



KANNALAND
MUNISIPALITEIT | MUNICIPALITY

MONTHLY BUDGET STATEMENT

SEPTEMBER 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 **September 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 **September 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 has proved to have a negative economic impact on in the municipality. Revenue sources such as service charges have been impacted due to the impact of the lockdown 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.

A recent arbitration award against two (2) employees that were discharged, has been awarded against the municipality. The employees were awarded to return to work in **October 2020** and be compensated for the time they were discharged. The cost implication is expected to be around **R 1 million** in back pay on or before **31st October 2020**.

3.1.1 3.2 Consolidated performance

WC041 Kannaland - Table C1 Monthly Budget Statement Summary - M03 September

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	16 753	19 540	24 471	1 222	8 264	6 118	2 147	35%	24 471
Service charges	85 959	92 033	94 205	7 597	22 180	23 551	(1 372)	-6%	94 205
Investment revenue	1 014	-	700	72	226	175	51	29%	700
Transfers and subsidies	40 064	37 753	43 769	-	11 988	10 942	1 046	10%	43 769
Other own revenue	7 481	14 384	15 384	739	1 088	3 846	(2 758)	-72%	15 384
Total Revenue (excluding capital transfers and contributions)	151 271	163 710	178 529	9 629	43 746	44 632	(886)	-2%	178 529
Employee costs	57 631	58 317	60 607	4 693	10 092	15 124	(5 033)	-33%	60 607
Remuneration of Councillors	3 417	3 578	3 262	154	501	815	(314)	-39%	3 262
Depreciation & asset impairment	13 148	12 231	12 222	-	-	3 055	(3 055)	-100%	12 222
Finance charges	4 599	227	181	14	45	45	(1)	-2%	181
Materials and bulk purchases	42 997	48 900	54 008	10 013	15 216	13 502	1 714	13%	54 008
Transfers and subsidies	96	470	470	-	-	117	(117)	-100%	470
Other expenditure	38 317	39 462	43 545	868	2 420	10 886	(8 466)	-78%	43 545
Total Expenditure	160 205	163 186	174 294	15 742	28 273	43 546	(15 273)	-35%	174 294
Surplus/(Deficit)	(8 934)	524	4 235	(6 113)	15 473	1 087	14 387	1324%	4 235
Transfers and subsidies - capital (monetary allocations)	21 608	65 370	37 165	-	-	9 291	(9 291)	-100%	37 165
Contributions & Contributed assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	12 675	65 894	41 400	(6 113)	15 473	10 378	5 095	49%	41 400
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	12 675	65 894	41 400	(6 113)	15 473	10 378	5 095	49%	41 400
Capital expenditure & funds sources									
Capital expenditure	21 407	95 436	35 785	2 089	4 833	8 946	(4 114)	-46%	35 785
Capital transfers recognised	21 191	63 321	35 773	2 089	4 833	8 943	(4 111)	-46%	35 773
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	98	-	-	-	-	-	-	-	-
Total sources of capital funds	21 289	63 321	35 773	2 089	4 833	8 943	(4 111)	-46%	35 773

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 **R9.63 million** and the expenditure amounted to **R15.74 million** thereby resulting in a deficit of **R6.11 Million**.

Financial Performance

Property Rates

The Property Rates collection showed a collection of **R1.22 million** in **September 2020** a slight increase from the reported figure of **R1.19 million** in the month of **August 2020**. The opening of the economy on Alert Level 2, has provided some positive movement in the property rates performance.

Service Charges

The municipality recorded an overall service charge collection of **R7.57 million** in **September 2020** a slight increase from the reported figures of **R7.22 million** in **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 **R739 thousand** in **September** an increase in the reported figures of **R244 thousand** for other revenue from **August 2020**. While **R72 thousand** in **September** a slight decrease from **R77 thousand** investments in **August 2020**.

Overall, the revenue collection in respect of service charges and property rates, indicates an improvement from the previously reported figures. This can be attributed to the re-opening of major economic activities in the South Africa's lockdown. There is still a lot that needs to be done to ensure the municipality collects revenues due in respect of current debtors and long overdue debtors.

Total Expenditure

Employee related cost

The total expenditure on salaries including councillors is **R4.69 million** in **September** a slight decrease from **R4.89 million** in **August 2020**. The variances are based on the fluctuating overtime and standby claims in the respective periods. 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 recorded expenditure of **R10.01 million** in **September 2020** an increase in reported figure **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. Due to financial constraints, municipality paid more for Eskom in **September** in respect of the arrear account.

Other expenditure

The total Other Expenditure in **September** of **R868 thousand** an increase from the recorded expenditure of **R792 thousand** in **August 2020**. 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.

Overall expenditure has surpassed collected revenue in the reporting period of **September 2020**. The main increase in expenditure is noted on the purchase of bulk purchases. Due to the financial challenges and amount owed to Eskom the municipality makes payment in respect of current account and the bulk account in arrears. Where there is insufficient funds, payments are delayed.

