



KANNALAND
MUNISIPALITEIT | MUNICIPALITY

MONTHLY BUDGET STATEMENT

JANUARY 2021

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.

CONTENTS

GLOSSARY	5
LEGISLATIVE FRAMEWORK	7
PART 1 – IN-YEAR REPORT	9
1. MAYOR'S REPORT	9
2. RESOLUTIONS	9
3. EXECUTIVE SUMMARY	9
3.1 Introduction	9
3.2 Consolidated performance	12
4. MAIN BUDGET SCHEDULES	21
4.1 Table C2: Monthly Budget Statement - Financial Performance (standard classification)	21
4.3 Table C4: Monthly Budget Statement - Financial Performance (revenue and expenditure)	23
4.4 Table C5: Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding)	24
4.5 Table C6: Monthly Budget Statement - Financial Position	26
4.6 Table C7: Monthly Budget Statement - Cash Flow	29
PART 2 – SUPPORTING DOCUMENTATION	31
5. DEBTORS' ANALYSIS	31
6. CREDITORS' ANALYSIS	32
7. INVESTMENT PORTFOLIO ANALYSIS	33
7.1 Supporting Table SC5	33
8. ALLOCATION AND GRANT RECEIPTS AND EXPENDITURE	34
8.1 Supporting Table SC6	34
8.2 Supporting Table SC7 (1)	35
9. EXPENDITURE ON COUNCILLOR, SENIOR MANAGERS AND OTHER STAFF	36
9.1 Supporting Table SC8	36
10. LONG TERM BORROWINGS	37
11. MATERIAL VARIANCES TO THE SDBIP	37

12.	CAPITAL PROGRAMME PERFORMANCE	38
12.1	Supporting Table SC12	38
13.	QUALITY CERTIFICATE.....	39

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 principal 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 **January 2021**.

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 **January 2021**. 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.

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

Performance against the Budget

Operational Expenditure

The municipality total operational budget amounts to **R175 million** in the first adjustment budget of **2020/2021** and the year-to-date expenditure on the budget is **R75 million** which represents **43 percent** of total expenditure to date. The biggest expenditure in the budget is the Employee related Cost **R34 million or 45 percent** of the year-to-date expenditure and the Bulk Purchases amounted to **R31 million or 41 percent** combined it is **86 percent** of the total year to date expenditure. The expenditure has been severely affected by the continued lock-down restrictions and cost containment

Operational Revenue

The municipality total operational revenue budget amounts to **R179 million** in the adjustment budget of 2020/21 and the year-to-date performance is **R95 million or 53 percent** of the total revenue budget. The biggest revenue performance comes from service charges to the value of **R51 million or 53 percent** of the year-to-date expenditure.

Capital Expenditure

The total capital budget for the municipality is **R 44 million** that is 100 percent funded from National and Provincial grants. The National grant for Capital is **R38 million** while the Provincial government funds **R6 million**. The total year to date on all capital expenditure is **R8 million or 18 percent**. The expenditure percentage on capital budget is below expected expenditure.

Material variances against the Service Delivery Budget Implementation Plan

No material variances reported in the reporting period

Recommendation

These recommendations are linked to the responsibilities of the Accounting Officer as per section 71 of the MFMA.

- Directorates are to ensure that the Budget is implemented in accordance with the Service Delivery and Budget Implementation Plan of the Municipality.
- That Strategic decisions / resolutions to improve the Capital expenditure be implemented.
- The Financial Recovery Plan take into consideration COVID19 pandemic which has negatively impacted the financial position of the municipality.
- That measures on debt collection are implemented and applied effectively taking into account Covid 19 pandemic to improve revenue collection.
- That the funding plan addresses all issues and challenges on the financial performance of the municipality.

3.2 Consolidated performance

WC041 Kannaland - Table C1 Monthly Budget Statement Summary - M07 January

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	1 219	13 131	14 275	(1 144)	-8%	24 471
Service charges	86 195	92 033	94 205	7 917	51 113	54 953	(3 840)	-7%	94 205
Investment revenue	1 014	—	700	0	510	408	102	25%	700
Transfers and subsidies	40 064	37 753	44 819	458	27 935	26 145	1 791	7%	44 819
Other own revenue	12 858	14 384	15 384	995	3 177	8 974	(5 797)	-65%	15 384
Total Revenue (excluding capital transfers and contributions)	156 884	163 710	179 579	10 588	95 867	104 754	(8 888)	-8%	179 579
Employee costs	58 588	58 317	61 187	4 904	33 174	35 683	(2 509)	-7%	61 187
Remuneration of Councillors	3 146	3 578	3 262	268	1 476	1 903	(426)	-22%	3 262
Depreciation & asset impairment	13 231	12 231	12 222	—	1	7 129	(7 128)	-100%	12 222
Finance charges	5 267	227	181	56	229	106	123	117%	181
Materials and bulk purchases	43 225	48 900	54 100	3 322	31 788	31 558	230	1%	54 100
Transfers and subsidies	96	470	470	40	80	274	(194)	-71%	470
Other expenditure	46 746	39 462	43 923	1 026	9 005	25 621	(16 615)	-65%	43 923
Total Expenditure	170 298	163 186	175 344	9 615	75 754	102 274	(26 519)	-26%	175 344
Surplus/(Deficit)	(13 414)	524	4 235	974	20 112	2 481	17 632	711%	4 235
Transfers and subsidies - capital (monetary allocations)	21 608	65 370	37 165	—	3 124	21 680	(18 556)	-86%	37 165
Contributions & Contributed assets	—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after capital transfers & contributions	8 194	65 894	41 400	974	23 236	24 160	(924)	-4%	41 400
Share of surplus/ (deficit) of associate	—	—	—	—	—	—	—	—	—
Surplus/ (Deficit) for the year	8 194	65 894	41 400	974	23 236	24 160	(924)	-4%	41 400
Capital expenditure & funds sources									
Capital expenditure	20 338	95 436	44 163	—	8 344	25 762	(17 417)	-68%	44 163
Capital transfers recognised	20 122	63 321	44 151	—	8 344	25 755	(17 410)	-68%	44 151
Public contributions & donations	—	—	—	—	—	—	—	—	—
Borrowing	—	—	—	—	—	—	—	—	—
Internally generated funds	98	—	—	—	—	—	—	—	—
Total sources of capital funds	20 220	63 321	44 151	—	8 344	25 755	(17 410)	-68%	44 151
Financial position									
Total current assets	17 171	(110 474)	86 480		41 147				86 480
Total non current assets	7 375	390 363	31 962		8 344				31 962
Total current liabilities	11 621	(5 325)	80 755		16 552				80 755
Total non current liabilities	4 033	30 340	(1 292)		(8)				(1 292)
Community wealth/Equity	699	250 300	—		97				—
Cash flows									
Net cash from (used) operating	(130 383)	(369 853)	(362 516)	(3 794)	(12 478)	(211 457)	(198 979)	94%	(362 516)
Net cash from (used) investing	437	(95 436)	(44 163)	—	—	(25 762)	(25 762)	100%	(44 163)
Net cash from (used) financing	63	(1 166)	(720)	4	35	(420)	(455)	108%	(720)
Cash/cash equivalents at the month/year end	(129 883)	(454 824)	(407 399)	—	(12 443)	(226 008)	(213 565)	94%	(407 399)
Debtors & creditors analysis	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
Debtors Age Analysis									
Total By Income Source	4 575	2 180	2 054	1 710	3 002	1 634	11 853	70 067	97 076
Creditors Age Analysis									
Total Creditors	2 710	5 382	4 469	590	23 115	2 949	—	—	39 215

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 **R10.59 million** and the expenditure amounted to **R9.6 million** thereby resulting in a deficit of **R974 thousand**.

