



KANNALAND
MUNISIPALITEIT | MUNICIPALITY

MONTHLY BUDGET STATEMENT

NOVEMBER 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 **November 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 **November 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 - M05 November

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	1 231	10 692	10 196	496	5%	24 471
Service charges	86 195	92 033	94 205	7 072	36 107	39 252	(3 145)	-8%	94 205
Investment revenue	1 014	–	700	91	402	292	110	38%	700
Transfers and subsidies	40 064	37 753	43 769	4 123	16 043	18 237	(2 194)	-12%	43 769
Other own revenue	12 858	14 384	15 384	547	1 874	6 410	(4 536)	-71%	15 384
Total Revenue (excluding capital transfers and contributions)	156 884	163 710	178 529	13 065	65 118	74 387	(9 269)	-12%	178 529
Employee costs	58 588	58 317	61 187	6 330	21 841	25 449	(3 608)	-14%	61 187
Remuneration of Councillors	3 146	3 578	3 262	220	893	1 359	(466)	-34%	3 262
Depreciation & asset impairment	13 231	12 231	12 222	–	1	5 092	(5 091)	-100%	12 222
Finance charges	5 267	227	181	13	72	75	(4)	-5%	181
Materials and bulk purchases	43 225	48 900	53 043	785	17 400	22 101	(4 701)	-21%	53 043
Transfers and subsidies	96	470	470	–	–	196	(196)	-100%	470
Other expenditure	46 746	39 462	43 930	981	5 606	18 304	(12 698)	-69%	43 930
Total Expenditure	170 298	163 186	174 294	8 330	45 813	72 576	(26 763)	-37%	174 294
Surplus/(Deficit)	(13 414)	524	4 235	4 735	19 305	1 811	17 494	966%	4 235
Transfers and subsidies - capital (monetary allocations)	21 608	65 370	37 165	3 124	3 124	15 486	(12 362)	-80%	37 165
Contributions & Contributed assets	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	8 194	65 894	41 400	7 859	22 429	17 297	5 132	30%	41 400
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–
Surplus/ (Deficit) for the year	8 194	65 894	41 400	7 859	22 429	17 297	5 132	30%	41 400
Capital expenditure & funds sources									
Capital expenditure	20 338	95 436	67 900	1 013	6 433	47 025	(40 592)	-86%	67 900
Capital transfers recognised	20 122	63 321	35 773	1 013	6 433	14 906	(8 472)	-57%	35 773
Public contributions & donations	–	–	–	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–	–	–	–
Internally generated funds	98	–	–	–	–	–	–	–	–
Total sources of capital funds	20 220	63 321	35 773	1 013	6 433	14 906	(8 472)	-57%	35 773

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

Operating Surplus/Deficit

Operating Revenue amounted to **R13.07 million** and the expenditure amounted to **R8.33 million** thereby resulting in a deficit of **R7.86 million**.

Financial Performance

Property Rates

The Property Rates collection showed a collection of **R1.23 million** in **November 2020** a slight increase from the reported figure of **R1.20 million** in the month of **October 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 **R7.07 million** in **November 2020** a slight increase from the reported figures of **R6.86 million** in **October 2020**. The opening of the economy on Alert Level 1, has provided some positive and negative movement in the collection rate on service charges combined.

Other revenue

The municipality recorded an overall performance of **R547 thousand** in **November** an increase in the reported figures of **R238 thousand** for other revenue from **October 2020**. While **R91 thousand** in **November** a slight increase from **R85 thousand** investments in **October 2020**, as a result of new grants received.

Transfers and Subsidies

The amount recorded in the transfers and subsidies, includes the monthly journals for grants that have met their conditions and therefore transferred to revenue. A process the municipality intends to do on a monthly basis, as correction on receipting have been corrected. As a result of that the transfers amounted to **R4.12 million in October**.

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 **R6.55 million** in **November 2020** a slight increase from **R5.59 million** in **October 2020**. The variances are based in the fluctuating overtime and standby claims in the respective periods. Bonuses were also paid during November 2020 and other employees opted for their bonuses to be paid in **December 2020**. The municipality has applied for exemption on annual municipal increases, pending the process of the exemption on annual increases, salaries are still based on **2019/20**.

Materials and Bulk Purchases

The municipality recorded expenditure of **R785 thousand** in **November 2020** a decrease in reported figure **R1.40 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 **November** of **R981 thousand** an increase from the recorded expenditure of **R2.01 million** in **October 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 remained below the collected revenue in the reporting period of **November 2020**. The main increase in expenditure is noted on basic salaries as a result of bonuses payable in November. 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, 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) - M05 November