3.2.1 REVENUE AND EXPENDITURE BY SOURCE AGAINST ANNUAL BUDGET

WC041 Kannaland - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M03 September

Description	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										
Revenue By Source										
Property rates		16 753	19 540	24 471	1 222	8 264	6 118	2 147	35%	24 471
Service charges - electricity revenue		52 587	55 943	59 485	5 079	14 809	14 871	(62)	0%	59 485
Service charges - water revenue		19 622	21 626	21 626	1 310	3 711	5 407	(1 696)	-31%	21 626
Service charges - sanitation revenue		7 008	7 520	6 149	616	1 876	1 537	339	22%	6 149
Service charges - refuse revenue		6 743	6 945	6 945	592	1 784	1 736	48	3%	6 945
Service charges - other		-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		520	17	367	42	126	92	34	37%	367
Interest earned - external investments		1 014	-	700	72	226	175	51	29%	700
Interest earned - outstanding debtors		20	5 567	5 567	2	2	1 392	(1 390)	-100%	5 567
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		4 470	7 384	7 584	390	403	1 896	(1 493)	-79%	7 584
Licences and permits		164	50	500	26	60	125	(65)	-52%	500
Agency services		828	1 000	1 000	179	329	250	79	31%	1 000
Transfers and subsidies		40 064	37 753	43 769	-	11 988	10 942	1 046	10%	43 769
Other revenue		1 477	365	365	100	168	91	77	84%	365
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		151 271	163 710	178 529	9 629	43 746	44 632	(886)	-2%	178 529
Expenditure By Type										
Employee related costs		57 631	58 317	60 607	4 693	10 092	15 124	(5 033)	-33%	60 607
Remuneration of councillors		3 417	3 578	3 262	154	501	815	(314)	-39%	3 262
Debt impairment		21 831	11 923	12 139	-	-	3 035	(3 035)	-100%	12 139
Depreciation & asset impairment		13 148	12 231	12 222	-	-	3 055	(3 055)	-100%	12 222
Finance charges		4 599	227	181	14	45	45	(1)	-2%	181
Bulk purchases		40 767	42 693	43 593	8 727	13 633	10 898	2 734	25%	43 593
Other materials		2 230	6 207	10 415	1 286	1 583	2 604	(1 020)	-39%	10 415
Contracted services		9 612	15 682	18 791	496	1 102	4 698	(3 596)	-77%	18 791
Transfers and subsidies		96	470	470	-	-	117	(117)	-100%	470
Other expenditure		6 874	11 857	12 615	372	1 318	3 154	(1 836)	-58%	12 615
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-
Total Expenditure		160 205	163 186	174 294	15 742	28 273	43 546	(15 273)	-35%	174 294
Surplus/(Deficit)										
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		(8 934)	524	4 235	(6 113)	15 473	1 087	14 387	0	4 235
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		21 608	65 370	37 165	-	-	9 291	(9 291)	(0)	37 165
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		12 675	65 894	41 400	(6 113)	15 473	10 378			41 400
Taxation		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		12 675	65 894	41 400	(6 113)	15 473	10 378			41 400
Attributable to minorities		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		12 675	65 894	41 400	(6 113)	15 473	10 378			41 400
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year		12 675	65 894	41 400	(6 113)	15 473	10 378			41 400

The detailed operating revenue items are as follows:

Electricity

The Kannaland municipality supplies the following locations with electricity, Ladismith and Calitzdorp while Zoar and Van Wyk's dorp purchase directly from Eskom. Revenue performance in September amounted to **R5.08 million** an increase from **R4.82 million** reported in **August 2020**. The municipality still applies the winter tariffs in respect of electricity purchases and as summer approaches, the tariffs will change.

Water

We have a revenue collection of **R1.31 million** in **September 2020** a slight increase from **R1.17 million** figures reported in **August 2020**. The revenue collection is picking up after the alert level 1, as many communities are slowly getting back to work.

Sewerage

The municipality has collected **R616 thousand** in **September 2020** showing a slight decrease from **R633 thousand** reported in **August 2020**. Sewerage collection has proven to be one of the under-performing service in the municipality. The application of debt control measure remains an issue in areas serviced by Eskom directly for electricity.

Refuse Removal

The municipality has only collected **R592 thousand** in **September 2020** a slight decrease from **R596 thousand** reported in **August 2020**. Refuse collection has proven to be one of the under-performing service in the municipality. The application of debt control measure remains an issue in areas serviced by Eskom directly for electricity.

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.

- **Interest earned on outstanding debtors:** Due to the application of lockdown in the different level, the levying of interest in outstanding accounts is currently on hold.
- **Rental of facilities and equipment:** **R42 thousand** received in **September 2020** slight decrease from **R43 thousand** reported in **August 2020**. This remains a constant amount received from fixed rental facilities as the municipal officer for ad-hoc rentals not yet open for public usages.
- **Interest on external investments:** **R77 thousand** received in **September 2020** slight decrease from **R72 thousand** reported in **August 2020**.
- **Fines Penalties and forfeits:** **R390 thousand** received in **September 2020** an increase from **R13 thousand** in **August 2020**. The increase is attributed to the ending of extension of renewal of licence and motor vehicle licences.
- **Other revenue:** **R100 thousand** in **September 2020** an increase from **R68 thousand** in **August 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.

The detailed operating expenditure items are as follows:

Employee Related Costs and Remuneration of councillors

Employee Related Cost amounted to **R4.69 million** in **September 2020** a slight decrease from **R4.71 million** in **August 2020** and the total Remuneration for Councillors is reported as **R154 thousand** in **September 2020** a slight decrease of **R175 thousand** reported in **August 2020**. 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 R10.01 million in **September 2020** an increase from the reported figure of **R4.96 million in August 2020**. The main expenditure relates to bulk purchases for electricity **R8.73 million** and arrangement for arrear accounts.

Contracted services

The municipality has expenditure for Contracted Services of **R496 thousand** in **September 2020** an increase of **R280 thousand** reported in **August 2020** report. The expenditure on contracted services remains low as a result of lockdown. However, the opening of the economic activities will lead to increase expenditure related mainly on grant funded projects.

Other expenditure

Other Expenditure amounted to **R372 thousand** in **September 2020** a decrease from **R574 thousand** reported in **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.

Overall, the expenditure came from the bulk purchases for electricity. The expenditure patterns are expected to pick up during the alert level one, more specially on grant funded expenditure. The employee related cost's remains the rate of 2019/20 financial year, pending the process of the exemption application in apply the municipal wage increase for the 2020/21 financial year.