Financial Performance

Property Rates

The Property Rates collection showed a performance of **R1.22 million** in **January 2021** a slight decrease from the reported figure of **R1.22 million** in the month of **December 2020**. The strict restriction in terms of business activities in Level 3 Mid-December, will have an impact on the municipal revenue performance.

Service Charges

The municipality recorded an overall service charge billing of **R7.92 million** in **January 2021** a light increase from the reported figures of **R7.09 million** in **December 2020**. The strict restriction in terms of business activities in Level 3 mid-December, will have an impact on the municipal revenue performance.

Other revenue

The municipality recorded an overall performance of **R995 thousand** in **January 2021** an increase in the reported figures of **R283 thousand** for other revenue from **December 2020**.

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 **R458 thousand in January 2021**.

Overall, the revenue billed 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 **R5.17 million** in **January 2021** a slight increase from **R6.15 million** in **December 2020**. The variances are based in the fluctuating overtime and standby claims in the respective periods. Bonuses were also paid during **December 2020**. The employee related cost was manually prepared using the payroll system as we encountered system challenges on the updating of the trial balance for employee related. The municipality has further received communication on the exemption notice and council will advise step further in respect of the exemption notice.

Materials and Bulk Purchases

The municipality recorded expenditure of **R3.32 million** in **January 2021** a decrease in reported figure **R7.74 million** in **December 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 **December** in respect of the arrear account when the Equitable share was received.

Other expenditure

The total Other Expenditure in **January 2021** of **R1.03 million** a slight decrease from the recorded expenditure of **R1.35 million** in **December 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 **January 2021**. 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. Also, the municipality has not reported on debt impairment and depreciation on a monthly basis. This will be corrected in the reporting period of **February 2021**

3.2.1 REVENUE BY SOURCE AGAINST ANNUAL BUDGET

WC041 Kannaland - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M07 January

WC041 Ramatland - Table 04 Monthly Budget Statement - Financial Performance (Revenue and expenditure) - M07 January										
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	1 219	13 131	14 275	(1 144)	-8%	24 471
Service charges - electricity revenue		52 825	55 943	59 485	4 680	32 362	34 699	(2 338)	-7%	59 485
Service charges - water revenue		19 619	21 626	21 626	2 001	10 222	12 615	(2 393)	-19%	21 626
Service charges - sanitation revenue		7 008	7 520	6 149	645	4 387	3 587	800	22%	6 149
Service charges - refuse revenue		6 743	6 945	6 945	590	4 143	4 051	92	2%	6 945
Service charges - other		-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		528	17	367	41	292	214	78	37%	367
Interest earned - external investments		1 014	-	700	0	510	408	102	25%	700
Interest earned - outstanding debtors		2 432	5 567	5 567	6	10	3 247	(3 237)	-100%	5 567
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		7 428	7 384	7 584	835	1 709	4 424	(2 715)	-61%	7 584
Licences and permits		164	50	500	16	131	292	(161)	-55%	500
Agency services		828	1 000	1 000	70	676	583	93	16%	1 000
Transfers and subsidies		40 064	37 753	44 819	458	27 935	26 145	1 791	7%	44 819
Other revenue		1 477	365	365	27	358	213	145	68%	365
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		156 884	163 710	179 579	10 588	95 867	104 754	(8 888)	-8%	179 579

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 **January 2021** amounted to **R4.60 million** a slight increase from **R4.40 million** reported in **December 2020**. The year-to-date performance is **R32.36 million or 54 percent** of the total electricity revenue budget.

Water

We have a revenue performance amounted to **R2.01 million** in **January 2021** an increase from **R1.48 million** figures reported in **December 2020**. The year-to-date performance is **R10.22 million or 48 percent** of the total water revenue budget. The is underperformance on the revenue budget in the mid-year and this can be attributed to the impact of Covid-19 pandemic in the local and business community.

Sewerage

The municipality revenue performance amounted to **R645 thousand** in **January 2021** showing a slight increase from **R615 thousand** reported in **December 2020**. The year-to-date **R4.39 million or 71 percent** of the total budget in the mid-year which is above budget expectations.

Refuse Removal

The municipality revenue performance amounted to **R590 thousand** in **January 2021** a slight decrease from **R591 thousand** reported in **December 2020**. The year to date is **R3.55 million or 60 percent** of that total refuse budget in the mid-year which is in line with budget expectation and performance.

Payment percentage for the current year.

Collection percentage from July 2020 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
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		7 559 783,50	- 6 088 389,20	-80,54	145 235 273,21	(109 770 757,88)	75,58
Dec-20	7 935 142,29	(6 088 389,20)	413 244,19		8 627 089,53	- 6 492 305,57	-75,25	153 862 362,74	(116 263 063,45)	75,56
Jan-21	8 975 134,95	(6 492 305,57)	691 947,24		8 975 134,95	-	0,00	162 837 497,69	(116 263 063,45)	71,40

The reporting period of December collection percentage is sitting at **71.40 percent** and an average collection of **73 percent** collection for the first seven 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

- **Rental of facilities and equipment:** R 42 thousand received in **January 2021** slight decrease from **R38 thousand** reported in **December 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.
- **Other revenue:** **R27 thousand** in **January 2021** an increase from **R47 thousand** in **December 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.

3.2.2 EXPENDITURE BY SOURCE AGAINST ANNUAL BUDGET

WC041 Kannaland - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M07 January

W0041 Kamnaland - Table C4 Monthly Budget Statement - Financial Performance (Revenue and expenditure) - m07 January										
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 YearForecast
R thousands										
Expenditure By Type										
Employee related costs		58 588	58 317	61 187	4 904	33 174	35 683	(2 509)	-7%	61 187
Remuneration of councillors		3 146	3 578	3 262	268	1 476	1 903	(426)	-22%	3 262
Debt impairment		26 659	11 923	12 139	-	47	7 081	(7 034)	-99%	12 139
Depredation & asset impairment		13 231	12 231	12 222	-	1	7 129	(7 128)	-100%	12 222
Finance charges		5 267	227	181	56	229	106	123	117%	181
Bulk purchases		40 767	42 693	43 593	3 216	28 186	25 429	2 757	11%	43 593
Other materials		2 458	6 207	10 507	106	3 602	6 129	(2 527)	-41%	10 507
Contracted services		10 360	15 682	18 711	109	3 926	10 915	(6 988)	-64%	18 711
Transfers and subsidies		96	470	470	40	80	274	(194)	-71%	470
Other expenditure		9 701	11 857	13 073	917	5 032	7 625	(2 594)	-34%	13 073
Loss on disposal of PPE		25	-	-	-	-	-	-	-	-
Total Expenditure		170 298	163 186	175 344	9 615	75 754	102 274	(26 519)	-26%	175 344

