

KANNALAND
MUNISIPALITEIT | MUNICIPALITY

MONTHLY BUDGET STATEMENT

AUGUST 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 may revise its annual budget during the year.

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

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

Budget - The financial plan of the Municipality.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Virement - A transfer of budget.

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

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

2 LEGISLATIVE FRAMEWORK

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

MUNICIPAL FINANCE MANAGEMENT ACT No.56 of 2003

Section 71(1) of the MFMA requires from the Accounting Officer, to submit a report in a prescribed format to the Executive Mayor within 10 working days after the end of each month on the state of the municipality's budget reflecting the following particulars for that month and for the financial year up to the end of that month -

- a) Actual revenue per revenue source;
- b) Actual expenditure per vote;
- c) Actual capital expenditure per vote;
- d) Any allocations received;
- e) Actual expenditure on allocations received;
- f) Actual borrowings; and
- g) Any other budget information as may be required by National and Provincial Treasury for monitoring purposes.

Section 54(1) of the MFMA determines that the Executive Mayor must consider the Section 71 report submitted by the Accounting Officer to him and ascertain whether the Municipality's approved budget is implemented in accordance with the approved Service Delivery Budget Implementation Plan (SDBIP) and if necessary, issue appropriate instructions to the Accounting Officer.

MUNICIPAL BUDGET AND REPORTING REGULATIONS, GOVERNMENT GAZETTE 32141, 17 JULY 2009

REGULATION 28 – FORMAT OF MONTHLY BUDGET STATEMENTS

The monthly budget statement of a municipality must be in the format specified in Schedule C and include all the required tables, charts and explanatory information, taking into account any guidelines issued by the Minister in terms of section 168(1) of the Act.

REGULATION 29 – TABLING MONTHLY BUDGET STATEMENTS

The Mayor may table in the municipal council a monthly budget statement submitted to the Mayor in terms of section 71 (1) of the Act. If the Mayor does so, the monthly budget statement must be accompanied by a Mayor's report in a format set out in Schedule C.

REGULATION 30 – PUBLICATION OF MONTHLY BUDGET STATEMENTS

- 30.(1) The monthly budget statement of a municipality must be placed on the municipality's website.
<https://www.kannaland.gov.za/>
- 30.(2) The municipal manager must publish on the municipality's website any other information that the municipal council considers appropriate to facilitate public awareness of the monthly budget statement, including: (a)
- a) summaries of monthly budget statements in alternate languages predominant in the community; and
 - b) information relevant to each ward in the municipality.

3 PART 1 – IN-YEAR REPORT

1. MAYOR'S REPORT

In terms of the MBRR (2009), the mayor has the option to table the monthly budget statement in terms of section 71 of the MFMA in council. Kannaland Municipality has taken the option to only to table budget reports in terms of sections 52(d) and 72 of the Act in council as per legislative requirements unless circumstances dictate otherwise. The before-mentioned reports should be consistent with the monthly budget statements they relate to.

2. RESOLUTIONS

Recommendation:

That the Executive Mayor takes cognisance of the monthly budget statement for **August 2020**.

3. EXECUTIVE SUMMARY

3.1 Introduction

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 **August 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 and meeting service delivery requirements. The municipality still experiences cash flow challenges due to constrained resources. A Financial Recovery Plan is in place to mitigate this risk.

On the 25th March 2020, the President of South Africa, Mr Cyril Ramaphosa, declared a National State of Disaster in terms of the Disaster Management Act, 2002 (Act No. 57 of 2002). A national lockdown for 21 days was implemented, that has subsequently further been extending with a strategy to be downscaled through different levels of lock down over time. The country and the world at large are currently facing Covid-19 pandemic, that not only poses a risk in terms of health but is also having a devastating economic impact that needs to be dealt with in a sustainable manner.

The COVID-19 pandemic will undoubtedly have a negative economic impact for the foreseeable future. Revenue sources such as service charges in the main will potentially be impacted due to the negative impact the lockdown had on the ordinary consumer, etc. The municipality is acutely aware of this and will do everything within its power to manage resources responsibly by questioning the status quo as it cannot be business as usual.

3.1.1 3.2 Consolidated performance

WC041 Kannaland - Table C1 Monthly Budget Statement Summary - M02 August

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
R thousands									
Financial Performance									
Property rates	165 115	19 540	19 540	1 196	3 354	3 257	97	3%	19 540
Service charges	999 960	92 033	82 073	7 222	21 176	13 679	7 497	55%	82 073
Investment revenue	6 981	-	-	77	154	-	154	#DIV/0!	-
Transfers and subsidies	250 895	37 753	37 796	326	15 134	6 299	8 835	140%	37 796
Other own revenue	131 992	14 384	13 903	244	1 507	2 317	(811)	-35%	13 903
Total Revenue (excluding capital transfers and contributions)	1 554 942	163 710	153 312	9 065	41 324	25 552	15 772	62%	153 312
Employee costs	232 148	58 317	60 607	4 716	10 774	10 101	673	7%	60 607
Remuneration of Councillors	27 235	3 578	3 578	175	645	596	49	8%	3 578
Depreciation & asset impairment	45 624	12 231	12 231	-	1 019	2 039	(1 019)	-50%	12 231
Finance charges	2 002	227	227	15	49	38	11	30%	227
Materials and bulk purchases	135 421	48 900	52 212	4 960	9 200	8 702	498	6%	52 212
Transfers and subsidies	(896)	470	470	-	39	78	(39)	-50%	470
Other expenditure	124 787	39 462	41 929	792	4 832	6 988	(2 156)	-31%	41 929
Total Expenditure	566 321	163 186	171 255	10 657	26 559	28 542	(1 984)	-7%	171 255
Surplus/(Deficit)	988 621	524	(17 943)	(1 592)	14 765	(2 990)	17 756	-594%	(17 943)
Transfers and subsidies - capital (monetary allocations)	272 258	65 370	65 370	5 448	10 895	10 895	-	-	65 370
Contributions & Contributed assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	1 260 879	65 894	47 427	3 855	25 660	7 905	17 756	225%	47 427
Share of surplus/ (deficit) of associates	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	1 260 879	65 894	47 427	3 855	25 660	7 905	17 756	225%	47 427
Capital expenditure & funds sources									
Capital expenditure	(98 778)	95 436	69 244	2 744	2 744	11 347	(8 604)	-76%	69 244
Capital transfers recognised	(83 933)	63 321	63 321	2 744	2 744	10 554	(7 810)	-74%	63 321
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	98	-	5 923	-	-	987	(987)	-100%	5 923
Total sources of capital funds	(83 835)	63 321	69 244	2 744	2 744	11 541	(8 797)	-76%	69 244
Financial position									
Total current assets	(192 934)	137 787	155 928		33 702				85 168
Total non current assets	(755 312)	390 363	57 033		2 910				57 033
Total current liabilities	(42 697)	(5 325)	96 026		12 952				96 019
Total non current liabilities	(30 889)	30 340	(1 246)		8				(1 246)
Community wealth/Equity	(252 420)	250 300	-		18				-
Cash flows									
Net cash from (used) operating	191 830	(286 359)	(3 967)	7 870	13 521	(661)	(14 182)	2145%	(3 967)
Net cash from (used) investing	-	(95 436)	(69 244)	-	-	(11 541)	(11 541)	100%	(69 244)
Net cash from (used) financing	(959)	(1 166)	(720)	(12)	(473)	(120)	353	-294%	(720)
Cash/cash equivalents at the month/year end	(85 227)	(371 330)	(73 931)	-	(263 051)	(691)	262 361	-37988%	(350 031)
Debtors & creditors analysis	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
Debtors Age Analysis									
Total By Income Source	9 424	1 893	2 098	1 963	2 430	2 345	12 035	61 066	93 254
Creditors Age Analysis									
Total Creditors	7 790	675	4 213	4 236	20 075	-	-	-	36 989

