



KANNALAND
MUNISIPALITEIT | MUNICIPALITY

Monthly Budget Report for June 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 **June 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.

- c) ***Preliminary Report*** – the mayor must kindly note that this is not the final report as some year-end transactions must still be factored in and a final report of period 12 will then be submitted in due course.

Section 2 – Resolutions

Recommendation:

That the Executive Mayor takes cognisance of the monthly budget statement **for June 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 172526	R 151941	R 20585	12%
Operating Expenditure	R 163 186	R 178 276	R 177972	R 131497	R 46475	26%
Capital	R 63 321	R 37 550	R 37550	R 12673	R 24 787	66%

Operating Revenue

The year-to-date variance indicates an under performance against the year-to-date budget of 12%. 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 26% 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 66% 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 - M12 June									
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	1,231	19,337	22,821	(3,484)	-15%	22,821
Service charges	86,195	92,033	88,167	6,907	88,014	88,167	(153)	-0%	88,167
Investment revenue	1,014	–	815	108	1,150	815	335	41%	815
Transfers and subsidies	40,064	37,753	46,570	938	37,916	46,570	(8,654)	-19%	46,570
Other own revenue	12,846	14,384	14,154	799	5,524	14,154	(8,630)	-61%	14,154
Total Revenue (excluding capital transfers and contributions)	156,810	163,710	172,526	9,982	151,941	172,526	(20,585)	-12%	172,526
Employee costs	58,588	58,317	66,750	4,073	62,680	66,750	(4,070)	-6%	66,750
Remuneration of Councillors	3,146	3,578	3,392	279	2,453	3,392	(939)	-28%	3,392
Depreciation & asset impairment	13,551	12,231	12,222	1,017	12,222	12,222	(0)	-0%	12,222
Finance charges	4,386	227	346	101	422	346	76	22%	346
Materials and bulk purchases	43,118	48,900	52,352	234	37,472	52,352	(14,880)	-28%	52,352
Transfers and subsidies	96	470	639	6	246	639	(393)	-62%	639
Other expenditure	44,511	39,462	42,271	150	16,002	42,271	(26,268)	-62%	42,271
Total Expenditure	167,397	163,186	177,972	5,861	131,497	177,972	(46,475)	-26%	177,972
Surplus/(Deficit)	(10,586)	524	(5,445)	4,121	20,444	(5,445)	25,889	-475%	(5,445)
Transfers and subsidies - capital (monetary allocations)	21,608	65,370	36,843	–	5,297	36,843	(31,547)	-86%	36,843
Contributions & Contributed assets	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	11,022	65,894	31,398	4,121	25,741	31,398	(5,657)	-18%	31,398
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–
Surplus/ (Deficit) for the year	11,022	65,894	31,398	4,121	25,741	31,398	(5,657)	-18%	31,398
Capital expenditure & funds sources									
Capital expenditure	19,178	95,436	37,550	2,773	12,673	37,550	(24,877)	-66%	37,550
Capital transfers recognised	18,962	63,321	36,850	2,988	12,275	36,850	(24,576)	-67%	36,850
Public contributions & donations	–	–	–	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–	–	–	–
Internally generated funds	98	–	700	(215)	398	700	(302)	-43%	700
Total sources of capital funds	19,060	63,321	37,550	2,773	12,673	37,550	(24,877)	-66%	37,550
Financial position									
Total current assets	16,577	(110,474)	89,311		31,855				89,311
Total non current assets	11,199	390,363	363,590		451				363,590
Total current liabilities	7,859	(5,325)	135,613		6,561				135,613
Total non current liabilities	13,992	30,340	37,082		(8)				37,082
Community wealth/Equity	(5,096)	250,300	249,857		14				249,857
Cash flows									
Net cash from (used) operating	(93,124)	123,006	110,092	(16,608)	(187,566)	110,092	297,658	270%	110,092
Net cash from (used) investing	–	–	–	–	–	–	–	–	–
Net cash from (used) financing	–	–	–	–	–	–	–	–	–
Cash/cash equivalents at the month/year end	(93,124)	134,637	152,580	–	(187,566)	152,580	340,146	223%	110,092
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	4,324	2,191	1,964	1,981	2,109	1,758	10,587	79,850	104,765
Creditors Age Analysis									
Total Creditors	8,001	7,759	837	163	34,027	–	–	–	50,786