The detailed operating expenditure items are as follows:

Employee Related Costs and Remuneration of councillors

Employee Related Cost amounted to **R4.90 million January 2021** slight decrease from **R5.97 million in December 2020** and the total Remuneration for Councillors is reported as **R268 thousand in January 2021** a slight increase from **R179 thousand** reported in **December 2020**. The decrease in employee related emanates from the payment of annual bonuses in **December 2020**. The municipality has applied for exemption on the annual increase as it can unfortunately not afford this increase due to financial constraints. The total year to date expenditure on employee related cost is **R33.17 million or 54 percent** and Councillors is **R1.48 million or 45 percent** of the total budget respectively

Contracted services

The municipality has expenditure for Contracted Services of **R109 thousand in January 2021** a decrease of **R809 thousand** reported in **December 2020** report. The total year to date on contracted service is **R3.93 million or 21 percent** of the total budget for contracted services. There is significant under-spending on contracted services as a result of the continued lockdown.

Other expenditure

Other Expenditure amounted to **R917 thousand in January 2021** an increase from **R539 thousand** reported in **December 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. The total year to date expenditure on all other expenditure is **R5.03 million or 39 percent**.

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.

3.2.3 CAPITAL EXPENDITURE BY SOURCE AGAINST ANNUAL BUDGET

WC041 Kannaland - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M07 January

Vote Description	Ref	2019/20 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	Budget Year 2020/21 YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Multi-Year expenditure appropriation	2									
Vote 1 - MUNICIPAL MANAGER		–	–	–	–	–	–	–	–	–
Vote 2 - CORPORATE SERVICES		–	1 000	1 650	–	–	963	(963)	-100%	1 650
Vote 3 - FINANCIAL SERVICES		–	–	–	–	–	–	–	–	–
Vote 4 - TECHNICAL SERVICES		1 863	–	–	–	–	–	–	–	–
Vote 5 - CALITZDORP SPA		–	–	–	–	–	–	–	–	–
Vote 6 - CORPORATE SERVICES (Continued)		–	–	–	–	–	–	–	–	–
Vote 7 - [NAME OF VOTE 7]		–	–	–	–	–	–	–	–	–
Vote 8 - [NAME OF VOTE 8]		–	–	–	–	–	–	–	–	–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
Total Capital Multi-year expenditure	4,7	1 863	1 000	1 650	–	–	963	(963)	-100%	1 650
Single Year expenditure appropriation	2									
Vote 1 - MUNICIPAL MANAGER		–	–	–	–	–	–	–	–	–
Vote 2 - CORPORATE SERVICES		1 763	11 889	4 454	–	394	2 598	(2 204)	-85%	4 454
Vote 3 - FINANCIAL SERVICES		118	430	–	–	–	–	–	–	–
Vote 4 - TECHNICAL SERVICES		16 594	82 117	38 059	–	7 950	22 201	(14 251)	-64%	38 059
Vote 5 - CALITZDORP SPA		–	–	–	–	–	–	–	–	–
Vote 6 - CORPORATE SERVICES (Continued)		–	–	–	–	–	–	–	–	–
Vote 7 - [NAME OF VOTE 7]		–	–	–	–	–	–	–	–	–
Vote 8 - [NAME OF VOTE 8]		–	–	–	–	–	–	–	–	–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
Total Capital single-year expenditure	4	18 475	94 436	42 513	–	8 344	24 799	(16 455)	-66%	42 513
Total Capital Expenditure	3	20 338	95 436	44 163	–	8 344	25 762	(17 417)	-68%	44 163
Capital Expenditure - Functional Classification										
Governance and administration		118	–	–	–	–	–	–	–	–
Executive and council		–	–	–	–	–	–	–	–	–
Finance and administration		118	–	–	–	–	–	–	–	–
Internal audit		–	–	–	–	–	–	–	–	–
Community and public safety		1 763	5 454	6 104	–	394	3 561	(3 166)	-89%	6 104
Community and social services		–	4 145	4 795	–	279	2 797	(2 518)	-90%	4 795
Sport and recreation		1 262	1 309	1 309	–	115	763	(648)	-85%	1 309
Public safety		500	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		–	–	19	–	–	11	(11)	-100%	19
Planning and development		–	–	–	–	–	–	–	–	–
Road transport		–	–	19	–	–	11	(11)	-100%	19
Environmental protection		–	–	–	–	–	–	–	–	–
Trading services		18 457	57 867	38 040	–	7 950	22 190	(14 240)	-64%	38 040
Energy sources		605	–	–	–	–	–	–	–	–
Water management		15 759	27 867	38 040	–	7 950	22 190	(14 240)	-64%	38 040
Waste water management		2 094	30 000	–	–	–	–	–	–	–
Waste management		–	–	–	–	–	–	–	–	–
Other		–	–	–	–	–	–	–	–	–
Total Capital Expenditure - Functional Classification	3	20 338	63 321	44 163	–	8 344	25 762	(17 417)	-68%	44 163
Funded by:										
National Government		14 060	59 721	38 106	–	7 830	22 229	(14 398)	-65%	38 106
Provincial Government		6 061	3 600	6 045	–	514	3 526	(3 012)	-85%	6 045
District Municipality		–	–	–	–	–	–	–	–	–
Other transfers and grants		–	–	–	–	–	–	–	–	–
Transfers recognised - capital		20 122	63 321	44 151	–	8 344	25 755	(17 410)	-68%	44 151
Public contributions & donations	5	–	–	–	–	–	–	–	–	–
Borrowing	6	–	–	–	–	–	–	–	–	–
Internally generated funds		98	–	–	–	–	–	–	–	–
Total Capital Funding		20 220	63 321	44 151	–	8 344	25 755	(17 410)	-68%	44 151

- The actual year-to-date Capital Expenditure amounts to **R8.34 million**.
- The total to date expenditure represents **31 percent** expenditure on year-to-date budget and **19 percent** of the total capital budget. It is expected the capital expenditure to pick up from the alert level one.
- All capital expenditure of the municipality is funded from Grants from National and Provincial government.

- The variance in the capital expenditure is influence by the ability of contractors to complete the projects in the Covid-19 restrictions and the municipality processes affected by the continued restrictions. The municipality will improve and speed up expenditure on all capital expenditure and require departments to spend in accordance with the SDBIP.