2021/22 Ramulana - Table 3: Monthly Budget Statement - Financial Performance (Revenue and expenditure) - 1st November										
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		16 753	19 540	24 471	1 231	10 692	10 196	496	5%	24 471
Service charges - electricity revenue		52 825	55 943	59 485	4 304	23 278	24 785	(1 507)	-6%	59 485
Service charges - water revenue		19 619	21 626	21 626	1 540	6 739	9 011	(2 271)	-25%	21 626
Service charges - sanitation revenue		7 008	7 520	6 149	638	3 127	2 562	565	22%	6 149
Service charges - refuse revenue		6 743	6 945	6 945	590	2 962	2 894	68	2%	6 945
Service charges - other		—	—	—	—	—	—	—	—	—
Rental of facilities and equipment		528	17	367	42	212	153	59	39%	367
Interest earned - external investments		1 014	—	700	91	402	292	110	38%	700
Interest earned - outstanding debtors		2 432	5 567	5 567	2	4	2 320	(2 316)	-100%	5 567
Dividends received		—	—	—	—	—	—	—	—	—
Fines, penalties and forfeits		7 428	7 384	7 584	434	837	3 160	(2 323)	-74%	7 584
Licences and permits		164	50	500	22	108	208	(100)	-48%	500
Agency services		828	1 000	1 000	—	428	417	11	3%	1 000
Transfers and subsidies		40 064	37 753	43 769	4 123	16 043	18 237	(2 194)	-12%	43 769
Other revenue		1 477	365	365	47	284	152	132	87%	365
Gains on disposal of PPE		—	—	—	—	—	—	—	—	—
Total Revenue (excluding capital transfers and contributions)		156 884	163 710	178 529	13 065	65 118	74 387	(9 269)	-12%	178 529
Expenditure By Type										
Employee related costs		58 588	58 317	61 187	6 330	21 841	25 449	(3 608)	-14%	61 187
Remuneration of councillors		3 146	3 578	3 262	220	893	1 359	(466)	-34%	3 262
Debt impairment		26 659	11 923	12 139	40	47	5 058	(5 010)	-99%	12 139
Depreciation & asset impairment		13 231	12 231	12 222	—	1	5 092	(5 091)	-100%	12 222
Finance charges		5 267	227	181	13	72	75	(4)	-5%	181
Bulk purchases		40 767	42 693	43 593	39	14 729	18 164	(3 435)	-19%	43 593
Other materials		2 458	6 207	9 450	746	2 671	3 937	(1 266)	-32%	9 450
Contracted services		10 360	15 682	18 711	483	2 900	7 796	(4 896)	-63%	18 711
Transfers and subsidies		96	470	470	—	—	196	(196)	-100%	470
Other expenditure		9 701	11 857	13 080	458	2 658	5 450	(2 791)	-51%	13 080
Loss on disposal of PPE		25	—	—	—	—	—	—	—	—
Total Expenditure		170 298	163 186	174 294	8 330	45 813	72 576	(26 763)	-37%	174 294
Surplus/(Deficit)		(13 414)	524	4 235	4 735	19 305	1 811	17 494	0	4 235
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		21 608	65 370	37 165	3 124	3 124	15 486	(12 362)	(0)	37 165
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		—	—	—	—	—	—	—	—	—
Transfers and subsidies - capital (in-kind - all)		—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after capital transfers & contributions		8 194	65 894	41 400	7 859	22 429	17 297			41 400
Taxation		—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after taxation		8 194	65 894	41 400	7 859	22 429	17 297			41 400
Attributable to minorities		—	—	—	—	—	—			—
Surplus/(Deficit) attributable to municipality		8 194	65 894	41 400	7 859	22 429	17 297			41 400
Share of surplus/ (deficit) of associate		—	—	—	—	—	—			—
Surplus/ (Deficit) for the year		8 194	65 894	41 400	7 859	22 429	17 297			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 **November** amounted to **R4.30 million** a slight increase from **R4.26 million** reported in **October 2020**.

Water

We have a revenue collection of **R1.54 million** in **November 2020** a slight increase from **R1.49 million** figures reported in **October 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 **R638 thousand** in **November 2020** showing a slight increase from **R613 thousand** reported in **October 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 **R590 thousand** in **November 2020** a slight increase from **R588 thousand** reported in **October 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 from July 2019 to June 2021									
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
Jun-20	6 813 820,79	(5 328 157,94)	- 338 464,77	6 733 517,39	- 5 613 269,58	-83,36	101 006 490,99	(73 510 415,33)	72,78
Jul-20	12 750 764,19	- 5 613 269,58	- 80 303,40	12 524 427,36	- 5 917 592,29	-47,25	113 530 918,35	(79 428 007,62)	69,96
Aug-20	8 037 778,10	(5 917 592,29)	- 226 336,83	8 363 921,37	- 11 054 369,89	-132,17	121 894 839,72	(90 482 377,51)	74,23
Sep-20	8 618 761,87	(11 054 369,89)	326 143,27	8 408 053,14	- 7 607 868,93	-90,48	130 302 892,86	(98 090 246,44)	75,28
Oct-20	7 705 508,56	(7 607 868,93)	- 210 708,73	7 372 596,85	- 5 592 122,24	-75,85	137 675 489,71	(103 682 368,68)	75,31
Nov-20	7 146 539,31	(5 592 122,24)	- 332 911,71	7 146 539,31	-	0,00	144 822 029,02	(103 682 368,68)	71,59

The reporting period of November collection percentage is sitting at **71.59 percent** and an average collection of **73 percent** collection for the first six month in the **2020/21** financial year. 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 percent**. However, the municipality has been struggling to even reach the collection rate of 85%.

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

- **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 42 thousand** received in **November 2020** slight decrease from **R44 thousand** reported in **October 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:** **R91 thousand** received in **October 2020** slight increase from **R85 thousand** reported in **October 2020**.
- **Other revenue:** **R47 thousand** in **November 2020** an increase from **R68 thousand** in **October 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. There is still more needed to be done in improving the revenue collection and payments of municipal services.

The detailed operating expenditure items are as follows:

Employee Related Costs and Remuneration of councillors

Employee Related Cost amounted to **R6.33 million in November 2020** a slight increase from **R5.42 million in October 2020** and the total Remuneration for Councillors is reported as **R222 thousand in November 2020** a slight increase of **R172 thousand** reported in **October 2020**. The increase in employee related emanates from the payment of annual bonuses in **November 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 **R798 million in November 2020** an increase from the reported figure of **R1.40 million in October 2020**. The main expenditure relates to material and supplies for **R746 thousand** 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 **R483 thousand in November 2020** a decrease of **R1.32 thousand** reported in **October 2020** report. The main expenditure on contracted services came from the Annual Financial Statements consultants for the 2019/20 financial year in the **October 2020** period.

Other expenditure

Other Expenditure amounted to **R458 thousand in November 2020** a decrease from **R882 thousand** reported in **October 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 Material and Supplies and employee related. 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.