3.2.2 CAPITAL EXPENDITURE BY SOURCE AGAINST ANNUAL BUDGET

WC041 Kannaland - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M03 September

Vote Description	Ref	2019/20		Budget Year 2020/21						
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	variance	YTD variance %	Full Year Forecast
R thousands	1									
Multi-Year expenditure appropriation	2									
Vote 1 - MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-
Vote 2 - CORPORATE SERVICES		-	1 000	1 650	-	-	413	(413)	-100%	1 650
Vote 3 - FINANCIAL SERVICES		-	-	-	-	-	-	-	-	-
Vote 4 - TECHNICAL SERVICES		1 873	-	-	-	-	-	-	-	-
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 Capital Multi-year expenditure	4,7	1 873	1 000	1 650	-	-	413	(413)	-100%	1 650
Single Year expenditure appropriation	2									
Vote 1 - MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-
Vote 2 - CORPORATE SERVICES		1 865	11 889	4 454	-	-	1 114	(1 114)	-100%	4 454
Vote 3 - FINANCIAL SERVICES		118	430	-	-	-	-	-	-	-
Vote 4 - TECHNICAL SERVICES		17 551	82 117	29 681	2 089	4 833	7 420	(2 588)	-35%	29 681
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 Capital single-year expenditure	4	19 534	94 436	34 135	2 089	4 833	8 534	(3 701)	-43%	34 135
Total Capital Expenditure	3	21 407	95 436	35 785	2 089	4 833	8 946	(4 114)	-46%	35 785
Capital Expenditure - Functional Classification										
Governance and administration		118	-	-	-	-	-	-	-	-
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		118	-	-	-	-	-	-	-	-
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		1 865	5 454	6 104	-	-	1 526	(1 526)	-100%	6 104
Community and social services		-	4 145	4 795	-	-	1 199	(1 199)	-100%	4 795
Sport and recreation		1 365	1 309	1 309	-	-	327	(327)	-100%	1 309
Public safety		500	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		-	-	19	-	-	5	(5)	-100%	19
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		-	-	19	-	-	5	(5)	-100%	19
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		19 424	57 867	29 662	2 089	4 833	7 416	(2 583)	-35%	29 662
Energy sources		615	-	-	-	-	-	-	-	-
Water management		16 703	27 867	29 662	2 089	4 833	7 416	(2 583)	-35%	29 662
Waste water management		2 106	30 000	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	3	21 407	63 321	35 785	2 089	4 833	8 946	(4 114)	-46%	35 785
Funded by:										
National Government		15 000	59 721	29 728	1 789	4 533	7 432	(2 899)	-39%	29 728
Provincial Government		6 191	3 600	6 045	299	299	1 511	(1 212)	-80%	6 045
District Municipality		-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-
Transfers recognised - capital		21 191	63 321	35 773	2 089	4 833	8 943	(4 111)	-46%	35 773
Public contributions & donations	5	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-
Internally generated funds		98	-	-	-	-	-	-	-	-
Total Capital Funding		21 289	63 321	35 773	2 089	4 833	8 943	(4 111)	-46%	35 773

- The current capital expenditure amounts to **R2.09 million**. There are a couple of orders that are already within the SCM process that will result into an improved spending in the next couple of months.

- The total to date expenditure is **R4.83 million**, which represents **54%** expenditure on year to date budget and **13%** of the total capital budget. It is expected the capital expenditure to pick up from the alert level one.

Conditional Grants Transferred and Expenditure

WC041 Kannaland - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M03 September										
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:		26 225	26 403	29 861	1 590	3 519	7 465	(3 946)	-52,9%	29 861
Operational Revenue:General Revenue:Equitable Share		22 905	20 433	23 916	1 200	2 935	5 979	(3 044)	-50,9%	23 916
Expanded Public Works Programme Integrated Grant for Municipalities [Schedule 5B]		1 000	1 172	1 171	119	233	293	(60)	-20,4%	1 171
Local Government Financial Management Grant [Schedule 5B]		1 651	2 647	2 647	317	396	662	(266)	-40,2%	2 647
Municipal Systems Improvement Grant		-	1 400	1 400	(60)	-	350	(410)	-117,1%	1 400
Health Hygiene in Informal Settlements		-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant [Schedule 5B]		668	751	727	15	15	182	(167)	-91,8%	727
Provincial Government:		5 377	3 437	6 035	203	416	1 509	(1 093)	-72,4%	6 035
Capacity Building		-	-	-	-	-	-	-	-	-
Capacity Building and Other		5 375	3 087	5 685	203	416	1 421	(1 005)	-70,7%	5 685
Infrastructure		1	350	350	-	-	87	(87)	-100,0%	350
Parent Municipality / Entity		-	-	-	-	-	-	-	-	-
Total operating expenditure of Transfers and Grants:		31 601	29 840	35 896	1 793	3 935	8 974	(5 039)	-56,1%	35 896
Capital expenditure of Transfers and Grants										
National Government:		15 000	59 721	29 728	1 789	4 533	7 432	(2 899)	-39,0%	29 728
Integrated National Electrification Programme (Municipal Grant) [Schedule 5B]		176	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant [Schedule 5B]		8 273	9 721	9 728	455	532	2 432	(1 900)	-78,1%	9 728
Regional Bulk Infrastructure Grant (Schedule 5B)		-	30 000	-	-	-	-	-	-	-
Water Services Infrastructure Grant [Schedule 5B]		6 552	20 000	20 000	1 335	4 001	5 000	(999)	-20,0%	20 000
Provincial Government:		6 191	3 600	6 045	299	299	1 511	(1 212)	-80,2%	6 045
Capacity Building		-	-	-	-	-	-	-	-	-
Capacity Building and Other		500	1 000	1 650	-	-	413	(413)	-100,0%	1 650
Disaster and Emergency Services		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Infrastructure		5 691	2 600	4 395	299	299	1 099	(799)	-72,8%	4 395
Total capital expenditure of Transfers and Grants		21 289	63 321	35 773	2 089	4 833	8 943	(4 111)	-46,0%	35 773
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		52 891	93 162	71 670	3 882	8 768	17 917	(9 149)	-51,1%	71 670