4. MAIN BUDGET SCHEDULES

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

WC041 Kannaland - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M07 January

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	2 119	40 937	27 962	12 975	46%	47 936
Executive and council		28 324	8 920	13 128	—	23 099	7 658	15 441	202%	13 128
Finance and administration		25 716	28 712	34 808	2 119	17 838	20 305	(2 466)	-12%	34 808
Internal audit		—	—	—	—	—	—	—	—	—
<i>Community and public safety</i>		14 385	15 167	16 818	480	4 690	9 810	(5 120)	-52%	16 818
Community and social services		12 204	14 967	15 617	462	4 568	9 110	(4 542)	-50%	15 617
Sport and recreation		—	—	—	—	—	—	—	—	—
Public safety		2 181	—	—	18	122	—	122	#DIV/0!	—
Housing		—	200	1 201	—	—	700	(700)	-100%	1 201
Health		—	—	—	—	—	—	—	—	—
<i>Economic and environmental services</i>		7 356	7 398	8 048	70	974	4 694	(3 720)	-79%	8 048
Planning and development		—	—	—	—	—	—	—	—	—
Road transport		7 356	7 398	8 048	70	974	4 694	(3 720)	-79%	8 048
Environmental protection		—	—	—	—	—	—	—	—	—
<i>Trading services</i>		102 712	168 884	143 944	7 919	52 389	83 967	(31 578)	-38%	143 944
Energy sources		53 144	59 735	61 906	4 680	32 362	36 112	(3 750)	-10%	61 906
Water management		34 429	50 507	52 302	2 003	11 498	30 509	(19 011)	-62%	52 302
Waste water management		7 682	44 106	14 106	645	4 387	8 228	(3 842)	-47%	14 106
Waste management		7 457	14 537	15 630	590	4 143	9 117	(4 974)	-55%	15 630
<i>Other</i>	4	—	—	—	—	—	—	—	—	—
Total Revenue - Functional	2	178 493	229 081	216 745	10 588	98 991	126 434	(27 444)	-22%	216 745
Expenditure - Functional										
<i>Governance and administration</i>		56 151	51 106	56 933	3 160	23 662	33 210	(9 548)	-29%	56 933
Executive and council		14 811	12 074	16 836	956	6 987	9 821	(2 834)	-29%	16 836
Finance and administration		41 340	39 031	40 097	2 204	16 675	23 389	(6 714)	-29%	40 097
Internal audit		—	—	—	—	—	—	—	—	—
<i>Community and public safety</i>		11 134	10 729	11 119	757	5 208	6 477	(1 269)	-20%	11 119
Community and social services		6 317	8 333	8 101	605	3 663	4 725	(1 062)	-22%	8 101
Sport and recreation		387	812	779	24	141	445	(304)	-68%	779
Public safety		3 629	207	203	63	967	119	848	715%	203
Housing		801	1 376	2 035	64	436	1 187	(751)	-63%	2 035
Health		—	—	—	—	—	—	—	—	—
<i>Economic and environmental services</i>		13 633	19 221	17 517	535	3 429	10 218	(6 789)	-66%	17 517
Planning and development		—	—	10	—	—	6	(6)	-100%	10
Road transport		13 633	19 221	17 507	535	3 429	10 213	(6 783)	-66%	17 507
Environmental protection		—	—	—	—	—	—	—	—	—
<i>Trading services</i>		89 380	82 131	89 775	5 163	43 455	52 368	(8 913)	-17%	89 775
Energy sources		48 938	53 186	55 494	3 560	31 442	32 372	(929)	-3%	55 494
Water management		26 604	13 240	14 606	590	5 024	8 520	(3 496)	-41%	14 606
Waste water management		5 710	6 906	8 796	290	1 819	5 131	(3 312)	-65%	8 796
Waste management		8 129	8 799	10 878	723	5 170	6 345	(1 176)	-19%	10 878
<i>Other</i>		—	—	—	—	—	—	—	—	—
Total Expenditure - Functional	3	170 298	163 186	175 344	9 615	75 754	102 274	(26 519)	-26%	175 344
Surplus/ (Deficit) for the year		8 194	65 894	41 400	974	23 236	24 160	(924)	-4%	41 400

4.2 Table C3: Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote)

WC041 Kannaland - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M07 January

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	–	23 099	7 658	15 441	201,6%	13 128
Vote 2 - CORPORATE SERVICES		20 155	21 132	23 751	102	4 923	13 855	(8 932)	-64,5%	23 751
Vote 3 - FINANCIAL SERVICES		25 450	28 412	34 190	2 109	17 632	19 944	(2 312)	-11,6%	34 190
Vote 4 - TECHNICAL SERVICES		103 855	170 617	145 676	8 377	53 336	84 978	(31 641)	-37,2%	145 676
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	216 745	10 588	98 991	126 434	(27 444)	-21,7%	216 745
Expenditure by Vote	1									
Vote 1 - MUNICIPAL MANAGER		14 811	12 074	16 836	956	6 987	9 821	(2 834)	-28,9%	16 836
Vote 2 - CORPORATE SERVICES		29 694	30 120	30 234	1 923	11 744	17 627	(5 883)	-33,4%	30 234
Vote 3 - FINANCIAL SERVICES		26 761	25 429	27 310	1 167	10 474	15 931	(5 457)	-34,3%	27 310
Vote 4 - TECHNICAL SERVICES		98 593	94 418	99 818	5 526	45 948	58 227	(12 279)	-21,1%	99 818
Vote 5 - CALITZDORP SPA		–	–	–	–	–	–	–		–
Vote 6 - CORPORATE SERVICES (Continued)		439	1 145	1 145	43	601	668	(67)	-10,0%	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	175 344	9 615	75 754	102 274	(26 519)	-25,9%	175 344
Surplus/ (Deficit) for the year	2	8 194	65 894	41 400	974	23 236	24 160	(924)	-3,8%	41 400

4.3 Table C4: Monthly Budget Statement - Financial Performance (revenue and expenditure)

WC041 Kannaland - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M07 January