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) - M05 November

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										
<i>Governance and administration</i>		118	-	-	-	-	-	-		-
Executive and council		-	-	-	-	-	-	-		-
Finance and administration		118	-	-	-	-	-	-		-
Internal audit		-	-	-	-	-	-	-		-
<i>Community and public safety</i>		1 763	5 454	6 104	-	-	2 543	(2 543)	-100%	6 104
Community and social services		-	4 145	4 795	-	-	1 998	(1 998)	-100%	4 795
Sport and recreation		1 262	1 309	1 309	-	-	545	(545)	-100%	1 309
Public safety		500	-	-	-	-	-	-		-
Housing		-	-	-	-	-	-	-		-
Health		-	-	-	-	-	-	-		-
<i>Economic and environmental services</i>		-	-	19	-	-	8	(8)	-100%	19
Planning and development		-	-	-	-	-	-	-		-
Road transport		-	-	19	-	-	8	(8)	-100%	19
Environmental protection		-	-	-	-	-	-	-		-
<i>Trading services</i>		18 457	57 867	29 662	1 013	6 433	12 359	(5 926)	-48%	29 662
Energy sources		605	-	-	-	-	-	-		-
Water management		15 759	27 867	29 662	1 013	6 433	12 359	(5 926)	-48%	29 662
Waste water management		2 094	30 000	-	-	-	-	-		-
Waste management		-	-	-	-	-	-	-		-
<i>Other</i>		-	-	-	-	-	-	-		-
Total Capital Expenditure - Functional Classification	3	20 338	63 321	35 785	1 013	6 433	14 911	(8 477)	-57%	35 785
Funded by:										
National Government		14 060	59 721	29 728	875	5 919	12 387	(6 468)	-52%	29 728
Provincial Government		6 061	3 600	6 045	138	514	2 519	(2 005)	-80%	6 045
District Municipality		-	-	-	-	-	-	-		-
Other transfers and grants		-	-	-	-	-	-	-		-
Transfers recognised - capital		20 122	63 321	35 773	1 013	6 433	14 906	(8 472)	-57%	35 773
Public contributions & donations	5	-	-	-	-	-	-	-		-
Borrowing	6	-	-	-	-	-	-	-		-
Internally generated funds		98	-	-	-	-	-	-		-
Total Capital Funding		20 220	63 321	35 773	1 013	6 433	14 906	(8 472)	-57%	35 773

- The actual year-to-date Capital Expenditure amounts to **R6.43 million**.
- The total to date expenditure represents **43 percent** expenditure on year to date budget and **18 percent** of the total capital budget. It is expected the capital expenditure to pick up from the alert level one.

3.2.3 Conditional Grants Transferred and Expenditure

WC041 Kannaland - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M05 November										
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:		28 087	26 403	29 721	1 816	7 409	12 384	(4 974)	-40,2%	29 721
Operational Revenue:General Revenue:Equitable Share		24 767	20 433	23 776	1 460	5 680	9 906	(4 227)	-42,7%	23 776
Expanded Public Works Programme Integrated Grant for Municipalities [Schedule 5B]		1 000	1 172	1 171	113	464	488	(24)	-4,9%	1 171
Local Government Financial Management Grant [Schedule 5B]		1 651	2 647	2 647	604	1 672	1 103	569	51,6%	2 647
Municipal Systems Improvement Grant		–	1 400	1 400	(402)	(462)	583	(1 045)	-179,1%	1 400
Municipal Infrastructure Grant [Schedule 5B]		668	751	727	40	55	303	(248)	-81,8%	727
Provincial Government:		5 377	3 437	6 035	371	1 044	2 515	(1 471)	-58,5%	6 035
Capacity Building and Other		5 375	3 087	5 685	331	1 005	2 369	(1 364)	-57,6%	5 685
Infrastructure		1	350	350	39	39	146	(106)	-72,9%	350
District Municipality:		–	–	–	–	–	–	–	–	–
All Grants		–	–	–	–	–	–	–	–	–
Other grant providers:		–	–	–	–	–	–	–	–	–
Departmental Agencies and Accounts		–	–	–	–	–	–	–	–	–
Parent Municipality / Entity		–	–	–	–	–	–	–	–	–
Total operating expenditure of Transfers and Grants:		33 463	29 840	35 756	2 187	8 453	14 898	(6 445)	-43,3%	35 756
Capital expenditure of Transfers and Grants										
National Government:		14 060	59 721	29 728	875	5 919	12 387	(6 468)	-52,2%	29 728
Integrated National Electrification Programme (Municipal Grant) [Schedule 5B]		165	–	–	–	–	–	–	–	–
Municipal Infrastructure Grant [Schedule 5B]		7 354	9 721	9 728	9	1 052	4 053	(3 001)	-74,0%	9 728
Regional Bulk Infrastructure Grant (Schedule 5B)		–	30 000	–	–	–	–	–	–	–
Water Services Infrastructure Grant [Schedule 5B]		6 541	20 000	20 000	866	4 867	8 333	(3 466)	-41,6%	20 000
Metro Informal Settlements Partnership Grant		–	–	–	–	–	–	–	–	–
Provincial Government:		6 061	3 600	6 045	138	514	2 519	(2 005)	-79,6%	6 045
Capacity Building and Other		500	1 000	1 650	–	–	688	(688)	-100,0%	1 650
Infrastructure		5 561	2 600	4 395	138	514	1 831	(1 317)	-71,9%	4 395
District Municipality:		–	–	–	–	–	–	–	–	–
All Grants		–	–	–	–	–	–	–	–	–
Other grant providers:		98	–	–	–	–	–	–	–	–
Transfer from Operational Revenue		98	–	–	–	–	–	–	–	–
Total capital expenditure of Transfers and Grants		20 220	63 321	35 773	1 013	6 433	14 906	(8 472)	-56,8%	35 773
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		53 683	93 162	71 530	3 200	14 887	29 804	(14 917)	-50,1%	71 530

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

- Local Government Finance Management Grant **R37 thousand** spent for Public Sector AFS preparation and further **R40 thousand** for FMG interns.
- Municipal Infrastructure Grant **R40 thousand** for salaries of Project management unit.
- Libraries Grant **R239 thousand** spent for salaries of library staff and running costs of Libraries.
- Expanded Public Works Programme (EPWP) **R113 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 - M05 November

