



KANNALAND
MUNISIPALITEIT | MUNICIPALITY

MONTHLY BUDGET STATEMENT

OCTOBER 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.

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.

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 **October 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 **October 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.

3.2 Consolidated performance

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

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	173 977	19 540	24 471	1 197	9 462	8 157	1 305	16%	24 471
Service charges	1 069 475	92 033	94 205	6 855	29 035	31 402	(2 367)	-8%	94 205
Investment revenue	6 981	–	700	85	311	233	77	33%	700
Transfers and subsidies	251 093	37 753	43 769	(68)	11 920	14 590	(2 670)	-18%	43 769
Other own revenue	137 626	14 384	15 384	238	1 326	5 128	(3 802)	-74%	15 384
Total Revenue (excluding capital transfers and contributions)	1 639 152	163 710	178 529	8 307	52 053	59 510	(7 457)	-13%	178 529
Employee costs	232 041	58 317	61 187	5 419	15 511	20 359	(4 848)	-24%	61 187
Remuneration of Councillors	26 964	3 578	3 262	172	673	1 087	(414)	-38%	3 262
Depreciation & asset impairment	47 882	12 231	12 222	1	1	4 074	(4 073)	-100%	12 222
Finance charges	6 830	227	181	14	59	60	(2)	-3%	181
Materials and bulk purchases	146 443	48 900	53 043	1 399	16 615	17 681	(1 066)	-6%	53 043
Transfers and subsidies	(896)	470	470	–	–	157	(157)	-100%	470
Other expenditure	132 510	39 462	43 930	2 205	4 624	14 643	(10 018)	-68%	43 930
Total Expenditure	591 774	163 186	174 294	9 210	37 483	58 061	(20 578)	-35%	174 294
Surplus/(Deficit)	1 047 378	524	4 235	(903)	14 570	1 449	13 121	906%	4 235
Transfers and subsidies - capital (monetary allocations)	271 680	65 370	37 165	–	–	12 388	(12 388)	-100%	37 165
Contributions & Contributed assets	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	1 319 058	65 894	41 400	(903)	14 570	13 837	733	5%	41 400
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–
Surplus/ (Deficit) for the year	1 319 058	65 894	41 400	(903)	14 570	13 837	733	5%	41 400
Capital expenditure & funds sources									
Capital expenditure	(99 215)	95 436	67 900	588	5 420	44 043	(38 623)	-88%	67 900
Capital transfers recognised	(84 489)	63 321	35 773	588	5 420	11 924	(6 504)	-55%	35 773
Public contributions & donations	–	–	–	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–	–	–	–
Internally generated funds	98	–	–	–	–	–	–	–	–
Total sources of capital funds	(84 391)	63 321	35 773	588	5 420	11 924	(6 504)	-55%	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 **R8.31 million** and the expenditure amounted to **R9.21 million** thereby resulting in a deficit of **R903 thousand**.

Financial Performance

Property Rates

The Property Rates collection showed a collection of **R1.20 million** in **October 2020** a slight decrease from the reported figure of **R1.22 million** in the month of **September 2020**. The opening of the economy on Alert Level 1, has provided some positive and negative movement in the property rates performance.

Service Charges

The municipality recorded an overall service charge collection of **R6.86 million** in **October 2020** a slight decrease from the reported figures of **R7.57 million** in **September 2020**. The opening of the economy on Alert Level 1, has provided some positive and negative movement in the collection rate.

Other revenue

The municipality recorded an overall performance of **R238 thousand** in **October** an increase in the reported figures of **R739 thousand** for other revenue from **September 2020**. While **R85 thousand** in **October** a slight increase from **R72 thousand** investments in **September 2020**, as a result of new grants received.

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 **R5.59 million** in **October 2020** a slight increase from **R4.69 million** in **September 2020**. The variances are based in 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 **R1.40 million** in **October 2020** an increase in reported figure **R1.01 million** in **September 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 **October** of **R2.01 million** an increase from the recorded expenditure of **R868 thousand** in **September 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 **October 2020**. The main increase in expenditure is noted on other expenditure, which is expected as the economic activities on Alert Level 1 opened. 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 are insufficient funds, payments are delayed, municipality is currently reviewing agreement with Eskom, to make a more affordable payment plan.