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	1 219	13 131	14 275	(1 144)	-8%	24 471
Service charges - electricity revenue			52 825	55 943	59 485	4 680	32 362	34 699	(2 338)	-7%	59 485
Service charges - water revenue			19 619	21 626	21 626	2 001	10 222	12 615	(2 393)	-19%	21 626
Service charges - sanitation revenue			7 008	7 520	6 149	645	4 387	3 587	800	22%	6 149
Service charges - refuse revenue			6 743	6 945	6 945	590	4 143	4 051	92	2%	6 945
Service charges - other			—	—	—	—	—	—	—	—	—
Rental of facilities and equipment			528	17	367	41	292	214	78	37%	367
Interest earned - external investments			1 014	—	700	0	510	408	102	25%	700
Interest earned - outstanding debtors			2 432	5 567	5 567	6	10	3 247	(3 237)	-100%	5 567
Dividends received			—	—	—	—	—	—	—	—	—
Fines, penalties and forfeits			7 428	7 384	7 584	835	1 709	4 424	(2 715)	-61%	7 584
Licences and permits			164	50	500	16	131	292	(161)	-55%	500
Agency services			828	1 000	1 000	70	676	583	93	16%	1 000
Transfers and subsidies			40 064	37 753	44 819	458	27 935	26 145	1 791	7%	44 819
Other revenue			1 477	365	365	27	358	213	145	68%	365
Gains on disposal of PPE			—	—	—	—	—	—	—	—	—
Total Revenue (excluding capital transfers and contributions)			156 884	163 710	179 579	10 588	95 867	104 754	(8 888)	-8%	179 579
Expenditure By Type											
Employee related costs			58 588	58 317	61 187	4 904	33 174	35 683	(2 509)	-7%	61 187
Remuneration of councillors			3 146	3 578	3 262	268	1 476	1 903	(426)	-22%	3 262
Debt impairment			26 659	11 923	12 139	—	47	7 081	(7 034)	-99%	12 139
Depreciation & asset impairment			13 231	12 231	12 222	—	1	7 129	(7 128)	-100%	12 222
Finance charges			5 267	227	181	56	229	106	123	117%	181
Bulk purchases			40 767	42 693	43 593	3 216	28 186	25 429	2 757	11%	43 593
Other materials			2 458	6 207	10 507	106	3 602	6 129	(2 527)	-41%	10 507
Contracted services			10 360	15 682	18 711	109	3 926	10 915	(6 988)	-64%	18 711
Transfers and subsidies			96	470	470	40	80	274	(194)	-71%	470
Other expenditure			9 701	11 857	13 073	917	5 032	7 625	(2 594)	-34%	13 073
Loss on disposal of PPE			25	—	—	—	—	—	—	—	—
Total Expenditure			170 298	163 186	175 344	9 615	75 754	102 274	(26 519)	-26%	175 344
Surplus/(Deficit)			(13 414)	524	4 235	974	20 112	2 481	17 632	0	4 235
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)			21 608	65 370	37 165	—	3 124	21 680	(18 556)	(0)	37 165
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)			—	—	—	—	—	—	—	—	—
Transfers and subsidies - capital (in-kind - all)			—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after capital transfers & contributions			8 194	65 894	41 400	974	23 236	24 160			41 400
Taxation			—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after taxation			8 194	65 894	41 400	974	23 236	24 160			41 400
Atributable to minorities			—	—	—	—	—	—			—
Surplus/(Deficit) attributable to municipality			8 194	65 894	41 400	974	23 236	24 160			41 400
Share of surplus/ (deficit) of associate			—	—	—	—	—	—			—
Surplus/ (Deficit) for the year			8 194	65 894	41 400	974	23 236	24 160			41 400

4.4 Table C5: Monthly Budget Statement - Capital Expenditure (municipal vote, standard classification and funding)

WC041 Kannaland - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M07 January

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									
Multi-Year expenditure appropriation	2									
Vote 1 - MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-
Vote 2 - CORPORATE SERVICES		-	1 000	1 650	-	-	963	(963)	-100%	1 650
Vote 3 - FINANCIAL SERVICES		-	-	-	-	-	-	-	-	-
Vote 4 - TECHNICAL SERVICES		1 863	-	-	-	-	-	-	-	-
Vote 5 - CALITZDORP SPA		-	-	-	-	-	-	-	-	-
Vote 6 - CORPORATE SERVICES (Continued)		-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Capital Multi-year expenditure	4,7	1 863	1 000	1 650	-	-	963	(963)	-100%	1 650
Single Year expenditure appropriation	2									
Vote 1 - MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-
Vote 2 - CORPORATE SERVICES		1 763	11 889	4 454	-	394	2 598	(2 204)	-85%	4 454
Vote 3 - FINANCIAL SERVICES		118	430	-	-	-	-	-	-	-
Vote 4 - TECHNICAL SERVICES		16 594	82 117	38 059	-	7 950	22 201	(14 251)	-64%	38 059
Vote 5 - CALITZDORP SPA		-	-	-	-	-	-	-	-	-
Vote 6 - CORPORATE SERVICES (Continued)		-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Capital single-year expenditure	4	18 475	94 436	42 513	-	8 344	24 799	(16 455)	-66%	42 513
Total Capital Expenditure	3	20 338	95 436	44 163	-	8 344	25 762	(17 417)	-68%	44 163
Capital Expenditure - Functional Classification										
Governance and administration		118	-	-	-	-	-	-	-	-
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		118	-	-	-	-	-	-	-	-
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		1 763	5 454	6 104	-	394	3 561	(3 166)	-89%	6 104
Community and social services		-	4 145	4 795	-	279	2 797	(2 518)	-90%	4 795
Sport and recreation		1 262	1 309	1 309	-	115	763	(648)	-85%	1 309
Public safety		500	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		-	-	19	-	-	11	(11)	-100%	19
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		-	-	19	-	-	11	(11)	-100%	19
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		18 457	57 867	38 040	-	7 950	22 190	(14 240)	-64%	38 040
Energy sources		605	-	-	-	-	-	-	-	-
Water management		15 759	27 867	38 040	-	7 950	22 190	(14 240)	-64%	38 040
Waste water management		2 094	30 000	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	3	20 338	63 321	44 163	-	8 344	25 762	(17 417)	-68%	44 163
Funded by:										
National Government		14 060	59 721	38 106	-	7 830	22 229	(14 398)	-65%	38 106
Provincial Government		6 061	3 600	6 045	-	514	3 526	(3 012)	-85%	6 045
District Municipality		-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-
Transfers recognised - capital		20 121	63 321	44 151	-	8 344	25 755	(17 410)	-68%	44 151
Public contributions & donations	5	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-
Internally generated funds		98	-	-	-	-	-	-	-	-
Total Capital Funding		20 220	63 321	44 151	-	8 344	25 755	(17 410)	-68%	44 151

4.5 Table C6: Monthly Budget Statement - Financial Position

WC041 Kannaland - Table C6 Monthly Budget Statement - Financial Position - M07 January

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	109 598	35 335	109 598
Call investment deposits		29 476	8 387	—	8 376	—
Consumer debtors		1 748	(92 866)	(21 745)	10 548	(21 745)
Other debtors		(15 846)	(31 256)	3 629	(12 972)	3 629
Current portion of long-term receivables		(5)	(8)	—	—	—
Inventory		418	2 025	(5 002)	(141)	(5 002)
Total current assets		17 171	(110 474)	86 480	41 147	86 480
Non current assets						
Long-term receivables		—	—	—	—	—
Investments		—	—	—	—	—
Investment property		(124)	1 489	—	—	—
Investments in Associate		—	—	—	—	—
Property, plant and equipment		7 506	388 829	31 992	8 344	31 992
Agricultural		—	—	—	—	—
Biological assets		—	—	—	—	—
Intangible assets		(7)	45	(30)	—	(30)
Other non-current assets		—	—	—	—	—
Total non current assets		7 375	390 363	31 962	8 344	31 962
TOTAL ASSETS		24 546	279 889	118 442	49 491	118 442
LIABILITIES						
Current liabilities						
Bank overdraft		—	—	—	—	—
Borrowing		(504)	(972)	—	(324)	—
Consumer deposits		63	964	—	35	—
Trade and other payables		14 068	(7 970)	80 755	16 841	80 755
Provisions		(2 006)	2 654	—	—	—
Total current liabilities		11 621	(5 325)	80 755	16 552	80 755
Non current liabilities						
Borrowing		—	1 141	(1 292)	(8)	(1 292)
Provisions		4 033	29 199	—	—	—
Total non current liabilities		4 033	30 340	(1 292)	(8)	(1 292)
TOTAL LIABILITIES		15 654	25 016	79 462	16 544	79 462
NET ASSETS	2	8 893	254 873	38 980	32 948	38 980
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		751	251 727	—	—	—
Reserves		(52)	(1 427)	—	97	—
TOTAL COMMUNITY WEALTH/EQUITY	2	699	250 300	—	97	—

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 **R35.34 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. One of the most effective credit and debt control measures is blockage of electricity purchases in all arrear accounts, in areas serviced directly Eskom, this cannot be enforced.

