



**KANNALAND**  
MUNISIPALITEIT | MUNICIPALITY

## **Financial Management Report July 2020**

**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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## 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.

## 1 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 **July 2020**. 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.

On the 25<sup>th</sup> March 2020, the President of South Africa, Mr Cyril Ramaphosa declared a state of emergency lockdown for 21 days, this has further been extending to different levels of lock down. The country and the world at large are currently faced with an epidemic of Corona Virus. The lockdown affected the whole country, businesses and government, no people are allowed to work except for essential workers. To some extent, this has affected some operations in the municipality when the lockdown was implemented. The municipality experienced challenges due to system errors, incorrect figures reported by system and as such will be reviewed, communicated with service provider and corrected.



### 3 Budget Summary

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

Description	2019/20	Budget Year 2020/21							
	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	165 115	19 540	19 540	118	118	1 628	(1 510)	-93%	19 540
Service charges	999 960	92 033	82 073	4 605	4 605	6 839	(2 234)	-33%	82 073
Investment revenue	6 981	–	–	77	77	–	77	#DIV/0!	–
Transfers and subsidies	241 642	37 753	37 796	14 808	14 808	3 150	11 658	370%	37 796
Other own revenue	131 991	14 384	13 903	498	498	1 159	(661)	-57%	13 903
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>1 545 689</b>	<b>163 710</b>	<b>153 312</b>	<b>20 106</b>	<b>20 106</b>	<b>12 776</b>	<b>7 330</b>	<b>57%</b>	<b>153 312</b>
Employee costs	233 316	58 317	60 607	6 058	6 058	5 051	1 008	20%	60 607
Remuneration of Councillors	26 068	3 578	3 578	471	471	298	172	58%	3 578
Depreciation & asset impairment	34 651	12 231	12 231	–	–	1 019	(1 019)	-100%	12 231
Finance charges	2 002	227	227	34	34	19	15	80%	227
Materials and bulk purchases	135 421	48 900	52 212	4 321	4 321	4 351	(30)	-1%	52 212
Transfers and subsidies	(896)	470	470	39	39	39	–		470
Other expenditure	103 033	39 462	41 929	3 052	3 052	3 494	(442)	-13%	41 929
<b>Total Expenditure</b>	<b>533 596</b>	<b>163 186</b>	<b>171 255</b>	<b>13 975</b>	<b>13 975</b>	<b>14 271</b>	<b>(296)</b>	<b>-2%</b>	<b>171 255</b>
<b>Surplus/(Deficit)</b>	<b>1 012 093</b>	<b>524</b>	<b>(17 943)</b>	<b>6 131</b>	<b>6 131</b>	<b>(1 495)</b>	<b>7 626</b>	<b>-510%</b>	<b>(17 943)</b>
Transfers and subsidies - capital (monetary allocations)	251 004	65 370	65 370	5 448	5 448	5 448	–		65 370
Contributions & Contributed assets	–	–	–	–	–	–	–		–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>1 263 097</b>	<b>65 894</b>	<b>47 427</b>	<b>11 579</b>	<b>11 579</b>	<b>3 952</b>	<b>7 626</b>	<b>193%</b>	<b>47 427</b>
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–		–
<b>Surplus/ (Deficit) for the year</b>	<b>1 263 097</b>	<b>65 894</b>	<b>47 427</b>	<b>11 579</b>	<b>11 579</b>	<b>3 952</b>	<b>7 626</b>	<b>193%</b>	<b>47 427</b>
<b><u>Capital expenditure &amp; funds sources</u></b>									
<b>Capital expenditure</b>	<b>(98 778)</b>	<b>95 436</b>	<b>69 244</b>	<b>–</b>	<b>–</b>	<b>5 770</b>	<b>(5 770)</b>	<b>-100%</b>	<b>69 244</b>
Capital transfers recognised	(83 933)	63 321	63 321	–	–	5 277	(5 277)	-100%	63 321
Public contributions & donations	–	–	–	–	–	–	–		–
Borrowing	–	–	–	–	–	–	–		–
Internally generated funds	98	–	5 923	–	–	494	(494)	-100%	5 923
<b>Total sources of capital funds</b>	<b>(83 835)</b>	<b>63 321</b>	<b>69 244</b>	<b>–</b>	<b>–</b>	<b>5 770</b>	<b>(5 770)</b>	<b>-100%</b>	<b>69 244</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 **R20.11 million** and the expenditure amounted to **R13.98 million** thereby resulting in a surplus of **R6.13 million**.

### **Financial Performance**

#### *Property Rates*

The Property Rates collection showed a collection of **R118 thousand** in the month of **July 2020**. The municipality at the period of reporting had not closed the first period due to unforeseen and system challenges, figures are not a true reflection.

#### *Service Charges*

The municipality recorded an overall service charge collection over **R4.61 million** in the month of **July 2020**. The municipality at the period of reporting had not closed the first period due to unforeseen and system challenges, figures are not a true reflection.

#### *Other revenue*

The municipality recorded an overall performance of **R498 thousand** and **R77 thousand** in other revenue and investments respectively for the month of **July 2020**.

**Some of the revenue figures are not a true reflection of the municipality financial performance. We have picked up some errors on the calculation formulas used by the system provider on the extraction of the C-Schedule and this matter has been taken up with the service provider.**

## **Total Expenditure**

### *Employee related cost*

The total expenditure on salaries including councillors is **R6.53 million** in the month of **July 2020**. The expenditure includes overtime, standby and notch increases in the July 2020. The municipality has applied for exemption on annual municipal increases.

### *Materials and Bulk Purchases*

The municipality spent **R4.32 million** in **July 2020** towards bulk purchase and materials and supplies.

### *Other expenditure*

The total Other Expenditure for **July 2020** is **R3.05 Million** in the month of **July 2020**.