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

- Local Government Finance Management Grant **R621 thousand** spent for Public Sector AFS preparation the amount on the GL differs from the actuals out of the Bank, due to the fact that the system was closed before the rest could be processed. Corrections will be done in month 4 and further **R 30 thousand** for FMG interns.
- Municipal Infrastructure Grant **R 72 thousand** for salaries of Project management unit. The remaining amount are for Capital of expenditure.
- Libraries Grant **R210 thousand** spent for salaries of library staff and running costs of Libraries.
- Expanded Public Works Programme (EPWP) **R119 thousand** 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 - M03 September

Description	Ref	Budget Year 2020/21				Full Year Forecast
		2019/20 Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	
R thousands	1					
ASSETS						
Current assets						
Cash		27 034	3 245	109 598	27 821	109 598
Call investment deposits		29 476	8 387	—	(5 549)	—
Consumer debtors		1 748	(92 866)	(21 745)	8 208	(21 745)
Other debtors		(16 926)	(31 256)	3 629	(6 578)	3 629
Current portion of long-term receivables		—	(8)	—	—	—
Inventory		848	2 025	(5 010)	(156)	(5 010)
Total current assets		42 179	(110 474)	86 472	23 746	86 472
Non current assets						
Long-term receivables		—	—	—	—	—
Investments		—	—	—	—	—
Investment property		(124)	1 489	—	—	—
Investments in Associate		—	—	—	—	—
Property, plant and equipment		8 683	388 829	23 614	4 833	23 614
Agricultural		—	—	—	—	—
Biological assets		—	—	—	—	—
Intangible assets		(7)	45	(30)	—	(30)
Other non-current assets		—	—	—	—	—
Total non current assets		8 552	390 363	23 584	4 833	23 584
TOTAL ASSETS		50 731	279 889	110 056	28 579	110 056
LIABILITIES						
Current liabilities						
Bank overdraft		—	—	—	—	—
Borrowing		(507)	(972)	—	(136)	—
Consumer deposits		57	964	—	1	—
Trade and other payables		35 667	(7 970)	71 319	13 080	71 319
Provisions		(2 006)	2 654	—	—	—
Total current liabilities		33 211	(5 325)	71 319	12 944	71 319
Non current liabilities						
Borrowing		11	1 141	(1 292)	(8)	(1 292)
Provisions		4 033	29 199	—	—	—
Total non current liabilities		4 044	30 340	(1 292)	(8)	(1 292)
TOTAL LIABILITIES		37 255	25 016	70 026	12 936	70 026
NET ASSETS	2	13 476	254 873	40 030	15 643	40 030
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		853	251 727	—	—	—
Reserves		(52)	(1 427)	—	169	—
TOTAL COMMUNITY WEALTH/EQUITY	2	801	250 300	—	169	—

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. The year to date is **R27.82 million** or **25%** in first quarter. The figures do not include the opening balances as per AFS 2020/21 pending review of draft AFS.

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 **R4.83 million** or **13%** of capital expenditure against capital budget. The current month's Capital Expenditure is at **R2.09 million** or **54%** of year to date budget.

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 - M03 September

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		21 756	(9 560)	20 537	1 629	4 149	5 107	(958)	-19%	20 537
Service charges		69 592	(79 191)	84 744	12 522	20 455	21 186	(731)	-3%	84 744
Other revenue		3 901	2 078	5 331	396	1 082	1 333	(251)	-19%	5 331
Government - operating		26 447	(12 884)	35 823	6 231	22 771	8 956	13 815	154%	35 823
Government - capital		-	(40 039)	-	-	1 163	-	1 163	0%	-
Interest		12	(7 731)	8	1	2	2	0	19%	8
Dividends		-	-	-	-	-	-	-	-	-
Payments										
Suppliers and employees		(120 530)	(138 335)	(149 283)	(15 728)	(28 228)	(37 293)	(9 064)	24%	(149 283)
Finance charges		(4 599)	(227)	(181)	(14)	(45)	(45)	(1)	2%	(181)
Transfers and Grants		(96)	(470)	(470)	-	-	(117)	(117)	100%	(470)
NET CASH FROM/(USED) OPERATING ACTIVITIES		(3 517)	(286 359)	(3 491)	5 037	21 350	(873)	(22 223)	2546%	(3 491)
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		(632)	(95 436)	(35 785)	-	-	(8 946)	(8 946)	100%	(35 785)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(632)	(95 436)	(35 785)	-	-	(8 946)	(8 946)	100%	(35 785)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		57	-	-	(5)	1	-	1	0%	-
Payments										
Repayment of borrowing		(2)	(1 166)	(720)	-	-	(180)	(180)	100%	(720)
NET CASH FROM/(USED) FINANCING ACTIVITIES		54	(1 166)	(720)	(5)	1	(180)	(181)	101%	(720)
NET INCREASE/ (DECREASE) IN CASH HELD		(4 095)	(382 961)	(39 996)	5 032	21 351	(9 999)			(39 996)
Cash/cash equivalents at beginning:		-	11 631	-		-	11 631			-
Cash/cash equivalents at month/year end:		(4 095)	(371 330)	(39 996)		21 351	1 632			(39 996)

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 **September 2020** period. The receipt showed an amount of **R12.52 million** on service charges combined and **R1.63 million** for property rates with transfers and subsidies (operating and capital) amounting to **R6.23 million**.