3.2.1 REVENUE AND EXPENDITURE BY SOURCE AGAINST ANNUAL BUDGET

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

WCO4 Financial Statement - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - m04 October										
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		173 977	19 540	24 471	1 197	9 462	8 157	1 305	16%	24 471
Service charges - electricity revenue		598 096	55 943	59 485	4 166	18 975	19 828	(854)	-4%	59 485
Service charges - water revenue		209 606	21 626	21 626	1 489	5 200	7 209	(2 009)	-28%	21 626
Service charges - sanitation revenue		130 779	7 520	6 149	613	2 489	2 050	439	21%	6 149
Service charges - refuse revenue		130 994	6 945	6 945	588	2 371	2 315	57	2%	6 945
Service charges - other		—	—	—	—	—	—	—	—	—
Rental of facilities and equipment		8 700	17	367	44	170	122	48	39%	367
Interest earned - external investments		6 981	—	700	85	311	233	77	33%	700
Interest earned - outstanding debtors		44 277	5 567	5 567	—	2	1 856	(1 854)	-100%	5 567
Dividends received		3	—	—	—	—	—	—	—	—
Fines, penalties and forfeits		70 685	7 384	7 584	(0)	403	2 528	(2 125)	-84%	7 584
Licences and permits		1 786	50	500	26	86	167	(80)	-48%	500
Agency services		3 808	1 000	1 000	100	428	333	95	28%	1 000
Transfers and subsidies		251 093	37 753	43 769	(68)	11 920	14 590	(2 670)	-18%	43 769
Other revenue		8 368	365	365	68	237	122	115	94%	365
Gains on disposal of PPE		—	—	—	—	—	—	—	—	—
Total Revenue (excluding capital transfers and contributions)		1 639 152	163 710	178 529	8 307	52 053	59 510	(7 457)	-13%	178 529
Expenditure By Type										
Employee related costs		232 041	58 317	61 187	5 419	15 511	20 359	(4 848)	-24%	61 187
Remuneration of councillors		26 964	3 578	3 262	172	673	1 087	(414)	-38%	3 262
Debt impairment		38 796	11 923	12 139	7	7	4 046	(4 039)	-100%	12 139
Depreciation & asset impairment		47 882	12 231	12 222	1	1	4 074	(4 073)	-100%	12 222
Finance charges		6 830	227	181	14	59	60	(2)	-3%	181
Bulk purchases		129 808	42 693	43 593	1 057	14 689	14 531	158	1%	43 593
Other materials		16 635	6 207	9 450	343	1 926	3 150	(1 224)	-39%	9 450
Contracted services		44 202	15 682	18 711	1 315	2 417	6 237	(3 820)	-61%	18 711
Transfers and subsidies		(896)	470	470	—	—	157	(157)	-100%	470
Other expenditure		49 488	11 857	13 080	882	2 200	4 360	(2 160)	-50%	13 080
Loss on disposal of PPE		25	—	—	—	—	—	—	—	—
Total Expenditure		591 774	163 186	174 294	9 210	37 483	58 061	(20 578)	-35%	174 294
Surplus/(Deficit)										
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		1 047 378	524	4 235	(903)	14 570	1 449	13 121	0	4 235
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		271 680	65 370	37 165	—	—	12 388	(12 388)	(0)	37 165
Transfers and subsidies - capital (in-kind - all)		—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after capital transfers & contributions		1 319 058	65 894	41 400	(903)	14 570	13 837	—	—	41 400
Taxation		—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after taxation		1 319 058	65 894	41 400	(903)	14 570	13 837	—	—	41 400
Attributable to minorities		—	—	—	—	—	—	—	—	—
Surplus/(Deficit) attributable to municipality		1 319 058	65 894	41 400	(903)	14 570	13 837	—	—	41 400
Share of surplus/ (deficit) of associate		—	—	—	—	—	—	—	—	—
Surplus/ (Deficit) for the year		1 319 058	65 894	41 400	(903)	14 570	13 837	—	—	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 **October** amounted to **R4.26 million** a decrease from **R5.08 million** reported in **September 2020**. The summer tariffs were implemented from May 2020.

Water

We have a revenue collection of **R1.49 million** in **October 2020** a slight increase from **R1.31 million** figures reported in **September 2020**. The revenue collection is picking up after the alert level 1, as many communities are slowly getting back to work, and paying their municipal services.

Sewerage

The municipality has collected **R613 thousand** in **October 2020** showing a slight decrease from **R616 thousand** reported in **September 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. As payment for services doesn't equal consumption.

Refuse Removal

The municipality has only collected **R588 thousand** in **October 2020** a slight decrease from **R592 thousand** reported in **September 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. As payment for services doesn't equal consumption.

Payment percentage for the current year.

Collection percentage for Kannaland Municipality									
Period	Levy	Payments	Journals	Total Levy, Journals & Transfers	Payments	Payment % per month	Total Levies accumulated month to month	Total Payments accumulated month to month	Average YTD
Jul-20	12 750 764,19	- 5 613 269,58	- 80 303,40	12 524 427,36	- 5 917 592,29	-47,25	12 524 427,36	(5 917 592,29)	47,25
Aug-20	8 037 778,10	(5 917 592,29)	- 226 336,83	8 363 921,37	- 11 054 369,89	-132,17	20 888 348,73	(16 971 962,18)	81,25
Sep-20	8 618 761,87	(11 054 369,89)	326 143,27	8 408 053,14	- 7 607 868,93	-90,48	29 296 401,87	(24 579 831,11)	83,90
Oct-20	7 705 508,56	(7 607 868,93)	- 210 708,73	7 705 508,56	-	0,00	37 001 910,43	(24 579 831,11)	66,43

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

Kannaland municipality has a high number of people registered in the indigent data base, our records show that currently, over 2530 people have registered for the indigent subsidy. The desired collection rate to make the municipality sustain its developmental mandate is 90%. However, the municipality has been struggling to even reach the collection rate of 85%. The average collection from 2019/20 (April 2020 – June 2020) is 78 percent with a total outstanding debtor's as at 30 June 2020 of R 85 046 390 million. The average collection from 2020/21 (July 2020 -Sept 2020) was 71 percent and the total outstanding debtors as at end of Sept 2020 was R 90 436 681,66. The increase of outstanding debtors from June 2020 till Sept 2020 is R 5 390 291,66 and or 6% increase.

- **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:** R 44 thousand received in **October 2020** slight decrease from **R42 thousand** reported in **September 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:** R85 thousand received in **October 2020** slight decrease from **R77 thousand** reported in **September 2020**.
- **Other revenue:** R68 thousand in **October 2020** an increase from **R100 thousand** in **September 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). However, there has been positive movements towards payment for municipal services, as the easing of lockdown allowed for a relaxed economic activity.

The detailed operating expenditure items are as follows:

Employee Related Costs and Remuneration of councillors

Employee Related Cost amounted to **R5.42 million in October 2020** a slight decrease from **R4.69 million in September 2020** and the total Remuneration for Councillors is reported as **R172 thousand in October 2020** a slight increase of **R154 thousand** reported in **September 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 **R1.40 million in October 2020** an increase from the reported figure of **R1.01 million in September 2020**. The main expenditure relates to bulk purchases for electricity **R1.05 million** and arrangement for arrear accounts, this is as a result of affordability in paying current account for Eskom and arrears.

Contracted services

The municipality has expenditure for Contracted Services of **R1.32 thousand in October 2020** an decrease of **R496 thousand** reported in **September 2020** report. The main expenditure on contracted services comes from the Annual Financial Statements consultants for the 2019/20 financial year.