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 **R8.34 million or 19 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

The municipality makes use of Standard bank overdraft facility to the amount of **R 4 million**.

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 **R12 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 - M07 January

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		–	(18 701)	(18 751)	331	2 625	(10 938)	13 564	-124%	(18 751)
Service charges		–	(111 548)	(108 772)	65	516	(63 451)	63 966	-101%	(108 772)
Other revenue		–	(2 027)	(3 027)	40	400	(1 766)	2 166	-123%	(3 027)
Government - operating		–	(35 224)	(40 373)	734	34 183	(23 551)	57 734	-245%	(40 373)
Government - capital		–	(63 321)	(35 766)	–	15 886	(20 864)	36 750	-176%	(35 766)
Interest		–	–	(4 842)	2	2	(2 825)	2 827	-100%	(4 842)
Dividends		–	–	–	–	–	–	–		–
Payments										
Suppliers and employees		(125 020)	(138 335)	(150 333)	(4 870)	(65 878)	(87 684)	(21 806)	25%	(150 333)
Finance charges		(5 267)	(227)	(181)	(56)	(173)	(106)	68	-64%	(181)
Transfers and Grants		(96)	(470)	(470)	(40)	(40)	(274)	(234)	85%	(470)
NET CASH FROM/(USED) OPERATING ACTIVITIES		(130 383)	(369 853)	(362 516)	(3 794)	(12 478)	(211 457)	(198 979)	94%	(362 516)
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)	(44 163)	–	–	(25 762)	(25 762)	100%	(44 163)
NET CASH FROM/(USED) INVESTING ACTIVITIES		437	(95 436)	(44 163)	–	–	(25 762)	(25 762)	100%	(44 163)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		–	–	–	–	–	–	–		–
Borrowing long term/refinancing		–	–	–	–	–	–	–		–
Increase (decrease) in consumer deposits		63	–	–	4	35	–	35	0%	–
Payments										
Repayment of borrowing		–	(1 166)	(720)	–	–	(420)	(420)	100%	(720)
NET CASH FROM/(USED) FINANCING ACTIVITIES		63	(1 166)	(720)	4	35	(420)	(455)	108%	(720)
NET INCREASE/ (DECREASE) IN CASH HELD		(129 883)	(466 456)	(407 399)	(3 790)	(12 443)	(237 639)			(407 399)
Cash/cash equivalents at beginning:		–	11 631	–		–	11 631			–
Cash/cash equivalents at month/year end:		(129 883)	(454 824)	(407 399)		(12 443)	(226 008)			(407 399)

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 mapping in the cash flow of the municipality is not yet correct, with the assistance of the MFIMP and system provider, we are correcting the issues of the funding segment.

The total bank balance as at **31 January 2021** was as follows;

- Standard Bank Main Account is – **R2.53 million (overdraft)**
- The Traffic Account and the **R780 thousand**, and
- Deposit Account has **R5.25 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 - M07 January

Description	NT Code	Budget Year 2020/21											
		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	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy
R thousands													
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200	2 049	709	715	501	549	478	5 336	14 157	24 493	21 020	-	-
Trade and Other Receivables from Exchange Transactions - Electricity	1300	998	163	145	97	99	98	383	1 536	3 519	2 213	-	-
Receivables from Non-exchange Transactions - Property Rates	1400	1 508	428	358	318	1 539	279	1 552	14 063	20 047	17 752	-	-
Receivables from Exchange Transactions - Waste Water Management	1500	528	251	246	245	246	246	1 351	9 720	12 833	11 807	-	-
Receivables from Exchange Transactions - Waste Management	1600	1 063	426	404	394	389	385	2 378	12 006	17 445	15 552	-	-
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	-	23	23	23	-	-
Interest on Arrear Debtor Accounts	1810	15	25	36	30	65	38	307	16 206	16 721	16 645	-	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-
Other	1900	(1 586)	177	150	126	115	111	546	2 356	1 996	3 255	-	-
Total By Income Source	2000	4 575	2 180	2 054	1 710	3 002	1 634	11 853	70 067	97 076	88 267	-	-
2019/20 - totals only										-	-		
Debtors Age Analysis By Customer Group													
Organs of State	2200	(234)	112	67	26	402	14	83	542	1 012	1 068	-	-
Commercial	2300	711	178	176	127	258	126	644	2 645	4 866	3 800	-	-
Households	2400	4 227	1 754	1 674	1 426	1 733	1 372	10 362	57 539	80 085	72 431	-	-
Other	2500	(128)	136	138	132	609	122	764	9 342	11 114	10 968	-	-
Total By Customer Group	2600	4 575	2 180	2 054	1 710	3 002	1 634	11 853	70 067	97 076	88 267	-	-

- The total amount owed to Kannaland Municipality amounted to **R97.08** million during **January 2021** an increase from **R94.56** million reported in **December 2020**. This represents a **4 percent** increase.
- **R70.07 million or 72 percent** of the total outstanding debtors are older than one year.
- **R88.27 million or 90 percent** of the outstanding debtors are outstanding for more than 90 days and are less likely to be recoverable debt.

6. CREDITORS' ANALYSIS

WC041 Kannaland - Supporting Table SC4 Monthly Budget Statement - aged creditors - M07 January

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	–	4 444	4 274	–	5 730	2 949	–	–	17 397
Bulk Water	0200	26	21	–	–	–	–	–	–	47
PAYE deductions	0300	–	–	–	–	–	–	–	–	–
VAT (output less input)	0400	–	–	–	–	–	–	–	–	–
Pensions / Retirement deductions	0500	–	–	–	–	–	–	–	–	–
Loan repayments	0600	60	–	–	–	–	–	–	–	60
Trade Creditors	0700	930	439	138	31	7 349	–	–	–	8 888
Auditor General	0800	1 479	419	46	529	5 557	–	–	–	8 030
Other	0900	214	60	11	31	4 478	–	–	–	4 794
Total By Customer Type	1000	2 710	5 382	4 469	590	23 115	2 949	–	–	39 215

- The total outstanding creditors as at **January 2021** amounts to **R39.22 million**.
- The biggest outstanding creditors are Eskom (**R17.40 million**), the Auditor-General of South Africa (**R8.88 million**). Combined, the before mentioned, represents **67 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.