The total bank balance as at **30 September 2020** was as follows;

- Standard Bank Main Account is **R1.39 Million**
- The Traffic Account and the **R750 thousand**, and
- Deposit Account has **R5.02 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 - M03 September

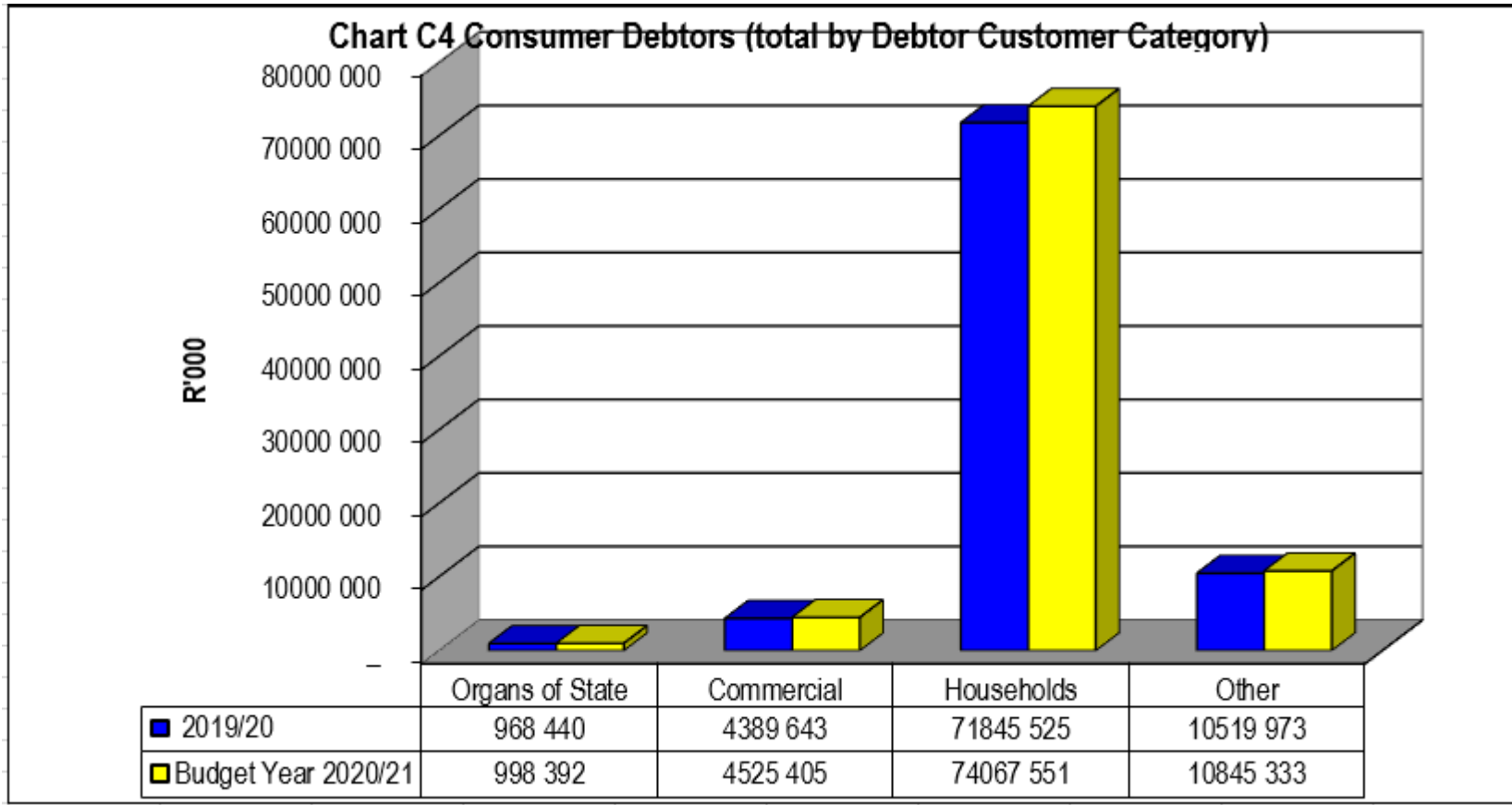
Description	NT Code	Budget Year 2020/21										Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total	Total over 90 days		
R thousands													
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200	1 483	539	460	664	716	1 196	4 709	12 241	22 008	19 526	-	-
Trade and Other Receivables from Exchange Transactions - Electricity	1300	1 147	216	142	117	114	108	351	1 455	3 651	2 145	-	-
Receivables from Non-exchange Transactions - Property Rates	1400	5 939	392	315	437	279	286	1 314	13 977	22 939	16 293	-	-
Receivables from Exchange Transactions - Waste Water Management	1500	540	255	233	232	231	228	1 373	8 855	11 946	10 918	-	-
Receivables from Exchange Transactions - Waste Management	1600	1 105	427	438	431	422	412	2 373	10 564	16 173	14 202	-	-
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	-	24	24	24	-	-
Interest on Arrear Debtor Accounts	1810	14	12	10	12	11	14	300	15 230	15 602	15 566	-	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-
Other	1900	(5 214)	173	146	137	129	113	534	2 075	(1 906)	2 988	-	-
Total By Income Source	2000	5 014	2 015	1 745	2 029	1 902	2 356	10 955	64 421	90 437	81 663	-	-
2019/20 - totals only										-	-		
Debtors Age Analysis By Customer Group													
Organs of State	2200	(414)	121	84	100	73	74	124	836	998	1 207	-	-
Commercial	2300	826	190	142	165	127	122	486	2 466	4 525	3 367	-	-
Households	2400	4 241	1 561	1 385	1 618	1 574	2 021	9 611	52 057	74 068	66 881	-	-
Other	2500	361	141	133	146	128	139	734	9 062	10 845	10 209	-	-
Total By Customer Group	2600	5 014	2 015	1 745	2 029	1 902	2 356	10 955	64 421	90 437	81 663	-	-

- The total amount owed to Kannaland Municipality amounted to **R90.44** million during **September 2020** a decrease from **R93.25** reported in **August 2020**. The decrease is attributed to payment made by organs of state in respect of arrear accounts.
- **R64.42 million or 71 percent** of the total outstanding debtors are older than one year.
- **R81.66 million or 90 percent** of the outstanding debtors are outstanding for more than 90 days and are less likely to be recoverable debt.