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		1 381	3 245	112 843	22 295	112 843
Call investment deposits		29 476	8 387	8 387	4 701	8 387
Consumer debtors		1 748	(92 866)	(17 907)	6 532	(17 907)
Other debtors		(15 846)	(31 256)	(27 627)	(8 668)	(27 627)
Current portion of long-term receivables		(5)	(8)	(8)	—	(8)
Inventory		418	2 025	(2 970)	22	(2 970)
Total current assets		17 171	(110 474)	72 717	24 882	72 717
Non current assets						
Long-term receivables		—	—	—	—	—
Investments		—	—	—	—	—
Investment property		(124)	1 489	1 489	—	1 489
Investments in Associate		—	—	—	—	—
Property, plant and equipment		7 506	388 829	349 122	6 433	349 122
Agricultural		—	—	—	—	—
Biological assets		—	—	—	—	—
Intangible assets		(7)	45	15	—	15
Other non-current assets		—	—	—	—	—
Total non current assets		7 375	390 363	350 626	6 433	350 626
TOTAL ASSETS		24 546	279 889	423 343	31 316	423 343
LIABILITIES						
Current liabilities						
Bank overdraft		—	—	—	—	—
Borrowing		(504)	(972)	(446)	(229)	(446)
Consumer deposits		63	964	964	22	964
Trade and other payables		14 068	(7 970)	99 548	8 995	99 548
Provisions		(2 006)	2 654	2 654	—	2 654
Total current liabilities		11 621	(5 325)	102 720	8 788	102 720
Non current liabilities						
Borrowing		—	1 141	1 095	(8)	1 095
Provisions		4 033	29 199	29 199	—	29 199
Total non current liabilities		4 033	30 340	30 294	(8)	30 294
TOTAL LIABILITIES		15 654	25 016	133 014	8 780	133 014
NET ASSETS	2	8 893	254 873	290 329	22 536	290 329
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		751	251 727	251 727	—	251 727
Reserves		(52)	(1 427)	(1 427)	107	(1 427)
TOTAL COMMUNITY WEALTH/EQUITY	2	699	250 300	250 300	107	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 **R22.29 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 **R6.43 million or 17 percent** 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 **R13 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.

4.2 Table C7: Monthly Budget Statement - Cash Flow

WC041 Kannaland - Table C7 Monthly Budget Statement - Cash Flow - M05 November

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		–	–	–	435	1 867	–	1 867	0%	–
Service charges		–	–	–	86	370	–	370	0%	–
Other revenue		–	–	–	71	337	–	337	0%	–
Government - operating		–	–	–	1 285	21 542	–	21 542	0%	–
Government - capital		–	–	–	–	11 219	–	11 219	0%	–
Interest		–	–	–	–	–	–	–	–	–
Dividends		–	–	–	–	–	–	–	–	–
Payments										
Suppliers and employees		(125 020)	(138 335)	(149 283)	(8 276)	(45 692)	(62 155)	(16 462)	26%	(149 283)
Finance charges		(5 267)	(227)	(181)	(13)	(72)	(75)	(4)	5%	(181)
Transfers and Grants		(96)	(470)	(470)	–	–	(196)	(196)	100%	(470)
NET CASH FROM/(USED) OPERATING ACTIVITIES		(130 383)	(139 032)	(149 934)	(6 413)	(10 430)	(62 426)	(51 996)	83%	(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)	–	–	(47 025)	(47 025)	100%	(67 900)
NET CASH FROM/(USED) INVESTING ACTIVITIES		437	(95 436)	(67 900)	–	–	(47 025)	(47 025)	100%	(67 900)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		–	–	–	–	–	–	–	–	–
Borrowing long term/refinancing		–	–	–	–	–	–	–	–	–
Increase (decrease) in consumer deposits		63	–	–	12	22	–	22	0%	–
Payments										
Repayment of borrowing		–	(1 166)	(1 166)	–	–	(746)	(746)	100%	(1 166)
NET CASH FROM/(USED) FINANCING ACTIVITIES		63	(1 166)	(1 166)	12	22	(746)	(769)	103%	(1 166)
NET INCREASE/ (DECREASE) IN CASH HELD		(129 883)	(235 635)	(219 000)	(6 401)	(10 408)	(110 198)			(219 000)
Cash/cash equivalents at beginning:		–	11 631	11 631		–	11 631			–
Cash/cash equivalents at month/year end:		(129 883)	(224 003)	(207 369)		(10 408)	(98 566)			(219 000)

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 **30 November 2020** was as follows;

- Standard Bank Main Account is – **R1.46 Million**
- The Traffic Account and the **R762 thousand**, and
- Deposit Account has **R3.04 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 - M05 November