Other expenditure

Other Expenditure amounted to **R882 thousand in October 2020** a decrease from **R372 thousand** reported in **September 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.

Overall, the expenditure came from the bulk purchases for electricity and Annual Financial Statements preparation. 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. This is pending the exemption currently in process.

CAPITAL EXPENDITURE BY SOURCE AGAINST ANNUAL BUDGET

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

W0041 Ramlaand - Table 03 Monthly Budget Statement - Capital Expenditure (Municipal Vote, Functional Classification and Funding) - May October										
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	1									
Capital Expenditure - Functional Classification										
Governance and administration		118	-	-	-	-	-	-		-
Executive and council		-	-	-	-	-	-	-		-
Finance and administration		118	-	-	-	-	-	-		-
Internal audit		-	-	-	-	-	-	-		-
Community and public safety		(18 431)	5 454	6 104	-	-	2 035	(2 035)	-100%	6 104
Community and social services		-	4 145	4 795	-	-	1 598	(1 598)	-100%	4 795
Sport and recreation		(18 931)	1 309	1 309	-	-	436	(436)	-100%	1 309
Public safety		500	-	-	-	-	-	-		-
Housing		-	-	-	-	-	-	-		-
Health		-	-	-	-	-	-	-		-
Economic and environmental services		-	-	19	-	-	6	(6)	-100%	19
Planning and development		-	-	-	-	-	-	-		-
Road transport		-	-	19	-	-	6	(6)	-100%	19
Environmental protection		-	-	-	-	-	-	-		-
Trading services		(65 960)	57 867	29 662	588	5 420	9 887	(4 467)	-45%	29 662
Energy services		(7 046)	-	-	-	-	-	-		-
Water management		(31 008)	27 867	29 662	588	5 420	9 887	(4 467)	-45%	29 662
Waste water management		(27 906)	30 000	-	-	-	-	-		-
Waste management		-	-	-	-	-	-	-		-
Other		-	-	-	-	-	-	-		-
Total Capital Expenditure - Functional Classification	3	(84 273)	63 321	35 785	588	5 420	11 928	(6 508)	-55%	35 785
Funded by:										
National Government		(83 950)	59 721	29 728	511	5 044	9 909	(4 866)	-49%	29 728
Provincial Government		(539)	3 600	6 045	77	376	2 015	(1 639)	-81%	6 045
District Municipality		-	-	-	-	-	-	-		-
Other transfers and grants		-	-	-	-	-	-	-		-
Transfers recognised - capital		(84 489)	63 321	35 773	588	5 420	11 924	(6 504)	-55%	35 773
Public contributions & donations	5	-	-	-	-	-	-	-		-
Borrowing	6	-	-	-	-	-	-	-		-
Internally generated funds		98	-	-	-	-	-	-		-
Total Capital Funding		(84 391)	63 321	35 773	588	5 420	11 924	(6 504)	-55%	35 773

- The actual year-to-date Capital Expenditure amounts to **R5.42 million**.
- The total to date expenditure represents **45%** expenditure on year to date budget and **15%** 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 - M04 October

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											
<u>EXPENDITURE</u>											
<u>Operating expenditure of Transfers and Grants</u>											
National Government:			104 859	26 403	29 811	1 081	16 282	9 937	6 345	63.9%	29 811
Operational Revenue:General Revenue:Equitable Share			90 042	20 433	23 866	—	13 411	7 955	5 456	68.6%	23 866
Expanded Public Works Programme Integrated Grant for Municipalities [Schedule 5B]			9 417	1 172	1 171	117	350	390	(41)	-10.4%	1 171
Local Government Financial Management Grant [Schedule 5B]			3 866	2 647	2 647	808	1 921	882	1 039	117.7%	2 647
Municipal Systems Improvement Grant			—	1 400	1 400	117	407	467	(60)	-12.9%	1 400
Municipal Infrastructure Grant [Schedule 5B]			1 534	751	727	40	194	242	(49)	-20.1%	727
Water Services Infrastructure Grant			—	—	—	—	—	—	—	—	—
Provincial Government:			10 788	3 437	6 035	218	799	2 012	(1 212)	-60.3%	6 035
Capacity Building			(360)	—	—	—	—	—	—	—	—
Capacity Building and Other			13 938	3 087	5 685	—	—	1 895	(1 895)	-100.0%	5 685
Disaster and Emergency Services			—	—	—	—	—	—	—	—	—
Health			—	—	—	—	—	—	—	—	—
Housing			(380)	—	—	—	—	—	—	—	—
Infrastructure			101	350	350	—	—	117	(117)	-100.0%	350
Libraries, Archives and Museums			(2 070)	—	—	218	799	—	799	#DIV/0!	—
Total operating expenditure of Transfers and Grants:			115 648	29 840	35 846	1 300	17 081	11 949	5 133	43.0%	35 846
<u>Capital expenditure of Transfers and Grants</u>											
National Government:			(96 173)	59 721	29 728	696	1 572	9 909	(8 338)	-84.1%	29 728
Integrated National Electrification Programme (Municipal Grant) [Schedule 5B]			(6 538)	—	—	—	—	—	—	—	—
Municipal Infrastructure Grant [Schedule 5B]			(21 202)	9 721	9 728	696	1 572	3 243	(1 671)	-51.5%	9 728
Regional Bulk Infrastructure Grant (Schedule 5B)			(50 000)	30 000	—	—	—	—	—	—	—
Water Services Infrastructure Grant [Schedule 5B]			(18 433)	20 000	20 000	—	—	6 667	(6 667)	-100.0%	20 000
Provincial Government:			(2 808)	3 600	6 045	—	—	2 015	(2 015)	-100.0%	6 045
Capacity Building			—	—	—	—	—	—	—	—	—
Capacity Building and Other			(2 056)	1 000	1 650	—	—	550	(550)	-100.0%	1 650
Disaster and Emergency Services			—	—	—	—	—	—	—	—	—
Health			—	—	—	—	—	—	—	—	—
Housing			—	—	—	—	—	—	—	—	—
Infrastructure			(1 039)	2 600	4 395	—	—	1 465	(1 465)	-100.0%	4 395
Libraries, Archives and Museums			—	—	—	—	—	—	—	—	—
Other			287	—	—	—	—	—	—	—	—
Transfer from Operational Revenue			(352)	—	—	—	—	—	—	—	—
Total capital expenditure of Transfers and Grants			(99 333)	63 321	35 773	696	1 572	11 924	(10 353)	-86.8%	35 773
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS			16 315	93 162	71 620	1 996	18 653	23 873	(5 220)	-21.9%	71 620

