



KANNALAND
MUNISIPALITEIT | MUNICIPALITY

Monthly Budget Report for May 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

Adjustment's 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.

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.

Irregular expenditure – is **expenditure** that was not incurred in the manner prescribed by legislation; in other words, somewhere in the process that led to the **expenditure**, the auditee did not comply with the applicable legislation (MFMA, PFMA).

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 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 - refers to **expenditure** that municipalities incurred without provision having been made for it in the budget approved by the council or which does not meet the conditions of a grant.

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 **May 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 Funding Plan have been developed and are being implemented to mitigate risk. Further details are attached as per Annexure A to this report.

Section 2 – Resolutions

Recommendation:

That the Executive Mayor takes cognisance of the monthly budget statement **for May 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.gov.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 172 526	R 158 149	R 141 959	R 16 190	10%
Operating Expenditure	R 163 186	R 178 276	R 163 418	R 125 636	R 37 781	23%
Capital	R 63 321	R 37 550	R 34 421	R 9 900	R 24 521	71%

Operating Revenue

The year-to-date variance indicates an under performance against the year-to-date budget of 10%. The variance can be primarily attributed to the impact of the ending of the TMT (speed fines vendor) contract had on fines related revenue generation. The municipality has adjusted revenue downwards within the 2020/21 adjustment budget to account for the decline in revenue.

Operating expenditure

The operating expenditure realised 23% below the forecasted amount. Expenditure was only incurred in terms of revenue and the municipality has reduced expenditure to only the necessities without compromising service delivery. It should be noted that the creditors sub-system is not currently in use and that causes a delay in the recognition of expenditure. The municipality is in the process of addressing the issue. This can lead to an under-reporting of expenditure as the reporting platform do not recognise expenditure unless paid.

Capital Expenditure

Capital expenditure to date is 71% below 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 related factors and resignations in key positions aggravated the already dire situation. 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 - M11 May									
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	16,692	19,540	22,821	1,233	18,106	20,919	(2,813)	-13%	22,821
Service charges	86,195	92,033	88,167	7,301	81,106	80,819	287	0%	88,167
Investment revenue	1,014	–	815	114	1,043	747	296	40%	815
Transfers and subsidies	40,064	37,753	46,570	290	36,978	42,689	(5,711)	-13%	46,570
Other own revenue	12,846	14,384	14,154	(15)	4,725	12,974	(8,249)	-64%	14,154
Total Revenue (excluding capital transfers and contributions)	156,810	163,710	172,526	8,922	141,959	158,149	(16,190)	-10%	172,526
Employee costs	58,588	58,317	61,097	4,981	58,607	56,005	2,602	5%	61,097
Remuneration of Councillors	3,146	3,578	3,394	279	2,174	3,111	(937)	-30%	3,394
Depreciation & asset impairment	13,551	12,231	12,222	1,018	11,204	11,203	1	0%	12,222
Finance charges	4,386	227	181	30	321	166	155	94%	181
Materials and bulk purchases	43,118	48,900	54,420	606	37,237	49,885	(12,648)	-25%	54,420
Transfers and subsidies	96	470	470	–	240	431	(191)	-44%	470
Other expenditure	44,511	39,462	46,492	2,145	15,852	42,616	(26,764)	-63%	46,492
Total Expenditure	167,397	163,186	178,276	9,060	125,636	163,418	(37,781)	-23%	178,276
Surplus/(Deficit)	(10,586)	524	(5,750)	(137)	16,323	(5,269)	21,592	-410%	(5,750)
Transfers and subsidies - capital (monetary allocations)	21,608	65,370	36,843	–	5,297	33,773	(28,476)	-84%	36,843
Contributions & Contributed assets	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	11,022	65,894	31,094	(137)	21,619	28,504	(6,885)	-24%	31,094
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–
Surplus/ (Deficit) for the year	11,022	65,894	31,094	(137)	21,619	28,504	(6,885)	-24%	31,094
Capital expenditure & funds sources									
Capital expenditure	19,178	95,436	37,550	823	9,900	34,421	(24,521)	-71%	37,550
Capital transfers recognised	18,962	63,321	36,850	823	9,287	33,779	(24,493)	-73%	36,850
Public contributions & donations	–	–	–	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–	–	–	–
Internally generated funds	98	–	700	–	614	642	(28)	-4%	700
Total sources of capital funds	19,060	63,321	37,550	823	9,900	34,421	(24,521)	-71%	37,550
Financial position									
Total current assets	16,577	(110,474)	86,915		39,198				86,915
Total non current assets	11,199	390,363	363,590		(1,303)				363,590
Total current liabilities	7,859	(5,325)	133,522		16,222				133,522
Total non current liabilities	13,992	30,340	37,082		(8)				37,082
Community wealth/Equity	(5,096)	250,300	249,857		62				249,857
Cash flows									
Net cash from (used) operating	(93,124)	123,006	108,307	837	(170,958)	99,281	270,239	272%	108,307
Net cash from (used) investing	–	–	–	–	–	–	–	–	–
Net cash from (used) financing	–	–	–	–	–	–	–	–	–
Cash/cash equivalents at the month/year end	(93,124)	134,637	150,794	–	(170,958)	141,769	312,727	221%	108,307
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	3,759	2,067	2,043	2,143	1,788	1,752	10,657	78,215	102,425
Creditors Age Analysis									
Total Creditors	4,949	4,123	4,640	458	30,301	–	–	–	44,471