**Some of the revenue figures are not a true reflection of the municipality financial performance. We have picked up some errors on the calculation formulas used by the system provider on the extraction of the C-Schedule and this matter has been taken up with the service provider.**

### 3.1 Operating Revenue and Expenditure

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

WC041 Ramatland - Table 04 Monthly Budget Statement - Financial Performance (Revenue and Expenditure) - Mr. J. Strydom										
Description	Ref	2019/20	Budget Year 2020/21							
		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		165 115	19 540	19 540	118	118	1 628	(1 510)	-93%	19 540
Service charges - electricity revenue		589 189	55 943	54 366	4 121	4 121	4 531	(410)	-9%	54 366
Service charges - water revenue		195 346	21 626	14 490	422	422	1 208	(785)	-65%	14 490
Service charges - sanitation revenue		108 485	7 520	6 271	46	46	523	(477)	-91%	6 271
Service charges - refuse revenue		106 939	6 945	6 945	15	15	579	(563)	-97%	6 945
Service charges - other		—	—	—	—	—	—	—	—	—
Rental of facilities and equipment		8 691	17	17	1	1	1	0	1%	17
Interest earned - external investments		6 981	—	—	77	77	—	77	#DIV/0!	—
Interest earned - outstanding debtors		41 865	5 567	5 258	464	464	438	26	6%	5 258
Dividends received		3	—	—	—	—	—	—	—	—
Fines, penalties and forfeits		67 471	7 384	7 264	22	22	605	(583)	-96%	7 264
Licences and permits		1 785	50	50	10	10	4	6	149%	50
Agency services		3 808	1 000	1 000	—	—	83	(83)	-100%	1 000
Transfers and subsidies		241 642	37 753	37 796	14 808	14 808	3 150	11 658	370%	37 796
Other revenue		8 368	365	314	—	—	26	(26)	-100%	314
Gains on disposal of PPE		—	—	—	—	—	—	—	—	—
Total Revenue (excluding capital transfers and contributions)		1 545 689	163 710	153 312	20 106	20 106	12 776	7 330	57%	153 312
Expenditure By Type										
Employee related costs		233 316	58 317	60 607	6 058	6 058	5 051	1 008	20%	60 607
Remuneration of councillors		26 068	3 578	3 578	471	471	298	172	58%	3 578
Debt impairment		12 213	11 923	11 923	—	—	994	(994)	-100%	11 923
Depreciation & asset impairment		34 651	12 231	12 231	—	—	1 019	(1 019)	-100%	12 231
Finance charges		2 002	227	227	34	34	19	15	80%	227
Bulk purchases		118 967	42 693	45 725	3 691	3 691	3 810	(119)	-3%	45 725
Other materials		16 454	6 207	6 487	630	630	541	89	16%	6 487
Contracted services		43 567	15 682	16 043	1 696	1 696	1 337	359	27%	16 043
Transfers and subsidies		(896)	470	470	39	39	39	—	—	470
Other expenditure		47 253	11 857	13 963	1 356	1 356	1 164	193	17%	13 963
Loss on disposal of PPE		—	—	—	—	—	—	—	—	—
Total Expenditure		533 596	163 186	171 255	13 975	13 975	14 271	(296)	-2%	171 255
Surplus/(Deficit)		1 012 093	524	(17 943)	6 131	6 131	(1 495)	7 626	(0)	(17 943)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		251 004	65 370	65 370	5 448	5 448	5 448	—	—	65 370
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)		—	—	—	—	—	—	—	—	—
Transfers and subsidies - capital (in-kind - all)		—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after capital transfers & contributions		1 263 097	65 894	47 427	11 579	11 579	3 952	—	—	47 427
Taxation		—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after taxation		1 263 097	65 894	47 427	11 579	11 579	3 952	—	—	47 427
Attributable to minorities		—	—	—	—	—	—	—	—	—
Surplus/(Deficit) attributable to municipality		1 263 097	65 894	47 427	11 579	11 579	3 952	—	—	47 427
Share of surplus/ (deficit) of associate		—	—	—	—	—	—	—	—	—
Surplus/ (Deficit) for the year		1 263 097	65 894	47 427	11 579	11 579	3 952	—	—	47 427

#### 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 **R4.12 million** during **July 2020**. The figures are not final, as the municipality did not finalise the billing and collection for the month due to unforeseen circumstances and system errors on reporting.

### ***Water***

We have a revenue collection of **R422 thousand** in water services in the **July 2020**. The figures are not final, as the municipality did not finalise the billing and collection for the month due to unforeseen circumstances and system errors on reporting

### ***Sewerage***

We have collected **R46 thousand** during **July 2020**. The figures are not final, as the municipality did not finalise the billing and collection for the month due to unforeseen circumstances and system errors on reporting

### ***Refuse Removal***

We have collected **R15 thousand** during **July 2020**. The figures are not final, as the municipality did not finalise the billing and collection for the month due to unforeseen circumstances and system errors on reporting.

### **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. While the municipality recorded no collection on outstanding debtors. The municipality is collected **R574 thousand** in **July 2020**

### **Transfer and Subsidies**

The municipality received **R14.81 million** during the reporting period of **July 2020**.

The overall revenue collection of the municipality has been severely affected by the continued lockdown as a result of the Corona Virus (COVID-19). Many of the municipality residents will be struggling to keep up with payments for municipal services and thus an increase

on outstanding debtors and indigent support. Due to system challenges and errors the figures reported are subject to changes. The system is giving errors in reported figures.

### 3.1.2 Operating Expenditure

#### **Employee Related Costs and Remuneration of councillors**

Employee related cost amounted to **R6.06 million** and the total remuneration for councillors is reported as **R471thousand**. The increase on employee related costs includes overtime and standby paid for June 2020, that was paid in July 2020 due to financial challenges in the municipality.

#### **Bulk Purchases, Finance Charges and other materials**

The Bulk purchase, Finance Charges and Other Materials amounted to **R4.35 million**. Other expenditure at the time of reporting were not allocated due to staff shortage in creditors and the lockdown.

#### **Contracted services**

The municipality has increase on the expenditure for Contracted Services from the **R1.70 million** in the **July 2020**.

#### **Other expenditure**

Other Expenditure amounted to **R1.36 million** for the month of **July 2020**, this is due to cost containment measures that are being implemented as per the resolution of the Financial Recovery Plan and the impact of COVID-19. Most of the expenditure relates to the compilation of the Annual Financial Statements.