7. INVESTMENT PORTFOLIO ANALYSIS

7.1 Supporting Table SC5

No investment in the municipality

8. ALLOCATION AND GRANT RECEIPTS AND EXPENDITURE

8.1 Supporting Table SC6

WC041 Kannaland - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M07 January

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:												
Operating Transfers and Grants												
National Government:			31 250	35 990	39 976	458	25 957	23 319	2 638	11,3%	39 976	
Operational Revenue:General Revenue:Equitable Share			28 147	29 760	34 011	—	23 096	19 840	3 256	16,4%	34 011	
Expanded Public Works Programme Integrated Grant for Municipalities [Schedule 5B]			1 143	1 171	1 171	458	713	683	30	4,4%	1 171	
Local Government Financial Management Grant [Schedule 5B]			1 960	2 647	2 647	—	1 914	1 544	370	24,0%	2 647	
Municipal Systems Improvement Grant			—	1 900	1 635	—	—	954	(954)	-100,0%	1 635	
Municipal Infrastructure Grant [Schedule 5B]			—	512	512	—	234	298	(64)	-21,6%	512	
Provincial Government:			8 637	1 763	7 893	—	1 975	4 604	(2 629)	-57,1%	7 893	
Capacity Building			—	—	—	—	—	—	—	—	—	
Capacity Building and Other			8 637	1 713	7 843	—	1 975	4 575	(2 600)	-56,8%	7 843	
Disaster and Emergency Services			—	—	—	—	—	—	—	—	—	
Health			—	—	—	—	—	—	—	—	—	
Housing			—	—	—	—	—	—	—	—	—	
Infrastructure			—	50	50	—	—	29	(29)	-100,0%	50	
District Municipality:			—	—	—	—	—	—	—	—	—	
All Grants			—	—	—	—	—	—	—	—	—	
Other grant providers:			—	—	—	—	—	—	—	—	—	
Total Operating Transfers and Grants			5	39 887	37 753	47 868	458	27 932	27 923	9	0,0%	47 868
Capital Transfers and Grants												
National Government:			15 245	59 721	29 721	—	2 738	17 337	(14 600)	-84,2%	29 721	
Integrated National Electrification Programme (Municipal Grant) [Schedule 5B]			202	—	—	—	—	—	—	—	—	
Municipal Infrastructure Grant [Schedule 5B]			7 509	9 721	9 721	—	1 850	5 671	(3 821)	-67,4%	9 721	
Regional Bulk Infrastructure Grant (Schedule 5B)			—	30 000	—	—	—	—	—	—	—	
Water Services Infrastructure Grant [Schedule 5B]			7 534	20 000	20 000	—	888	11 667	(10 779)	-92,4%	20 000	
WIFI Connectivity			—	—	—	—	—	—	—	—	—	
Provincial Government:			6 363	5 649	4 395	—	386	2 564	(2 178)	-84,9%	4 395	
Capacity Building			—	—	—	—	—	—	—	—	—	
Capacity Building and Other			—	3 049	—	—	—	—	—	—	—	
Disaster and Emergency Services			—	—	—	—	—	—	—	—	—	
Health			—	—	—	—	—	—	—	—	—	
Housing			—	—	—	—	—	—	—	—	—	
Infrastructure			6 363	2 600	4 395	—	386	2 564	(2 178)	-84,9%	4 395	
Libraries, Archives and Museums			—	—	—	—	—	—	—	—	—	
Total Capital Transfers and Grants			5	21 608	65 370	34 116	—	3 124	19 901	(16 778)	-84,3%	34 116
TOTAL RECEIPTS OF TRANSFERS & GRANTS			5	61 496	103 123	81 985	458	31 056	47 824	(16 769)	-35,1%	81 985

The following Grants were received in the month of January

- Expanded Public Works Programme to an amount of **R527 thousand**.

8.2 Supporting Table SC7 (1)

WC041 Kannaland - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M07 January

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	26 164	29 388	184	3 157	18 372	(15 215)	-82,8%	29 604
Operational Revenue:General Revenue:Equitable Share		24 767	20 433	23 659	—	—	13 801	(13 801)	-100,0%	23 659
Operational:Revenue:General Revenue:Fuel Levy		—	—	—	—	—	—	—	—	—
Expanded Public Works Programme Integrated Grant for Municipalities [Schedule 5B]		1 000	1 172	1 171	103	676	683	(8)	-1,1%	1 171
Local Government Financial Management Grant [Schedule 5B]		1 651	2 647	2 647	40	2 167	2 647	(480)	-18,1%	2 647
Municipal Systems Improvement Grant		—	1 400	1 400	—	—	817	(817)	-100,0%	1 400
Municipal Infrastructure Grant [Schedule 5B]		668	512	512	40	315	424	(110)	-25,8%	727
Metro Informal Settlements Partnership Grant		—	—	—	—	—	—	—	—	—
Provincial Government:		5 377	6 486	10 134	194	3 163	4 133	(970)	-23,5%	7 085
Capacity Building		—	—	—	—	—	—	—	—	—
Capacity Building and Other		5 375	3 087	6 735	—	1 423	3 929	(2 506)	-63,8%	6 735
Disaster and Emergency Services		—	—	—	—	—	—	—	—	—
Health		—	—	—	—	—	—	—	—	—
Housing		—	—	—	—	—	—	—	—	—
Infrastructure		1	350	350	—	69	204	(135)	-66,1%	350
Libraries, Archives and Museums		—	3 049	3 049	194	1 670	—	1 670	#DIV/0!	—
Other grant providers:		—	—	—	—	—	—	—	—	—
Total operating expenditure of Transfers and Grants:		33 463	32 650	39 523	377	6 320	22 505	(16 185)	-71,9%	36 689
Capital expenditure of Transfers and Grants										
National Government:		14 060	59 721	38 106	—	7 830	22 229	(14 398)	-64,8%	38 106
Integrated National Electrification Programme (Municipal Grant) [Schedule 5B]		165	—	—	—	—	—	—	—	—
Municipal Infrastructure Grant [Schedule 5B]		7 354	9 721	12 490	—	2 961	7 286	(4 325)	-59,4%	12 490
Municipal Water Infrastructure Grant [Schedule 5B]		—	—	—	—	—	—	—	—	—
Regional Bulk Infrastructure Grant (Schedule 5B)		—	30 000	—	—	—	—	—	—	—
Water Services Infrastructure Grant [Schedule 5B]		6 541	20 000	25 616	—	4 869	14 943	(10 073)	-67,4%	25 616
Provincial Government:		6 061	3 600	6 045	—	514	3 526	(3 012)	-85,4%	6 045
Capacity Building		—	—	—	—	—	—	—	—	—
Capacity Building and Other		500	1 000	1 650	—	—	963	(963)	-100,0%	1 650
Infrastructure		5 561	2 600	4 395	—	514	2 564	(2 050)	-79,9%	4 395
Libraries, Archives and Museums		—	—	—	—	—	—	—	—	—
District Municipality:		—	—	—	—	—	—	—	—	—
All Grants		—	—	—	—	—	—	—	—	—
Other grant providers:		98	—	—	—	—	—	—	—	—
Departmental Agencies and Accounts		—	—	—	—	—	—	—	—	—
Foreign Government and International Organisations		—	—	—	—	—	—	—	—	—
Transfer from Operational Revenue		98	—	—	—	—	—	—	—	—
Total capital expenditure of Transfers and Grants		20 220	63 321	44 151	—	8 344	25 755	(17 410)	-67,6%	44 151
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		53 683	95 972	83 674	377	14 664	48 260	(33 595)	-69,6%	80 841

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

- Local Government Finance Management Grant **R40 thousand** for FMG interns.
- Municipal Infrastructure Grant **R40 thousand** for salaries of Project management unit.
- Expanded Public Works Programme (EPWP) **R103 thousand** for salaries.
- Library Grant for Salaries and Operational Expenditure **R194 thousand**.