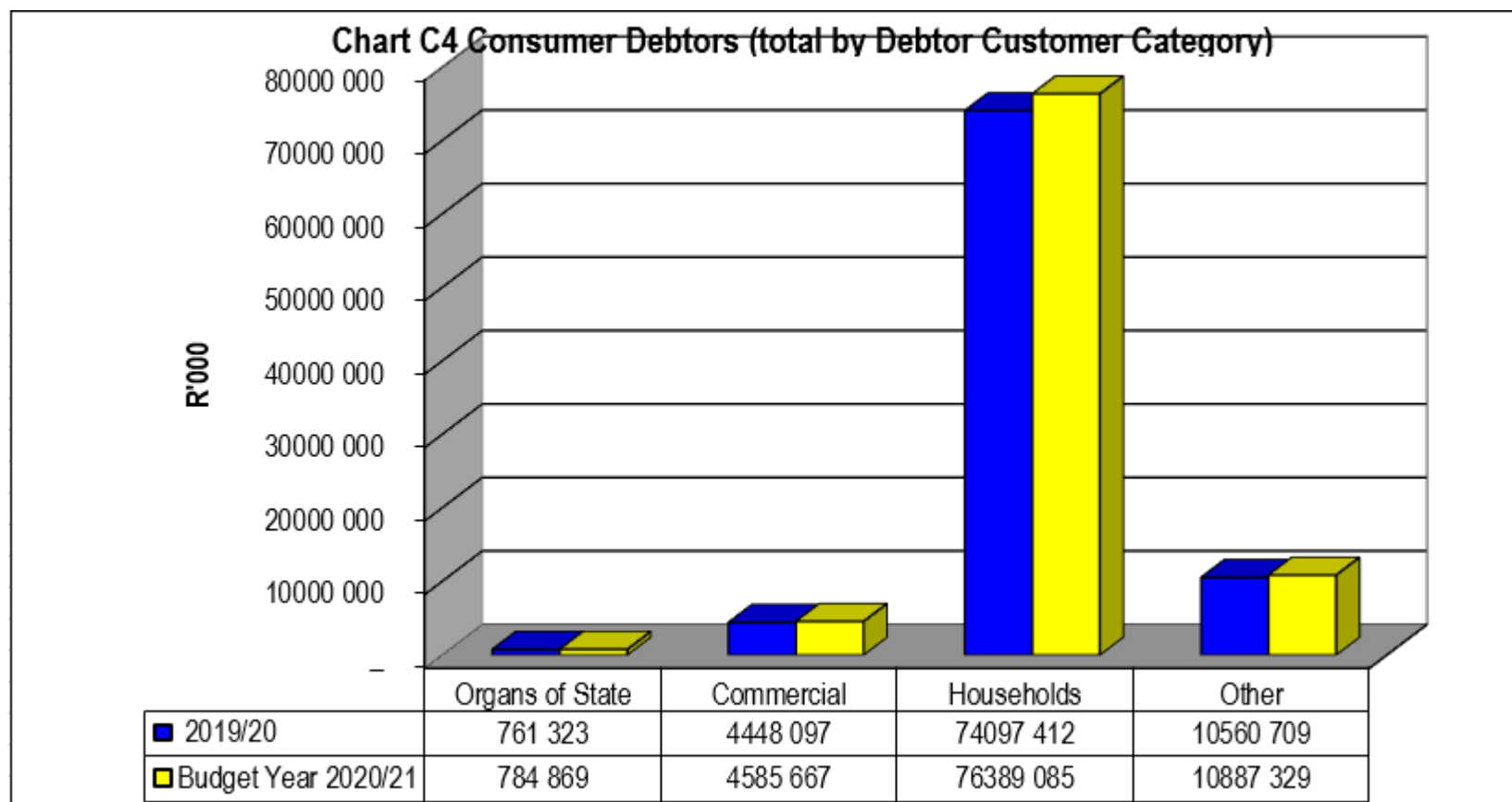
Description	NT Code	Budget Year 2020/21										Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total	Total over 90 days		
R thousands													
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200	1 738	529	570	496	435	626	5 555	13 014	22 963	20 127	-	-
Trade and Other Receivables from Exchange Transactions - Electricity	1300	909	140	143	124	94	87	344	1 471	3 311	2 120	-	-
Receivables from Non-exchange Transactions - Property Rates	1400	1 455	387	1 580	307	268	358	1 402	13 883	19 641	16 219	-	-
Receivables from Exchange Transactions - Waste Water Management	1500	519	248	248	248	228	227	1 353	9 281	12 352	11 337	-	-
Receivables from Exchange Transactions - Waste Management	1600	1 041	412	401	395	417	410	2 361	11 270	16 708	14 854	-	-
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	-	24	24	24	-	-
Interest on Arrear Debtor Accounts	1810	14	11	30	20	18	21	253	15 516	15 885	15 829	-	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-
Other	1900	(1 631)	151	141	133	110	106	535	2 219	1 765	3 104	-	-
Total By Income Source	2000	4 045	1 877	3 112	1 723	1 572	1 835	11 804	66 678	92 647	83 612	-	-
2019/20 - totals only										-	-		
Debtors Age Analysis By Customer Group													
Organs of State	2200	(437)	56	424	36	18	55	55	577	785	741	-	-
Commercial	2300	663	160	285	135	121	106	581	2 535	4 586	3 478	-	-
Households	2400	3 933	1 521	1 793	1 426	1 307	1 536	10 420	54 452	76 389	69 142	-	-
Other	2500	(114)	141	609	126	126	138	748	9 114	10 887	10 251	-	-
Total By Customer Group	2600	4 045	1 877	3 112	1 723	1 572	1 835	11 804	66 678	92 647	83 612	-	-

- The total amount owed to Kannaland Municipality amounted to **R92.65** million during **November 2020** an increase from **R91.25** million reported in **October 2020**. This represent a **2 percent** increase.
- **R66.78** million or **71 percent** of the total outstanding debtors are older than one year.
- **R83.61** 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.