## 4 Statement of Financial Position

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

Description	Ref	2019/20	Budget Year 2020/21			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
<b>R thousands</b>	1					
<b>ASSETS</b>						
<b>Current assets</b>						
Cash		34 038	3 245	117 850	28 566	117 850
Call investment deposits		21 376	8 387	—	10 054	—
Consumer debtors		(189 939)	(92 866)	(30 086)	1 717	(30 086)
Other debtors		(65 859)	(31 256)	2 698	4 885	2 698
Current portion of long-term receivables		(8)	(8)	—	—	—
Inventory		(1 177)	2 025	(5 295)	90	(5 295)
<b>Total current assets</b>		<b>(201 570)</b>	<b>(110 474)</b>	<b>85 168</b>	<b>45 313</b>	<b>85 168</b>
<b>Non current assets</b>						
Long-term receivables		—	—	—	—	—
Investments		—	—	—	—	—
Investment property		(2 878)	1 489	—	—	—
Investments in Associate		—	—	—	—	—
Property, plant and equipment		(740 584)	388 829	57 063	—	57 063
Agricultural		—	—	—	—	—
Biological assets		—	—	—	—	—
Intangible assets		(1 170)	45	(30)	—	(30)
Other non-current assets		—	—	—	—	—
<b>Total non current assets</b>		<b>(744 632)</b>	<b>390 363</b>	<b>57 033</b>	<b>—</b>	<b>57 033</b>
<b>TOTAL ASSETS</b>		<b>(946 201)</b>	<b>279 889</b>	<b>142 200</b>	<b>45 313</b>	<b>142 200</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Bank overdraft		—	—	—	—	—
Borrowing		(997)	(972)	(45)	(491)	—
Consumer deposits		(908)	964	2	(962)	—
Trade and other payables		(30 755)	(7 970)	(2 292)	(122 813)	96 019
Provisions		(9 423)	2 654	—	(9 423)	—
<b>Total current liabilities</b>		<b>(42 083)</b>	<b>(5 325)</b>	<b>(2 334)</b>	<b>(133 689)</b>	<b>96 019</b>
<b>Non current liabilities</b>						
Borrowing		(4 689)	1 141	(1 246)	(2 474)	(1 246)
Provisions		(26 199)	29 199	—	(28 936)	—
<b>Total non current liabilities</b>		<b>(30 889)</b>	<b>30 340</b>	<b>(1 246)</b>	<b>(31 410)</b>	<b>(1 246)</b>
<b>TOTAL LIABILITIES</b>		<b>(72 972)</b>	<b>25 016</b>	<b>(3 580)</b>	<b>(165 100)</b>	<b>94 773</b>
<b>NET ASSETS</b>	2	<b>(873 229)</b>	<b>254 873</b>	<b>145 781</b>	<b>210 413</b>	<b>47 427</b>
<b>COMMUNITY WEALTH/EQUITY</b>						
Accumulated Surplus/(Deficit)		(251 727)	251 727	—	(251 727)	—
Reserves		(1 480)	(1 427)	—	(1 427)	—
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	<b>(253 207)</b>	<b>250 300</b>	<b>—</b>	<b>(253 155)</b>	<b>—</b>

## **Assets**

The municipality is in a financial crisis mostly as a result of mostly the illiquidity of its Assets such as Consumer Debtors. The inability to optimally collect revenue remains one of our biggest challenges and this has been fuelled more by COVID-19 pandemic which has resulted into economic recession and job losses.

## **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 percent** of this value is unlikely due to the reasons stated earlier which include areas that are serviced by ESKOM on Electricity. The impact of COVID-19 will influence the **85 percent** collection rate the municipality projected for the 2020/21 financial year. This will further increase the municipal debtor's book.

## **Property, Plant and Equipment**

The year-to-date on capital expenditure is **R 0**. The current month's Capital Expenditure is at **R0**.

## **Intangible Assets**

We have budgeted for the acquisition of a new server however we await grant funding from the National Treasury.



## **Liabilities**

### **Current Liabilities**

#### **Bank Overdraft**

The municipality has not yet utilised the overdraft facility for the **July 2020** period.

#### **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 that is broken down between interest **R16 thousand**.

#### **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 are currently reconciling all our outstanding creditors to the system, as some outstanding order/payment were outside the system not a true reflection as per reporting.

## 5 Cash Receipts and Payments

WC041 Kannaland - Table C7 Monthly Budget Statement - Cash Flow - M01 July

Description	Ref	2019/20	Budget Year 2020/21							
		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		106 946	(9 560)	24 262			2 022	(2 022)	-100%	24 262
Service charges		341 564	(79 191)	86 734			7 228	(7 228)	-100%	86 734
Other revenue		4 520	2 078	4 081			340	(340)	-100%	4 081
Government - operating		170 837	(12 884)	28 046			2 337	(2 337)	-100%	28 046
Government - capital		59 725	(40 039)	–			–	–		–
Interest		(2 869)	(7 731)	11	2	2	1	1	94%	11
Dividends		(3)	–	–	–	–	–	–		–
<b>Payments</b>										
Suppliers and employees		(485 626)	(138 335)	(146 403)	(24)	(24)	(12 200)	(12 176)	100%	(146 403)
Finance charges		(2 002)	(227)	(227)	(15)	(15)	(19)	(4)	20%	(227)
Transfers and Grants		(1 319)	(470)	(470)			(39)	(39)	100%	(470)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>191 773</b>	<b>(286 359)</b>	<b>(3 967)</b>	<b>(37)</b>	<b>(37)</b>	<b>(331)</b>	<b>(293)</b>	<b>89%</b>	<b>(3 967)</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		–	–	–	–	–	–	–		–
<b>Payments</b>										
Capital assets		–	(95 436)	(69 244)	–	–	(5 770)	(5 770)	100%	(69 244)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>–</b>	<b>(95 436)</b>	<b>(69 244)</b>	<b>–</b>	<b>–</b>	<b>(5 770)</b>	<b>(5 770)</b>	<b>100%</b>	<b>(69 244)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Short term loans		–	–	–	–	–	–	–		–
Borrowing long term/refinancing		–	–	–	–	–	–	–		–
Increase (decrease) in consumer deposits		57	–	–	2	2	–	2	0%	–
<b>Payments</b>										
Repayment of borrowing		(1 015)	(1 166)	(720)	45	45	(60)	(105)	175%	(720)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>(959)</b>	<b>(1 166)</b>	<b>(720)</b>	<b>47</b>	<b>47</b>	<b>(60)</b>	<b>(107)</b>	<b>178%</b>	<b>(720)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>190 815</b>	<b>(382 961)</b>	<b>(73 931)</b>	<b>9</b>	<b>9</b>	<b>(6 161)</b>			<b>(73 931)</b>
Cash/cash equivalents at beginning:		(276 099)	11 631	–			11 631			–
Cash/cash equivalents at month/year end:		(85 284)	(371 330)	(73 931)		9	5 470			(73 931)

## 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 **July 2020** period. The receipt showed an amount of **R1.79 million** on service charges combined and **R1.05 million** for property rates with transfers and subsidies (operating and capital) amounting to **R2.19 million**.