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) - M11 May										
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		16 692	19 540	22 821	1 233	18 106	20 919	(2 813)	-13%	22 821
Service charges - electricity revenue		52 825	55 943	56 494	4 578	51 131	51 786	(655)	-1%	56 494
Service charges - water revenue		19 619	21 626	17 113	1 564	16 674	15 687	987	6%	17 113
Service charges - sanitation revenue		7 008	7 520	7 607	590	6 829	6 973	(144)	-2%	7 607
Service charges - refuse revenue		6 743	6 945	6 952	569	6 472	6 373	99	2%	6 952
Service charges - other		-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		516	17	567	(609)	(177)	520	(697)	-134%	567
Interest earned - external investments		1 014	-	815	114	1 043	747	296	40%	815
Interest earned - outstanding debtors		2 432	5 567	5 454	2	23	5 000	(4 976)	-100%	5 454
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		7 428	7 384	6 354	486	3 093	5 825	(2 732)	-47%	6 354
Licences and permits		164	50	215	15	201	197	4	2%	215
Agency services		828	1 000	1 025	35	1 020	940	80	9%	1 025
Transfers and subsidies		40 064	37 753	46 570	290	36 978	42 689	(5 711)	-13%	46 570
Other revenue		1 477	365	538	56	566	493	73	15%	538
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		156 810	163 710	172 526	8 922	141 959	158 149	(16 190)	-10%	172 526

The performance on the revenue budget can be explained as follow:

- **Property Rates – R1.23 million was billed in May a slight decrease on figures reported of R1.29 million during April 2021.** A 13% variance from the YTD figures can be attributed to the rebates and exemptions components that were incorrectly accounted for in the budget due to a system error. This has been corrected within the adjustment budget, but the full year figure is expected to fall short with R3 million.
- **Service Charges Electricity - Revenue performance in May 2021 amounted to R4.5 million** no material changes from **R4.7 million** reported in **April 2021**. It represents a -1% variance from the YTD figures.
- **Service Charges Water Revenue - amounted to R1.56 million in May 2021** a decrease from **R1.67 million** reported in **April 2021**. It represents a 6% variance from the YTD figures. A drop-off in consumption can be expected due to the cyclical nature of consumption and actual revenue will exceed the forecasted amount, but with less than 6%.
- **Service Charges Sanitation Revenue - amounted to R590 thousand in May 2021** showing a slight decrease from **R616 thousand** reported in **April 2021**. It represents a 2% variance from the YTD figures.
- **Service Charges Refuse Revenue - amounted to R569 thousand in May 2021** a slight decrease from **R584 thousand** reported in **April 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) - M10 April										
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
Expenditure By Type										
Employee related costs		58 588	58 317	61 097	4 981	58 607	56 005	2 602	5%	61 097
Remuneration of councillors		3 146	3 578	3 394	279	2 174	3 111	(937)	-30%	3 394
Debt impairment		26 594	11 923	13 538	4	208	12 410	(12 202)	-98%	13 538
Depreciation & asset impairment		13 551	12 231	12 222	1 018	11 204	11 203	1	0%	12 222
Finance charges		4 386	227	181	30	321	166	155	94%	181
Bulk purchases		40 767	42 693	42 763	4	32 387	39 200	(6 813)	-17%	42 763
Other materials		2 351	6 207	11 657	602	4 850	10 685	(5 835)	-55%	11 657
Contracted services		8 276	15 682	18 274	1 129	7 992	16 751	(8 759)	-52%	18 274
Transfers and subsidies		96	470	470	–	240	431	(191)	-44%	470
Other expenditure		9 616	11 857	14 679	1 011	7 652	13 455	(5 804)	-43%	14 679
Loss on disposal of PPE		25	–	–	–	–	–	–	–	–
Total Expenditure		167 397	163 186	178 276	9 060	125 636	163 418	(37 781)	-23%	178 276

- **Employee Related Costs** – The employee related costs amounted to **R4.98 million for May 2021**. The previously reported figures of **April 2021** were **R5.07 million**.
- **Remuneration of Councillors**- the total Remuneration for Councillors was **R279 thousand** during **May 2021**. The same amount of **R279 thousand** was reported in **April 2021**. There previously were material differences on remuneration for councillors due to the system configuration, that was addressed.
- **Depreciation and Asset Impairment:** Depreciation for May amounts to **R1.02 million**.
- **Contracted Services** - The municipality's expenditure incurred relating to Contracted Services was **R1.129 million** in **May 2021**, an increase from **R607 thousand** reported in **April 2021**. The total year to date on contracted services are **R7.99 million** or **52%** of the total budget for contracted services. The significant deviation can be explained as a result of expenditure only being incurred in terms of available revenue and capacity limitations causing a delay in the recognition of expenditure when incurred.
- **Other Expenditure** - amounted to **R1.01 million** in **May 2021**, a decrease from **R1.06 million** reported in **April 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 **R7.65 million** or **43%** of the year-to-date budget.