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

- Local Government Finance Management Grant **R767 thousand** spent for Public Sector AFS preparation and further **R40 thousand** for FMG interns.
- Municipal Infrastructure Grant **R63 thousand** for salaries of Project management unit.
- Libraries Grant **R218 thousand** spent for salaries of library staff and running costs of Libraries.
- Expanded Public Works Programme (EPWP) **R117 thousand** spent thousand 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.

4.1 Table C6: Monthly Budget Statement - Financial Position

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

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	112 843	24 454	112 843
Call investment deposits		21 376	8 387	8 387	2 806	8 387
Consumer debtors		(209 161)	(92 866)	(17 907)	5 127	(17 907)
Other debtors		(47 695)	(31 256)	(27 627)	(8 679)	(27 627)
Current portion of long-term receivables		(13)	(8)	(8)		(8)
Inventory		(1 607)	2 025	(2 970)	(237)	(2 970)
Total current assets		(192 167)	(110 474)	72 717	23 471	72 717
Non current assets						
Long-term receivables		–	–	–	–	–
Investments		–	–	–	–	–
Investment property		(3 002)	1 489	1 489		1 489
Investments in Associate		–	–	–	–	–
Property, plant and equipment		(753 853)	388 829	349 122	5 420	349 122
Agricultural		–	–	–	–	–
Biological assets		–	–	–	–	–
Intangible assets		(1 177)	45	15		15
Other non-current assets		–	–	–	–	–
Total non current assets		(758 032)	390 363	350 626	5 420	350 626
TOTAL ASSETS		(950 199)	279 889	423 343	28 891	423 343
LIABILITIES						
Current liabilities						
Bank overdraft		–	–	–	–	–
Borrowing		(951)	(972)	(446)	(182)	(446)
Consumer deposits		(901)	964	964	10	964
Trade and other payables		(15 397)	(7 970)	99 548	14 346	99 548
Provisions		(11 428)	2 654	2 654		2 654
Total current liabilities		(28 677)	(5 325)	102 720	14 173	102 720
Non current liabilities						
Borrowing		(4 700)	1 141	1 095	(8)	1 095
Provisions		(22 166)	29 199	29 199		29 199
Total non current liabilities		(26 867)	30 340	30 294	(8)	30 294
TOTAL LIABILITIES		(55 544)	25 016	133 014	14 165	133 014
NET ASSETS	2	(894 655)	254 873	290 329	14 727	290 329
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		(250 976)	251 727	251 727		251 727
Reserves		(1 480)	(1 427)	(1 427)	156	(1 427)
TOTAL COMMUNITY WEALTH/EQUITY	2	(252 456)	250 300	250 300	156	250 300

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 **R24.54 million**. 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 **R5.42 million or 15%** of total capital expenditure against capital 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.

4.6 Table C7: Monthly Budget Statement - Cash Flow

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

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		7 791	-	-	396	1 432	-	1 432	0%	-
Service charges		73 513	-	-	95	283	-	283	0%	-
Other revenue		(3 940)	-	-	79	266	-	266	0%	-
Government - operating		59 824	-	-	1 443	20 182	-	20 182	0%	-
Government - capital		59 725	-	-	10 056	11 219	-	11 219	0%	-
Interest		(2 910)	-	-	-	-	-	-	-	-
Dividends		(3)	-	-	-	-	-	-	-	-
Payments										
Suppliers and employees		(499 137)	(138 335)	(149 283)	(9 188)	(37 416)	(49 724)	(12 308)	25%	(149 283)
Finance charges		(6 830)	(227)	(181)	(14)	(59)	(60)	(2)	3%	(181)
Transfers and Grants		(1 319)	(470)	(470)	-	-	(157)	(157)	100%	(470)
NET CASH FROM/(USED) OPERATING ACTIVITIES		(313 286)	(139 032)	(149 934)	2 867	(4 092)	(49 941)	(45 849)	92%	(149 934)
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		437	(95 436)	(67 900)	-	-	(44 043)	(44 043)	100%	(67 900)
NET CASH FROM/(USED) INVESTING ACTIVITIES		437	(95 436)	(67 900)	-	-	(44 043)	(44 043)	100%	(67 900)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		63	908	908	14	10	-	10	0%	-
Payments										
Repayment of borrowing		(1 013)	526	572	46	182	(686)	(869)	127%	(1 166)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(950)	1 433	1 480	60	193	(686)	(879)	128%	(1 166)
NET INCREASE/ (DECREASE) IN CASH HELD		(313 798)	(233 035)	(216 354)	2 927	(3 899)	(94 670)			(219 000)
Cash/cash equivalents at beginning:		(276 099)	11 631	11 631		(276 099)	11 631			(276 099)
Cash/cash equivalents at month/year end:		(589 897)	(221 404)	(204 723)		(279 998)	(83 039)			(495 099)

Cash Receipts

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

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

- Standard Bank Main Account is **R3.24 Million**
- The Traffic Account and the **R756 thousand**, and
- Deposit Account has **R2.13 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.

