



KANNALAND
MUNISIPALITEIT | MUNICIPALITY

Monthly Budget Report for February 2020/21



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 year's 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 and/or spending that is not authorized by council.

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.

PART 1: IN-YEAR REPORT

Section 1 – Mayor’s Report

1.1 In -Year Report – Monthly Budget Statement

The monthly budget statement, for February 2021, has been prepared in terms of the Municipal Budget and Reporting Regulations (2009) and the Municipal Finance Management Act 56 of 2003.

- a) The budget of the municipality has been implemented in terms of ***the Service Delivery Budget Implementation Plan (SDBIP)***. Details on the implementation and any material deviations from the SDBIP will be covered under Section 10 of this document.
- b) ***Financial problems or risks*** facing the municipality are numerous and have been exaggerated by the impact of Covid-19.

Cash flow has and will for the foreseeable future be a problem. 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 and a Budget Finding Plan have been developed and are being implemented to mitigate risk. Further details are attached as Annexure A in this report.

The municipality has applied the annual increase for municipal employees during the **February 2021** reporting period. This resulted in salary related back-pay with respect to July to January are being accounted for during the February reporting period.

At the time of reporting, the municipality had not yet tabled to council the adjustment budget, that takes into account the material under-performance and variances in respect of revenue and expenditure performance. The adjustment budget was tabled on **10 March 2021**, which will reflect on the March 2021 monthly budget report.

Section 2 – Resolutions

Recommendation:

That the Executive Mayor takes cognisance of the monthly budget statement **for February 2021**.

Section 3 – Executive Summary

1.1 Introduction

The Municipal Manager, as Accounting Officer of the Municipality, is required by Section 71(1) of the Municipal Finance Management Act to submit a monthly report in a prescribed format to the Mayor within 10 working days after the end of each month on the state of the Municipality's budget. The format and contents of the monthly budget report comply with the requirements as set out within the Municipal Budget and Reporting Regulations of 2009. The report will be made available to the public on the municipal website at www.kannaland.co.za

1.2 Consolidated Performance

The performance against the budget can be summarized as follow:

	Original Budget	Adjustments Budget	YTD Budget	YTD Actual	YTD Budget vs YTD Actual Variance	YTD Budget vs YTD Actual Variance %
Operating Revenue	R 163 710	R 177 158	R114 686	R 107 048	R 7 638	7%
Operating Expenditure	R 163 186	R 174 294	R118 510	R 87 217	R31 293	26%
Capital	R 63 321	R 37 550	R25 033	R 8 452	R16 581	66%

Operating Revenue

The year-to-date variance indicates an under performance against the year-to-date budget of 7%. The variance can be primarily attributed to the impact of not charging interest on outstanding debtors during the first quarter, a system error pertaining to the property rates forecast and the ending of the TMT (speed fines vendor) contract.

Operating expenditure

The operating expenditure has indicated a 26% under performance. This is attributed to the impact of the Covid-19 regulations in respect of economic activities.

Capital Expenditure

Capital expenditure indicates a 66% under performance against the year-to-date budget. The municipality's capital budget is mainly funded from conditional grants. Procurement was initially delayed due to the Covid-19 regulations that consequently had a negative impact on the implementation of the capital budget. Capital expenditure will be accelerated during the remainder of the financial year, to ensure that all allocated grant funding will be spent in an effort to prevent the potential risk of funding reverting back to the source.

TABLE C1 – MONTHLY BUDGET SUMMARY

WC041 Kannaland - Table C1 Monthly Budget Statement Summary - M08 February

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	22 821	1 221	14 352	15 214	(862)	-6%	22 821
Service charges	86 195	92 033	88 167	7 500	58 614	58 778	(164)	-0%	88 167
Investment revenue	1 014	–	815	196	707	543	163	30%	815
Transfers and subsidies	40 018	37 753	46 074	1 546	29 482	30 716	(1 234)	-4%	46 074
Other own revenue	12 858	14 384	14 154	718	3 895	9 436	(5 541)	-59%	14 154
Total Revenue (excluding capital transfers and contributions)	156 838	163 710	172 030	11 181	107 048	114 686	(7 638)	-7%	172 030
Employee costs	58 588	58 317	60 997	10 915	39 186	40 664	(1 479)	-4%	60 997
Remuneration of Councillors	3 146	3 578	3 394	128	1 336	2 263	(926)	-41%	3 394
Depreciation & asset impairment	13 551	12 231	12 222	8 148	8 149	8 148	1	0%	12 222
Finance charges	4 386	227	181	49	222	121	102	84%	181
Materials and bulk purchases	43 132	48 900	54 640	737	29 203	36 426	(7 223)	-20%	54 640
Transfers and subsidies	96	470	470	40	80	313	(233)	-74%	470
Other expenditure	44 554	39 462	45 863	1 060	9 040	30 575	(21 535)	-70%	45 863
Total Expenditure	167 454	163 186	177 767	21 077	87 217	118 510	(31 294)	-26%	177 767
Surplus/(Deficit)	(10 616)	524	(5 738)	(9 896)	19 832	(3 824)	23 655	-619%	(5 738)
Transfers and subsidies - capital (monetary allocations)	21 305	65 370	36 843	2 172	5 296	24 562	(19 266)	-78%	36 843
Contributions & Contributed assets	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	10 688	65 894	31 106	(7 723)	25 128	20 738	4 389	21%	31 106
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–
Surplus/ (Deficit) for the year	10 688	65 894	31 106	(7 723)	25 128	20 738	4 389	21%	31 106
Capital expenditure & funds sources									
Capital expenditure	20 120	95 436	53 888	108	8 452	25 033	(16 581)	-66%	53 888
Capital transfers recognised	19 903	63 321	36 850	108	8 452	24 567	(16 115)	-66%	36 850
Public contributions & donations	–	–	–	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–	–	–	–
Internally generated funds	98	–	700	–	–	467	(467)	-100%	700
Total sources of capital funds	20 002	63 321	37 550	108	8 452	25 033	(16 581)	-66%	37 550
Financial position									
Total current assets	16 827	(110 474)	83 830		30 362				83 830
Total non current assets	12 141	390 363	359 765		304				359 765
Total current liabilities	9 343	(5 325)	119 892		5 441				119 892
Total non current liabilities	13 992	30 340	34 327		(8)				34 327
Community wealth/Equity	(5 056)	250 300	259 321		105				259 321
Cash flows									
Net cash from (used) operating	(127 283)	(369 853)	(362 686)	(7 060)	(19 538)	(241 789)	(222 251)	92%	(362 686)
Net cash from (used) investing	656	(95 436)	(53 888)	–	–	(25 033)	(25 033)	100%	(53 888)
Net cash from (used) financing	63	(1 166)	(1 671)	10	45	(480)	(525)	109%	(1 671)
Cash/cash equivalents at the month/year end	(126 564)	(454 824)	(375 757)	–	(19 494)	(224 815)	(205 322)	91%	(418 245)
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	4 886	2 070	1 939	1 918	1 644	2 916	10 773	72 580	98 725
Creditors Age Analysis									
Total Creditors	6 604	4 855	762	6 290	20 453	–	–	–	38 964