The total bank balance as at **31 July 2020** was as follows;

- Standard Bank Main Account is **R1.72 Million**
- The Traffic Account and the **R733 thousand**, and
- Deposit Account has **R6.39 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.

## 6 Debtor Age Analysis

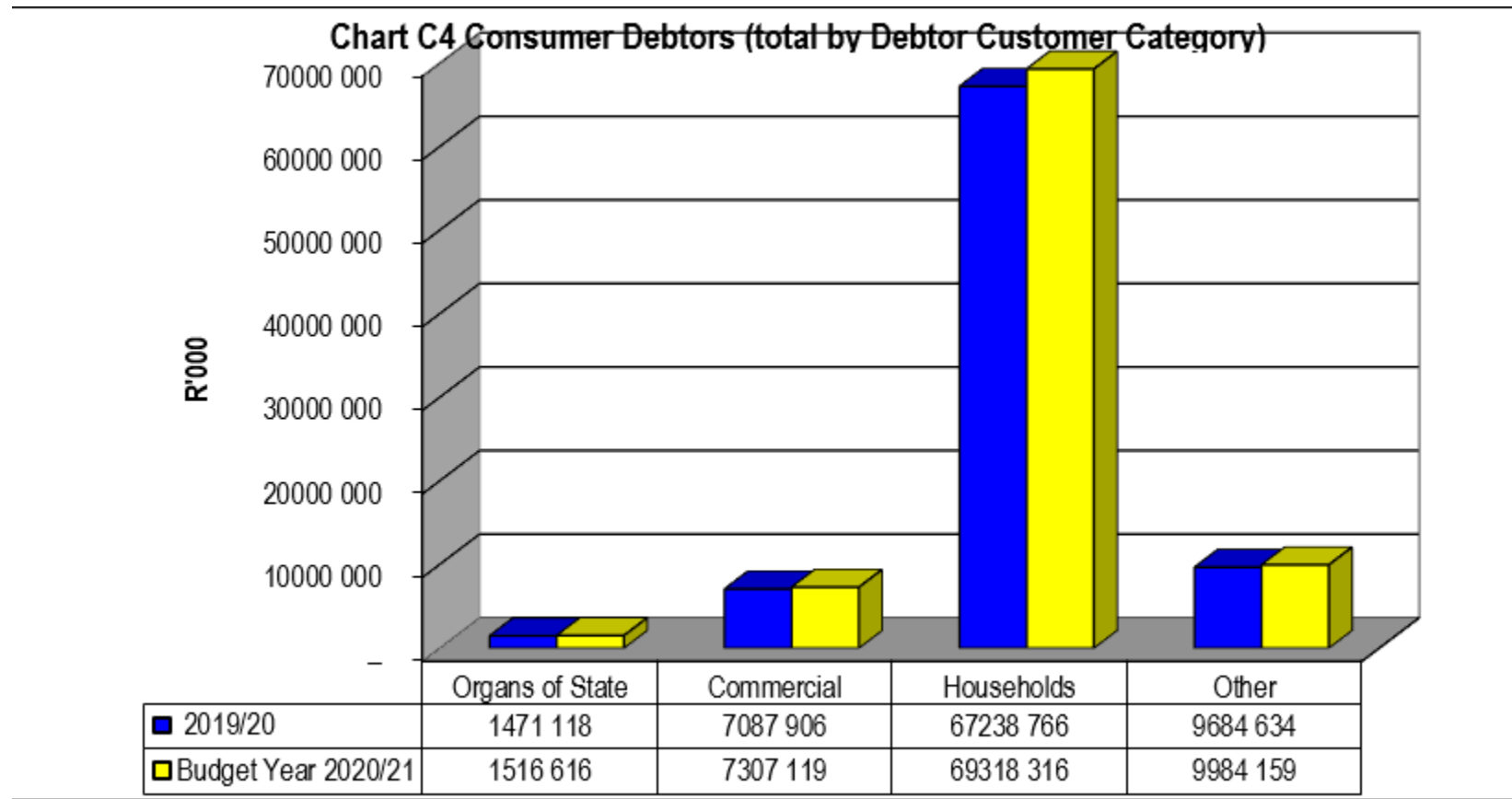
WC041 Kannaland - Supporting Table SC3 Monthly Budget Statement - aged debtors - M01 July

Description		NT Code	Budget Year 2020/21										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	1 097	752	774	1 271	1 175	1 546	2 947	11 528	21 091	18 468	-	-	
Trade and Other Receivables from Exchange Transactions - Electricity	1300	3 713	289	248	130	124	103	256	1 415	6 279	2 028	-	-	
Receivables from Non-exchange Transactions - Property Rates	1400	855	596	356	346	389	239	2 289	12 986	18 058	16 250	-	-	
Receivables from Exchange Transactions - Waste Water Management	1500	249	237	234	232	231	230	1 393	8 424	11 230	10 510	-	-	
Receivables from Exchange Transactions - Waste Management	1600	617	479	454	436	423	413	2 427	9 823	15 071	13 521	-	-	
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	-	24	24	24	-	-	
Interest on Arrear Debtor Accounts	1810	-	-	-	0	1	40	396	14 962	15 399	15 399	-	-	
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-	
Other	1900	(2 249)	214	165	142	121	108	524	1 950	975	2 845	-	-	
Total By Income Source	2000	4 282	2 568	2 231	2 557	2 465	2 679	10 232	61 113	88 126	79 045	-	-	
2019/20 - totals only										-	-			
Debtors Age Analysis By Customer Group														
Organs of State	2200	(29)	263	186	102	91	50	381	474	1 517	1 097	-	-	
Commercial	2300	3 575	281	187	146	140	106	542	2 330	7 307	3 264	-	-	
Households	2400	1 339	1 851	1 708	2 156	2 075	2 383	8 128	49 679	69 318	64 420	-	-	
Other	2500	(603)	174	150	153	160	140	1 181	8 630	9 984	10 263	-	-	
Total By Customer Group	2600	4 282	2 568	2 231	2 557	2 465	2 679	10 232	61 113	88 126	79 045	-	-	

- The total amount owed to Kannaland Municipality amounted to **R88.13 million** during **July 2020**.
- **R61.11 million or 69 percent** of the total outstanding debtors are older than one year.
- **R79.05 million or 89 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.