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 **R9.06 million** and the expenditure amounted to **R10.66 million** thereby resulting in a deficit of **R1.59 million**.

Financial Performance

Property Rates

The Property Rates collection showed a collection of **R1.19 million** in the month of **August 2020**.

Service Charges

The municipality recorded an overall service charge collection over **R7.22 million** for **August 2020**. The opening of the economy on Alert Level 2, has provided some positive movement in the collection rate.

Other revenue

The municipality recorded an overall performance of **R244 thousand** and **R77 thousand** in other revenue and investments respectively for the month of **August 2020**.

We are still communicating with the service provider to resolve some technical issues on the population of the C-Schedule and formula calculations. The municipality has resolved to manually populate the reporting tables using the Municipality Trial Balance.

Total Expenditure

Employee related cost

The total expenditure on salaries including councillors is **R4.89 million** in the month of **August 2020**. The municipality has applied for exemption on annual municipal increases, pending the process of the exemption on annual increases, salaries are still based on 2019/20.

Materials and Bulk Purchases

The municipality spent **R4.96 million** in **August 2020** towards bulk purchase and materials and supplies. The bulk purchase for electricity includes payment arrangement for arrears and current accounts.

Other expenditure

The total Other Expenditure for **August 2020** is **R792 thousand**. As the country allows for opening up of the economy, the expenditure remains very low however we anticipate a peak on these as further restrictions are expected to be relaxed.

3.2.1 REVENUE AND EXPENDITURE BY SOURCE AGAINST ANNUAL BUDGET

WC041 Kannaland - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M02 August

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	1 196	3 354	3 257	97	3%	19 540
Service charges - electricity revenue		589 189	55 943	54 366	4 822	13 786	9 061	4 725	52%	54 366
Service charges - water revenue		195 346	21 626	14 490	1 171	3 740	2 415	1 325	55%	14 490
Service charges - sanitation revenue		108 485	7 520	6 271	833	1 873	1 045	828	79%	6 271
Service charges - refuse revenue		106 939	6 945	6 945	598	1 776	1 157	619	53%	6 945
Service charges - other		-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		8 692	17	17	43	44	3	41	1459%	17
Interest earned - external investments		8 981	-	-	77	154	-	154	#DIV/0!	-
Interest earned - outstanding debtors		41 865	5 567	5 258	-	464	876	(412)	-47%	5 258
Dividends received		3	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		67 471	7 384	7 284	(9)	629	1 211	(582)	-48%	7 284
Licences and permits		1 785	50	50	14	38	6	30	360%	50
Agency services		3 808	1 000	1 000	150	233	167	67	40%	1 000
Transfers and subsidies		250 895	37 753	37 796	326	15 134	6 299	8 835	140%	37 796
Other revenue		8 368	385	314	46	98	52	46	87%	314
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		1 554 942	163 710	153 312	9 085	41 324	25 552	15 772	62%	153 312
Expenditure By Type										
Employee related costs		252 148	58 317	60 607	4 716	10 774	10 101	673	7%	60 607
Remuneration of councillors		27 235	3 578	3 578	175	645	596	49	8%	3 578
Debt impairment		33 967	11 923	11 923	-	994	1 987	(994)	-50%	11 923
Depreciation & asset impairment		45 624	12 231	12 231	-	1 019	2 039	(1 019)	-50%	12 231
Finance charges		2 002	227	227	15	49	38	11	30%	227
Bulk purchases		118 987	42 693	45 725	4 772	8 463	7 621	843	11%	45 725
Other materials		16 454	6 207	6 487	188	738	1 081	(343)	-32%	6 487
Contracted services		43 567	15 682	16 123	218	1 908	2 687	(779)	-29%	16 123
Transfers and subsidies		(896)	470	470	-	39	78	(39)	-50%	470
Other expenditure		47 253	11 857	13 883	574	1 830	2 314	(384)	-17%	13 883
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-
Total Expenditure		566 321	163 186	171 255	10 657	26 559	28 542	(1 984)	-7%	171 255
Surplus/(Deficit)										
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		988 621	524	(17 943)	(1 592)	14 765	(2 990)	17 756	(0)	(17 943)
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit institutions, Private Enterprises, Public Corporations, Higher Educational institutions)		272 258	65 370	65 370	5 448	10 895	10 895	-	-	65 370
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		1 260 879	65 894	47 427	3 855	25 660	7 905			47 427
Taxation		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		1 260 879	65 894	47 427	3 855	25 660	7 905			47 427
Attributable to minorities		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		1 260 879	65 894	47 427	3 855	25 660	7 905			47 427
Share of surplus/ (deficit) of associates		-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year		1 260 879	65 894	47 427	3 855	25 660	7 905			47 427

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 **R4.82 million** during **August 2020**.

Water

We have a revenue collection of **R1.17 million** in water services in the **August 2020**. The revenue collection is picking up after the alert level 2, as many communities are slowly getting back to work.

Sewerage

The municipality has collected **R633 thousand** during **August 2020**. Sewerage and Refuse Removal are not the best performing service in the municipality as majority of the community are indigent households.

Refuse Removal

The municipality has only collected **R596 thousand** during **August 2020** due to the reason that was provided on the previous paragraph.

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 collected **R120 thousand, of which R43 thousand** towards rentals and **R77 thousand** towards short term investments in **August 2020**.

Transfer and Subsidies

The municipality received **R326 thousand** during the reporting period of **August 2020**. The amount received from the **Local Government SETA and Expanded Public Works grant**.

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.