Due to the cyclical nature of the economy and the current straight-line approach to budgeting, all deviations in excess of 10% will be treated as material unless otherwise stated. Material deviations will be explained, and recommendations will be made if the extent and nature of the deviation may necessitate action.

It should be noted that the straight-line budget approach will be addressed and adjusted to reflect the cyclical nature of the economy as soon as possible. A costly seamlessly integrated financial accounting system, as required in terms of mSCOA, will take time to implement due to financial constraints.

1.2.1 Revenue by Source

WC041 Kannaland - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M08 February

WCV47 Ramland - Table C4 - Monthly Budget Statement - Financial Performance (Revenue and Expenditure) - Feb February										
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	22 821	1 221	14 352	15 214	(862)	-6%	22 821
Service charges - electricity revenue		52 825	55 943	56 494	4 643	37 004	37 663	(658)	-2%	56 494
Service charges - water revenue		19 619	21 626	17 113	1 666	11 888	11 409	479	4%	17 113
Service charges - sanitation revenue		7 008	7 520	7 607	604	4 990	5 071	(81)	-2%	7 607
Service charges - refuse revenue		6 743	6 945	6 952	588	4 731	4 635	96	2%	6 952
Service charges - other		-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		528	17	567	46	338	378	(40)	-11%	567
Interest earned - external investments		1 014	-	815	196	707	543	163	30%	815
Interest earned - outstanding debtors		2 432	5 567	5 454	2	13	3 636	(3 623)	-100%	5 454
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		7 428	7 384	6 354	429	2 138	4 236	(2 098)	-50%	6 354
Licences and permits		164	50	215	19	150	143	7	5%	215
Agency services		828	1 000	1 025	160	836	683	152	22%	1 025
Transfers and subsidies		40 018	37 753	46 074	1 546	29 482	30 716	(1 234)	-4%	46 074
Other revenue		1 477	365	538	61	419	359	61	17%	538
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-

The underperformance on the revenue budget can be attributed to the impact of Covid-19 pandemic in the local and business community.

- **Property Rates** – collection showed a performance of **R1.22 million** in **February 2021** same figures reported of **R1.22 million** during **January 2021**. A **6%** variance from the YTD figures can be attributed to the rebates and exemptions components incorrectly accounted for in the budget due to a system error. This has been corrected within the adjustment budget.
- **Service Charges Electricity** - Revenue performance in **February 2021** amounted to **R4.64 million** a small decrease from **R4.68 million** reported in **January 2021**. It represents a **2%** variance from the YTD figures.
- **Service Charges Water Revenue** - amounted to **R1.67 million** in **February 2021** a decrease from **R2.01 million** reported in **January 2021**. It represents a 4% variance from the YTD figures.
- **Service Charges Sanitation Revenue** - amounted to **R604 thousand** in **February 2021** showing a slight decrease from **R640 thousand** reported in **January 2021**. It represents a 2% variance from the YTD figures.
- **Service Charges Refuse Revenue** - amounted to **R588 thousand** in **February 2021** a slight decrease from **R590 thousand** reported in **January 2021**. It represents a 2% variance from the YTD figures.

1.2.2 Expenditure by Source

WC041 Kannaland - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M08 February

Description	Ref	2019/20	Budget Year 2020/21							Full Year Forecast
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	
Expenditure By Type										
Employee related costs		58 588	58 317	60 997	10 915	39 186	40 664	(1 479)	-4%	60 997
Remuneration of councillors		3 146	3 578	3 394	128	1 336	2 263	(926)	-41%	3 394
Debt impairment		26 594	11 923	13 538	19	66	9 025	(8 959)	-99%	13 538
Depreciation & asset impairment		13 551	12 231	12 222	8 148	8 149	8 148	1	0%	12 222
Finance charges		4 386	227	181	49	222	121	102	84%	181
Bulk purchases		40 767	42 693	42 763	551	25 521	28 509	(2 988)	-10%	42 763
Other materials		2 365	6 207	11 877	186	3 683	7 918	(4 235)	-53%	11 877
Contracted services		8 160	15 682	18 471	734	4 552	12 314	(7 762)	-63%	18 471
Transfers and subsidies		96	470	470	40	80	313	(233)	-74%	470
Other expenditure		9 775	11 857	13 855	308	4 422	9 236	(4 814)	-52%	13 855
Loss on disposal of PPE		25	-	-	-	-	-	-	-	-
Total Expenditure		167 454	163 186	177 767	21 077	87 217	118 510	(31 294)	-26%	177 767

- **Employee Related Costs** – The employee related costs amounted to **R10 915 million**. The figure includes the January 2021 figures that were not updated through the financial system as a result of a technical error on the payroll update and February 2021 figures. The payroll for February 2021 included the municipal annual increases, back pay for the last 7 months and back-pay in bonuses as a result of unsuccessful application for exemption on salary increases.