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

The problematic category is households, which represent 82 percent (**R70 million**) of the total amount of outstanding debt with a **3 percent** year-on-year increase.



## 6.2 Creditors Age Analysis

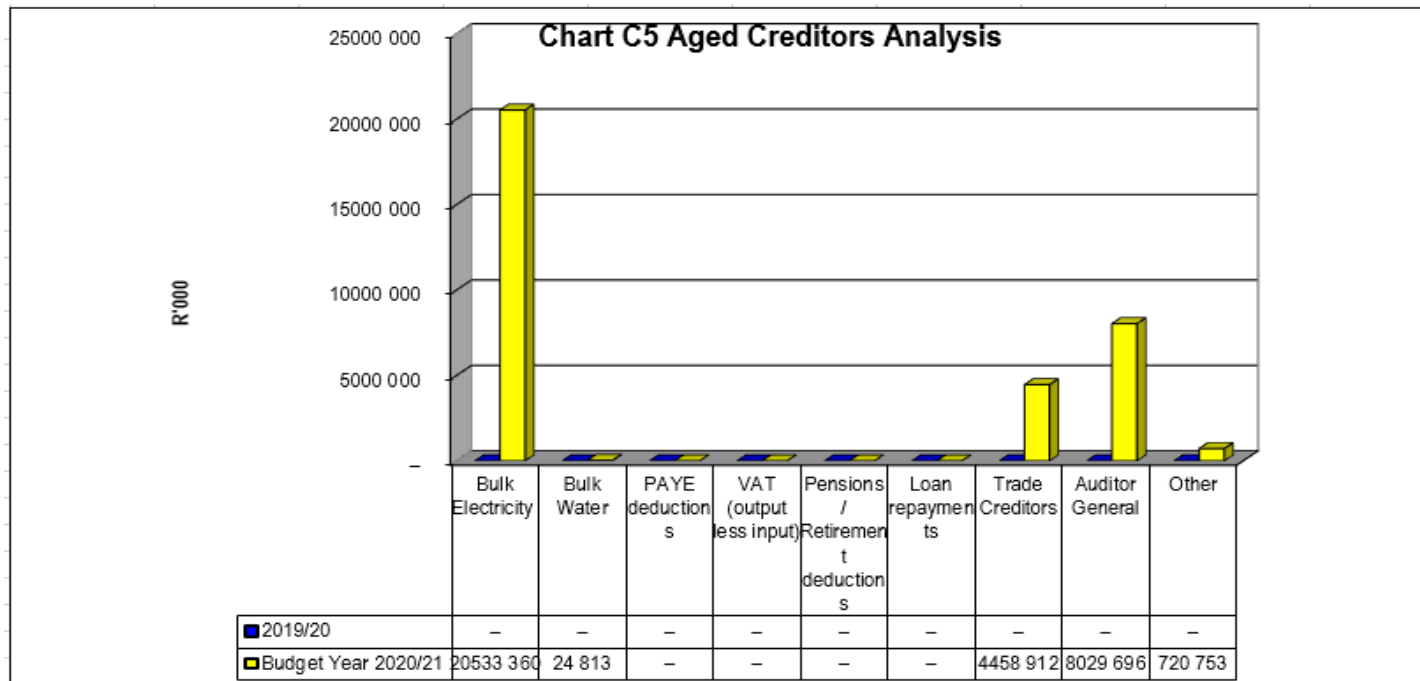
WC041 Kannaland - Supporting Table SC4 Monthly Budget Statement - aged creditors - M01 July

Description	NT Code	Budget Year 2020/21								Total
		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	
<b>R thousands</b>										
<b>Creditors Age Analysis By Customer Type</b>										
Bulk Electricity	0100	5 254	3 605	579	2 404	8 692	–	–	–	20 533
Bulk Water	0200	25	–	–	–	–	–	–	–	25
PAYE deductions	0300	–	–	–	–	–	–	–	–	–
VAT (output less input)	0400	–	–	–	–	–	–	–	–	–
Pensions / Retirement deductions	0500	–	–	–	–	–	–	–	–	–
Loan repayments	0600	–	–	–	–	–	–	–	–	–
Trade Creditors	0700	257	94	64	40	–	4 004	–	–	4 459
Auditor General	0800	1 479	419	46	529	5 557	–	–	–	8 030
Other	0900	387	–	–	–	–	334	–	–	721
<b>Total By Customer Type</b>	<b>1000</b>	<b>7 402</b>	<b>4 118</b>	<b>689</b>	<b>2 972</b>	<b>14 249</b>	<b>4 338</b>	<b>–</b>	<b>–</b>	<b>33 768</b>

- The total outstanding creditors as at **June 2020** amounts to **R33.77** million.
- The biggest outstanding creditors are Eskom (**R20.53 million**), the Auditor-General of South Africa (**R8.03 million**). Combined, the before mentioned, represents **59 percent** of all outstanding creditors.

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.