Employee Related Costs and Remuneration of councillors

Employee Related Cost amounted to **R4.71 million** and the total Remuneration for Councillors is reported as **R175 thousand**. The municipality has applied for exemption on the annual increase as it can unfortunately not afford this increase due to financial constraints.

Bulk Purchases, Finance Charges and other materials

The Bulk Purchase, Finance Charges and Other Materials amounted to **R4.96 million**. The main expenditure relates to bulk purchases for electricity and arrangement for arrear accounts.

Contracted services

The municipality has expenditure for Contracted Services of **R280 thousand** in the **August 2020** report. The expenditure on contracted services remains low as a result of lockdown.

Other expenditure

Other Expenditure amounted to **R574 thousand** for the month of **August 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.

3.2.2 CAPITAL EXPENDITURE BY SOURCE AGAINST ANNUAL BUDGET

Total Capital Expenditure	3	(98 778)	95 436	69 244	-	-	11 347	(11 347)	-100%	69 244
Capital Expenditure - Functional Classification										
<i>Governance and administration</i>		-	-	2 359	-	-	393	(393)	-100%	2 359
Executive and council		-	-	160	-	-	27	(27)	-100%	160
Finance and administration		-	-	2 199	-	-	366	(366)	-100%	2 199
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		(18 329)	5 454	5 454	-	-	909	(909)	-100%	5 454
Community and social services		-	4 145	4 145	-	-	691	(691)	-100%	4 145
Sport and recreation		(18 829)	1 309	1 309	-	-	215	(215)	-100%	1 309
Public safety		900	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	-	550	-	-	92	(92)	-100%	550
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		-	-	550	-	-	92	(92)	-100%	550
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		(65 507)	57 887	60 881	-	-	10 147	(10 147)	-100%	60 881
Energy services		(7 035)	-	1 356	-	-	226	(226)	-100%	1 356
Water management		(30 577)	27 867	28 875	-	-	4 813	(4 813)	-100%	28 875
Waste water management		(27 894)	30 000	30 650	-	-	5 106	(5 106)	-100%	30 650
Waste management		-	-	-	-	-	-	-	-	-
<i>Other</i>		-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	3	(83 835)	63 321	69 244	-	-	11 541	(11 541)	-100%	69 244
Funded by:										
National Government		(83 525)	59 721	59 721	-	-	9 354	(9 354)	-100%	59 721
Provincial Government		(406)	3 600	3 600	-	-	500	(600)	-100%	3 600
District Municipality		-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-
Transfers recognised - capital		(83 933)	63 321	63 321	-	-	10 554	(10 554)	-100%	63 321
Public contributions & donations	5	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-
Internally generated funds		90	-	5 923	-	-	987	(987)	-100%	5 923
Total Capital Funding		(83 835)	63 321	69 244	-	-	11 541	(11 541)	-100%	69 244

- The actual year-to-date Capital Expenditure amounts to **R0**. Only commitment to spend that orders are still at invoiced stage.
- Due to COVID19 the expenditure on capital programs has been affected due to the restrictions in terms of business operations.

Conditional Grants Transferred and Expenditure

WC041 Kannaland - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M02 August

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										
EXPENDITURE										
Operating expenditure of Transfers and Grants										
National Government:		103 643	26 403	24 681	185	5 396	4 113	1 283	31,2%	24 681
Operational Revenue: General Revenue: Equitable Share		89 791	20 433	18 539	-	5 141	3 090	2 051	66,4%	18 539
Operational Revenue: General Revenue: Fuel Levy		-	-	-	-	-	-	-	-	-
Department of Water Affairs and Sanitation: Masibambane		-	-	-	-	-	-	-	-	-
Emergency Medical Service		-	-	-	-	-	-	-	-	-
Energy Efficiency and Demand-side [Schedule 5B]		-	-	-	-	-	-	-	-	-
Expanded Public Works Programme Integrated Grant for Municipalities [Schedule 5B]		9 417	1 172	1 171	114	114	195	(81)	-41,4%	1 171
Integrated City Development Grant		-	-	-	-	-	-	-	-	-
Khayelisha Urban Renewal		-	-	-	-	-	-	-	-	-
Local Government Financial Management Grant [Schedule 5B]		3 901	2 647	2 647	30	60	441	(381)	-86,4%	2 647
Municipal Human Settlement Capacity Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Municipal Systems Improvement Grant		-	1 400	1 900	-	-	317	(317)	-100,0%	1 900
Health Hygiene in Informal Settlements		-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant [Schedule 5B]		1 534	751	424	40	61	71	10	14,1%	424
Water Services Infrastructure Grant		-	-	-	-	-	-	-	-	-
Public Transport Network Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Provincial Government:		10 867	3 437	3 436	173	358	573	(222)	-38,9%	3 436
Capacity Building		(360)	-	-	-	-	-	-	-	-
Capacity Building and Other		14 017	3 087	3 086	-	-	514	(514)	-100,0%	3 086
Disaster and Emergency Services		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Housing		(380)	-	-	-	-	-	-	-	-
Infrastructure		101	350	350	-	-	58	(58)	-100,0%	350
Libraries, Archives and Museums		(2 070)	-	-	173	350	-	350	#DIV/0!	-
Other		(491)	-	-	-	-	-	-	-	-
Public Transport		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
Total operating expenditure of Transfers and Grants:		114 510	29 840	28 116	358	5 746	4 686	1 060	22,6%	28 116

The following indicates expenditure on each respective grant spent (Operational)

- Local Government Finance Management Grant **R30 000** spent for Financial Management Interns.
- Municipal Infrastructure Grant **R40 311** for salaries of Project management unit.
- Libraries Grant **R173 115** thousand spent for salaries of library staff.
- Expanded Public Works Programme (EPWP) **R114 400** spent for salaries.

4. EXECUTIVE SUMMARY

The municipality remains financially constrained and the COVID-19 pandemic also had a negative effect which has set us back in our initiatives to turn this financial situation around. However, we remain optimistic that our Financial Recovery Plan we see us through these hard times.