Depreciation and Asset Impairment: The municipality has passed a journal for depreciation taking into account July 2020 until February 2021 of **R8 15 million**. The depreciation journal will be processed on a month-to-month basis from March 2021.

Contracted Services - The municipality has expenditure for Contracted Services of **R734 thousand** in **February 2021**, an increase from **R109 thousand** reported in **January 2021** report. The total year to date on contracted service is **R4.56 million** or **25%** of the total budget for contracted services. There is significant under-spending on contracted services as a result of the continued lockdown.

- **Other Expenditure** - amounted to **R308 thousand** in **February 2021** a decrease from **R917 thousand** reported in **January 2021**, 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 **R4.42 million** or **32%**.
- **Remuneration of Councillors**- the total Remuneration for Councillors is **R128 thousand** in **February 2021** a decrease from **R268 thousand** reported in **January 2021**. There are material differences on remuneration for councillors due to the system configuration, that is still being addressed.

1.2.3 Capital Expenditure by Source Against Annual Budget

WC041 Kannaland - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M08 February

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	-	-	1 100	(1 100)	-100%	1 650
Vote 3 - FINANCIAL SERVICES		-	-	700	-	-	467	(467)	-100%	700
Vote 4 - TECHNICAL SERVICES		1 645	-	-	-	-	-	-	-	-
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	1 645	1 000	2 350	-	-	1 567	(1 567)	-100%	2 350
Single Year expenditure appropriation	2									
Vote 1 - MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-
Vote 2 - CORPORATE SERVICES		1 763	11 889	4 955	48	443	2 969	(2 527)	-85%	4 955
Vote 3 - FINANCIAL SERVICES		118	430	-	-	-	-	-	-	-
Vote 4 - TECHNICAL SERVICES		16 594	82 117	46 584	59	8 009	20 497	(12 488)	-61%	46 584
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	51 538	108	8 452	23 467	(15 015)	-64%	51 538
Total Capital Expenditure	3	20 120	95 436	53 888	108	8 452	25 033	(16 581)	-66%	53 888
Capital Expenditure - Functional Classification										
Governance and administration		118	-	700	-	-	467	(467)	-100%	700
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		118	-	700	-	-	467	(467)	-100%	700
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		1 763	5 454	6 104	48	443	4 069	(3 627)	-89%	6 104
Community and social services		-	4 145	4 795	11	290	3 197	(2 907)	-91%	4 795
Sport and recreation		1 262	1 309	1 309	37	152	872	(720)	-83%	1 309
Public safety		500	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		-	-	7	-	-	5	(5)	-100%	7
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		-	-	7	-	-	5	(5)	-100%	7
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		18 239	57 867	30 739	59	8 009	20 493	(12 483)	-61%	30 739
Energy sources		605	-	2 699	-	-	1 799	(1 799)	-100%	2 699
Water management		15 540	27 867	28 040	59	8 009	18 693	(10 684)	-57%	28 040
Waste water management		2 094	30 000	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	3	20 120	63 321	37 550	108	8 452	25 033	(16 581)	-66%	37 550
Funded by:										
National Government		13 842	59 721	30 805	108	7 938	20 537	(12 599)	-61%	30 805
Provincial Government		6 061	3 600	6 045	-	514	4 030	(3 516)	-87%	6 045
District Municipality		-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-
Transfers recognised - capital		19 903	63 321	36 850	108	8 452	24 567	(16 115)	-66%	36 850
Public contributions & donations	5	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-
Internally generated funds		98	-	700	-	-	467	(467)	-100%	700
Total Capital Funding		20 002	63 321	37 550	108	8 452	25 033	(16 581)	-66%	37 550

- The actual year-to-date capital expenditure amounts to **R8.45 million**.
- The year-to-date expenditure is only 33% of the year-to-date forecast and **23%** of the total capital budget.
- All capital expenditure of the municipality is funded from national and provincial government grants.

1.2.4 Payment Percentage

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	8 337 529,52	- 7 607 868,93	-91,25	130 302 892,86	(98 090 246,44)	75,28
Oct-20	7 705 508,56	(7 607 868,93)	- 281 232,35	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	9 182 509,46	- 7 255 160,13	-79,01	163 044 872,20	(123 518 223,58)	75,76
Feb-21	8 591 572,27	(7 255 160,13)	207 374,51	8 591 572,27	-	0,00	171 636 444,47	(123 518 223,58)	71,97

The payment percentage indicates an average of **75%** which is below the anticipated payment percentage of **85%**.

1.3 Material differences to the SDBIP

Material differences to the SDBIP will be discussed under section 10.

1.4 Remedial actions

- Directorates are to ensure that the budget is implemented in accordance with the Service Delivery and Budget Implementation Plan (SDBIP) of the municipality;
- That Strategic decisions / resolutions to improve the capital expenditure be implemented;
- That monthly monitoring of the implementation of the Financial Recovery Plan and Budget Funding Plan takes place. The effort should be coordinated with giving the necessary and all-important consideration to the impact of the COVID-19 pandemic on municipal operations and more specifically municipal liquidity;
- That measures on debt collection are implemented and applied effectively;
- That the funding plan addresses all issues and challenges on the financial performance of the municipality and adapt to an ever-changing environment; and
- That the mayor considers the material deviations and that the necessary adjustments are made during the adjustments budget process in **February 2021**.