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) - M11 May										
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	-	-	1 513	(1 513)	-100%	1 650
Vote 3 - FINANCIAL SERVICES		-	-	700	-	614	642	(28)	-4%	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	-	614	2 154	(1 540)	-72%	2 350
Single Year expenditure appropriation	2									
Vote 1 - MUNICIPAL MANAGER		-	-	-	-	-	-	-		-
Vote 2 - CORPORATE SERVICES		1 763	11 889	4 454	8	451	4 083	(3 632)	-89%	4 454
Vote 3 - FINANCIAL SERVICES		118	430	-	-	-	-	-		-
Vote 4 - TECHNICAL SERVICES		15 653	82 117	30 746	815	8 836	28 184	(19 348)	-69%	30 746
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	17 534	94 436	35 200	823	9 287	32 267	(22 980)	-71%	35 200
Total Capital Expenditure	3	19 178	95 436	37 550	823	9 900	34 421	(24 521)	-71%	37 550
Capital Expenditure - Functional Classification										
Governance and administration		118	-	700	-	614	642	(28)	-4%	700
Executive and council		-	-	-	-	-	-	-		-
Finance and administration		118	-	700	-	614	642	(28)	-4%	700
Internal audit		-	-	-	-	-	-	-		-
Community and public safety		1 763	5 454	6 104	8	451	5 596	(5 145)	-92%	6 104
Community and social services		-	4 145	4 795	-	290	4 396	(4 106)	-93%	4 795
Sport and recreation		1 262	1 309	1 309	8	161	1 200	(1 039)	-87%	1 309
Public safety		500	-	-	-	-	-	-		-
Housing		-	-	-	-	-	-	-		-
Health		-	-	-	-	-	-	-		-
Economic and environmental services		-	-	7	-	-	6	(6)	-100%	7
Planning and development		-	-	-	-	-	-	-		-
Road transport		-	-	7	-	-	6	(6)	-100%	7
Environmental protection		-	-	-	-	-	-	-		-
Trading services		17 297	57 867	30 739	815	8 836	28 177	(19 342)	-69%	30 739
Energy sources		605	-	2 699	-	-	2 474	(2 474)	-100%	2 699
Water management		14 599	27 867	28 040	815	8 836	25 703	(16 868)	-66%	28 040
Waste water management		2 094	30 000	-	-	-	-	-		-
Waste management		-	-	-	-	-	-	-		-
Other		-	-	-	-	-	-	-		-
Total Capital Expenditure - Functional Classification	3	19 178	63 321	37 550	823	9 900	34 421	(24 521)	-71%	37 550
Funded by:										
National Government		12 901	59 721	30 805	307	8 256	28 238	(19 982)	-71%	30 805
Provincial Government		6 061	3 600	6 045	516	1 030	5 541	(4 511)	-81%	6 045
District Municipality		-	-	-	-	-	-	-		-
Other transfers and grants		-	-	-	-	-	-	-		-
Transfers recognised - capital		18 962	63 321	36 850	823	9 287	33 779	(24 493)	-73%	36 850
Public contributions & donations	5	-	-	-	-	-	-	-		-
Borrowing	6	-	-	-	-	-	-	-		-
Internally generated funds		98	-	700	-	614	642	(28)	-4%	700
Total Capital Funding		19 060	63 321	37 550	823	9 900	34 421	(24 521)	-71%	37 550

- The actual year-to-date capital expenditure amounts to **R9.900 million**.
- The year-to-date expenditure is only **28.76%** of the year-to-date forecast and **26.36%** of total capital budget.
- All capital expenditure of the municipality is funded from national and provincial government grants.

Actual expenditure is of concern to management and will be addressed. Unforeseen resignations and then ending of the contract of the Director Infrastructure Services had an adverse impact that left the ability to give effect to the budget vulnerable.

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
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	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	8 230 440,37	(7 116 113,05)	-86,46	171 275 312,57	(130 634 336,63)	76,27
Mar-21	8 484 717,49	(7 116 113,05)	(361 131,90)	8 735 549,16	(7 176 900,71)	-82,16	180 010 861,73	(137 811 237,34)	76,56
Apr-21	8 686 975,26	(7 176 900,71)	250 831,67	8 957 724,22	(7 187 172,71)	-80,23	188 968 585,95	(144 998 410,05)	76,73
May-21	8 186 725,90	(7 187 172,71)	270 748,96	8 186 725,90	-	0,00	197 155 311,85	(144 998 410,05)	73,55

The payment percentage indicates an average of **76.73%** which is below the anticipated payment percentage of **85%**. There is a lack of capacity within the credit control function and the municipality is in the process of addressing the issue.

1.3 Material differences to the SDBIP

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

1.4 Remedial actions

- (a) Directorates are to ensure that the budget is implemented in accordance with the Service Delivery and Budget Implementation Plan (SDBIP) of the municipality;
- (b) Those strategic decisions/resolutions to improve the capital expenditure be implemented;
- (c) 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;
- (d) That measures on debt collection are implemented and applied effectively;
- (e) That the funding plan addresses all issues and challenges on the financial performance of the municipality and adapt to an ever-changing environment.