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

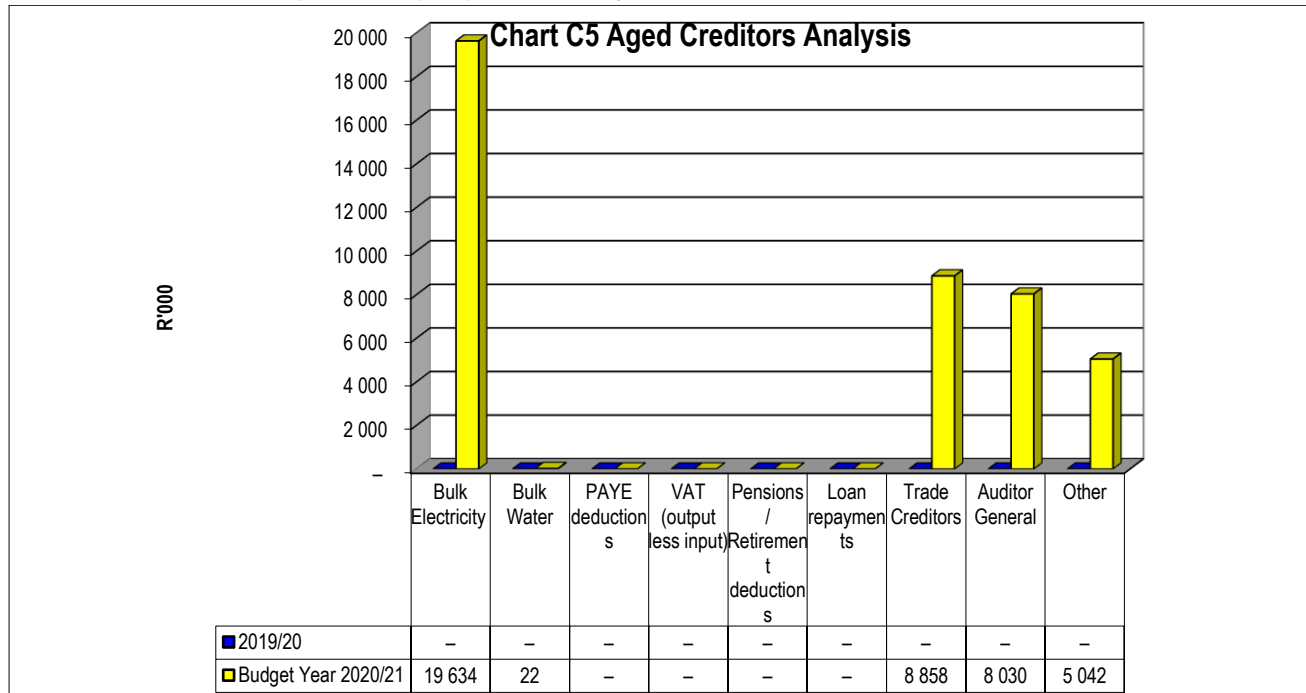
WC041 Kannaland - Supporting Table SC4 Monthly Budget Statement - aged creditors - M03 September

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	
R thousands										
Creditors Age Analysis By Customer Type										
Bulk Electricity	0100	4 220	5 116	5 179	5 120	-	-	-	-	19 634
Bulk Water	0200	22	-	-	-	-	-	-	-	22
PAYE deductions	0300	-	-	-	-	-	-	-	-	-
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-
Loan repayments	0600	-	-	-	-	-	-	-	-	-
Trade Creditors	0700	980	262	163	26	7 428	-	-	-	8 858
Auditor General	0800	1 479	419	46	529	5 557	-	-	-	8 030
Other	0900	253	16	22	-	4 751	-	-	-	5 042
Total By Customer Type	1000	6 955	5 812	5 409	5 674	17 737	-	-	-	41 587