Section 4 – In-year budget statement tables

TABLE C4 – MONTHLY FINANCIAL PERFORMANCE

WC041 Kannaland - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M08 February

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	22 821	1 221	14 352	15 214	(862)	-6%	22 821
Service charges - electricity revenue			52 825	55 943	56 494	4 643	37 004	37 663	(658)	-2%	56 494
Service charges - water revenue			19 619	21 626	17 113	1 666	11 888	11 409	479	4%	17 113
Service charges - sanitation revenue			7 008	7 520	7 607	604	4 990	5 071	(81)	-2%	7 607
Service charges - refuse revenue			6 743	6 945	6 952	588	4 731	4 635	96	2%	6 952
Service charges - other			-	-	-	-	-	-	-	-	-
Rental of facilities and equipment			528	17	567	46	338	378	(40)	-11%	567
Interest earned - external investments			1 014	-	815	196	707	543	163	30%	815
Interest earned - outstanding debtors			2 432	5 567	5 454	2	13	3 636	(3 623)	-100%	5 454
Dividends received			-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits			7 428	7 384	6 354	429	2 138	4 236	(2 098)	-50%	6 354
Licences and permits			164	50	215	19	150	143	7	5%	215
Agency services			828	1 000	1 025	160	836	683	152	22%	1 025
Transfers and subsidies			40 018	37 753	46 074	1 546	29 482	30 716	(1 234)	-4%	46 074
Other revenue			1 477	365	538	61	419	359	61	17%	538
Gains on disposal of PPE			-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)			156 838	163 710	172 030	11 181	107 048	114 686	(7 638)	-7%	172 030
Expenditure By Type											
Employee related costs			58 588	58 317	60 997	10 915	39 186	40 664	(1 479)	-4%	60 997
Remuneration of councillors			3 146	3 578	3 394	128	1 336	2 263	(926)	-41%	3 394
Debt impairment			26 594	11 923	13 538	19	66	9 025	(8 959)	-99%	13 538
Depreciation & asset impairment			13 551	12 231	12 222	8 148	8 149	8 148	1	0%	12 222
Finance charges			4 386	227	181	49	222	121	102	84%	181
Bulk purchases			40 767	42 693	42 763	551	25 521	28 509	(2 988)	-10%	42 763
Other materials			2 365	6 207	11 877	186	3 683	7 918	(4 235)	-53%	11 877
Contracted services			8 160	15 682	18 471	734	4 552	12 314	(7 762)	-63%	18 471
Transfers and subsidies			96	470	470	40	80	313	(233)	-74%	470
Other expenditure			9 775	11 857	13 855	308	4 422	9 236	(4 814)	-52%	13 855
Loss on disposal of PPE			25	-	-	-	-	-	-	-	-
Total Expenditure			167 454	163 186	177 767	21 077	87 217	118 510	(31 294)	-26%	177 767
Surplus/(Deficit)			(10 616)	524	(5 738)	(9 896)	19 832	(3 824)	23 655	(0)	(5 738)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)			21 305	65 370	36 843	2 172	5 296	24 562	(19 266)	(0)	36 843
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			10 688	65 894	31 106	(7 723)	25 128	20 738			31 106
Taxation			-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation			10 688	65 894	31 106	(7 723)	25 128	20 738			31 106
Attributable to minorities			-	-	-	-	-	-			-
Surplus/(Deficit) attributable to municipality			10 688	65 894	31 106	(7 723)	25 128	20 738			31 106
Share of surplus/ (deficit) of associate			-	-	-	-	-	-			-
Surplus/ (Deficit) for the year			10 688	65 894	31 106	(7 723)	25 128	20 738			31 106

TABLE C6 – MONTHLY BUDGETED FINANCIAL POSITION

WC041 Kannaland - Table C6 Monthly Budget Statement - Financial Position - M08 February

Description	Ref	2019/20	Budget Year 2020/21			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
<u>ASSETS</u>						
Current assets						
Cash		1 381	3 245	114 065	25 951	114 065
Call investment deposits		29 476	8 387	37 862	7 010	37 862
Consumer debtors		1 748	(92 866)	(23 678)	12 036	(23 678)
Other debtors		(16 191)	(31 256)	(41 506)	(14 665)	(41 506)
Current portion of long-term receivables		(5)	(8)	(13)	–	(13)
Inventory		418	2 025	(2 901)	30	(2 901)
Total current assets		16 827	(110 474)	83 830	30 362	83 830
Non current assets						
Long-term receivables		–	–	–	–	–
Investments		–	–	–	–	–
Investment property		(124)	1 489	1 364	–	1 364
Investments in Associate		–	–	–	–	–
Property, plant and equipment		12 272	388 829	358 393	324	358 393
Agricultural		–	–	–	–	–
Biological assets		–	–	–	–	–
Intangible assets		(7)	45	8	(20)	8
Other non-current assets		–	–	–	–	–
Total non current assets		12 141	390 363	359 765	304	359 765
TOTAL ASSETS		28 968	279 889	443 595	30 666	443 595
<u>LIABILITIES</u>						
Current liabilities						
Bank overdraft		–	–	–	–	–
Borrowing		(504)	(972)	(951)	(374)	(951)
Consumer deposits		63	964	1 027	45	1 027
Trade and other payables		11 790	(7 970)	119 167	5 770	119 167
Provisions		(2 006)	2 654	648	–	648
Total current liabilities		9 343	(5 325)	119 892	5 441	119 892
Non current liabilities						
Borrowing		–	1 141	1 095	(8)	1 095
Provisions		13 992	29 199	33 232	–	33 232
Total non current liabilities		13 992	30 340	34 327	(8)	34 327
TOTAL LIABILITIES		23 335	25 016	154 219	5 433	154 219
NET ASSETS	2	5 633	254 873	289 376	25 233	289 376
<u>COMMUNITY WEALTH/EQUITY</u>						
Accumulated Surplus/(Deficit)		(5 003)	251 727	260 801	–	260 801
Reserves		(52)	(1 427)	(1 480)	105	(1 480)
TOTAL COMMUNITY WEALTH/EQUITY	2	(5 056)	250 300	259 321	105	259 321