3.1.2 4.1 Table C6: Monthly Budget Statement - Financial Position

WC041 Kannaland - Table C6 Monthly Budget Statement - Financial Position - M02 August

Description	Ref	2019/20	Budget Year 2020/21			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash		44 933	3 245	117 850	34 686	117 850
Call investment deposits		21 376	8 387	-	(4 488)	-
Consumer debtors		(211 693)	92 866	30 086	9 823	(30 086)
Other debtors		(46 365)	31 256	2 698	(6 500)	2 698
Current portion of long-term receivables		(8)	8	-	-	-
Inventory		(1 177)	2 025	5 295	181	(5 295)
Total current assets		(192 934)	137 787	155 928	33 702	85 168
Non current assets						
Long-term receivables		-	-	-	-	-
Investments		-	-	-	-	-
Investment property		(3 002)	1 489	-	-	-
Investments in Associate		-	-	-	-	-
Property, plant and equipment		(751 132)	388 829	57 063	2 910	57 063
Agricultural		-	-	-	-	-
Biological assets		-	-	-	-	-
Intangible assets		(1 177)	45	(30)	-	(30)
Other non-current assets		-	-	-	-	-
Total non current assets		(755 312)	390 363	57 033	2 910	57 033
TOTAL ASSETS		(948 246)	528 150	212 961	36 612	142 200
LIABILITIES						
Current liabilities						
Bank overdraft		-	-	-	-	-
Borrowing		(997)	(972)	-	-	-
Consumer deposits		(908)	964	6	-	-
Trade and other payables		(31 369)	(7 970)	96 019	12 952	96 019
Provisions		(9 423)	2 654	-	-	-
Total current liabilities		(42 697)	(5 325)	96 026	12 952	96 019
Non current liabilities						
Borrowing		(4 689)	1 141	(1 246)	8	(1 246)
Provisions		(26 199)	29 199	-	-	-
Total non current liabilities		(30 889)	30 340	(1 246)	8	(1 246)
TOTAL LIABILITIES		(73 586)	25 016	94 780	12 961	94 773
NET ASSETS	2	(874 660)	503 134	118 181	23 652	47 427
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		(250 940)	251 727	-	18	-
Reserves		(1 480)	(1 427)	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	(252 420)	250 300	-	18	-

Assets

We have a highly illiquid financial position as our Consumer Debtors are not paying their outstanding accounts. The municipality understands that this is a ripple effect that was mainly caused by a stagnant economy which for a long time has not created sufficient jobs for our local communities to afford paying their levies. We however are trying to collect where we can.

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 revenue projections 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 2019/20 financial year. This revenue collection revenue will probably be revised after a mid-year assessment.

Property, Plant and Equipment

The year-to-date on capital expenditure is **R0**. The current month's Capital Expenditure is at **R0**. However, the municipality has committed invoices for capital expenditure to be paid.

Intangible Assets

The acquisition of Intangible Assets such as software and antivirus will only take place after we have secured a new server. Unfortunately, Department of Local Government could not fulfil its commitment in funding the municipality for the acquisition of a server.

We have included the server in our business plans of the current year again and we have emphasised the need of having a new server as the current situation poses a big risk in terms of loss of data and vulnerability to viruses.

Liabilities

Current Liabilities

Bank Overdraft

We have incurred no overdraft for the reporting month.

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 **R14 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 and once we have a final number, we will engage with our creditors individually in our efforts to forge an affordable payment plan.

3.1.3 4.6 Table C7: Monthly Budget Statement - Cash Flow

WC041 Kannaland - Table C7 Monthly Budget Statement - Cash Flow - M02 August

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	1									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		106 686	(8 560)	24 342	2 721	6 628	4 057	2 571	63%	24 342
Service charges		341 086	(79 191)	86 654	9 459	13 366	14 442	(1 076)	-7%	86 654
Other revenue		4 308	2 078	4 051	782	4 690	660	4 010	590%	4 081
Government - operating		171 844	(12 884)	28 046	2 647	6 554	4 674	1 880	40%	28 046
Government - capital		59 725	(40 039)	-	2 917	6 824	-	6 824	0%	-
Interest		(2 869)	(7 731)	11	2	3	2	2	93%	11
Dividends		(3)	-	-	-	-	-	-	-	-
Payments										
Suppliers and employees		(485 624)	(138 335)	(146 403)	(10 642)	(24 457)	(24 400)	57	0%	(146 403)
Finance charges		(2 002)	(227)	(227)	(15)	(49)	(38)	11	-30%	(227)
Transfers and Grants		(1 319)	(470)	(470)	-	(39)	(76)	(39)	50%	(470)
NET CASH FROM/(USED) OPERATING ACTIVITIES		191 830	(286 359)	(3 967)	7 870	13 521	(661)	(14 182)	2145%	(3 967)
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors		-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-
Payments										
Capital assets		-	(95 436)	(69 244)	-	-	(11 541)	(11 541)	100%	(69 244)
NET CASH FROM/(USED) INVESTING ACTIVITIES		-	(95 436)	(69 244)	-	-	(11 541)	(11 541)	100%	(69 244)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		57	-	-	4	6	-	6	0%	-
Payments										
Repayment of borrowing		(1 015)	(1 166)	(720)	(16)	(479)	(120)	359	-299%	(720)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(959)	(1 166)	(720)	(12)	(473)	(120)	353	-294%	(720)
NET INCREASE/ (DECREASE) IN CASH HELD										
Cash/cash equivalents at beginning:		(276 099)	11 631	(73 931)	7 858	13 048	11 631			(73 931)
Cash/cash equivalents at month/year end:		(85 227)	(371 330)	(73 931)		13 048	(691)			(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 **August 2020** period. The receipt showed an amount of **R9.45 million** on service charges combined and **R2.72 million** for property rates with transfers and subsidies (operating and capital) amounting to **R5.56 million**.

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

- Standard Bank Main Account is **R1.16 Million**
- The Traffic Account and the **R747 thousand**, and
- Deposit Account has **R2.61 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.

The municipality is reviving the Revenue Enhancement Project as part of the turnaround strategy. We have started with our Data Cleansing project and an update will be provided on monthly basis.

4 PART 2 – SUPPORTING DOCUMENTATION

5. DEBTORS' ANALYSIS

WC041 Kannaland - Supporting Table SC3 Monthly Budget Statement - aged debtors - M02 August