PART 2 – SUPPORTING DOCUMENTATION

5. DEBTORS' ANALYSIS

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

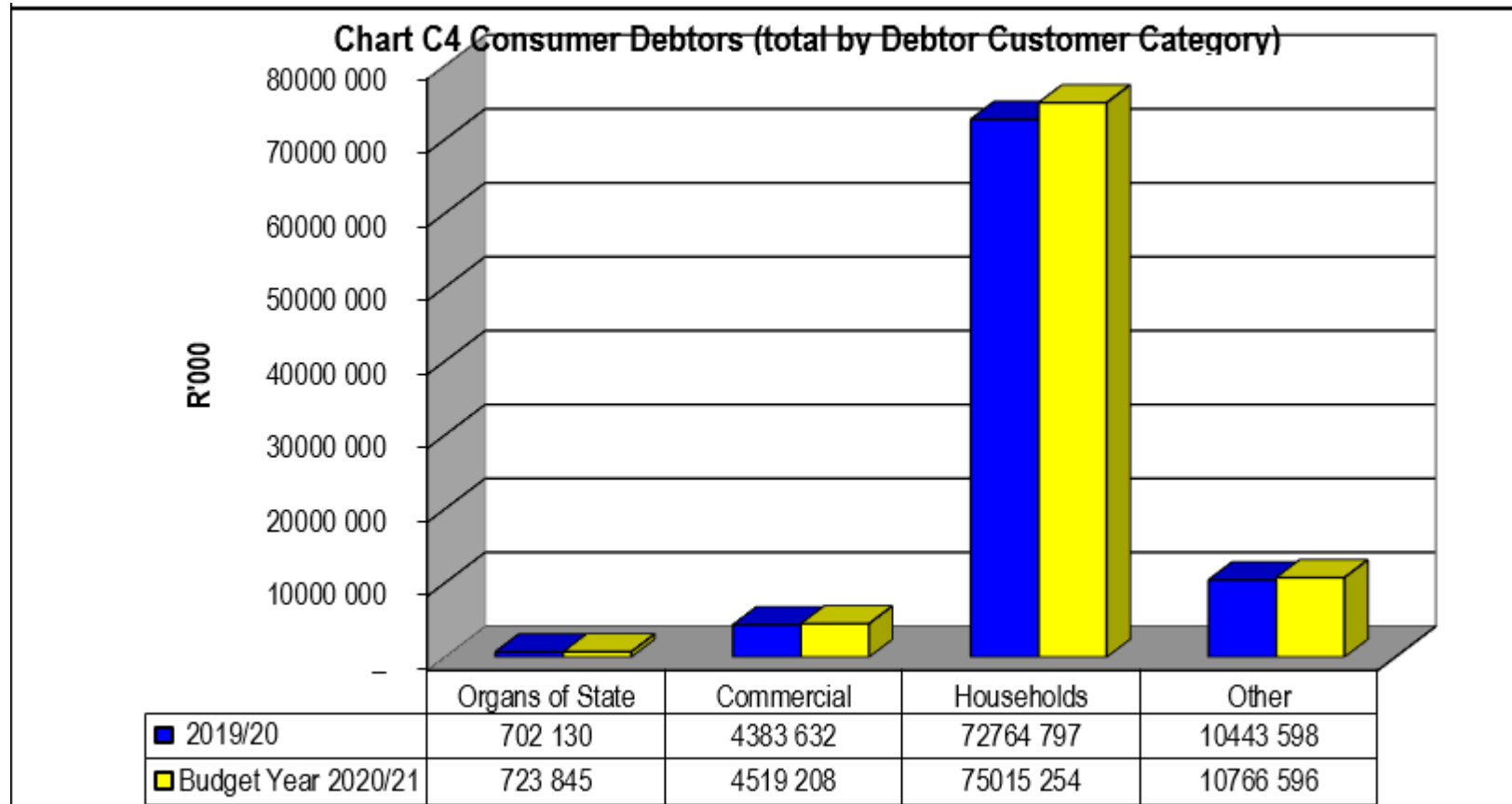
Description	NT Code	Budget Year 2020/21										Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total	Total over 90 days		
R thousands													
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200	1 592	605	510	445	643	695	5 367	12 623	22 481	19 774	-	-
Trade and Other Receivables from Exchange Transactions - Electricity	1300	944	155	135	99	95	90	318	1 461	3 297	2 062	-	-
Receivables from Non-exchange Transactions - Property Rates	1400	1 489	1 694	333	290	416	264	1 366	13 746	19 599	16 083	-	-
Receivables from Exchange Transactions - Waste Water Management	1500	521	252	250	231	230	229	1 361	9 058	12 132	11 109	-	-
Receivables from Exchange Transactions - Waste Management	1600	1 053	421	406	427	421	413	2 365	10 907	16 413	14 533	-	-
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	-	24	24	24	-	-
Interest on Arrear Debtor Accounts	1810	-	12	11	9	11	11	236	15 181	15 471	15 449	-	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-
Other	1900	(1 717)	156	144	129	112	108	530	2 148	1 609	3 026	-	-
Total By Income Source	2000	3 883	3 294	1 789	1 629	1 929	1 808	11 545	65 148	91 025	82 059	-	-
2019/20 - totals only										-	-		
Debtors Age Analysis By Customer Group													
Organs of State	2200	(484)	431	42	31	58	23	49	574	724	735	-	-
Commercial	2300	622	312	151	129	160	123	538	2 485	4 519	3 434	-	-
Households	2400	3 851	1 921	1 466	1 339	1 567	1 537	10 215	53 119	75 015	67 778	-	-
Other	2500	(107)	631	131	130	143	126	743	8 970	10 767	10 112	-	-
Total By Customer Group	2600	3 883	3 294	1 789	1 629	1 929	1 808	11 545	65 148	91 025	82 059	-	-

- The total amount owed to Kannaland Municipality amounted to **R91.25** million during **October 2020** an increase from **R90.44** reported in **September 2020**.
- **R65.15 million or 71 percent** of the total outstanding debtors are older than one year.
- **R82.10 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.