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



## 7 Conditional Grants Transferred and Expenditure

WC041 Kannaland - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M01 July

Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
<b>EXPENDITURE</b>										
<b>Operating expenditure of Transfers and Grants</b>										
<b>National Government:</b>		97 491	26 403	24 681	2 363	2 363	2 057	307	14,9%	24 681
Operational Revenue:General Revenue:Equitable Share		82 487	20 433	18 539	2 363	2 363	1 545	819	53,0%	18 539
Expanded Public Works Programme Integrated Grant for Municipalities [Schedule 5B]		9 566	1 172	1 171			98	(98)	-100,0%	1 171
Local Government Financial Management Grant [Schedule 5B]		3 901	2 647	2 647			221	(221)	-100,0%	2 647
Municipal Systems Improvement Grant		–	1 400	1 900			158	(158)	-100,0%	1 900
Municipal Infrastructure Grant [Schedule 5B]		1 536	751	424			35	(35)	-100,0%	424
<b>Provincial Government:</b>		10 867	3 437	3 436	320	320	286	34	11,8%	3 436
Capacity Building		(360)	–	–	–	–	–	–		–
Capacity Building and Other		14 017	3 087	3 086	291	291	257	34	13,2%	3 086
Housing		(380)	–	–	–	–	–	–		–
Infrastructure		101	350	350			29	–		350
Libraries, Archives and Museums		(2 070)	–	–	–	–	–	–		–
Other		(441)	–	–	–	–	–	–		–
<b>Total operating expenditure of Transfers and Grants:</b>		108 358	29 840	28 116	2 684	2 684	2 343	341	14,5%	28 116
<b>Capital expenditure of Transfers and Grants</b>										
<b>National Government:</b>		(95 748)	59 721	59 721			4 977	(9 954)	-200,0%	59 721
Integrated National Electrification Programme (Municipal Grant) [Schedule 5B]		(6 527)	–	–	–	–	–	–		–
Municipal Infrastructure Grant [Schedule 5B]		(20 797)	9 721	9 721			810	(1 620)	-200,0%	9 721
Regional Bulk Infrastructure Grant (Schedule 5B)		(50 000)	30 000	30 000			2 500	(5 000)	-200,0%	30 000
Water Services Infrastructure Grant [Schedule 5B]		(18 423)	20 000	20 000			1 667	(3 333)	-200,0%	20 000
<b>Provincial Government:</b>		(2 678)	3 600	3 600			300	(600)	-200,0%	3 600
Capacity Building		–	–	–	–	–	–	–		–
Capacity Building and Other		(2 056)	1 000	1 000			83	(167)	-200,0%	1 000
Infrastructure		(909)	2 600	2 600			217	(433)	-200,0%	2 600
Libraries, Archives and Museums		–	–	–	–	–	–	–		–
Other		287	–	–	–	–	–	–		–
<b>Other grant providers:</b>		(352)	–	5 923	–	–	494	(494)	-100,0%	5 923
Transfer from Operational Revenue		(352)	–	5 923	–	–	494	(494)	-100,0%	5 923
<b>Total capital expenditure of Transfers and Grants</b>		(98 778)	63 321	69 244			5 770	(11 047)	-191,4%	69 244
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>		9 580	93 162	97 360	2 684	2 684	8 113	(10 707)	-132,0%	97 360



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 indicates expenditure on each respective grant spent (Operational)

- Local Government Finance Management Grant **R30 thousand** spent for Financial Management Interns.
- Municipal infrastructure Grant **R38.75 thousand** for salaries of Project management unit.
- Libraries Grant **R204** thousand spent for salaries of library staff and operational expenditure

It was picked up that some expenditure for operational will need to be re-allocated to the correct votes for the respective grant funding, more specially on MIG, FMG and Libraries. The expenditure still needs to be allocated via journal as we correcting the system parameters after budget went live.

## 8 Capital Revenue & Expenditure

WC041 Kannaland - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M01 July

Vote Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
<b>Capital Expenditure - Functional Classification</b>										
<b>Governance and administration</b>		-	-	2 359	-	-	197	(197)	-100%	2 359
Executive and council		-	-	160	-	-	13	(13)	-100%	160
Finance and administration		-	-	2 199	-	-	183	(183)	-100%	2 199
Internal audit		-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		(18 329)	5 454	5 454	-	-	455	(455)	-100%	5 454
Community and social services		-	4 145	4 145	-	-	345	(345)	-100%	4 145
Sport and recreation		(18 829)	1 309	1 309	-	-	109	(109)	-100%	1 309
Public safety		500	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		-	-	550	-	-	46	(46)	-100%	550
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		-	-	550	-	-	46	(46)	-100%	550
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		(65 507)	57 867	60 881	-	-	5 073	(5 073)	-100%	60 881
Energy sources		(7 035)	-	1 356	-	-	113	(113)	-100%	1 356
Water management		(30 577)	27 867	28 875	-	-	2 406	(2 406)	-100%	28 875
Waste water management		(27 894)	30 000	30 650	-	-	2 554	(2 554)	-100%	30 650
Waste management		-	-	-	-	-	-	-	-	-
<b>Other</b>		-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Functional Classification</b>	3	(83 835)	63 321	69 244	-	-	5 770	(5 770)	-100%	69 244
<b>Funded by:</b>										
National Government		(83 525)	59 721	59 721	-	-	4 977	(4 977)	-100%	59 721
Provincial Government		(409)	3 600	3 600	-	-	300	(300)	-100%	3 600
District Municipality		-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>		(83 933)	63 321	63 321	-	-	5 277	(5 277)	-100%	63 321
<b>Public contributions &amp; donations</b>	5	-	-	-	-	-	-	-	-	-
<b>Borrowing</b>	6	-	-	-	-	-	-	-	-	-
<b>Internally generated funds</b>		98	-	5 923	-	-	494	(494)	-100%	5 923
<b>Total Capital Funding</b>		(83 835)	63 321	69 244	-	-	5 770	(5 770)	-100%	69 244

- The actual year-to-date Capital Expenditure amounts to **R0**.
- 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.
- The municipality anticipates to increase its capital expenditure on the last Quarter.
- Due to COVID19 the expenditure on capital programs has been affected due to the restrictions in terms of business operations.