TABLE C7 – MONTHLY BUDGETED CASH FLOW

WC041 Kannaland - Table C7 Monthly Budget Statement - Cash Flow - M08 February

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)	(15 571)	785	3 410	(10 380)	13 791	-133%	(15 571)
Service charges		–	(111 548)	(110 131)	4 409	4 924	(73 420)	78 345	-107%	(110 131)
Other revenue		–	(2 027)	(2 939)	82	482	(1 959)	2 442	-125%	(2 939)
Government - operating		–	(35 224)	(40 228)	575	34 758	(26 819)	61 577	-230%	(40 228)
Government - capital		–	(63 321)	(36 843)	–	15 886	(24 562)	40 448	-165%	(36 843)
Interest		–	–	(4 966)	0	2	(3 311)	3 313	-100%	(4 966)
Dividends		–	–	–	–	–	–	–		–
Payments										
Suppliers and employees		(122 801)	(138 335)	(151 357)	(12 821)	(78 699)	(100 903)	(22 204)	22%	(151 357)
Finance charges		(4 386)	(227)	(181)	(49)	(222)	(121)	102	-84%	(181)
Transfers and Grants		(96)	(470)	(470)	(40)	(80)	(313)	(233)	74%	(470)
NET CASH FROM/(USED) OPERATING ACTIVITIES		(127 283)	(369 853)	(362 686)	(7 060)	(19 538)	(241 789)	(222 251)	92%	(362 686)
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		656	(95 436)	(53 888)	–	–	(25 033)	(25 033)	100%	(53 888)
NET CASH FROM/(USED) INVESTING ACTIVITIES		656	(95 436)	(53 888)	–	–	(25 033)	(25 033)	100%	(53 888)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		–	–	–	–	–	–	–		–
Borrowing long term/refinancing		–	–	–	–	–	–	–		–
Increase (decrease) in consumer deposits		63	–	–	10	45	–	45	0%	–
Payments										
Repayment of borrowing		–	(1 166)	(1 671)	–	–	(480)	(480)	100%	(1 671)
NET CASH FROM/(USED) FINANCING ACTIVITIES		63	(1 166)	(1 671)	10	45	(480)	(525)	109%	(1 671)
NET INCREASE/ (DECREASE) IN CASH HELD		(126 564)	(466 456)	(418 245)	(7 050)	(19 494)	(267 303)			(418 245)
Cash/cash equivalents at beginning:		–	11 631	42 488		–	42 488			–
Cash/cash equivalents at month/year end:		(126 564)	(454 824)	(375 757)		(19 494)	(224 815)			(418 245)

The total bank balance ending of **February 2021** was as follow;

- Standard Bank Main Account is – **R2.53 million (Overdraft)**
- The Traffic Account and the **R757 thousand**, and
- Deposit Account has **R3.97 million**.

The lack of revenue streams has left the municipality to be heavily dependent on grant funding to run its daily operations. The current national economic situation is in addition having an adverse effect on an already difficult situation.

The municipality is reviving the Revenue Enhancement Project as part of the turnaround strategy. The municipality has started with a data cleansing project and an update will be provided on monthly basis.

TABLE C2 – MONTHLY BUDGETED FINANCIAL PERFORMANCE

(Functional Classification)

WC041 Kannaland - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M08 February

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	46 730	2 173	43 110	31 153	11 957	38%	46 730
Executive and council		28 324	8 920	13 134	–	23 099	8 756	14 343	164%	13 134
Finance and administration		25 716	28 712	33 597	2 173	20 011	22 398	(2 387)	-11%	33 597
Internal audit		–	–	–	–	–	–	–	–	–
<i>Community and public safety</i>		14 404	15 167	19 608	3 407	8 097	13 072	(4 975)	-38%	19 608
Community and social services		12 223	14 967	18 407	3 387	7 955	12 272	(4 317)	-35%	18 407
Sport and recreation		–	–	–	–	–	–	–	–	–
Public safety		2 181	–	–	20	142	–	142	#DIV/0!	–
Housing		–	200	1 201	–	–	801	(801)	-100%	1 201
Health		–	–	–	–	–	–	–	–	–
<i>Economic and environmental services</i>		7 356	7 398	6 490	273	1 247	4 327	(3 079)	-71%	6 490
Planning and development		–	–	–	–	–	–	–	–	–
Road transport		7 356	7 398	6 490	273	1 247	4 327	(3 079)	-71%	6 490
Environmental protection		–	–	–	–	–	–	–	–	–
<i>Trading services</i>		102 342	168 884	136 045	7 501	59 890	90 696	(30 806)	-34%	136 045
Energy sources		53 144	59 735	62 782	4 643	37 004	41 855	(4 850)	-12%	62 782
Water management		34 059	50 507	43 229	1 666	13 164	28 820	(15 655)	-54%	43 229
Waste water management		7 682	44 106	14 396	604	4 990	9 598	(4 607)	-48%	14 396
Waste management		7 457	14 537	15 637	588	4 731	10 425	(5 694)	-55%	15 637
<i>Other</i>	4	–	–	–	–	–	–	–	–	–
Total Revenue - Functional	2	178 142	229 081	208 873	13 354	112 344	139 249	(26 904)	-19%	208 873
Expenditure - Functional										
<i>Governance and administration</i>		54 175	51 106	58 561	6 941	27 443	39 040	(11 597)	-30%	58 561
Executive and council		14 811	12 074	19 433	1 910	7 941	12 955	(5 015)	-39%	19 433
Finance and administration		39 365	39 031	39 128	5 031	19 502	26 085	(6 583)	-25%	39 128
Internal audit		–	–	–	–	–	–	–	–	–
<i>Community and public safety</i>		11 013	10 729	11 409	1 826	6 277	7 606	(1 328)	-17%	11 409
Community and social services		6 200	8 333	8 409	1 378	4 436	5 606	(1 170)	-21%	8 409
Sport and recreation		383	812	597	138	255	398	(142)	-36%	597
Public safety		3 629	207	311	152	1 055	208	848	408%	311
Housing		801	1 376	2 091	158	530	1 394	(864)	-62%	2 091
Health		–	–	–	–	–	–	–	–	–
<i>Economic and environmental services</i>		13 594	19 221	15 335	2 931	5 825	10 223	(4 399)	-43%	15 335
Planning and development		–	–	–	–	–	–	–	–	–
Road transport		13 594	19 221	15 335	2 931	5 825	10 223	(4 399)	-43%	15 335
Environmental protection		–	–	–	–	–	–	–	–	–
<i>Trading services</i>		88 671	82 131	92 463	9 380	47 672	61 641	(13 969)	-23%	92 463
Energy sources		48 928	53 186	54 962	2 786	30 668	36 641	(5 973)	-16%	54 962
Water management		26 469	13 240	16 440	3 167	7 600	10 960	(3 359)	-31%	16 440
Waste water management		5 710	6 906	8 413	2 150	3 679	5 608	(1 929)	-34%	8 413
Waste management		7 565	8 799	12 649	1 277	5 724	8 432	(2 708)	-32%	12 649
<i>Other</i>		–	–	–	–	–	–	–	–	–
Total Expenditure - Functional	3	167 454	163 186	177 767	21 077	87 217	118 510	(31 294)	-26%	177 767
Surplus/ (Deficit) for the year		10 688	65 894	31 106	(7 723)	25 128	20 738	4 389	21%	31 106