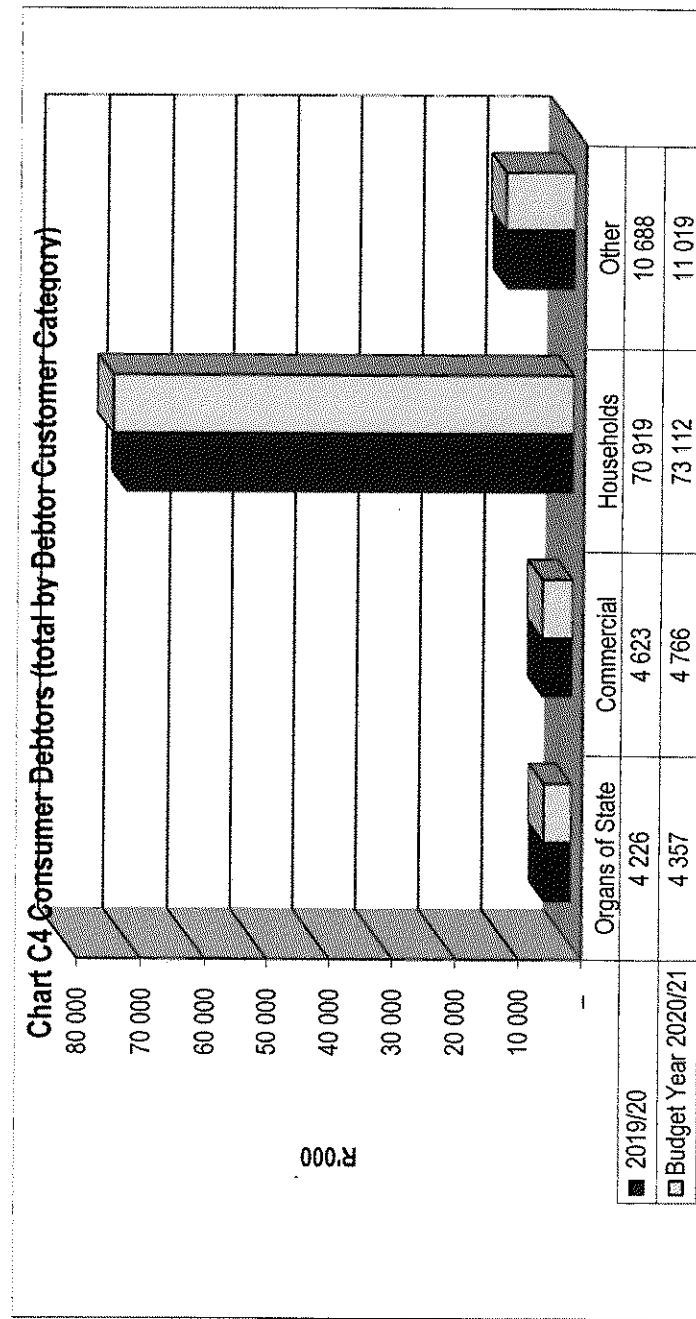
Description	NT Code	Budget Year 2020/21										Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.l.o Council Policy
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total	Total over 90 days		
R thousands													
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200	1 489	481	681	724	1 236	1 144	4 068	11 855	21 690	19 038	-	-
Trade and Other Receivables from Exchange Transactions - Electricity	1300	1 490	177	130	135	714	108	304	1 422	3 880	2 083	-	-
Receivables from Non-exchange Transactions - Property Rates	1400	6 033	380	470	294	302	341	2 267	12 767	22 854	15 970	-	-
Receivables from Exchange Transactions - Waste Water Management	1500	538	236	233	232	231	229	1 612	8 401	11 711	10 705	-	-
Receivables from Exchange Transactions - Waste Management	1600	1 112	455	440	432	422	413	2 766	9 791	15 852	13 844	-	-
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	-	24	24	24	-	-
Interest on Arrear Debtor Accounts	1810	-	-	-	-	0	1	398	14 976	15 275	15 275	-	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-
Other	1900	(1 239)	165	143	135	126	108	600	1 930	1 969	2 899	-	-
Total By Income Source	2000	9 424	1 893	2 098	1 963	2 430	2 345	12 035	61 066	93 254	79 839	-	-
2019/20 - totals only													
Debtors Age Analysis By Customer Group													
Organs of State	2200	3 045	117	102	92	85	67	397	461	4 357	1 092	-	-
Commercial	2300	1 177	178	180	129	127	129	537	2 308	4 766	3 231	-	-
Households	2400	4 595	1 456	1 585	1 618	2 076	1 996	9 891	49 816	73 112	65 396	-	-
Other	2500	607	142	151	135	142	154	1 209	8 480	11 019	10 120	-	-
Total By Customer Group	2600	9 424	1 893	2 098	1 963	2 430	2 345	12 035	61 066	93 254	79 839	-	-

- The total amount owed to Kannaland Municipality amounted to **R93.25** million during **August 2020**.
- **R61.06 million** or **65 percent** of the total outstanding debtors are older than one year.
- **R79.83 million** or **85 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.

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.



CREDITORS' ANALYSIS

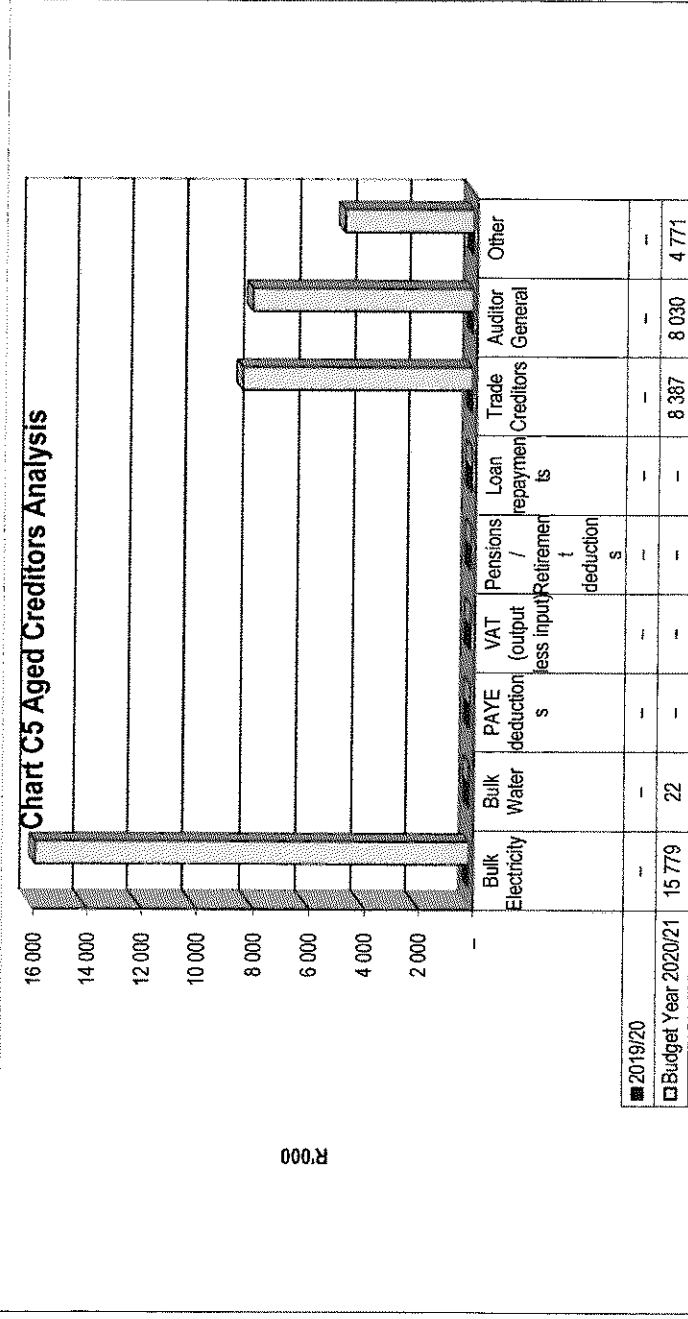
WC041 Kannaland - Supporting Table SC4 Monthly Budget Statement - aged creditors - M02 August