6. CREDITORS' ANALYSIS

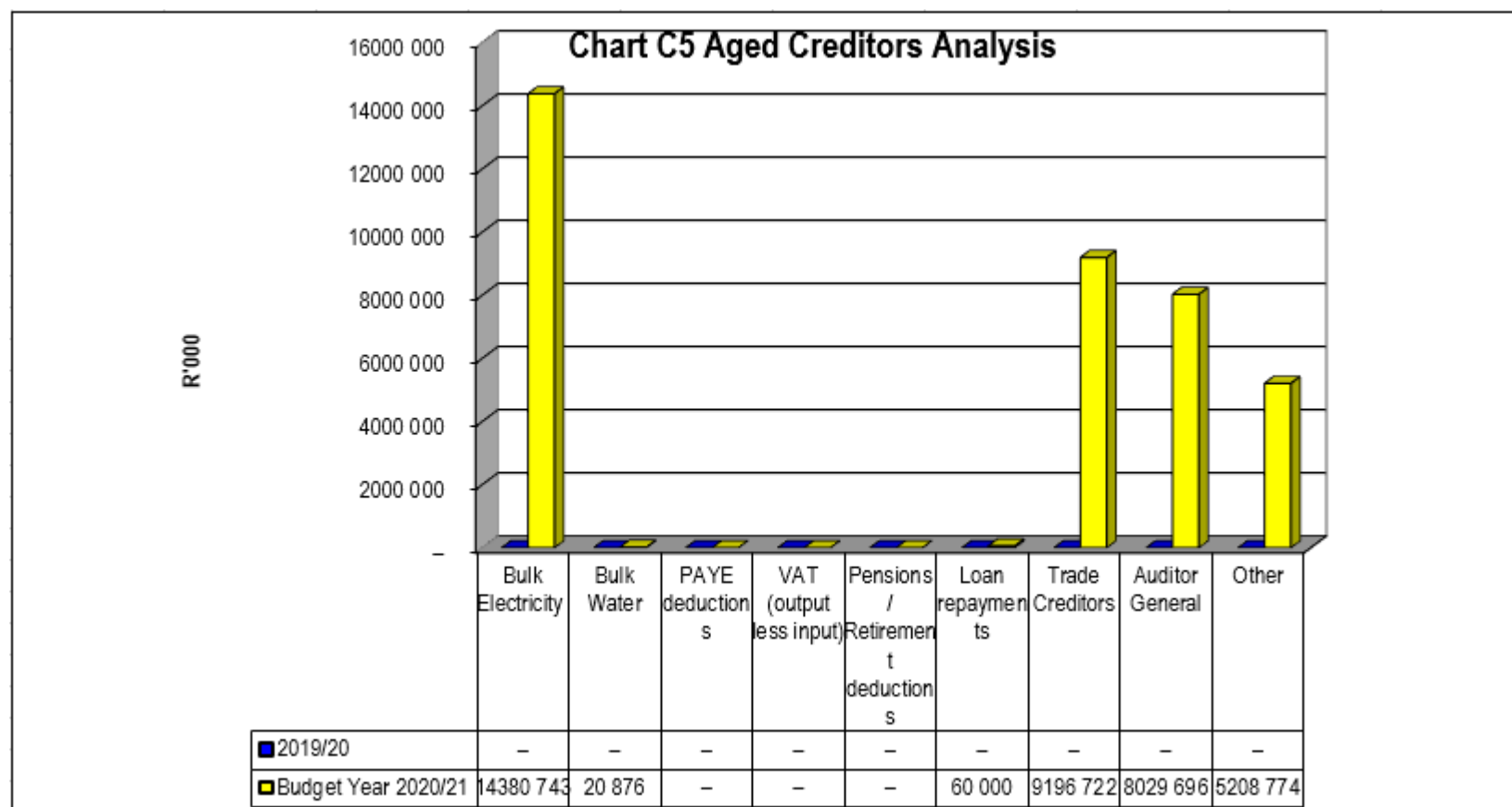
WC041 Kannaland - Supporting Table SC4 Monthly Budget Statement - aged creditors - M05 November

Description R thousands	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	
Creditors Age Analysis By Customer Type										
Bulk Electricity	0100	–	5 116	5 179	4 086	–	–	–	–	14 381
Bulk Water	0200	21	–	–	–	–	–	–	–	21
PAYE deductions	0300	–	–	–	–	–	–	–	–	–
VAT (output less input)	0400	–	–	–	–	–	–	–	–	–
Pensions / Retirement deductions	0500	–	–	–	–	–	–	–	–	–
Loan repayments	0600	60	–	–	–	–	–	–	–	60
Trade Creditors	0700	1 023	566	179	70	7 359	–	–	–	9 197
Auditor General	0800	1 479	419	46	529	5 557	–	–	–	8 030
Other	0900	347	60	11	31	4 760	–	–	–	5 209
Total By Customer Type	1000	2 930	6 160	5 415	4 716	17 677	–	–	–	36 897

- The total outstanding creditors as at **November 2020** amounts to **R36 897 million**.
- The biggest outstanding creditors are Eskom (**R14 381 million**), the Auditor-General of South Africa (**R8 030 million**). Combined, the before mentioned, represents 60 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



7 ALLOCATION AND GRANT RECEIPTS AND EXPENDITURE

7.1 Supporting Table SC6

WC041 Kannaland - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M05 November										
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	2 148	14 065	16 657	(2 592)	-15,6%	39 976
Operational Revenue:General Revenue:Equitable Share		28 147	29 760	34 011	–	11 662	14 171	(2 509)	-17,7%	34 011
Expanded Public Works Programme Integrated Grant for Municipalities [Schedule 5B]		1 143	1 171	1 171	–	255	488	(233)	-47,8%	1 171
Local Government Financial Management Grant [Schedule 5B]		1 960	2 647	2 647	1 914	1 914	1 103	811	73,6%	2 647
Municipal Systems Improvement Grant		–	1 900	1 635	–	–	681	(681)	-100,0%	1 635
Municipal Infrastructure Grant [Schedule 5B]		–	512	512	234	234	213	21	9,8%	512
Provincial Government:		8 637	1 763	6 843	1 975	1 975	2 851	(876)	-30,7%	6 843
Capacity Building		–	–	–	–	–	–	–	–	–
Capacity Building and Other		8 637	1 713	6 793	1 975	1 975	2 830	(855)	-30,2%	6 793
Infrastructure	4	–	50	50	–	–	21	(21)	-100,0%	50
Total Operating Transfers and Grants	5	39 887	37 753	46 818	4 123	16 040	19 508	(3 468)	-17,8%	46 818
Capital Transfers and Grants										
National Government:		15 245	59 721	29 721	2 738	2 738	12 384	(9 646)	-77,9%	29 721
Integrated National Electrification Programme (Municipal Grant) [Schedule 5B]		202	–	–	–	–	–	–	–	–
Municipal Infrastructure Grant [Schedule 5B]		7 509	9 721	9 721	1 850	1 850	4 051	(2 201)	-54,3%	9 721
Regional Bulk Infrastructure Grant (Schedule 5B)		–	30 000	–	–	–	–	–	–	–
Water Services Infrastructure Grant [Schedule 5B]		7 534	20 000	20 000	888	888	8 333	(7 445)	-89,3%	20 000
Provincial Government:		6 363	5 649	4 395	386	386	1 831	(1 445)	-78,9%	4 395
Capacity Building		–	–	–	–	–	–	–	–	–
Capacity Building and Other		–	3 049	–	–	–	–	–	–	–
Infrastructure		6 363	2 600	4 395	386	386	1 831	(1 445)	-78,9%	4 395
Water Supply Infrastructure		–	–	–	–	–	–	–	–	–
District Municipality:		–	–	–	–	–	–	–	–	–
All Grants		–	–	–	–	–	–	–	–	–
Other grant providers:		–	–	–	–	–	–	–	–	–
Transfer from Operational Revenue		–	–	–	–	–	–	–	–	–
Total Capital Transfers and Grants	5	21 608	65 370	34 116	3 124	3 124	14 215	(11 091)	-78,0%	34 116
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	61 496	103 123	80 935	7 247	19 164	33 723	(14 559)	-43,2%	80 935