- The total outstanding creditors as at **September 2020** amounts to **R41 587** million.
- The biggest outstanding creditors are Eskom (**R15 779 million**), the Auditor-General of South Africa (**R8 030 million**). Combined, the before mentioned, represents 57 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 - M03 September										
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:		31 250	35 990	39 976	-	11 917	9 994	1 923	19,2%	39 976
Operational Revenue:General Revenue:Equitable Share		28 147	29 760	34 011	-	11 662	8 503	3 159	37,2%	34 011
Expanded Public Works Programme Integrated Grant for Municipalities [Schedule 5B]		1 143	1 171	1 171	-	255	293	(38)	-13,0%	1 171
Local Government Financial Management Grant [Schedule 5B]		1 960	2 647	2 647	-	-	662	(662)	-100,0%	2 647
Municipal Systems Improvement Grant		-	1 900	1 635	-	-	409	(409)	-100,0%	1 635
Municipal Infrastructure Grant [Schedule 5B]		-	512	512	-	-	128	(128)	-100,0%	512
Provincial Government:		8 637	1 763	6 843	-	-	1 711	(1 711)	-100,0%	6 843
Capacity Building		8 637	1 713	6 793	-	-	1 698	(1 698)	-100,0%	6 793
Housing	4	-	50	50	-	-	12	(12)	-100,0%	50
District Municipality:		-	-	-	-	-	-	-	-	-
All Grants		-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	5	39 887	37 753	46 818	-	11 917	11 705	212	1,8%	46 818
Capital Transfers and Grants										
National Government:		15 245	59 721	29 721	-	-	7 430	(7 430)	-100,0%	-
Integrated National Electrification Programme (Municipal Grant) [Schedule 5B]		202	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant [Schedule 5B]		7 509	9 721	9 721	-	-	2 430	(2 430)	-100,0%	-
Regional Bulk Infrastructure Grant (Schedule 5B)		-	30 000	-	-	-	-	-	-	-
Water Services Infrastructure Grant [Schedule 5B]		7 534	20 000	20 000	-	-	5 000	(5 000)	-100,0%	-
Provincial Government:		6 363	5 649	4 395	-	-	1 099	(1 099)	-100,0%	-
Capacity Building		-	-	-	-	-	-	-	-	-
Capacity Building and Other		-	3 049	-	-	-	-	-	-	-
Infrastructure		6 363	2 600	4 395	-	-	1 099	(1 099)	-100,0%	-
District Municipality:		-	-	-	-	-	-	-	-	-
All Grants		-	-	-	-	-	-	-	-	-
Transfer from Operational Revenue		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	5	21 608	65 370	34 116	-	-	8 529	(8 529)	-100,0%	-
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	61 496	103 123	80 935	-	11 917	20 234	(8 317)	-41,1%	46 818

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

WC041 Kannalnd - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M03 September

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>		56 458	37 632	47 936	1 827	20 887	11 984	8 903	74%	47 936
Executive and council		28 324	8 920	13 128	-	11 733	3 282	8 451	258%	13 128
Finance and administration		28 134	28 712	34 808	1 827	9 153	8 702	451	5%	34 808
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		14 377	15 167	16 818	23	318	4 204	(3 887)	-92%	16 818
Community and social services		12 196	14 967	15 617	2	264	3 904	(3 640)	-93%	15 617
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		2 181	-	-	22	53	-	53	#DIV/0!	-
Housing		-	200	1 201	-	-	300	(300)	-100%	1 201
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		1 980	7 398	8 048	182	362	2 012	(1 650)	-82%	8 048
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		1 980	7 398	8 048	182	362	2 012	(1 650)	-82%	8 048
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		100 065	168 884	142 894	7 597	22 180	35 723	(13 544)	-38%	142 894
Energy sources		52 795	59 735	61 906	5 079	14 809	15 477	(668)	-4%	61 906
Water management		33 519	50 507	52 302	1 310	3 711	13 075	(9 364)	-72%	52 302
Waste water management		7 008	44 106	14 106	616	1 876	3 526	(1 651)	-47%	14 106
Waste management		6 743	14 537	14 580	592	1 784	3 645	(1 861)	-51%	14 580
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	172 880	229 081	215 695	9 629	43 746	53 924	(10 177)	-19%	215 695
Expenditure - Functional										
<i>Governance and administration</i>		51 546	51 106	56 933	3 002	7 057	14 233	(7 176)	-50%	56 933
Executive and council		15 141	12 074	16 836	865	2 204	4 209	(2 005)	-48%	16 836
Finance and administration		36 405	39 031	40 097	2 138	4 853	10 024	(5 171)	-52%	40 097
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		11 102	10 729	11 119	599	1 717	2 752	(1 035)	-38%	11 119
Community and social services		6 325	8 333	8 101	447	1 018	2 025	(1 007)	-50%	8 101
Sport and recreation		387	812	779	15	40	167	(127)	-76%	779
Public safety		3 590	207	203	75	533	51	483	949%	203
Housing		801	1 376	2 035	63	125	509	(384)	-75%	2 035
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		8 403	19 221	17 517	420	903	4 379	(3 476)	-79%	17 517
Planning and development		-	-	10	-	-	2	(2)	-100%	10
Road transport		8 403	19 221	17 507	420	903	4 377	(3 474)	-79%	17 507
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		89 154	82 131	88 725	11 721	18 596	22 181	(3 585)	-16%	88 725
Energy sources		49 140	53 186	55 494	9 271	14 706	13 874	833	6%	55 494
Water management		26 765	13 240	14 606	787	1 512	3 652	(2 140)	-59%	14 606
Waste water management		5 120	6 906	8 796	243	584	2 199	(1 615)	-73%	8 796
Waste management		8 129	8 799	9 828	1 420	1 794	2 457	(663)	-27%	9 828
<i>Other</i>		-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	160 205	163 186	174 294	15 742	28 273	43 546	(15 273)	-35%	174 294
Surplus/ (Deficit) for the year		12 675	65 894	41 400	(6 113)	15 473	10 378	5 095	49%	41 400

4.1.2 C3-Monthly Budget Statement-Financial Performance

WC041 Kannaland - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M03 September