TABLE C3 – MONTHLY BUDGETED FINANCIAL PERFORMANCE

(Revenue & Expenditure by Municipal Vote)

WC041 Kannaland - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M08 February

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		29 021	8 920	13 134	–	23 099	8 756	14 343	163,8%	13 134
Vote 2 - CORPORATE SERVICES		20 186	21 132	24 696	3 279	8 202	16 464	(8 263)	-50,2%	24 696
Vote 3 - FINANCIAL SERVICES		25 450	28 412	33 316	2 132	19 764	22 211	(2 447)	-11,0%	33 316
Vote 4 - TECHNICAL SERVICES		103 485	170 617	137 727	7 944	61 280	91 818	(30 538)	-33,3%	137 727
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	178 142	229 081	208 873	13 354	112 344	139 249	(26 904)	-19,3%	208 873
Expenditure by Vote	1									
Vote 1 - MUNICIPAL MANAGER		14 811	12 074	19 433	1 910	7 941	12 955	(5 015)	-38,7%	19 433
Vote 2 - CORPORATE SERVICES		29 574	30 120	29 189	4 108	13 928	19 459	(5 530)	-28,4%	29 189
Vote 3 - FINANCIAL SERVICES		24 786	25 429	26 266	3 126	12 433	17 510	(5 078)	-29,0%	26 266
Vote 4 - TECHNICAL SERVICES		97 844	94 418	101 734	11 845	52 267	67 822	(15 555)	-22,9%	101 734
Vote 5 - CALITZDORP SPA		–	–	–	–	–	–	–	–	–
Vote 6 - CORPORATE SERVICES (Continued)		439	1 145	1 145	89	648	763	(116)	-15,2%	1 145
Vote 7 - [NAME OF VOTE 7]		–	–	–	–	–	–	–	–	–
Vote 8 - [NAME OF VOTE 8]		–	–	–	–	–	–	–	–	–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
Total Expenditure by Vote	2	167 454	163 186	177 767	21 077	87 217	118 510	(31 294)	-26,4%	177 767
Surplus/ (Deficit) for the year	2	10 688	65 894	31 106	(7 723)	25 128	20 738	4 389	21,2%	31 106

PART 2 SUPPORTING DOCUMENTATION

Section 5 – Debtors' analysis

WC041 Kannaland - Supporting Table SC3 Monthly Budget Statement - aged debtors - M08 February

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	2 233	680	675	699	491	540	4 315	15 558	25 191	21 603	-	-
Trade and Other Receivables from Exchange Transactions - Electricity	1300	1 103	133	81	78	70	57	292	1 541	3 355	2 038	-	-
Receivables from Non-exchange Transactions - Property Rates	1400	1 505	407	351	315	294	1 501	1 583	14 147	20 103	17 840	-	-
Receivables from Exchange Transactions - Waste Water Management	1500	534	250	246	246	245	245	1 367	9 936	13 067	12 039	-	-
Receivables from Exchange Transactions - Waste Management	1600	1 079	416	402	397	387	384	2 352	12 367	17 784	15 887	-	-
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	-	23	23	23	-	-
Interest on Arrear Debtor Accounts	1810	17	24	34	44	38	80	308	16 582	17 128	17 053	-	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-
Other	1900	(1 584)	160	150	139	119	109	555	2 426	2 073	3 348	-	-
Total By Income Source	2000	4 886	2 070	1 939	1 918	1 644	2 916	10 773	72 580	98 725	89 830	-	-
2019/20 - totals only										-	-		
Debtors Age Analysis By Customer Group													
Organs of State	2200	(344)	58	38	29	23	402	84	550	839	1 088	-	-
Commercial	2300	717	162	132	120	104	209	534	2 673	4 652	3 640	-	-
Households	2400	4 521	1 702	1 642	1 641	1 394	1 697	9 403	59 938	81 938	74 073	-	-
Other	2500	(8)	148	127	127	123	608	752	9 418	11 296	11 029	-	-
Total By Customer Group	2600	4 886	2 070	1 939	1 918	1 644	2 916	10 773	72 580	98 725	89 830	-	-

- The total amount owed to Kannaland Municipality amounts to **R98.72** million.
- **R72.58 million or 74%** of the total outstanding debtors are older than one year.
- **R89.83 million or 90%** 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.