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

WC041 Kannaland - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M05 November

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>		54 040	37 632	47 936	3 753	25 956	19 973	5 982	30%	47 936
Executive and council		28 324	8 920	13 128	–	11 665	5 470	6 195	113%	13 128
Finance and administration		25 716	28 712	34 808	3 753	14 290	14 503	(213)	-1%	34 808
Internal audit		–	–	–	–	–	–	–	–	–
<i>Community and public safety</i>		14 385	15 167	16 818	3 850	4 198	7 007	(2 810)	-40%	16 818
Community and social services		12 204	14 967	15 617	3 829	4 101	6 507	(2 406)	-37%	15 617
Sport and recreation		–	–	–	–	–	–	–	–	–
Public safety		2 181	–	–	20	97	–	97	#DIV/0!	–
Housing		–	200	1 201	–	–	500	(500)	-100%	1 201
Health		–	–	–	–	–	–	–	–	–
<i>Economic and environmental services</i>		7 356	7 398	8 048	240	708	3 353	(2 646)	-79%	8 048
Planning and development		–	–	–	–	–	–	–	–	–
Road transport		7 356	7 398	8 048	240	708	3 353	(2 646)	-79%	8 048
Environmental protection		–	–	–	–	–	–	–	–	–
<i>Trading services</i>		102 712	168 884	142 894	8 346	37 380	59 539	(22 158)	-37%	142 894
Energy sources		53 144	59 735	61 906	4 304	23 278	25 794	(2 516)	-10%	61 906
Water management		34 429	50 507	52 302	2 814	8 013	21 792	(13 779)	-63%	52 302
Waste water management		7 682	44 106	14 106	638	3 127	5 877	(2 750)	-47%	14 106
Waste management		7 457	14 537	14 580	590	2 962	6 075	(3 113)	-51%	14 580
<i>Other</i>	4	–	–	–	–	–	–	–	–	–
Total Revenue - Functional	2	178 493	229 081	215 695	16 189	68 241	89 873	(21 631)	-24%	215 695
Expenditure - Functional										
<i>Governance and administration</i>		56 151	51 106	56 933	3 899	15 286	23 722	(8 436)	-36%	56 933
Executive and council		14 811	12 074	16 836	1 237	4 345	7 015	(2 670)	-38%	16 836
Finance and administration		41 340	39 031	40 097	2 661	10 941	16 707	(5 766)	-35%	40 097
Internal audit		–	–	–	–	–	–	–	–	–
<i>Community and public safety</i>		11 134	10 729	11 119	867	3 326	4 587	(1 260)	-27%	11 119
Community and social services		6 317	8 333	8 101	606	2 220	3 375	(1 155)	-34%	8 101
Sport and recreation		387	812	779	18	73	279	(206)	-74%	779
Public safety		3 629	207	203	150	751	85	667	787%	203
Housing		801	1 376	2 035	93	282	848	(566)	-67%	2 035
Health		–	–	–	–	–	–	–	–	–
<i>Economic and environmental services</i>		13 633	19 221	17 517	725	2 309	7 299	(4 990)	-68%	17 517
Planning and development		–	–	10	–	–	4	(4)	-100%	10
Road transport		13 633	19 221	17 507	725	2 309	7 295	(4 986)	-68%	17 507
Environmental protection		–	–	–	–	–	–	–	–	–
<i>Trading services</i>		89 380	82 131	88 725	2 839	24 892	36 969	(12 077)	-33%	88 725
Energy sources		48 938	53 186	55 494	740	17 059	23 123	(6 064)	-26%	55 494
Water management		26 604	13 240	14 606	1 014	3 421	6 086	(2 665)	-44%	14 606
Waste water management		5 710	6 906	8 796	318	1 198	3 665	(2 467)	-67%	8 796
Waste management		8 129	8 799	9 828	767	3 214	4 095	(881)	-22%	9 828
<i>Other</i>		–	–	–	–	–	–	–	–	–
Total Expenditure - Functional	3	170 298	163 186	174 294	8 330	45 813	72 576	(26 763)	-37%	174 294
Surplus/ (Deficit) for the year		8 194	65 894	41 400	7 859	22 429	17 297	5 132	30%	41 400

7.2 C3-Monthly Budget Statement-Financial Performance

WC041 Kannaland - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M05 November