## 9 Expenditure on Salaries

WC041 Kannaland - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M01 July

Summary of Employee and Councillor remuneration	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands		A	B	C						D
<b><u>Councillors (Political Office Bearers plus Other)</u></b>										
Basic Salaries and Wages		20 024	2 794	2 794	338	338	233	105	45%	2 794
Pension and UIF Contributions		421	56	56	14	14	5	9	195%	56
Medical Aid Contributions		329	35	35	14	14	3	11	365%	35
Motor Vehicle Allowance		2 290	308	308	47	47	26	22	85%	308
Cellphone Allowance		3 006	384	384	58	58	32	26	81%	384
Housing Allowances		—	—	—	—	—	—	—	—	—
Other benefits and allowances		—	—	—	—	—	—	—	—	—
<b>Sub Total - Councillors</b>		<b>26 068</b>	<b>3 578</b>	<b>3 578</b>	<b>471</b>	<b>471</b>	<b>298</b>	<b>172</b>	<b>58%</b>	<b>3 578</b>
<b>% increase</b>	4		<b>-86,3%</b>	<b>-86,3%</b>						<b>-86,3%</b>
<b><u>Senior Managers of the Municipality</u></b>										
Basic Salaries and Wages		7 212	3 120	5 021	420	420	418	2	0%	5 021
Pension and UIF Contributions		(208)	—	—	—	—	—	—	—	—
Medical Aid Contributions		—	—	—	—	—	—	—	—	—
Overtime		—	—	—	—	—	—	—	—	—
Performance Bonus		821	—	202	—	—	17	(17)	-100%	202
Motor Vehicle Allowance		440	90	84	27	27	7	20	293%	84
Cellphone Allowance		(76)	64	30	10	10	3	8	314%	30
Housing Allowances		22	10	—	1	1	—	1	#DIV/0!	—
Other benefits and allowances		141	39	95	3	3	8	(5)	-58%	95
Payments in lieu of leave		—	—	—	—	—	—	—	—	—
Long service awards		—	—	—	—	—	—	—	—	—
Post-retirement benefit obligations		—	—	—	—	—	—	—	—	—
<b>Sub Total - Senior Managers of Municipality</b>		<b>8 351</b>	<b>3 324</b>	<b>5 432</b>	<b>462</b>	<b>462</b>	<b>453</b>	<b>10</b>	<b>2%</b>	<b>5 432</b>
<b>% increase</b>	4		<b>-60,2%</b>	<b>-34,9%</b>						<b>-34,9%</b>
<b><u>Other Municipal Staff</u></b>										
Basic Salaries and Wages		143 105	37 386	37 052	3 913	3 913	3 088	825	27%	37 052
Pension and UIF Contributions		29 532	6 446	6 174	543	543	515	29	6%	6 174
Medical Aid Contributions		6 383	2 050	1 672	205	205	139	66	47%	1 672
Overtime		21 156	1 880	2 334	273	273	194	79	41%	2 334
Performance Bonus		(373)	—	—	—	—	—	—	—	—
Motor Vehicle Allowance		12 425	2 672	2 052	261	261	171	90	52%	2 052
Cellphone Allowance		629	171	85	21	21	7	14	194%	85
Housing Allowances		1 083	344	230	36	36	19	16	86%	230
Other benefits and allowances		11 192	3 998	5 428	340	340	452	(112)	-25%	5 428
Payments in lieu of leave		(166)	47	—	4	4	—	4	#DIV/0!	—
Long service awards		—	—	148	—	—	12	(12)	-100%	148
Post-retirement benefit obligations		—	—	—	—	—	—	—	—	—
<b>Sub Total - Other Municipal Staff</b>		<b>224 966</b>	<b>54 993</b>	<b>55 175</b>	<b>5 596</b>	<b>5 596</b>	<b>4 598</b>	<b>998</b>	<b>22%</b>	<b>55 175</b>
<b>% increase</b>	4		<b>-75,6%</b>	<b>-75,5%</b>						<b>-75,5%</b>
<b>Total Parent Municipality</b>		<b>259 384</b>	<b>61 896</b>	<b>64 186</b>	<b>6 529</b>	<b>6 529</b>	<b>5 349</b>	<b>1 180</b>	<b>22%</b>	<b>64 186</b>

- **Employee Related Costs:** The budget amounts to **R61.89 million**, while the expenditure to date amounts to **R6.53 million or 10 percent** of the budget.

- **Remuneration of Councillors:** The budget amounts to **R3.58 million**, while the expenditure to date amounts to **R471 thousand** or **13 percent** of the budget.

## 10 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



Opening Balance AS AT 30.06.2020				1,435,865.49	0.00	0.00	1,435,865.49	1,435,865.49	1,435,865.49
Interest Accrual		31.07.2020	31.07.2020	0.00	15,243.78	0.00	15,243.78	1,451,109.27	1,435,865.49
Interest Capitalisation		31.07.2020	31.07.2020	0.00	-15,243.78	15,243.78	0.00	1,451,109.27	1,451,109.27
Repayment Due		31.07.2020	31.07.2020	-44,756.22	0.00	-15,243.78	-60,000.00	1,391,109.27	1,391,109.27

- The total outstanding long-term debt of Kannaland Municipality amounts to **R1.39 million** as at **31 July 2020**.
- 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 **R16 thousand**.



## 11 ANNEXURE A

### 11.1 Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) –

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

Description	Ref	2019/20	Budget Year 2020/21							
		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		165 115	19 540	19 540	118	118	1 628	(1 510)	-93%	19 540
Service charges - electricity revenue		589 189	55 943	54 366	4 121	4 121	4 531	(410)	-9%	54 366
Service charges - water revenue		195 346	21 626	14 490	422	422	1 208	(785)	-65%	14 490
Service charges - sanitation revenue		108 485	7 520	6 271	46	46	523	(477)	-91%	6 271
Service charges - refuse revenue		106 939	6 945	6 945	15	15	579	(563)	-97%	6 945
Service charges - other		—	—	—	—	—	—	—	—	—
Rental of facilities and equipment		8 691	17	17	1	1	1	0	1%	17
Interest earned - external investments		6 981	—	—	77	77	—	77	#DIV/0!	—
Interest earned - outstanding debtors		41 865	5 567	5 258	464	464	438	26	6%	5 258
Dividends received		3	—	—	—	—	—	—	—	—
Fines, penalties and forfeits		67 471	7 384	7 264	22	22	605	(583)	-96%	7 264
Licences and permits		1 785	50	50	10	10	4	6	149%	50
Agency services		3 808	1 000	1 000	—	—	83	(83)	-100%	1 000
Transfers and subsidies		241 642	37 753	37 796	14 808	14 808	3 150	11 658	370%	37 796
Other revenue		8 368	365	314	—	—	26	(26)	-100%	314
Gains on disposal of PPE		—	—	—	—	—	—	—	—	—
Total Revenue (excluding capital transfers and contributions)		1 545 689	163 710	153 312	20 106	20 106	12 776	7 330	57%	153 312
Expenditure By Type										
Employee related costs		233 316	58 317	60 607	6 058	6 058	5 051	1 008	20%	60 607
Remuneration of councillors		26 068	3 578	3 578	471	471	298	172	58%	3 578
Debt impairment		12 213	11 923	11 923	—	—	994	(994)	-100%	11 923
Depreciation & asset impairment		34 651	12 231	12 231	—	—	1 019	(1 019)	-100%	12 231
Finance charges		2 002	227	227	34	34	19	15	80%	227
Bulk purchases		118 967	42 693	45 725	3 691	3 691	3 810	(119)	-3%	45 725
Other materials		16 454	6 207	6 487	630	630	541	89	16%	6 487
Contracted services		43 567	15 682	16 043	1 696	1 696	1 337	359	27%	16 043
Transfers and subsidies		(896)	470	470	39	39	39	—	—	470
Other expenditure		47 253	11 857	13 963	1 356	1 356	1 164	193	17%	13 963
Loss on disposal of PPE		—	—	—	—	—	—	—	—	—
Total Expenditure		533 596	163 186	171 255	13 975	13 975	14 271	(296)	-2%	171 255
Surplus/(Deficit)										
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		1 012 093	524	(17 943)	6 131	6 131	(1 495)	7 626	(0)	(17 943)
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)		251 004	65 370	65 370	5 448	5 448	5 448	—	—	65 370
Transfers and subsidies - capital (in-kind - all)		—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after capital transfers & contributions		1 263 097	65 894	47 427	11 579	11 579	3 952			47 427
Taxation		—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after taxation		1 263 097	65 894	47 427	11 579	11 579	3 952			47 427
Attributable to minorities		—	—	—	—	—	—	—	—	—
Surplus/(Deficit) attributable to municipality		1 263 097	65 894	47 427	11 579	11 579	3 952			47 427
Share of surplus/ (deficit) of associate		—	—	—	—	—	—	—	—	—
Surplus/ (Deficit) for the year		1 263 097	65 894	47 427	11 579	11 579	3 952			47 427