Section 6 – Creditors' analysis

WC041 Kannaland - Supporting Table SC4 Monthly Budget Statement - aged creditors - M08 February

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	388	114	706	12	7 196	–	–	–	8 415
Auditor General	0800	1 479	419	46	529	5 557	–	–	–	8 030
Other	0900	207	28	11	19	4 751	–	–	–	5 015
Total By Customer Type	1000	6 604	4 855	762	6 290	20 453	–	–	–	38 964

The total outstanding creditors amounts to **R38 964**.

The biggest outstanding creditors are Eskom (**R17 397 million**), the Auditor-General of South Africa (**R8 030 million**). Combined, the before mentioned, represents **65%** 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.

Section 7 – Investment portfolio analysis

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

Date: 10.09.2018

ACCOUNT STATEMENT



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
Interest Accrual	28.02.2021	28.02.2021	0.00	10,679.13	0.00	10,679.13	1,122,217.17	1,111,538.04
Interest Capitalisation	28.02.2021	28.02.2021	0.00	-10,679.13	10,679.13	0.00	1,122,217.17	1,122,217.17
Repayment Due	01.03.2021	01.03.2021	-49,320.87	0.00	-10,679.13	-60,000.00	1,062,217.17	1,062,217.17

- The total outstanding long-term debt of Kannaland Municipality amounts to **R1.062 million**.
- A monthly instalment of **R60 thousand** at an interest rate of **12.52%** per annum is being paid.

Section 8 – Allocation and grant receipts and expenditure

WC041 Kannaland - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M08 February

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	305	26 597	26 651	(53)	-0.2%	39 976
Operational Revenue: General Revenue: Equitable Share				28 147	29 760	34 011	-	23 096	22 674	421	1.9%	34 011
Operational Revenue: General Revenue: Fuel Levy				-	-	-	-	-	-	-	-	-
Energy Efficiency and Demand-side [Schedule 5B]				-	-	-	-	-	-	-	-	-
Expanded Public Works Programme Integrated Grant for Municipalities [Schedule 5B]				1 143	1 171	1 171	305	1 018	781	238	30.4%	1 171
Local Government Financial Management Grant [Schedule 5B]				1 960	2 647	2 647	-	2 112	1 765	347	19.7%	2 647
Municipal Systems Improvement Grant				-	1 900	1 635	-	-	1 090	(1 090)	-100.0%	1 635
Municipal Infrastructure Grant [Schedule 5B]				-	512	512	-	372	341	31	9.0%	512
Metro Informal Settlements Partnership Grant				-	-	-	-	-	-	-	-	-
Provincial Government:				8 591	1 763	7 742	906	2 881	5 161	(2 280)	-44.2%	7 742
Capacity Building				-	-	-	-	-	-	-	-	-
Capacity Building and Other				8 591	1 713	7 742	-	2 881	5 161	(2 280)	-44.2%	7 742
Disaster and Emergency Services				-	-	-	-	-	-	-	-	-
Health				-	-	-	-	-	-	-	-	-
Housing				-	-	-	-	-	-	-	-	-
Infrastructure				-	50	-	-	-	-	-	-	-
Libraries, Archives and Museums				-	-	-	906	-	-	-	-	-
District Municipality:				-	-	-	-	-	-	-	-	-
All Grants				-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants			5	39 841	37 753	47 724	1 211	29 478	31 816	(2 337)	-7.3%	47 724
Capital Transfers and Grants												
National Government:				15 311	59 721	30 798	-	4 910	20 532	(15 622)	-76.1%	30 798
Integrated National Electrification Programme (Municipal Grant) [Schedule 5B]				202	-	2 699	-	1 799	(1 799)	-100.0%	-	2 699
Municipal Infrastructure Grant [Schedule 5B]				7 575	9 721	12 483	-	4 022	8 322	(4 300)	-51.7%	12 483
Regional Bulk Infrastructure Grant (Schedule 5B)				-	30 000	-	-	-	-	-	-	-
Water Services Infrastructure Grant [Schedule 5B]				7 534	20 000	15 616	-	888	10 411	(9 523)	-91.5%	15 616
Provincial Government:				5 994	5 649	4 395	-	386	2 930	(2 544)	-86.8%	4 395
Capacity Building				-	-	-	-	-	-	-	-	-
Capacity Building and Other				-	3 049	-	-	-	-	-	-	-
Disaster and Emergency Services				-	-	-	-	-	-	-	-	-
Health				-	-	-	-	-	-	-	-	-
Housing				-	-	-	-	-	-	-	-	-
Infrastructure				5 994	2 600	4 395	-	386	2 930	(2 544)	-86.8%	4 395
Libraries, Archives and Museums				-	-	-	-	-	-	-	-	-
District Municipality:				-	-	-	-	-	-	-	-	-
All Grants				-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants			5	21 305	65 370	35 193	-	5 296	23 462	(18 166)	-77.4%	35 193
TOTAL RECEIPTS OF TRANSFERS & GRANTS												
			5	61 145	103 123	82 917	1 211	34 775	55 278	(20 503)	-37.1%	82 917

The following grants were received for the month under review:

National Government Grants:

- Expanded Public Works Programme to the amount of **R351 thousand**.

Provincial Government Grants:

- Libraries Grant to the amount of **R 1.016 million**.