Section 4 – In-year budget statement tables

TABLE C4 – MONTHLY FINANCIAL PERFORMANCE

WC041 Kannaland - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M11 May

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		16,692	19,540	22,821	1,233	18,106	20,919	(2,813)	-13%	22,821
Service charges - electricity revenue		52,825	55,943	56,494	4,578	51,131	51,786	(655)	-1%	56,494
Service charges - water revenue		19,619	21,626	17,113	1,564	16,674	15,687	987	6%	17,113
Service charges - sanitation revenue		7,008	7,520	7,607	590	6,829	6,973	(144)	-2%	7,607
Service charges - refuse revenue		6,743	6,945	6,952	569	6,472	6,373	99	2%	6,952
Service charges - other		-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		516	17	567	(609)	(177)	520	(697)	-134%	567
Interest earned - external investments		1,014	-	815	114	1,043	747	296	40%	815
Interest earned - outstanding debtors		2,432	5,567	5,454	2	23	5,000	(4,976)	-100%	5,454
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		7,428	7,384	6,354	486	3,093	5,825	(2,732)	-47%	6,354
Licences and permits		164	50	215	15	201	197	4	2%	215
Agency services		828	1,000	1,025	35	1,020	940	80	9%	1,025
Transfers and subsidies		40,064	37,753	46,570	290	36,978	42,689	(5,711)	-13%	46,570
Other revenue		1,477	365	538	56	566	493	73	15%	538
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		156,810	163,710	172,526	8,922	141,959	158,149	(16,190)	-10%	172,526
Expenditure By Type										
Employee related costs		58,588	58,317	61,097	4,981	58,607	56,005	2,602	5%	61,097
Remuneration of councillors		3,146	3,578	3,394	279	2,174	3,111	(937)	-30%	3,394
Debt impairment		26,594	11,923	13,538	4	208	12,410	(12,202)	-98%	13,538
Depreciation & asset impairment		13,551	12,231	12,222	1,018	11,204	11,203	1	0%	12,222
Finance charges		4,386	227	181	30	321	166	155	94%	181
Bulk purchases		40,767	42,693	42,763	4	32,387	39,200	(6,813)	-17%	42,763
Other materials		2,351	6,207	11,657	602	4,850	10,685	(5,835)	-55%	11,657
Contracted services		8,276	15,682	18,274	1,129	7,992	16,751	(8,759)	-52%	18,274
Transfers and subsidies		96	470	470	-	240	431	(191)	-44%	470
Other expenditure		9,616	11,857	14,679	1,011	7,652	13,455	(5,804)	-43%	14,679
Loss on disposal of PPE		25	-	-	-	-	-	-	-	-
Total Expenditure		167,397	163,186	178,276	9,060	125,636	163,418	(37,781)	-23%	178,276
Surplus/(Deficit)		(10,586)	524	(5,750)	(137)	16,323	(5,269)	21,592	(0)	(5,750)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		21,608	65,370	36,843	-	5,297	33,773	(28,476)	(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		11,022	65,894	31,094	(137)	21,619	28,504			31,094
Taxation		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		11,022	65,894	31,094	(137)	21,619	28,504			31,094
Attributable to minorities		-	-	-	-	-	-			-
Surplus/(Deficit) attributable to municipality		11,022	65,894	31,094	(137)	21,619	28,504			31,094
Share of surplus/ (deficit) of associate		-	-	-	-	-	-			-
Surplus/ (Deficit) for the year		11,022	65,894	31,094	(137)	21,619	28,504			31,094

TABLE C6 – MONTHLY BUDGETED FINANCIAL POSITION

WC041 Kannaland - Table C6 Monthly Budget Statement - Financial Position - M11 May						
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	114 293	29 204	114 293
Call investment deposits		29 476	8 387	37 862	12 020	37 862
Consumer debtors		1 634	(92 866)	(20 914)	15 446	(20 914)
Other debtors		(16 326)	(31 256)	(41 476)	(17 800)	(41 476)
Current portion of long-term receivables		(5)	(8)	–	–	–
Inventory		418	2 025	(2 850)	327	(2 850)
Total current assets		16 577	(110 474)	86 915	39 198	86 915
Non current assets						
Long-term receivables		–	–	–	–	–
Investments		–	–	–	–	–
Investment property		(124)	1 489	1 364	–	1 364
Investments in Associate		–	–	–	–	–
Property, plant and equipment		11 330	388 829	362 217	(1 275)	362 217
Agricultural		–	–	–	–	–
Biological assets		–	–	–	–	–
Intangible assets		(7)	45	8	(28)	8
Other non-current assets		–	–	–	–	–
Total non current assets		11 199	390 363	363 590	(1 303)	363 590
TOTAL ASSETS		27 776	279 889	450 505	37 896	450 505
LIABILITIES						
Current liabilities						
Bank overdraft		–	–	–	–	–
Borrowing		(504)	(972)	586	(522)	586
Consumer deposits		63	964	1 027	60	1 027
Trade and other payables		10 305	(7 970)	119 290	16 684	119 290
Provisions		(2 006)	2 654	12 619	–	12 619
Total current liabilities		7 859	(5 325)	133 522	16 222	133 522
Non current liabilities						
Borrowing		–	1 141	(429)	(8)	(429)
Provisions		13 992	29 199	37 511	–	37 511
Total non current liabilities		13 992	30 340	37 082	(8)	37 082
TOTAL LIABILITIES		21 851	25 016	170 604	16 214	170 604
NET ASSETS	2	5 926	254 873	279 901	21 682	279 901
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		(5 044)	251 727	238 953	–	238 953
Reserves		(52)	(1 427)	10 904	62	10 904
TOTAL COMMUNITY WEALTH/EQUITY	2	(5 096)	250 300	249 857	62	249 857