## 12 ANNEXURE B

Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M12 June

WC041 Kannaland - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M12 June

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>										
<b>Governance and administration</b>		<b>47 263</b>	<b>34 370</b>	<b>39 762</b>	<b>1 285</b>	<b>48 420</b>	<b>39 762</b>	8 657	22%	<b>39 762</b>
Executive and council		20 220	8 740	8 808	25	24 630	8 808	15 821	180%	8 808
Finance and administration		27 043	25 630	30 954	1 260	23 790	30 954	(7 164)	-23%	30 954
Internal audit		—	—	—	—	—	—	—	—	—
<b>Community and public safety</b>		<b>17 058</b>	<b>17 122</b>	<b>18 175</b>	<b>101</b>	<b>6 129</b>	<b>18 175</b>	(12 046)	-66%	<b>18 175</b>
Community and social services		5 569	14 723	15 777	4	3 717	15 777	(12 060)	-76%	15 777
Sport and recreation		—	—	—	—	—	—	—	—	—
Public safety		10 699	2 019	2 019	97	2 082	2 019	63	3%	2 019
Housing		790	380	380	—	330	380	(50)	-13%	380
Health		—	—	—	—	—	—	—	—	—
<b>Economic and environmental services</b>		<b>5 862</b>	<b>9 182</b>	<b>7 611</b>	<b>17</b>	<b>1 884</b>	<b>7 611</b>	(5 727)	-75%	<b>7 611</b>
Planning and development		—	—	—	—	—	—	—	—	—
Road transport		5 862	9 182	7 611	17	1 884	7 611	(5 727)	-75%	7 611
Environmental protection		—	—	—	—	—	—	—	—	—
<b>Trading services</b>		<b>78 231</b>	<b>153 646</b>	<b>137 779</b>	<b>6 153</b>	<b>85 969</b>	<b>137 779</b>	(51 810)	-38%	<b>137 779</b>
Energy sources		44 940	64 873	66 270	3 989	52 587	66 270	(13 683)	-21%	66 270
Water management		21 316	46 059	43 725	1 049	19 630	43 725	(24 095)	-55%	43 725
Waste water management		6 174	28 768	13 768	564	7 008	13 768	(6 759)	-49%	13 768
Waste management		5 801	13 946	14 016	551	6 743	14 016	(7 274)	-52%	14 016
<b>Other</b>	<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>203 328</b>	<b>7 556</b>	<b>142 401</b>	<b>203 328</b>	<b>(60 927)</b>	<b>-30%</b>	<b>203 328</b>
<b>Expenditure - Functional</b>										
<b>Governance and administration</b>		<b>59 197</b>	<b>58 160</b>	<b>58 821</b>	<b>2 806</b>	<b>44 545</b>	<b>58 821</b>	(14 276)	-24%	<b>58 821</b>
Executive and council		24 733	15 081	16 143	1 207	12 182	16 143	(3 961)	-25%	16 143
Finance and administration		34 464	43 079	42 678	1 599	32 363	42 678	(10 315)	-24%	42 678
Internal audit		—	—	—	—	—	—	—	—	—
<b>Community and public safety</b>		<b>12 782</b>	<b>9 694</b>	<b>11 870</b>	<b>606</b>	<b>10 433</b>	<b>11 870</b>	(1 437)	-12%	<b>11 870</b>
Community and social services		6 849	7 670	7 704	294	5 696	7 704	(2 008)	-26%	7 704
Sport and recreation		684	325	617	(30)	340	617	(277)	-45%	617
Public safety		3 208	59	59	280	3 596	59	3 537	6016%	59
Housing		2 040	1 640	3 491	62	801	3 491	(2 690)	-77%	3 491
Health		—	—	—	—	—	—	—	—	—
<b>Economic and environmental services</b>		<b>10 914</b>	<b>18 573</b>	<b>19 132</b>	<b>0</b>	<b>5 364</b>	<b>19 132</b>	(13 768)	-72%	<b>19 132</b>
Planning and development		21	—	—	—	—	—	—	—	—
Road transport		10 894	18 573	19 132	0	5 364	19 132	(13 768)	-72%	19 132
Environmental protection		—	—	—	—	—	—	—	—	—
<b>Trading services</b>		<b>86 175</b>	<b>76 527</b>	<b>74 862</b>	<b>1 282</b>	<b>48 330</b>	<b>74 862</b>	(26 532)	-35%	<b>74 862</b>
Energy sources		46 368	50 932	49 067	245	34 993	49 067	(14 074)	-29%	49 067
Water management		16 647	12 196	12 694	433	5 911	12 694	(6 784)	-53%	12 694
Waste water management		13 509	6 607	7 121	218	3 385	7 121	(3 736)	-52%	7 121
Waste management		9 652	6 792	5 980	387	4 041	5 980	(1 939)	-32%	5 980
<b>Other</b>		<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>169 068</b>	<b>162 954</b>	<b>164 685</b>	<b>4 695</b>	<b>108 671</b>	<b>164 685</b>	<b>(56 014)</b>	<b>-34%</b>	<b>164 685</b>
<b>Surplus/ (Deficit) for the year</b>		<b>(20 653)</b>	<b>51 366</b>	<b>38 642</b>	<b>2 862</b>	<b>33 730</b>	<b>38 642</b>	<b>(4 913)</b>	<b>-13%</b>	<b>38 642</b>



## **13 ANNEXURE D**

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

No deviations for **June 2020**