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										
Vote 1 - MUNICIPAL MANAGER	1	29 033	8 920	13 128	-	11 733	3 282	8 451	257,5%	13 128
Vote 2 - CORPORATE SERVICES		14 771	21 132	23 751	239	501	5 938	(5 437)	-91,6%	23 751
Vote 3 - FINANCIAL SERVICES		27 868	28 412	34 190	1 794	9 078	8 547	531	6,2%	34 190
Vote 4 - TECHNICAL SERVICES		101 208	170 617	144 626	7 597	22 434	36 156	(13 722)	-38,0%	144 626
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	172 880	229 081	215 695	9 629	43 746	53 924	(10 177)	-18,9%	215 695
Expenditure by Vote										
Vote 1 - MUNICIPAL MANAGER	1	15 141	12 074	16 836	865	2 204	4 209	(2 005)	-47,6%	16 836
Vote 2 - CORPORATE SERVICES		24 091	30 120	30 234	1 479	3 761	7 531	(3 770)	-50,1%	30 234
Vote 3 - FINANCIAL SERVICES		22 569	25 429	27 310	1 358	2 780	6 828	(4 047)	-59,3%	27 310
Vote 4 - TECHNICAL SERVICES		97 965	94 418	98 768	12 035	19 367	24 692	(5 324)	-21,6%	98 768
Vote 5 - CALITZDORP SPA		-	-	-	-	-	-	-	-	-
Vote 6 - CORPORATE SERVICES (Continued)		439	1 145	1 145	6	161	286	(126)	-43,8%	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	160 205	163 186	174 294	15 742	28 273	43 546	(15 273)	-35,1%	174 294
Surplus/ (Deficit) for the year	2	12 675	65 894	41 400	(6 113)	15 473	10 378	5 095	49,1%	41 400

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 - M03 September										
of Employee and Councillor re	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
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		2 466	2 794	2 468	86	299	617	(318)	-52%	2 468
Pension and UIF Contributions		-	56	-	9	28	-	28	#DIV/0!	-
Medical Aid Contributions		(42)	35	221	11	32	55	(23)	-42%	221
Motor Vehicle Allowance		342	308	261	22	65	65	0	0%	261
Cellphone Allowance		651	384	311	26	78	78	-		311
Housing Allowances		-	-	-	-	-	-	-		-
Other benefits and allowances		-	-	-	-	-	-	-		-
Sub Total - Councillors		3 417	3 578	3 262	154	501	815	(314)	-39%	3 262
% increase	4		4,7%	-4,5%						-4,5%
Senior Managers of the Municipality										
Basic Salaries and Wages	3	1 987	3 120	3 015	165	411	754	(343)	-46%	3 015
Pension and UIF Contributions		1	-	-	-	0	-	0	#DIV/0!	-
Medical Aid Contributions		-	-	-	-	-	-	-		-
Overtime		-	-	-	-	-	-	-		-
Performance Bonus		(46)	-	194	-	-	48	(48)	-100%	194
Motor Vehicle Allowance		115	90	240	18	56	60	(4)	-6%	240
Cellphone Allowance		13	64	30	5	10	8	3	33%	30
Housing Allowances		-	10	-	-	-	-	-		-
Other benefits and allowances		43	39	22	9	17	5	12	220%	22
Payments in lieu of leave		-	-	-	-	-	-	-		-
Long service awards		-	-	-	-	-	-	-		-
Post-retirement benefit obligations	2	-	-	-	-	-	-	-		-
Sub Total - Senior Managers of Municipality		2 112	3 324	3 500	197	494	875	(381)	-44%	3 500
% increase	4		57,4%	65,7%						65,7%
Other Municipal Staff										
Basic Salaries and Wages		37 547	37 386	41 312	3 214	6 931	10 300	(3 369)	-33%	41 312
Pension and UIF Contributions		5 859	6 446	6 170	472	949	1 543	(594)	-38%	6 170
Medical Aid Contributions		1 702	2 050	1 800	164	360	450	(90)	-20%	1 800
Overtime		4 290	1 880	1 912	319	697	478	219	46%	1 912
Performance Bonus		2 252	-	-	3	40	-	40	#DIV/0!	-
Motor Vehicle Allowance		2 107	2 672	2 160	178	370	540	(170)	-32%	2 160
Cellphone Allowance		148	171	111	7	20	28	(8)	-29%	111
Housing Allowances		257	344	106	24	51	26	24	91%	106
Other benefits and allowances		1 680	3 998	3 442	115	180	860	(680)	-79%	3 442
Payments in lieu of leave		654	47	94	-	-	23	(23)	-100%	94
Long service awards		85	-	-	-	-	-	-		-
Post-retirement benefit obligations	2	(1 060)	-	-	-	-	-	-		-
Sub Total - Other Municipal Staff		55 519	54 993	57 107	4 496	9 597	14 249	(4 652)	-33%	57 107
% increase	4		-0,9%	2,9%						2,9%
Total Parent Municipality		61 048	61 896	63 868	4 847	10 593	15 939	(5 347)	-34%	63 868
TOTAL SALARY, ALLOWANCES & BENEFITS		61 048	61 896	63 869	4 847	10 593	15 940	(5 347)	-34%	63 869
% increase	4									
TOTAL MANAGERS AND STAFF		57 631	58 317	60 607	4 693	10 092	15 124	(5 032)	-33%	60 607
% increase	4		1,2%	5,2%						5,2%
TOTAL MANAGERS AND STAFF		57 631	58 317	60 607	4 693	10 092	15 124	(5 032)	-33%	60 607

- **Employee Related Costs:** The budget amounts to **R60.61 million**, while the expenditure to date amounts to **R10.09 million** or **16 percent** of the budget.

- **Remuneration of Councillors:** The budget amounts to **R3.26 million**, while the expenditure to date amounts to **R501 thousand or 15 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		30.09.2020	30.09.2020	0.00	13,827.51	0.00	13,827.51	1,359,705.41	1,345,877.90
Interest Capitalisation		30.09.2020	30.09.2020	0.00	-13,827.51	13,827.51	0.00	1,359,705.41	1,359,705.41
Repayment Due		30.09.2020	30.09.2020	-46,172.49	0.00	-13,827.51	-60,000.00	1,299,705.41	1,299,705.41

- The total outstanding long-term debt of Kannaland Municipality amounts to **R1.299 million** as at **30 September 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 Annexure A QUALITY CERTIFICATE