TABLE C7 – MONTHLY BUDGETED CASH FLOW

WC041 Kannaland - Table C7 Monthly Budget Statement - Cash Flow - M11 May

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	(1 137)	(6 575)	14 273	(20 848)	-146%	15 571
Service charges		–	111 548	110 122	(5 901)	(21 613)	100 945	(122 558)	-121%	110 122
Other revenue		–	2 027	2 939	(122)	(1 143)	2 694	(3 837)	-142%	2 939
Government - operating		–	35 224	40 725	(509)	(42 499)	37 331	(79 829)	-214%	40 725
Government - capital		–	63 321	36 843	–	(22 164)	33 773	(55 937)	-166%	36 843
Interest		–	–	4 966	–	(9)	4 553	(4 562)	-100%	4 966
Dividends		–	–	–	–	–	–	–		–
Payments										
Suppliers and employees		(89 290)	(107 815)	(102 859)	8 505	(76 954)	(94 287)	(17 333)	18%	(102 859)
Finance charges		–	–	–	–	–	–	–		–
Transfers and Grants		(3 834)	–	–	–	–	–	–		–
NET CASH FROM/(USED) OPERATING ACTIVITIES		(93 124)	123 006	108 307	837	(170 958)	99 281	270 239	272%	108 307
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		–	–	–	–	–	–	–		–
NET CASH FROM/(USED) INVESTING ACTIVITIES		–	–	–	–	–	–	–		–
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		–	–	–	–	–	–	–		–
Borrowing long term/refinancing		–	–	–	–	–	–	–		–
Increase (decrease) in consumer deposits		–	–	–	–	–	–	–		–
Payments										
Repayment of borrowing		–	–	–	–	–	–	–		–
NET CASH FROM/(USED) FINANCING ACTIVITIES		–	–	–	–	–	–	–		–
NET INCREASE/ (DECREASE) IN CASH HELD		(93 124)	123 006	108 307	837	(170 958)	99 281			108 307
Cash/cash equivalents at beginning:		–	11 631	42 488		–	42 488			–
Cash/cash equivalents at month/year end:		(93 124)	134 637	150 794		(170 958)	141 769			108 307

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

- Standard Bank Main Account – **R573 thousand (Overdraft)**;
- The Traffic Account - **R800 thousand**;
- Deposit Account - **R3 263 million**; and
- Call Account balance - **R45 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 in addition, is 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) - M11 May										
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>		53 966	37 632	46 952	1 331	54 538	43 040	11 498	27%	46 952
Executive and council		28 324	8 920	13 356	4	29 583	12 243	17 340	142%	13 356
Finance and administration		25 642	28 712	33 597	1 327	24 955	30 797	(5 842)	-19%	33 597
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		14 385	15 167	19 883	212	8 728	18 226	(9 498)	-52%	19 883
Community and social services		12 204	14 967	18 682	198	8 535	17 125	(8 590)	-50%	18 682
Sport and recreation		-	-	-	-	0	-	0	#DIV/0!	-
Public safety		2 181	-	-	14	192	-	192	#DIV/0!	-
Housing		-	200	1 201	-	-	1 101	(1 101)	-100%	1 201
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		7 356	7 398	6 490	78	1 601	5 949	(4 348)	-73%	6 490
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		7 356	7 398	6 490	78	1 601	5 949	(4 348)	-73%	6 490
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		102 712	168 884	136 045	7 301	82 389	124 707	(42 318)	-34%	136 045
Energy sources		53 144	59 735	62 782	4 578	51 134	57 550	(6 416)	-11%	62 782
Water management		34 429	50 507	43 229	1 564	17 954	39 627	(21 673)	-55%	43 229
Waste water management		7 682	44 106	14 396	590	6 829	13 197	(6 367)	-48%	14 396
Waste management		7 457	14 537	15 637	569	6 472	14 334	(7 862)	-55%	15 637
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	178 419	229 081	209 370	8 922	147 256	191 922	(44 666)	-23%	209 370
Expenditure - Functional										
<i>Governance and administration</i>		54 051	51 106	58 799	4 339	42 770	53 899	(11 128)	-21%	58 799
Executive and council		14 811	12 074	19 672	1 724	13 184	18 032	(4 848)	-27%	19 672
Finance and administration		39 241	39 031	39 128	2 615	29 586	35 867	(6 281)	-18%	39 128
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		11 126	10 729	11 678	777	9 439	10 704	(1 265)	-12%	11 678
Community and social services		6 317	8 333	8 729	561	6 580	8 001	(1 421)	-18%	8 729
Sport and recreation		379	812	597	39	372	547	(175)	-32%	597
Public safety		3 629	207	261	100	1 677	240	1 437	600%	261
Housing		801	1 376	2 091	78	810	1 917	(1 107)	-58%	2 091
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		13 555	19 221	15 335	771	8 328	14 057	(5 730)	-41%	15 335
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		13 555	19 221	15 335	771	8 328	14 057	(5 730)	-41%	15 335
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		88 664	82 131	92 463	3 173	65 099	84 757	(19 658)	-23%	92 463
Energy sources		48 918	53 186	54 962	785	40 670	50 381	(9 712)	-19%	54 962
Water management		26 477	13 240	16 440	1 042	11 190	15 070	(3 880)	-26%	16 440
Waste water management		5 710	6 906	8 413	489	5 484	7 712	(2 227)	-29%	8 413
Waste management		7 560	8 799	12 649	857	7 755	11 594	(3 839)	-33%	12 649
<i>Other</i>		-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	167 397	163 186	178 276	9 060	125 636	163 418	(37 781)	-23%	178 276
Surplus/ (Deficit) for the year		11 022	65 894	31 094	(137)	21 619	28 504	(6 885)	-24%	31 094