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

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



6. CREDITORS' ANALYSIS

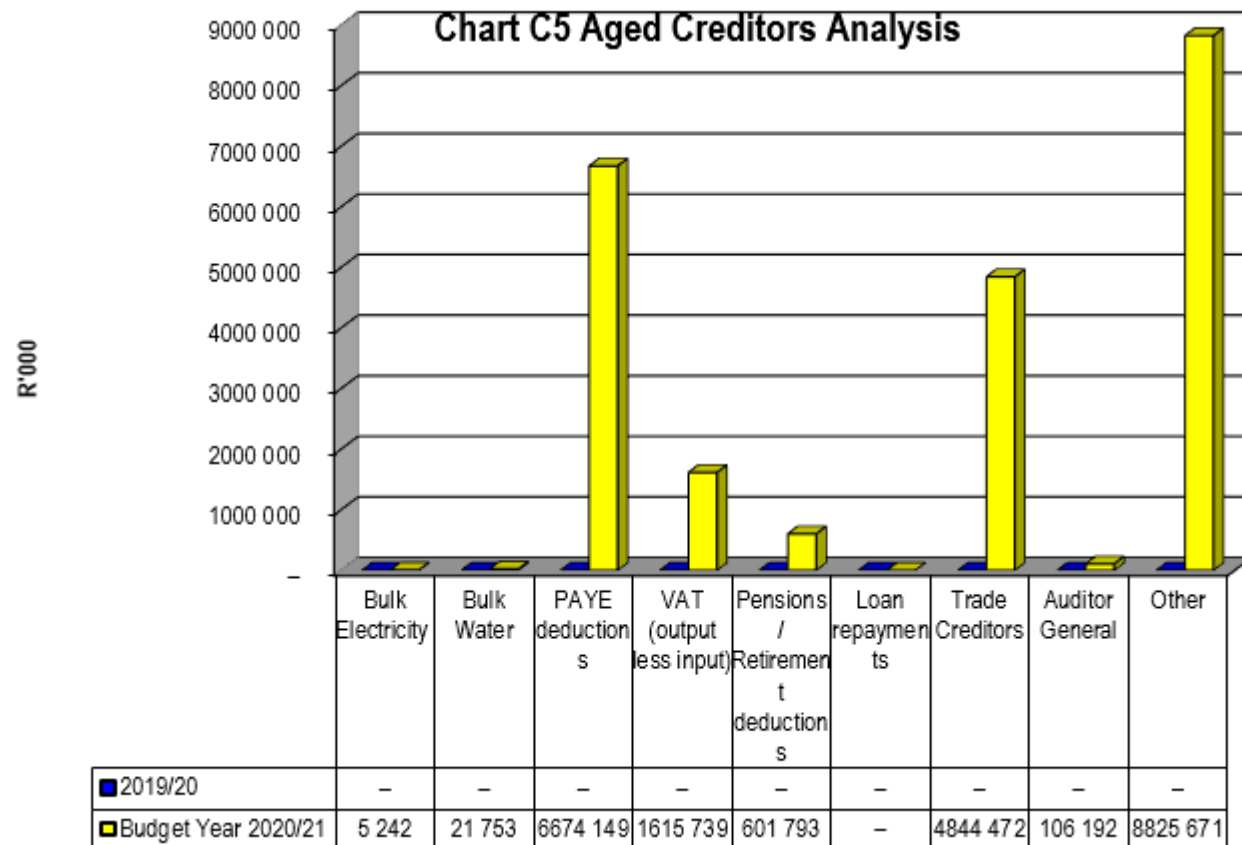
WC041 Kannaland - Supporting Table SC4 Monthly Budget Statement - aged creditors - M04 October

Budget Year 2020/21										
Description	NT Code	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	4 220	5 116	5 179	4 336	-	-			18 851
Bulk Water	0200	39	-	-	-	-	-			39
PAYE deductions	0300	-	-	-	-	-	-			-
VAT (output less input)	0400	-	-	-	-	-	-			-
Pensions / Retirement deductions	0500	-	-	-	-	-	-			-
Loan repayments	0600	60	-	-	-	-	-			60
Trade Creditors	0700	874	423	160	46	7 565	-			9 069
Auditor General	0800	1 479	419	46	529	5 557	-			8 030
Other	0900	196	122	15	18	4 751	-			5 102
Total By Customer Type	1000	6 869	6 080	5 400	4 929	17 874	-	-	-	41 151

- The total outstanding creditors as at **October 2020** amounts to **R41 151 million**.
- The biggest outstanding creditors are Eskom (**R18 851 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.

6.1 Chart of creditors expressed proportionately to the total amount owed



7.1 ALLOCATION AND GRANT RECEIPTS AND EXPENDITURE

7.1.1 Supporting Table SC6

WC041 Kannaland - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M04 October