Description	NT Code	Budget Year 2020/21								
		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	5 840	-	4 035	3 671	2 232	-	-	-	15 779
Bulk Water	0200	22	-	-	-	-	-	-	-	22
PAYE deductions	0300	-	-	-	-	-	-	-	-	-
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-
Loan repayments	0600	-	-	-	-	-	-	-	-	-
Trade Creditors	0700	255	243	122	36	7 730	-	-	-	8 387
Auditor General	0800	1 479	419	46	529	5 557	-	-	-	8 030
Other	0900	193	13	9	-	4 556	-	-	-	4 771
Total By Customer Type	1000	7 790	675	4 213	4 236	20 075	-	-	-	36 989

- The total outstanding creditors as at **August 2020** amounts to **R36 989** million.
- The biggest outstanding creditors are Eskom (**R15 779 million**), the Auditor-General of South Africa (**R8 030 million**). Combined, the before mentioned, represents 64 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.

Chart of creditors expressed proportionately to the total amount owed



6 ALLOCATION AND GRANT RECEIPTS AND EXPENDITURE

4.1.1 6.1 Supporting Table SC6

WC041 Kannaland - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M02 August

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										
RECEIPTS:	1,2									
Operating Transfers and Grants										
National Government:		228 875	35 990	36 033	2 940	17 082	6 005	11 076	184,4%	36 033
Operational Revenue General Revenue Equitable Share		190 693	29 760	29 803		14 142	4 967	9 175	184,7%	29 803
Expanded Public Works Programme Integrated Grant for Municipalities (Schedule 5B)		11 670	1 171	1 171	293	293	185	98	50,1%	1 171
Local Government Financial Management Grant (Schedule 5B)		21 895	2 647	2 647	2 647	2 647	441	2 206	500,0%	2 647
Municipal Systems Improvement Grant		-	1 900	1 900			317	(317)	-100,0%	1 900
Municipal Infrastructure Grant (Schedule 5B)		4 616	512	512			85	(85)	-100,0%	512
Provincial Government:		21 078	1 763	1 763	-	-	294	(294)	-100,0%	1 763
Capacity Building		360	-	-	-	-	-	-	-	-
Capacity Building and Other		17 567	1 713	1 713			285	(285)	-100,0%	1 713
Housing	4	380	-	-	-	-	-	-	-	-
Infrastructure	4	100	50	50			8	(8)	-100,0%	50
Libraries, Archives and Museums	4	2 070	-	-	-	-	-	-	-	-
Other	4	551	-	-	-	-	-	-	-	-
Public Transport	4	-	-	-	-	-	-	-	-	-
Road Infrastructure - Maintenance	4	59	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
All Grants		-	-	-	-	-	-	-	-	-
Other grant providers:		465	-	-	-	-	-	-	-	-
Departmental Agencies and Accounts		465	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	5	250 418	37 753	37 796	2 940	17 082	6 299	10 783	171,2%	37 796
Capital Transfers and Grants										
National Government:		256 161	59 721	59 721	1 338	-	9 954	(9 954)	-100,0%	59 721
Integrated National Electrification Programme (Municipal Grant) (Schedule 5B)		25 410	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant (Schedule 5B)		95 217	9 721	9 721	1 338		1 620	(1 620)	-100,0%	9 721
Regional Bulk Infrastructure Grant (Schedule 5B)		100 000	30 000	30 000			5 000	(5 000)	-100,0%	30 000
Water Services Infrastructure Grant (Schedule 5B)		35 534	20 000	20 000			3 333	(3 333)	-100,0%	20 000
Provincial Government:		15 997	5 649	5 649	2 016	-	941	(941)	-100,0%	5 649
Capacity Building		-	-	-	-	-	-	-	-	-
Capacity Building and Other		3 034	3 049	3 049			508	(508)	-100,0%	3 049
Infrastructure		12 963	2 600	2 600	2 016		433	(433)	-100,0%	2 600
Total Capital Transfers and Grants	5	272 158	65 370	65 370	3 354	-	10 895	(10 895)	-100,0%	65 370
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	522 576	103 123	103 166	6 294	17 082	17 194	(113)	-0,7%	103 166

The following indicates income on each respective grant received (Capital and Operational)

National Grants

- Municipal Infrastructure Grant (MIG) amounts to **R1338 Thousand**.
- Local Government Finance Management Grant amounts to **R2.65 million**.
- Expanded Public Works Programme (EPWP) amounts to **R293 Thousand**.

Provincial Grants

- Libraries Grants amounts to **R1.02 million** for Operational and **R1 million** for Capital.

Table C2: Monthly Budget Statement - Financial Performance (standard classification)

WC041 Kannaland - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M02 August

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	1									
Revenue - Functional										
<i>Governance and administration</i>		359 911	37 632	37 474	1 409	26 975	6 246	20 729	332%	37 474
Executive and council		121 346	8 920	9 028	71	13 220	1 506	11 715	779%	9 028
Finance and administration		238 565	28 712	28 446	1 338	13 755	4 741	9 014	190%	28 446
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		137 218	15 167	15 148	270	2 822	2 525	298	12%	15 148
Community and social services		122 227	14 967	14 948	258	2 757	2 491	266	11%	14 948
Sport and recreation		20	-	-	-	-	-	-	-	-
Public safety		13 456	-	-	11	32	-	32	ND/ND	-
Housing		1 520	200	200	-	33	33	-	-	200
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		63 088	7 398	7 398	164	1 413	1 233	180	15%	7 398
Planning and development		111	-	-	-	-	-	-	-	-
Road transport		62 987	7 398	7 398	164	1 413	1 233	180	15%	7 398
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		1 345 112	168 884	158 661	7 222	49 447	26 444	23 004	87%	158 661
Energy sources		629 637	59 735	56 870	4 822	20 409	9 478	10 931	115%	56 870
Water management		327 653	59 507	43 235	1 171	12 200	7 206	4 994	69%	43 235
Waste water management		233 901	44 196	44 019	633	10 880	7 337	3 543	48%	44 019
Waste management		153 921	14 537	14 537	596	5 858	2 423	3 535	146%	14 537
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	1 905 339	229 081	218 682	9 065	80 658	36 447	44 211	121%	218 682
Expenditure - Functional										
<i>Governance and administration</i>		203 375	51 106	53 085	3 120	12 572	8 847	3 724	42%	53 085
Executive and council		89 575	12 074	13 016	883	3 351	2 169	1 182	54%	13 016
Finance and administration		113 799	39 031	40 070	2 236	9 221	6 678	2 542	38%	40 070
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		29 135	10 729	10 212	905	2 906	1 702	1 204	71%	10 212
Community and social services		28 040	8 333	8 089	507	1 960	1 348	612	45%	8 089
Sport and recreation		995	812	738	-	161	123	38	31%	738
Public safety		(3 834)	207	269	336	493	43	450	1041%	269
Housing		3 933	1 376	1 126	63	292	188	104	56%	1 126
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		50 393	19 221	19 200	307	3 686	3 200	486	15%	19 200
Planning and development		(111)	-	-	-	-	-	-	-	-
Road transport		50 504	19 221	19 200	307	3 686	3 200	486	15%	19 200
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		283 419	82 131	88 757	6 305	20 564	14 793	5 771	39%	88 757
Energy sources		153 327	53 186	56 993	5 163	14 300	9 499	4 801	51%	56 993
Water management		77 274	13 240	15 814	564	2 931	2 636	296	11%	15 814
Waste water management		25 907	6 906	7 043	302	1 492	1 174	318	27%	7 043
Waste management		26 912	8 799	8 906	277	1 840	1 484	356	24%	8 906
<i>Other</i>		-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	566 321	163 186	171 255	10 637	39 728	28 542	11 186	39%	171 255
Surplus/ (Deficit) for the year		1 339 017	65 894	47 427	(1 572)	40 930	7 905	33 025	416%	47 427