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) - M11 May										
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	13 356	4	29 583	12 243	17 340	141,6%	13 356
Vote 2 - CORPORATE SERVICES		20 155	21 132	24 971	289	9 154	22 890	(13 736)	-60,0%	24 971
Vote 3 - FINANCIAL SERVICES		25 376	28 412	33 316	1 286	24 613	30 540	(5 927)	-19,4%	33 316
Vote 4 - TECHNICAL SERVICES		103 855	170 617	137 727	7 343	83 907	126 250	(42 343)	-33,5%	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	178 419	229 081	209 370	8 922	147 256	191 922	(44 666)	-23,3%	209 370
Expenditure by Vote	1									
Vote 1 - MUNICIPAL MANAGER		14 811	12 074	19 672	1 724	13 184	18 032	(4 848)	-26,9%	19 672
Vote 2 - CORPORATE SERVICES		29 687	30 120	29 458	1 653	20 853	27 003	(6 150)	-22,8%	29 458
Vote 3 - FINANCIAL SERVICES		24 661	25 429	26 266	1 824	19 043	24 077	(5 034)	-20,9%	26 266
Vote 4 - TECHNICAL SERVICES		97 798	94 418	101 735	3 779	71 688	93 256	(21 568)	-23,1%	101 735
Vote 5 - CALITZDORP SPA		-	-	-	-	-	-	-	-	-
Vote 6 - CORPORATE SERVICES (Continued)		439	1 145	1 145	80	869	1 050	(181)	-17,2%	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	167 397	163 186	178 276	9 060	125 636	163 418	(37 781)	-23,1%	178 276
Surplus/ (Deficit) for the year	2	11 022	65 894	31 094	(137)	21 619	28 504	(6 885)	-24,2%	31 094

PART 2 SUPPORTING DOCUMENTATION

Section 5 – Debtors' analysis

WC041 Kannaland - Supporting Table SC3 Monthly Budget Statement - aged debtors - M11 May

Description		Budget Year 2020/21											
NT Code		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.to Council Policy
R thousands													
Debtors Age Analysis By Income Source													
	1200	1,816	682	743	932	634	634	3,083	18,095	26,619	23,379	-	-
	1300	905	149	144	99	68	57	310	1,623	3,355	2,158	-	-
	1400	1,472	396	341	316	295	285	2,645	14,539	20,289	18,080	-	-
	1500	512	249	246	246	245	242	1,409	10,540	13,688	12,681	-	-
	1600	1,015	408	398	391	385	378	2,260	13,384	18,619	16,797	-	-
	1700	-	-	-	-	-	-	-	23	23	23	-	-
	1810	15	24	17	30	36	45	384	17,380	17,932	17,876	-	-
	1820	-	-	-	-	-	-	-	-	-	-	-	-
	1900	(1,975)	159	154	129	126	111	566	2,629	1,899	3,561	-	-
Total By Income Source	2000	3,759	2,067	2,043	2,143	1,788	1,752	10,657	78,215	102,425	94,555	-	-
2019/20 - totals only										-	-		
Debtors Age Analysis By Customer Group													
	2200	(189)	85	48	30	22	15	432	562	1,004	1,060	-	-
	2300	387	188	168	124	107	103	600	2,894	4,572	3,828	-	-
	2400	3,702	1,662	1,708	1,868	1,541	1,520	8,464	65,118	85,582	78,510	-	-
	2500	(141)	133	119	121	118	114	1,161	9,642	11,267	11,157	-	-
Total By Customer Group	2600	3,759	2,067	2,043	2,143	1,788	1,752	10,657	78,215	102,425	94,555	-	-

- The total amount owed to Kannaland Municipality amounts to **R102 million**.
- **R78.21 million or 76%** of the total outstanding debtors are older than one year.
- **R94.55million or 92%** 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. It is of the utmost importance that prescribed debt and first-time registered indigent debt are written-off and that a functional credit control unit will be capacitated to address the low collection rate.

Section 6 – Creditors' analysis

WC041 Kannaland - Supporting Table SC4 Monthly Budget Statement - aged creditors - M11 May

WCO41 Ramkaland - Supporting Table SC4 Monthly Budget Statement - aged creditors - MFI May											
Description	NT Code	Budget Year 2020/21									Total
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year		
R thousands											
Creditors Age Analysis By Customer Type											
Bulk Electricity	0100	3 612	3 765	3 744	–	11 294	–	–	–	22 415	
Bulk Water	0200	30	–	–	–	–	–	–	–	30	
PAYE deductions	0300	–	–	–	–	–	–	–	–	–	
VAT (output less input)	0400	–	–	–	–	–	–	–	–	–	
Pensions / Retirement deductions	0500	–	–	–	–	–	–	–	–	–	
Loan repayments	0600	60	–	–	–	–	–	–	–	60	
Trade Creditors	0700	527	233	200	410	8 884	–	–	–	10 254	
Auditor General	0800	131	110	695	48	5 465	–	–	–	6 449	
Other	0900	589	15	0	–	4 657	–	–	–	5 262	
Total By Customer Type	1000	4 949	4 123	4 640	458	30 301	–	–	–	44 471	

The total outstanding creditors amounts to **R44 471**.