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	39 976	–	16 559	13 325	3 234	24,3%	39 976
Operational Revenue: General Revenue: Equitable Share		190 693	29 760	34 011	–	13 411	11 337	2 074	18,3%	34 011
Expanded Public Works Programme Integrated Grant for Municipalities [Schedule 5B]		11 670	1 171	1 171	–	293	390	(97)	-24,9%	1 171
Local Government Financial Management Grant [Schedule 5B]		21 895	2 647	2 647	–	2 647	882	1 765	200,0%	2 647
Municipal Systems Improvement Grant		–	1 900	1 635	–	–	545	(545)	-100,0%	1 635
Municipal Infrastructure Grant [Schedule 5B]		4 616	512	512	–	208	171	38	22,0%	512
Water Services Infrastructure Grant		–	–	–	–	–	–	–	–	–
Provincial Government:		21 276	1 763	6 843	1 016	3 033	2 281	752	33,0%	6 843
Capacity Building		360	–	–	–	–	–	–	–	–
Capacity Building and Other		17 765	1 713	6 793	–	–	2 264	(2 264)	-100,0%	6 793
Infrastructure	4	100	50	50	–	–	17	(17)	-100,0%	50
Libraries, Archives and Museums	4	2 070	–	–	1 016	3 033	–	3 033	#DIV/0!	–
Other	4	551	–	–	–	–	–	–	–	–
Total Operating Transfers and Grants	5	250 616	37 753	46 818	1 016	19 592	15 606	3 986	25,5%	46 818
Capital Transfers and Grants										
National Government:		256 161	59 721	29 721	7 824	8 899	9 907	(1 008)	-10,2%	29 721
Integrated National Electrification Programme (Municipal Grant) [Schedule 5B]		25 410	–	–	–	–	–	–	–	–
Municipal Infrastructure Grant [Schedule 5B]		95 217	9 721	9 721	2 824	3 899	3 240	659	20,3%	9 721
Regional Bulk Infrastructure Grant (Schedule 5B)		100 000	30 000	–	–	–	–	–	–	–
Water Services Infrastructure Grant [Schedule 5B]		35 534	20 000	20 000	5 000	5 000	6 667	(1 667)	-25,0%	20 000
Provincial Government:		15 419	5 649	4 395	2 600	2 600	1 465	1 135	77,5%	4 395
Capacity Building		–	–	–	–	–	–	–	–	–
Capacity Building and Other		2 456	3 049	–	–	–	–	–	–	–
Infrastructure		12 963	2 600	4 395	2 600	2 600	1 465	1 135	77,5%	4 395
Libraries, Archives and Museums		–	–	–	–	–	–	–	–	–
Total Capital Transfers and Grants	5	271 580	65 370	34 116	10 424	11 499	11 372	127	1,1%	34 116
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	522 196	103 123	80 935	11 440	31 091	26 978	4 113	15,2%	80 935

The following National and Provincial Grants were received in October 2020.

Water Services Infrastructure Grant (WSIG) to the amount of **R5 million**.

Municipal Infrastructure Grant (MIG) to the amount of **R2.82 million**.

Drought Relief to the amount of **R2.6 million**.

Libraries Grant to the amount of **R1.02 million**.

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

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

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>		357 749	37 632	47 936	1 316	22 202	15 979	6 224	39%	47 936
Executive and council		121 346	8 920	13 128	(68)	11 665	4 376	7 289	167%	13 128
Finance and administration		236 402	28 712	34 808	1 384	10 537	11 603	(1 065)	-9%	34 808
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		136 846	15 167	16 818	30	348	5 606	(5 258)	-94%	16 818
Community and social services		122 235	14 967	15 617	7	271	5 206	(4 934)	-95%	15 617
Sport and recreation		20	-	-	-	-	-	-	-	-
Public safety		13 450	-	-	23	77	-	77	#DIV/0!	-
Housing		1 140	200	1 201	-	-	400	(400)	-100%	1 201
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		68 475	7 398	8 048	106	468	2 683	(2 214)	-83%	8 048
Planning and development		111	-	-	-	-	-	-	-	-
Road transport		68 364	7 398	8 048	106	468	2 683	(2 214)	-83%	8 048
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		1 347 763	168 884	142 894	6 855	29 035	47 631	(18 597)	-39%	142 894
Energy sources		629 990	59 735	61 906	4 166	18 975	20 635	(1 661)	-8%	61 906
Water management		328 563	50 507	52 302	1 489	5 200	17 434	(12 234)	-70%	52 302
Waste water management		234 575	44 106	14 106	613	2 489	4 702	(2 213)	-47%	14 106
Waste management		154 635	14 537	14 580	588	2 371	4 860	(2 489)	-51%	14 580
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	1 910 832	229 081	215 695	8 307	52 053	71 898	(19 845)	-28%	215 695
Expenditure - Functional										
<i>Governance and administration</i>		206 842	51 106	56 933	4 330	11 387	18 977	(7 590)	-40%	56 933
Executive and council		89 304	12 074	16 836	904	3 108	5 612	(2 504)	-45%	16 836
Finance and administration		117 539	39 031	40 097	3 426	8 279	13 365	(5 086)	-38%	40 097
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		29 900	10 729	11 119	743	2 460	3 669	(1 210)	-33%	11 119
Community and social services		28 594	8 333	8 101	595	1 614	2 700	(1 087)	-40%	8 101
Sport and recreation		1 166	812	779	15	55	223	(168)	-75%	779
Public safety		(3 794)	207	203	68	601	68	534	787%	203
Housing		3 933	1 376	2 035	64	189	678	(489)	-72%	2 035
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		55 755	19 221	17 517	681	1 584	5 839	(4 255)	-73%	17 517
Planning and development		(111)	-	10	-	-	3	(3)	-100%	10
Road transport		55 866	19 221	17 507	681	1 584	5 836	(4 252)	-73%	17 507
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		299 277	82 131	88 725	3 457	22 052	29 575	(7 522)	-25%	88 725
Energy sources		165 099	53 186	55 494	1 612	16 319	18 498	(2 179)	-12%	55 494
Water management		77 281	13 240	14 606	895	2 407	4 869	(2 462)	-51%	14 606
Waste water management		25 914	6 906	8 796	296	880	2 932	(2 052)	-70%	8 796
Waste management		30 983	8 799	9 828	653	2 447	3 276	(829)	-25%	9 828
<i>Other</i>		-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	591 774	163 186	174 294	9 210	37 483	58 061	(20 578)	-35%	174 294
Surplus/ (Deficit) for the year		1 319 058	65 894	41 400	(903)	14 570	13 837	733	5%	41 400