4.1.2 C3-Monthly Budget Statement-Financial Performance

WC041 Kannaland - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M02 August

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
R thousands										
Revenue by Vote	1									
Vote 1 - MUNICIPAL MANAGER		122 055	8 920	9 028	815	13 220	1 505	11 715	778,6%	9 028
Vote 2 - CORPORATE SERVICES		188 203	21 132	21 079	1 976	3 784	3 513	270	7,7%	21 079
Vote 3 - FINANCIAL SERVICES		233 532	28 412	28 181	4 492	13 664	4 697	8 967	190,9%	28 181
Vote 4 - TECHNICAL SERVICES		1 360 493	170 617	160 394	25 054	49 991	26 732	23 258	87,0%	160 394
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]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	1 904 284	229 081	218 682	32 336	80 658	36 447	44 211	121,3%	218 682
Expenditure by Vote	1									
Vote 1 - MUNICIPAL MANAGER		89 575	12 074	13 016	1 889	3 351	2 169	1 182	54,5%	13 016
Vote 2 - CORPORATE SERVICES		87 570	30 120	30 767	4 283	7 301	5 128	2 174	42,4%	30 767
Vote 3 - FINANCIAL SERVICES		57 711	25 429	25 490	3 281	5 661	4 248	1 413	33,2%	25 490
Vote 4 - TECHNICAL SERVICES		326 815	94 418	100 838	14 593	23 069	16 806	6 262	37,3%	100 838
Vote 5 - CALITZDORP SPA		-	-	-	-	-	-	-	-	-
Vote 6 - CORPORATE SERVICES (Continued)		4 650	1 145	1 145	210	346	191	155	81,2%	1 145
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]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	566 321	163 186	171 255	24 256	39 728	28 542	11 186	39,2%	171 255
Surplus/ (Deficit) for the year	2	1 337 962	65 894	47 427	8 080	40 930	7 905	33 025	417,8%	47 427

7 EXPENDITURE ON COUNCILLOR, SENIOR MANAGERS AND OTHER STAFF

4.1.3 7.1 Supporting Table SC8

WC041 Kannaland - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M02 August

Summary of Employee and Councillor remuneration	Ref	Budget Year 2020/21								
		2019/20 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
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		21 066	2 794	2 794	340	678	466	212	46%	2 794
Pension and UIF Contributions		375	56	56	14	28	9	18	195%	56
Medical Aid Contributions		191	35	35	14	27	6	21	365%	35
Motor Vehicle Allowance		2 394	308	308	47	95	51	44	85%	308
Cellphone Allowance		3 209	384	384	58	116	64	52	81%	384
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		-	-	-	-	-	-	-	-	-
Sub Total - Councillors		27 235	3 578	3 578	473	944	596	347	58%	3 578
% increase	4		-86,9%	-86,9%						-86,9%
Senior Managers of the Municipality	3									
Basic Salaries and Wages		7 212	3 120	5 021	425	765	837	(71)	-9%	5 021
Pension and UIF Contributions		(208)	-	-	0	0	-	0	#DIV/0!	-
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		821	-	202	-	-	34	(34)	-100%	202
Motor Vehicle Allowance		257	90	84	36	53	14	39	279%	84
Cellphone Allowance		(76)	64	30	8	16	5	11	214%	30
Housing Allowances		22	10	-	1	2	-	2	#DIV/0!	-
Other benefits and allowances		141	38	95	12	15	16	(1)	-4%	95
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	2	-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality		8 168	3 324	5 432	482	851	905	(54)	-6%	5 432
% increase	4		-59,3%	-33,5%						-33,5%
Other Municipal Staff										
Basic Salaries and Wages		142 061	37 386	37 052	5 366	9 048	6 175	3 773	61%	37 052
Pension and UIF Contributions		29 578	6 446	6 174	1 011	1 551	1 029	522	51%	6 174
Medical Aid Contributions		6 520	2 050	1 672	335	538	279	259	93%	1 672
Overtime		21 156	1 880	2 334	475	690	389	301	77%	2 334
Performance Bonus		(373)	-	-	37	37	-	37	#DIV/0!	-
Motor Vehicle Allowance		12 299	2 672	2 052	395	637	342	295	86%	2 052
Cellphone Allowance		629	171	85	24	41	14	27	191%	85
Housing Allowances		1 063	344	230	52	84	38	46	120%	230
Other benefits and allowances		11 192	3 998	5 428	395	732	905	(173)	-18%	5 428
Payments in lieu of leave		(166)	47	-	4	6	-	8	#DIV/0!	-
Long service awards		-	-	148	-	-	25	(25)	-100%	148
Post-retirement benefit obligations	2	-	-	-	-	-	-	-	-	-
Sub Total - Other Municipal Staff		223 980	54 993	55 175	9 094	14 267	9 196	5 071	55%	55 175
% increase	4		-75,4%	-75,4%						-75,4%
Total Parent Municipality		259 383	61 898	64 186	10 048	16 062	10 697	5 364	50%	64 186

- **Employee Related Costs:** The budget amounts to **R64.18 million**, while the expenditure to date amounts to **R16.06 million or 25 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.