Section 9 – Expenditure on Councillor, Senior Managers and Other Staff

WC041 Kannaland - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M08 February

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	2 731	87	859	1 821	(962)	-53%	2 731
Pension and UIF Contributions		—	56	—	—	55	—	55	#DIV/0!	—
Medical Aid Contributions		91	35	171	2	77	114	(37)	-33%	171
Motor Vehicle Allowance		342	308	162	13	138	108	30	28%	162
Cellphone Allowance		249	384	329	26	207	220	(12)	-6%	329
Housing Allowances		—	—	—	—	—	—	—		—
Other benefits and allowances		—	—	—	—	—	—	—		—
Sub Total - Councillors		3 146	3 578	3 394	128	1 336	2 263	(926)	-41%	3 394
% increase	4		13,8%	7,9%						7,9%
Senior Managers of the Municipality	3									
Basic Salaries and Wages		1 987	3 120	3 067	172	1 386	2 045	(659)	-32%	3 067
Pension and UIF Contributions		1	—	2	—	0	1	(1)	-87%	2
Medical Aid Contributions		—	—	—	—	—	—	—		—
Overtime		—	—	—	—	—	—	—		—
Performance Bonus		(46)	—	200	—	—	133	(133)	-100%	200
Motor Vehicle Allowance		517	90	300	17	112	200	(88)	-44%	300
Cellphone Allowance		13	64	60	5	28	40	(13)	-31%	60
Housing Allowances		—	10	—	—	—	—	—		—
Other benefits and allowances		43	39	21	4	34	14	20	138%	21
Payments in lieu of leave		—	—	—	—	—	—	—		—
Long service awards		—	—	—	—	—	—	—		—
Post-retirement benefit obligations		—	—	—	—	—	—	—		—
Sub Total - Senior Managers of Municipality		2 514	3 324	3 650	198	1 559	2 433	(875)	-36%	3 650
% increase	4		32,2%	45,2%						45,2%
Other Municipal Staff										
Basic Salaries and Wages		38 238	37 386	39 795	7 529	25 085	26 530	(1 444)	-5%	39 795
Pension and UIF Contributions		5 859	6 446	6 192	990	3 387	4 128	(741)	-18%	6 192
Medical Aid Contributions		1 566	2 050	1 865	313	1 218	1 243	(25)	-2%	1 865
Overtime		4 290	1 880	3 536	835	2 727	2 358	369	16%	3 536
Performance Bonus		2 252	—	—	93	1 791	—	1 791	#DIV/0!	—
Motor Vehicle Allowance		2 107	2 672	2 098	364	1 243	1 399	(156)	-11%	2 098
Cellphone Allowance		148	171	76	21	66	50	16	31%	76
Housing Allowances		257	344	83	52	238	55	183	331%	83
Other benefits and allowances		1 680	3 998	3 702	519	1 872	2 468	(596)	-24%	3 702
Payments in lieu of leave		654	47	—	—	—	—	—		—
Long service awards		85	—	—	—	—	—	—		—
Post-retirement benefit obligations		(1 060)	—	—	—	—	—	—		—
Sub Total - Other Municipal Staff		56 075	54 993	57 346	10 717	37 627	38 230	(604)	-2%	57 346
% increase	4		-1,9%	2,3%						2,3%
Total Parent Municipality		61 734	61 896	64 391	11 043	40 522	42 927	(2 405)	-6%	64 391
Unpaid salary, allowances & benefits in arrears:										
Sub Total - Other Staff of Entities		—	—	—	—	—	—	—		—
% increase	4									
Total Municipal Entities		—	—	1	0	0	1	(0)	-64%	1
TOTAL SALARY, ALLOWANCES & BENEFITS		61 734	61 896	64 391	11 043	40 522	42 927	(2 405)	-6%	64 391
% increase	4		0,3%	4,3%						4,3%
TOTAL MANAGERS AND STAFF		58 588	58 317	60 997	10 915	39 186	40 664	(1 478)	-4%	60 997

Section 10 – Material variances to the SDBIP

There are no variances for this month under review, however the performance reporting will be included within the section 52 report applicable to quarter 3.

Section 11– Capital programme performance

TABLE SC12 – CAPITAL EXPENDITURE TRENDS

Project Status 2020/2021FY (February 2021)							
Grant	Project No	Project Name	Budget	Expenditure	Still to spend	% Spend	Status/Progress/Comments
MIG	235124	Kannaland: Installation of Water Meters	R 469 951,00	R -	R 469 951,00	0%	Tender document is compiled and should go out on advertisement
MIG	220290	Zoar: New Sport Field Lighting	R 1 308 720,00	R 105 291,13	R 1 203 428,87	8%	Consultants appointed
MIG	213625	Zoar: Upgrade new Cemetery	R 3 145 491,00	R 320 806,76	R 2 824 684,24	10%	Consultants appointed
MIG	160843	Ladismith: New Waste Water Treatment Works	R 2 430 698,00	R 2 661 973,02	-R 231 275,02	110%	Consultants appointed for phase 2, phase 1 practical completed. This expenditure is without the retentions claim on the MIG MIS system
MIG	285450	Ladismith: Upgrade Water Treatment Works	R 2 366 490,00	R 799 672,49	R 1 566 817,51	34%	Consultants appointed for phase 2, phase 1 practical completed. This expenditure is without the retentions claim on the MIG MIS system
		TOTALS	R 9 721 350,00	R 3 887 743,40	R 5 833 606,60	40%	EXPENDITURE FOR 2020/2021 FY
Grant	Project No	Project Name	Budget	Expenditure	Still to spend	% Spend	Status/Progress/Comments
WSIG		Calitzdorp: Deep Boreholes	R 15 616 000,00	R -	R 15 616 000,00	0%	Consultants appointed
		TOTALS	R 15 616 000,00	R -	R 15 616 000,00	0%	
Grant	Project No	Project Name	Budget	Expenditure	Still to spend	% Spend	Status/Progress/Comments
INEP		Kannaland: Integrated National Electrification	2 699 000		2 698 999,63	0%	Payment is on-going the Supplier is on-site and expenditure will be recorded in March 2021
		TOTALS	R 2 698 999,63	R -	R 2 698 999,63	0%	

Section 12 – Implementation of the budget funding plan

The report on the implementation of the budget funding plan is attached in this report as **Annexure B**.

Section 13 – SCM Deviations

Section 14 – Quality certification

I, **ROLAND BUTLER**, the Acting Accounting Officer of **Kannaland Municipality WC041**, hereby certify that the Monthly Budget Statement for **February 2021**, has been prepared in accordance with the Municipal Finance Management Act and regulations made under the Act.

Print name: ROLAND BUTLER

Signature:

Date