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		29 033	8 920	13 128	–	11 665	5 470	6 195	113,3%	13 128
Vote 2 - CORPORATE SERVICES		20 155	21 132	23 751	3 886	4 576	9 896	(5 320)	-53,8%	23 751
Vote 3 - FINANCIAL SERVICES		25 450	28 412	34 190	3 722	14 131	14 246	(115)	-0,8%	34 190
Vote 4 - TECHNICAL SERVICES		103 855	170 617	144 626	8 580	37 869	60 261	(22 391)	-37,2%	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	178 493	229 081	215 695	16 189	68 241	89 873	(21 631)	-24,1%	215 695
Expenditure by Vote	1									
Vote 1 - MUNICIPAL MANAGER		14 811	12 074	16 836	1 237	4 345	7 015	(2 670)	-38,1%	16 836
Vote 2 - CORPORATE SERVICES		29 694	30 120	30 234	2 051	7 451	12 551	(5 101)	-40,6%	30 234
Vote 3 - FINANCIAL SERVICES		26 761	25 429	27 310	1 662	6 980	11 379	(4 400)	-38,7%	27 310
Vote 4 - TECHNICAL SERVICES		98 593	94 418	98 768	3 259	26 585	41 153	(14 568)	-35,4%	98 768
Vote 5 - CALITZDORP SPA		–	–	–	–	–	–	–	–	–
Vote 6 - CORPORATE SERVICES (Continued)		439	1 145	1 145	121	452	477	(25)	-5,3%	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	170 298	163 186	174 294	8 330	45 813	72 576	(26 763)	-36,9%	174 294
Surplus/ (Deficit) for the year	2	8 194	65 894	41 400	7 859	22 429	17 297	5 132	29,7%	41 400

8 EXPENDITURE ON COUNCILLOR, SENIOR MANAGERS AND OTHER STAFF

8.1 Supporting Table SC8

WC041 Kannaland - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M05 November

Summary of Employee and Councillor remuneration	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands		A	B	C						D
Councillors (Political Office Bearers plus Other)	1									
Basic Salaries and Wages		2 464	2 794	2 468	162	565	1 029	(464)	-45%	2 468
Pension and UIF Contributions		–	56	–	9	46	–	46	#DIV/0!	–
Medical Aid Contributions		91	35	221	11	53	92	(39)	-42%	221
Motor Vehicle Allowance		342	308	261	13	100	109	(9)	-8%	261
Cellphone Allowance		249	384	311	26	130	130	–		311
Housing Allowances		–	–	–	–	–	–	–		–
Other benefits and allowances		–	–	–	–	–	–	–		–
Sub Total - Councillors		3 146	3 578	3 262	220	893	1 359	(466)	-34%	3 262
% increase	4		13,8%	3,7%						3,7%
Senior Managers of the Municipality	3									
Basic Salaries and Wages		1 987	3 120	3 015	171	1 127	1 256	(129)	-10%	3 015
Pension and UIF Contributions		1	–	–	–	0	–	0	#DIV/0!	–
Medical Aid Contributions		–	–	–	–	–	–	–		–
Overtime		–	–	–	–	–	–	–		–
Performance Bonus		(46)	–	194	–	–	81	(81)	-100%	194
Motor Vehicle Allowance		517	90	240	12	86	100	(14)	-14%	240
Cellphone Allowance		13	64	30	5	20	13	8	60%	30
Housing Allowances		–	10	–	–	–	–	–		–
Other benefits and allowances		43	39	22	6	28	9	19	217%	22
Payments in lieu of leave		–	–	–	–	–	–	–		–
Long service awards		–	–	–	–	–	–	–		–
Post-retirement benefit obligations		–	–	–	–	–	–	–		–
Sub Total - Senior Managers of Municipality	2	2 514	3 324	3 500	194	1 262	1 458	(196)	-13%	3 500
% increase	4		32,2%	39,2%						39,2%
Other Municipal Staff										
Basic Salaries and Wages		38 238	37 386	41 892	3 369	13 642	17 409	(3 767)	-22%	41 892
Pension and UIF Contributions		5 859	6 446	6 170	483	1 917	2 571	(654)	-25%	6 170
Medical Aid Contributions		1 566	2 050	1 800	170	698	750	(52)	-7%	1 800
Overtime		4 290	1 880	1 912	329	1 575	797	779	98%	1 912
Performance Bonus		2 252	–	–	801	844	–	844	#DIV/0!	–
Motor Vehicle Allowance		2 107	2 672	2 160	170	707	900	(193)	-21%	2 160
Cellphone Allowance		148	171	111	7	33	46	(13)	-28%	111
Housing Allowances		257	344	106	40	114	44	70	159%	106
Other benefits and allowances		1 680	3 998	3 442	768	1 048	1 434	(386)	-27%	3 442
Payments in lieu of leave		654	47	94	–	–	39	(39)	-100%	94
Long service awards		85	–	–	–	–	–	–		–
Post-retirement benefit obligations		(1 060)	–	–	–	–	–	–		–
Sub Total - Other Municipal Staff	2	56 075	54 993	57 687	6 136	20 578	23 990	(3 412)	-14%	57 687
% increase	4		-1,9%	2,9%						2,9%
Total Parent Municipality		61 734	61 896	64 448	6 550	22 734	26 807	(4 074)	-15%	64 448

- **Employee Related Costs:** The budget amounts to **R61.19 million**, while the expenditure to date amounts to **R16.18 million or 35 percent** of the budget.
- **Remuneration of Councillors:** The budget amounts to **R3.26 million**, while the expenditure to date amounts to **R893 thousand or 27 percent** of the budget.

8.2 Long-term borrowing

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

Date: 10.09.2018



ACCOUNT STATEMENT

Repayment Due	02.11.2020	02.11.2020	-46,201.76	0.00	-13,798.24	-60,000.00	1,253,503.65	1,253,503.65
Interest Accrual	30.11.2020	30.11.2020	0.00	12,919.56	0.00	12,919.56	1,266,423.21	1,253,503.65
Interest Capitalisation	30.11.2020	30.11.2020	0.00	-12,919.56	12,919.56	0.00	1,266,423.21	1,266,423.21
Repayment Due	30.11.2020	30.11.2020	-47,080.44	0.00	-12,919.56	-60,000.00	1,206,423.21	1,206,423.21

- The total outstanding long-term debt of Kannaland Municipality amounts to **R1.20 million** as at **30 November 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 **R13 thousand**.

8 MATERIAL VARIANCES TO THE SDBIP

See attached the Deviation Register for the reporting month.

6 QUALITY CERTIFICATE

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

Print name: ...**Roland F. Butler**.....

Signature:

Date 13 November 2020