5 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

Interest Accrual	31.08.2020	31.08.2020	0.00	14,788.63	0.00	14,788.63	1,405,877.90	1,391,109.27
Interest Capitalisation	31.08.2020	31.08.2020	0.00	-14,788.63	14,788.63	0.00	1,405,877.90	1,405,877.90
Repayment Due	31.08.2020	31.08.2020	-45,231.37	0.00	-14,788.63	-60,000.00	1,345,877.90	1,345,877.90

- The total outstanding long-term debt of Kannaland Municipality amounts to **R1.34 million** as at **31 August 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 **R14 thousand**.

8 MATERIAL VARIANCES TO THE SDBIP

See attached the Deviation Register for the reporting month.

9 QUALITY CERTIFICATE

I, **R.F. BUTLER**, the acting Accounting Officer of **Kannaland Municipality WC041**, hereby certify that the monthly budget statement for the month of **AUGUST 2020**, has been prepared in accordance with the Municipal Finance Management Act and regulations made under the Act.

Print name: ROLAND BUTLER

Signature: 

Date 14 September 2020

JULY 2020- AUGUST 2020

VOORSIENINGSKANAAL AFWYKINGS: ART 36- SCM REGULASIES

NOMMER	ORDER NO.	DATUM	DEPARTEMENT	VERSKAFER	BEDRAG	REDE
8/1/4/R	16725	23/07/2020	FINANSIES	SA POSKANTOOR	R 41 993.00	KANNALAND SE MUNISPALE DIENSTEREKENINGE MOET MAANDELIKS PER POS UITGESTUUR WORD. Hiermee word dus versoek dat n betaling ten bedrae van R41 993,00 gemaak word aan sa post office vir die versending van die june 2020 dienstereneninge.
8/1/4/R	16703	10/07/2020	FINANSIES	SA POSKANTOOR	R 42 267.40	KANNALAND SE MUNISPALE DIENSTEREKENINGE MOET MAANDELIKS PER POS UITGESTUUR WORD. Hiermee word dus versoek dat n betaling ten bedrae van R42 267,40 gemaak word aan sa post office vir die versending van die may 2020 dienstereneninge.
8/1/4/R	16784	14/08/2020	FINANSIES	WT TECH SOLUTIONS PTY LTD	R 72 875.00	THE REASON FOR THIS IS WE CURRENTLY HAVE THREE FINANCIAL INTERNS AND WITH THE CURRENT COVID-19 REGULATIONS IT IS DEEMED NECESSARY FOR THEM TO WORK WITH THESE AVAILABLE CURRENTLY ALL ICT EQUIPMENT PRICING HAS INFLATED AND WA NEED TO GET THREE PRICE QUOTATIONS.
8/1/4/R	16803	21/08/2020	COUNCIL	BCHC ATTORNEYS	R 43 896.22	BRADLEY CONRADIE HALTON CHEADLE WAS APPOINTED ON 25 JULY 2017 TO ACT ON BEHALF OF THE MUNICIPALITY IN THE MATTER BETWEEN KANNALAND MUNICIPALITY AND HENDRIK BARNARD. THE AFOREMENTIONED FIRM IS ON THE DATABASE OF KANNALAND MUNICIPALITY. THE APPOINTMENT STEMS FROM THE FACT THAT A COUNCIL DECISION WAS TAKEN AUTHORIZING THE MUNICIPAL MANAGER TO APPOINT LEGAL REPRESENTATIVE IN THE ARBITRATION CASE OF HENDRIK BARNARD.
8/1/4/R	16804	21/08/2020	COUNCIL	BCHC ATTORNEYS	R 40 531.90	BRADLEY CONRADIE HALTON CHEADLE WAS APPOINTED ON 25 JULY 2017 TO ACT ON BEHALF OF THE MUNICIPALITY IN THE MATTER BETWEEN KANNALAND MUNICIPALITY AND HENDRIK BARNARD. THE AFOREMENTIONED FIRM IS ON THE DATABASE OF KANNALAND MUNICIPALITY. THE APPOINTMENT STEMS FROM THE FACT THAT A COUNCIL DECISION WAS TAKEN AUTHORIZING THE MUNICIPAL MANAGER TO APPOINT LEGAL REPRESENTATIVE IN THE ARBITRATION CASE OF HENDRIK BARNARD.

8/1/4/R	16766	05/08/2020	FINANSIES		LSD INFORMATION TECHNOLOGY PTY LTD	R 45 568.75	THE REASON FOR DEVIATION IS TO PROCURE THE ABOVE MENTIONED SERVICE AS PART OF KANNALAND SERVERS KANNALAND MUNICIPALITY THAT WE ARE CURRENTLY USING THIS EMAIL HOSTING SERVER FOR FIVE YEARS (5).
8/1/4/R	16828	26/08/2020	FINANSIES		SA POSKANTOOR	R 42 267.40	KANNALAND SE MUNISPALE DIENSTEREKENINGE MOET MAANDELIKS PER POS UITGESTUUR WORD. HIERMEE WORD DUS VERSOEK DAT N BETALING TEN BEDRAE VAN R42 267.40 GEMAAK WORD AAN SA POST OFFICE VIR DIE VERSENDING VAN DIE AUGUSTUS 2020 DIENSTEREKENINGE.
8/1/4/R	16776	07/08/2020	COMMUNITY		TIMBERCITY OUDTSHOORN	R 1 050 211.00	ON THE 8TH OF JULY 2020 THE SOUTH AFRICA WEATHER SERVICES SEND OUT A WEATHER WARNING OF STRONG WINDS. THE FOLLOWING DISTRICTS AND LOCAL MUNICIPALITIES WERE AFFECTED CAPE WINELANDS (DM), CENTRAL KARFOO (DM), KANNALAND(LM), SWELLEMDAM (LM), HESEQUA (LM) AND OVERSTRAND. IN THE KANNALAND WE EXPERIENCE NORTH- WESTERLY WIND (70-100KM/h).
8/1/4/R	16760	04/08/2020	TEGNIES		SANITECH	R 57 569.00	THE NATIONAL MINISTER OF COGTA, DECLARED IN TERMS OF SECTIONS 3 OF THE NATIONAL DISASTER MANAGEMENT ACT A NATIONAL STATE DISASTER. ON 23 MARCH 2020, THE PRESIDENT ANNOUNCED THAT A NATIONAL LOCKDOWN. KANNALAND MUNICIPALITY HAD TO INTERVENE, ESPECIALLY CONSIDERING THAT OUT OF THE 27000 PEOPLE LINING IN THE KANNALAND MUNICIPAL AREA, MORE THAN 50% ARE UNEMPLOYED AND OR LIVE IN CIRCUMSTANCES PRESENTED AND ASSOCIATED WITH SOCIAL ECONOMIC ISSUES. UNDER THE NATIONAL LOCKDOWN AND THE APPLICABLE REGULATIONS VARIOUS PARTS OF THE ECONOMIC SECTORS SUFFERED SEVERELY.
TOTAL						R 1 437 179.67	