The biggest outstanding creditors are Eskom (**R22 415 million**), the Auditor-General of South Africa (**6 449 million**) Combined, the before mentioned, represents **64.9%** 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

Interest Accrual	31.05.2021	31.05.2021	0.00	10,233.48	0.00	10,233.48	974,160.98	963,927.50
Interest Capitalisation	31.05.2021	31.05.2021	0.00	-10,233.48	10,233.48	0.00	974,160.98	974,160.98
Repayment Due	31.05.2021	31.05.2021	-49,766.52	0.00	-10,233.48	-60,000.00	914,160.98	914,160.98

- The total outstanding long-term debt of Kannaland Municipality amounts to **R914 thousand**
- 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 - M11 May										
Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
RECEIPTS:	1,2									
Operating Transfers and Grants										
National Government:		31 250	35 990	39 976	92	33 519	36 645	(3 126)	-8,5%	39 976
Operational Revenue: General Revenue: Equitable Share		28 147	29 760	34 011	–	29 575	31 177	(1 602)	-5,1%	34 011
Expanded Public Works Programme Integrated Grant for Municipalities [Schedule 5B]		1 143	1 171	1 171	–	1 018	1 073	(55)	-5,1%	1 171
Local Government Financial Management Grant [Schedule 5B]		1 960	2 647	2 647	50	2 427	2 426	0	0,0%	2 647
Municipal Systems Improvement Grant		–	1 900	1 635	–	–	1 499	(1 499)	-100,0%	1 635
Municipal Infrastructure Grant [Schedule 5B]		–	512	512	42	499	469	30	6,4%	512
Provincial Government:		8 637	1 763	8 238	194	3 452	7 552	(4 100)	-54,3%	8 238
Capacity Building		–	–	–	–	–	–	–	–	–
Capacity Building and Other		8 637	1 713	8 238	194	3 452	7 552	(4 100)	-54,3%	8 238
Other grant providers:		–	–	6	–	–	5	(5)	-100,0%	6
Departmental Agencies and Accounts		–	–	6	–	–	5	(5)	-100,0%	6
Total Operating Transfers and Grants	5	39 887	37 753	48 220	286	36 970	44 201	(7 231)	-16,4%	48 220
Capital Transfers and Grants										
National Government:		15 245	59 721	30 798	–	4 911	28 232	(23 321)	-82,6%	30 798
Integrated National Electrification Programme (Municipal Grant) [Schedule 5B]		202	–	2 699	–	–	2 474	(2 474)	-100,0%	2 699
Municipal Infrastructure Grant [Schedule 5B]		7 509	9 721	12 483	–	4 023	11 443	(7 420)	-64,8%	12 483
Municipal Water Infrastructure Grant [Schedule 5B]		–	–	–	–	–	–	–	–	–
Provincial Government:		6 363	5 649	4 395	–	386	4 029	(3 643)	-90,4%	4 395
Capacity Building		–	–	–	–	–	–	–	–	–
Capacity Building and Other		–	3 049	–	–	–	–	–	–	–
Infrastructure		6 363	2 600	4 395	–	386	4 029	(3 643)	-90,4%	4 395
Total Capital Transfers and Grants	5	21 608	65 370	35 193	–	5 297	32 260	(26 964)	-83,6%	35 193
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	61 496	103 123	83 413	286	42 267	76 462	(34 195)	-44,7%	83 413

The Grants Expenditure were as follow for the month under review:

National Government Grants:

- Expanded Public Works Programme (EPWP) expenditure amounts to **R107 thousand**;
- Financial Management Grant amounts to **R50 thousand**; and
- Municipal Infrastructure Grant (MIG PMU) amounts to **R42 thousand**.

Provincial Government Grants:

- Library Grant amounts to **R194 thousand**.