9 C3-Monthly Budget Statement-Financial Performance

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

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	13 128	68	11 665	4 376	7 289	166,6%	13 128
Vote 2 - CORPORATE SERVICES		193 208	21 132	23 751	153	653	7 917	(7 264)	-91,8%	23 751
Vote 3 - FINANCIAL SERVICES		231 370	28 412	34 190	1 330	10 420	11 397	(976)	-8,6%	34 190
Vote 4 - TECHNICAL SERVICES		1 363 144	170 617	144 626	6 755	29 315	48 209	(18 894)	-39,2%	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	1 909 777	229 081	215 695	8 307	52 053	71 898	(19 845)	-27,6%	215 695
Expenditure by Vote	1									
Vote 1 - MUNICIPAL MANAGER		89 304	12 074	16 836	904	7 569	5 612	1 957	34,9%	16 836
Vote 2 - CORPORATE SERVICES		94 290	30 120	30 234	1 905	5 213	10 041	(4 828)	-48,1%	30 234
Vote 3 - FINANCIAL SERVICES		60 300	25 429	27 310	2 272	5 339	9 103	(3 765)	-41,4%	27 310
Vote 4 - TECHNICAL SERVICES		343 230	94 418	85 057	3 959	18 929	32 923	(13 994)	-42,5%	98 768
Vote 5 - CALITZDORP SPA		-	-	-	-	-	-	-	-	-
Vote 6 - CORPORATE SERVICES (Continued)		4 650	1 145	1 145	170	433	382	52	13,6%	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	591 774	163 186	160 583	9 210	37 483	58 061	(20 578)	-35,4%	174 294
Surplus/ (Deficit) for the year	2	1 318 003	65 894	55 112	(903)	14 570	13 837	733	5,3%	41 400

10 EXPENDITURE ON COUNCILLOR, SENIOR MANAGERS AND OTHER STAFF

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

Summary of Employee and Councillor remuneration	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
	1	A	B	C						D
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		21 064	2 794	2 468	104	403	823	(420)	-51%	2 468
Pension and UIF Contributions		375	56	-	9	37		37	#DIV/0!	-
Medical Aid Contributions		324	35	221	11	43	74	(31)	-42%	221
Motor Vehicle Allowance		2 394	308	261	22	87	87	0	0%	261
Cellphone Allowance		2 807	384	311	26	104	104	-		311
Housing Allowances		-	-	-	-	-	-	-		-
Other benefits and allowances		-	-	-	-	-	-	-		-
Sub Total - Councillors		26 964	3 578	3 262	172	673	1 087	(414)	-38%	3 262
% increase	4		-86,7%	-87,9%						-87,9%
Senior Managers of the Municipality	3									
Basic Salaries and Wages		7 212	3 120	3 015	545	956	1 005	(49)	-5%	3 015
Pension and UIF Contributions		(208)	-	-	-	0	-	0	#DIV/0!	-
Medical Aid Contributions		-	-	-	-	-	-	-		-
Overtime		-	-	-	-	-	-	-		-
Performance Bonus		685	-	194			65	(65)	-100%	194
Motor Vehicle Allowance		659	90	240	18	74	80	(6)	-7%	240
Cellphone Allowance		(76)	64	30	5	15	10	5	50%	30
Housing Allowances		22	10	-	1	3	-	3	#DIV/0!	-
Other benefits and allowances		141	39	22	6	27	7	19	271%	22
Payments in lieu of leave		-	-	-	-	-	-	-		-
Long service awards		-	-	-	-	-	-	-		-
Post-retirement benefit obligations		-	-	-	-	-	-	-		-
Sub Total - Senior Managers of Municipality		8 434	3 324	3 500	575	1 076	1 167	(91)	-8%	3 500
% increase	4		-60,6%	-58,5%						-58,5%
Other Municipal Staff										
Basic Salaries and Wages		142 752	37 386	41 892	3 341	10 266	13 927	(3 661)	-26%	41 892
Pension and UIF Contributions		29 578	6 446	6 170	485	1 434	2 057	(623)	-30%	6 170
Medical Aid Contributions		5 928	2 050	1 800	167	528	600	(72)	-12%	1 800
Overtime		21 156	1 880	1 912	550	1 247	637	609	96%	1 912
Performance Bonus		(373)	-	-			-	-		-
Motor Vehicle Allowance		12 299	2 672	2 160	167	536	720	(184)	-25%	2 160
Cellphone Allowance		629	171	111	7	27	37	(10)	-28%	111
Housing Allowances		1 083	344	106	24	74	35	39	111%	106
Other benefits and allowances		11 192	3 998	3 442	103	323	1 147	(824)	-72%	3 442
Payments in lieu of leave		338	47	94			31	(31)	-100%	94
Long service awards		85	-	-	-	-	-	-		-
Post-retirement benefit obligations		(1 060)	-	-	-	-	-	-		-
Sub Total - Other Municipal Staff		223 606	54 993	57 687	4 844	14 435	19 192	(4 757)	-25%	57 687
% increase	4		-75,4%	-74,2%						-74,2%
Total Parent Municipality		259 004	61 896	64 448	5 591	16 184	21 446	(5 262)	-25%	64 448

- **Employee Related Costs:** The budget amounts to **R64.45 million**, while the expenditure to date amounts to **R16.18 million or 28 percent** of the budget.
- **Remuneration of Councillors:** The budget amounts to **R3.26 million**, while the expenditure to date amounts to **R673 thousand or 20 percent** of the budget.

11 Long-term borrowing

Kannaland Municipality (WC041)
32 Church Street
P.O. Box 30
Ladismith 6655
Republic of South Africa

Date: 10.09.2018

ACCOUNT STATEMENT

Repayment Due	30.09.2020	30.09.2020	-46,172.49	0.00	-13,827.51	-60,000.00	1,299,705.41	1,299,705.41
Interest Accrual	31.10.2020	31.10.2020	0.00	13,798.24	0.00	13,798.24	1,313,503.65	1,299,705.41
Interest Capitalisation	31.10.2020	31.10.2020	0.00	-13,798.24	13,798.24	0.00	1,313,503.65	1,313,503.65
Repayment Due	02.11.2020	02.11.2020	-46,201.76	0.00	-13,798.24	-60,000.00	1,253,503.65	1,253,503.65

- The total outstanding long-term debt of Kannaland Municipality amounts to **R1.25 million** as at **31 October 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**.

12 MATERIAL VARIANCES TO THE SDBIP

No deviations

6 QUALITY CERTIFICATE

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

Print name: ...Reynold.....Stevens.....

Signature:

Date 13 November 2020