9. EXPENDITURE ON COUNCILLOR, SENIOR MANAGERS AND OTHER STAFF

9.1 Supporting Table SC8

WC041 Kannaland - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M07 January

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		2 464	2 794	2 468	218	990	1 440	(450)	-31%	2 468
Pension and UIF Contributions		-	56	-	-	55	-	55	#DIV/0!	-
Medical Aid Contributions		91	35	221	11	86	129	(43)	-33%	221
Motor Vehicle Allowance		342	308	261	13	138	152	(14)	-9%	261
Cellphone Allowance		249	384	311	26	207	181	26	14%	311
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		-	-	-	-	-	-	-	-	-
Sub Total - Councillors		3 146	3 578	3 262	268	1 476	1 903	(426)	-22%	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	86	1 300	1 759	(459)	-26%	3 015
Pension and UIF Contributions		1	-	-	-	0	-	0	#DIV/0!	-
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		(46)	-	194	-	-	113	(113)	-100%	194
Motor Vehicle Allowance		517	90	240	8	103	140	(37)	-26%	240
Cellphone Allowance		13	64	30	3	25	18	8	43%	30
Housing Allowances		-	10	-	-	-	-	-	-	-
Other benefits and allowances		43	39	22	2	32	13	19	154%	22
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	2	-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality		2 514	3 324	3 500	99	1 460	2 042	(582)	-29%	3 500
% increase	4		32,2%	39,2%						39,2%
Other Municipal Staff										
Basic Salaries and Wages		38 238	37 386	41 892	3 215	20 771	24 428	(3 657)	-15%	41 892
Pension and UIF Contributions		5 859	6 446	6 170	474	2 870	3 599	(729)	-20%	6 170
Medical Aid Contributions		1 566	2 050	1 800	189	1 094	1 050	44	4%	1 800
Overtime		4 290	1 880	1 912	453	2 345	1 115	1 230	110%	1 912
Performance Bonus		2 252	-	-	-	1 697	-	1 697	#DIV/0!	-
Motor Vehicle Allowance		2 107	2 672	2 160	196	1 076	1 260	(184)	-15%	2 160
Cellphone Allowance		148	171	111	11	55	65	(9)	-14%	111
Housing Allowances		257	344	106	27	212	62	151	244%	106
Other benefits and allowances		1 680	3 998	3 442	241	1 594	2 008	(414)	-21%	3 442
Payments in lieu of leave		654	47	94	-	-	55	(55)	-100%	94
Long service awards		85	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	2	(1 060)	-	-	-	-	-	-	-	-
Sub Total - Other Municipal Staff		56 075	54 993	57 687	4 805	31 715	33 641	(1 926)	-6%	57 687
% increase	4		-1,9%	2,9%						2,9%
Total Parent Municipality		61 734	61 896	64 448	5 171	34 651	37 585	(2 935)	-8%	64 448

- Employee Related Costs:** The budget amounts to **R61.19 million**, while the expenditure to date amounts to **R33.18 million or 54 percent** of the budget. The variance can be attributed to budgeted position not yet filled these are anticipated to be filled by February to March 2021.
- Remuneration of Councillors:** The budget amounts to **R3.26 million**, while the expenditure to date amounts to **R1.48 million or 45 percent** of the budget. The variance can be attributed to parameter settings in councillors that are being addressed.

10. LONG TERM BORROWINGS

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

Date: 10.09.2018



ACCOUNT STATEMENT

	31.12.2020	31.12.2020	0.00	12,007.91	12,007.91	0.00	1,159,231.13	1,159,231.13
Repayment Due			-47,192.08	0.00	-12,807.92	-60,000.00	1,159,231.13	1,159,231.13
Interest Accrual	31.01.2021	31.01.2021	0.00	12,306.91	0.00	12,306.91	1,171,538.04	1,159,231.13
Interest Capitalisation	31.01.2021	31.01.2021	0.00	-12,306.91	12,306.91	0.00	1,171,538.04	1,171,538.04
Repayment Due	01.02.2021	01.02.2021	-47,693.09	0.00	-12,306.91	-60,000.00	1,111,538.04	1,111,538.04

- The total outstanding long-term debt of Kannaland Municipality amounts to **R1.11 million** as at **31 January 2021**.
- 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 **R12 thousand interest**.

11. MATERIAL VARIANCES TO THE SDBIP

No material variances to SDBIP reported

12. CAPITAL PROGRAMME PERFORMANCE

12.1 Supporting Table SC12

WC041 Kannaland - Supporting Table SC12 Monthly Budget Statement - capital expenditure trend - M07 January

Month	2019/20	Budget Year 2020/21							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	% spend of Original Budget
R thousands									
Monthly expenditure performance trend									
July	–	5 277	3 680	–	–	3 680	–	0,0%	0%
August	1 115	5 277	3 680	2 744	2 744	7 361	4 617	62,7%	4%
September	2 437	5 277	3 680	2 089	4 833	11 041	6 208	56,2%	8%
October	1 783	5 277	3 680	588	5 420	14 721	9 301	63,2%	9%
November	488	5 277	3 680	1 013	6 433	18 401	11 968	65,0%	10%
December	1 257	5 277	3 680	1 911	8 344	22 082	13 737	62,2%	13%
January	350	5 277	3 680	–	8 344	25 762	17 417	67,6%	13%
February	610	5 277	3 680	–	8 344	29 442	21 098	71,7%	13%
March	377	5 277	3 680	–	8 344	33 122	24 778	74,8%	13%
April	172	5 277	3 680	–	8 344	36 803	28 458	77,3%	13%
May	482	5 277	3 680	–	8 344	40 483	32 138	79,4%	13%
June	11 268	5 277	3 680	–	8 344	44 163	35 819	81,1%	13%
Total Capital expenditure	20 338	63 321	44 163	8 344					

13. QUALITY CERTIFICATE

I, **R. BUTLER**, the acting Accounting Officer of **Kannaland Municipality WC041**, hereby certify that the monthly budget statement for the month of **JANUARY 2021**, has been prepared in accordance with the Municipal Finance Management Act and regulations made under the Act.

Print name:

Signature:

Date February 2021

Format of monthly budget statements

28. 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.¹⁷

Tabling of monthly budget statements

29. 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.

Publication of monthly budget statements

30. (1) The monthly budget statement of a municipality must be placed on the municipality's website.¹⁸

(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) summaries of monthly budget statements in alternate languages predominant in the community; and
- (b) information relevant to each ward in the municipality.