(159)	-44%	722
Materials and bulk purchases	36 457	44 282	43 967	8 062	22 105	21 983	121	1%	43 967
Transfers and subsidies	1 899	558	558	27	27	279	(252)	-90%	558
Other expenditure	42 266	43 518	43 286	956	5 957	21 643	(15 686)	-72%	43 286
<b>Total Expenditure</b>	<b>158 080</b>	<b>162 954</b>	<b>162 423</b>	<b>15 178</b>	<b>61 339</b>	<b>80 323</b>	<b>(18 984)</b>	<b>-24%</b>	<b>162 423</b>
<b>Surplus/(Deficit)</b>	<b>(20 867)</b>	<b>(871)</b>	<b>389</b>	<b>406</b>	<b>17 548</b>	<b>5 866</b>	<b>11 682</b>	<b>199%</b>	<b>389</b>
Transfers and subsidies - capital (monetary allocations)	10 820	52 236	54 838	430	932	29 444	(28 512)	-97%	54 838
Contributions & Contributed assets	382	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(9 665)</b>	<b>51 366</b>	<b>55 227</b>	<b>835</b>	<b>18 481</b>	<b>35 310</b>	<b>(16 830)</b>	<b>-48%</b>	<b>55 227</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>	<b>(9 665)</b>	<b>51 366</b>	<b>55 227</b>	<b>835</b>	<b>18 481</b>	<b>35 310</b>	<b>(16 830)</b>	<b>-48%</b>	<b>55 227</b>
<b><u>Capital expenditure &amp; funds sources</u></b>									
<b>Capital expenditure</b>	<b>11 618</b>	<b>52 626</b>	<b>55 972</b>	<b>1 257</b>	<b>6 976</b>	<b>26 433</b>	<b>(19 457)</b>	<b>-74%</b>	<b>55 972</b>
Capital transfers recognised	7 016	52 236	55 482	1 257	7 016	26 188	(19 173)	-73%	55 482
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	64	390	490	-	64	245	(181)	-74%	490
<b>Total sources of capital funds</b>	<b>7 080</b>	<b>52 626</b>	<b>55 972</b>	<b>1 257</b>	<b>7 080</b>	<b>26 433</b>	<b>(19 354)</b>	<b>-73%</b>	<b>55 972</b>
<b><u>Financial position</u></b>									
Total current assets	(15 205)	(96 715)	(204 480)		114 926				(204 480)
Total non current assets	(7 507)	52 626	67 164		7 080				67 164
Total current liabilities	(5 271)	(134 040)	(262 649)		32 833				(262 649)
Total non current liabilities	2 567	(1 157)	(2 657)		-				(2 657)
<b>Community wealth/Equity</b>	<b>(645)</b>	<b>-</b>	<b>-</b>		<b>24</b>				<b>-</b>
<b><u>Cash flows</u></b>									
Net cash from (used) operating	(38 095)	15 325	20 270	888	28 983	20 272	(8 711)	-43%	20 270
Net cash from (used) investing	(743)	(52 626)	(55 972)	-	-	(26 433)	(26 433)	100%	(55 972)
Net cash from (used) financing	11	(720)	(720)	7	58	(360)	(418)	116%	(720)
<b>Cash/cash equivalents at the month/year end</b>	<b>(38 829)</b>	<b>(38 022)</b>	<b>(36 422)</b>	<b>-</b>	<b>29 041</b>	<b>(6 521)</b>	<b>(35 562)</b>	<b>545%</b>	<b>(36 422)</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><u>Debtors Age Analysis</u></b>									
Total By Income Source	3 617	1 661	1 635	3 365	1 410	1 199	6 786	53 251	72 923
<b><u>Creditors Age Analysis</u></b>									
Total Creditors	4 663	4 059	2 115	2 767	4 507	14 456	-	-	32 568

## 16 Capital expenditure and Revenue

### 16.1 Table C5 Capital expenditure

WC041 Kannaland - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M06 December

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>1</b>									
<b>Multi-Year expenditure appropriation</b>	<b>2</b>									
Vote 1 - MUNICIPAL MANAGER		-	-	-	-	-	-	-		-
Vote 2 - CORPORATE SERVICES		-	650	650	-	-	325	(325)	-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>	<b>4,7</b>	<b>-</b>	<b>650</b>	<b>650</b>	<b>-</b>	<b>-</b>	<b>325</b>	<b>(325)</b>	<b>-100%</b>	<b>650</b>
<b>Single Year expenditure appropriation</b>	<b>2</b>									
Vote 1 - MUNICIPAL MANAGER		-	-	-	-	-	-	-		-
Vote 2 - CORPORATE SERVICES		-	3 733	2 607	698	1 703	314	1 389	442%	2 607
Vote 3 - FINANCIAL SERVICES		-	360	610	-	-	305	(305)	-100%	610
Vote 4 - TECHNICAL SERVICES		11 618	47 883	52 105	559	5 274	25 490	(20 216)	-79%	52 105
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>	<b>4</b>	<b>11 618</b>	<b>51 976</b>	<b>55 322</b>	<b>1 257</b>	<b>6 976</b>	<b>26 108</b>	<b>(19 132)</b>	<b>-73%</b>	<b>55 322</b>
<b>Total Capital Expenditure</b>	<b>3</b>	<b>11 618</b>	<b>52 626</b>	<b>55 972</b>	<b>1 257</b>	<b>6 976</b>	<b>26 433</b>	<b>(19 457)</b>	<b>-74%</b>	<b>55 972</b>

## **17 ANNEXURE D**

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

No deviations for December 2019