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

WC041 Kannaland - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M11 May										
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	238	1 575	2 503	(928)	-37%	2 731
Pension and UIF Contributions		–	56	–	–	55	–	55	#DIV/0!	–
Medical Aid Contributions		91	35	171	2	83	157	(74)	-47%	171
Motor Vehicle Allowance		342	308	162	13	176	149	28	19%	162
Cellphone Allowance		249	384	329	26	285	302	(17)	-6%	329
Housing Allowances		–	–	–	–	–	–	–	–	–
Other benefits and allowances		–	–	–	–	–	–	–	–	–
Sub Total - Councillors		3 146	3 578	3 394	279	2 174	3 111	(937)	-30%	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	86	1 729	2 812	(1 082)	-38%	3 067
Pension and UIF Contributions		1	–	2	–	0	2	(1)	-82%	2
Performance Bonus		(46)	–	200	–	–	183	(183)	-100%	200
Motor Vehicle Allowance		517	90	300	8	154	275	(121)	-44%	300
Cellphone Allowance		13	64	60	3	35	55	(20)	-36%	60
Housing Allowances		–	10	–	–	–	–	–	–	–
Other benefits and allowances		43	39	21	2	48	19	28	144%	21
Sub Total - Senior Managers of Municipality		2 514	3 324	3 650	99	1 967	3 346	(1 379)	-41%	3 650
% increase	4		32,2%	45,2%						45,2%
Other Municipal Staff										
Basic Salaries and Wages		38 238	37 386	39 795	3 174	37 612	36 478	1 134	3%	39 795
Pension and UIF Contributions		5 859	6 446	6 192	511	5 432	5 675	(243)	-4%	6 192
Medical Aid Contributions		1 566	2 050	1 865	157	1 831	1 710	121	7%	1 865
Overtime		4 290	1 880	3 536	339	4 494	3 242	1 253	39%	3 536
Performance Bonus		2 252	–	–	–	1 794	–	1 794	#DIV/0!	–
Motor Vehicle Allowance		2 107	2 672	2 098	152	1 884	1 923	(40)	-2%	2 098
Cellphone Allowance		148	171	76	10	102	69	33	47%	76
Housing Allowances		257	344	83	141	467	76	391	514%	83
Other benefits and allowances		1 680	3 998	3 702	381	2 895	3 393	(498)	-15%	3 702
Payments in lieu of leave		654	47	100	18	128	92	37	40%	100
Long service awards		85	–	–	–	–	–	–	–	–
Post-retirement benefit obligations		(1 060)	–	–	–	–	–	–	–	–
Sub Total - Other Municipal Staff		56 075	54 993	57 446	4 883	56 640	52 659	3 982	8%	57 446
% increase	4		-1,9%	2,4%						2,4%
Total Parent Municipality		61 734	61 896	64 491	5 260	60 781	59 116	1 666	3%	64 491
Unpaid salary, allowances & benefits in arrears:										
Other benefits and allowances		–	–	1	0	0	1	(0)	-50%	1
Sub Total - Board Members of Entities		–	–	1	0	0	1	(0)	-50%	1
% increase	4			0,0%						0,0%
Sub Total - Other Staff of Entities		–	–	–	–	–	–	–	–	–
% increase	4									
Total Municipal Entities		–	–	1	0	0	1	(0)	-50%	1
TOTAL SALARY, ALLOWANCES & BENEFITS		61 734	61 896	64 491	5 260	60 782	59 116	1 665	3%	64 491
% increase	4		0,3%	4,5%						4,5%
TOTAL MANAGERS AND STAFF		58 588	58 317	61 097	4 981	58 607	56 004	2 602	5%	61 097

It is important to take cognisance of the system expenditure entry pertaining to employee related expenditure as reported under expenditure.

Section 10 – Material variances to the SDBIP

There are no variances for this month under review.

Section 11– Capital programme performance

TABLE SC12 – CAPITAL EXPENDITURE TRENDS

WC041 Kannaland - Supporting Table SC12 Monthly Budget Statement - capital expenditure trend - M11 May

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	3 129	–	–	3 129	–	0,0%	0%
August	1 115	5 277	3 129	2 744	2 744	6 258	3 515	56,2%	4%
September	2 437	5 277	3 129	2 089	4 833	9 388	4 555	48,5%	8%
October	1 783	5 277	3 129	588	5 420	12 517	7 096	56,7%	9%
November	488	5 277	3 129	1 013	6 433	15 646	9 212	58,9%	10%
December	1 257	5 277	3 129	1 911	8 344	18 775	10 431	55,6%	13%
January	350	5 277	3 129	–	8 344	21 904	13 560	61,9%	13%
February	610	5 277	3 129	108	8 452	25 033	16 581	66,2%	13%
March	377	5 277	3 129	11	8 463	28 163	19 700	69,9%	13%
April	172	5 277	3 129	614	9 077	31 292	22 215	71,0%	14%
May	482	5 277	3 129	823	9 900	34 421	24 521	71,2%	16%
June	10 108	5 277	3 129	–	9 900	37 550	27 650	73,6%	16%
Total Capital expenditure	19 178	63 321	37 550	9 900					

Project Status 2020/2021FY (May 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 5,616,000,00	R 10,000,000,00	36%	Consultants appointed
		TOTALS	R 15,616,000,00	R 5,616,000,00	R 10,000,000,00	36%	
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 May 2021
		TOTALS	R 2,698,999,63	R –	R 2,698,999,63	0%	

Section 12 – Implementation of the budget funding plan

No progress was made towards the implementation of the budget funding plan. This however will be prioritised for the following reporting period.

Section 13 – SCM Deviations

Attached under Annexure A

Section 14 – Quality certification



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QUALITY CERTIFICATE

I, **R Butler** Accounting Officer of **Kannaland Municipality WC041**, (name of municipality), hereby certify that –

(mark as appropriate)

- ☒ The monthly budget statement
- ☐ Quality report on the implementation of the budget and financial state affairs of the municipality
- ☐ Mid- year budget and performance assessment

For the month of **May 2021** (month/year) has been prepared in accordance with the Municipal Finance Management Act and regulations made under the Act.

Print name: R Butler
Acting Municipal Manager

Municipal Manager of **Kannaland Municipality WC041** (name and demarcation of municipality)

Signature _____

Date :11 June 2021