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) - M12 June										
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	1,231	19,337	22,821	(3,484)	-15%	22,821
Service charges - electricity revenue		52,825	55,943	56,494	4,374	55,505	56,494	(989)	-2%	56,494
Service charges - water revenue		19,619	21,626	17,113	1,339	18,013	17,113	899	5%	17,113
Service charges - sanitation revenue		7,008	7,520	7,607	627	7,456	7,607	(151)	-2%	7,607
Service charges - refuse revenue		6,743	6,945	6,952	568	7,040	6,952	87	1%	6,952
Service charges - other		—	—	—	—	—	—	—	—	—
Rental of facilities and equipment		516	17	567	132	(46)	567	(613)	-108%	567
Interest earned - external investments		1,014	—	815	108	1,150	815	335	41%	815
Interest earned - outstanding debtors		2,432	5,567	5,454	2	26	5,454	(5,428)	-100%	5,454
Dividends received		—	—	—	—	—	—	—	—	—
Fines, penalties and forfeits		7,428	7,384	6,354	486	3,579	6,354	(2,776)	-44%	6,354
Licences and permits		164	50	215	16	217	215	2	1%	215
Agency services		828	1,000	1,025	63	1,083	1,025	58	6%	1,025
Transfers and subsidies		40,064	37,753	46,570	938	37,916	46,570	(8,654)	-19%	46,570
Other revenue		1,477	365	538	99	665	538	127	24%	538
Gains on disposal of PPE		—	—	—	—	—	—	—	—	—
Total Revenue (excluding capital transfers and contributions)		156,810	163,710	172,526	9,982	151,941	172,526	(20,585)	-12%	172,526

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

- **Property Rates – R1.23 million was billed in June a slight increase on figures reported of R1.23 million during May 2021.** A 15% 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 June 2021 amounted to R4.4 million** a slight decrease from **R4.5 million** reported in **May 2021**. It represents a -2% variance from the YTD figures.
- **Service Charges Water Revenue - amounted to R1.34 million in June 2021** a decrease from **R1.56 million** reported in **May 2021**. It represents a 5% variance from the YTD figures. A drop-off in consumption can be expected due to the cyclical nature of consumption and actual revenue will maybe exceed the forecasted amount, but with less than 6%.
- **Service Charges Sanitation Revenue - amounted to R627 thousand in May 2021** showing an increase from **R590 thousand** reported in **May 2021**. It represents a -2% variance from the YTD figures.
- **Service Charges Refuse Revenue - amounted to R568 thousand in June 2021** a slight decrease from **R569 thousand** reported in **May 2021**. It represents a 1% variance from the YTD figures.

1.2.2 Expenditure by Source

WC041 Kannaland - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M12 June										
Description	Ref	2019/20	Budget Year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Expenditure By Type										
Employee related costs		58,588	58,317	66,750	4,073	62,680	66,750	(4,070)	-6%	66,750
Remuneration of councillors		3,146	3,578	3,392	279	2,453	3,392	(939)	-28%	3,392
Debt impairment		26,594	11,923	13,748	—	208	13,748	(13,540)	-98%	13,748
Depreciation & asset impairment		13,551	12,231	12,222	1,017	12,222	12,222	(0)	0%	12,222
Finance charges		4,386	227	346	101	422	346	76	22%	346
Bulk purchases		40,767	42,693	43,008	37	32,424	43,008	(10,584)	-25%	43,008
Other materials		2,351	6,207	9,344	197	5,047	9,344	(4,296)	-46%	9,344
Contracted services		8,276	15,682	16,672	(172)	7,819	16,672	(8,853)	-53%	16,672
Transfers and subsidies		96	470	639	6	246	639	(393)	-62%	639
Other expenditure		9,616	11,857	11,850	323	7,974	11,850	(3,876)	-33%	11,850
Loss on disposal of PPE		25	—	—	—	—	—	—	—	—
Total Expenditure		167,397	163,186	177,972	5,861	131,497	177,972	(46,475)	-26%	177,972

- **Employee Related Costs** – The employee related costs amounted to **R4.07 million for June 2021**. The previously reported figures of **May 2021** were **R4.98 million**.
- **Remuneration of Councillors**- the total Remuneration for Councillors is **R279 thousand in June 2021**. The same amount of **R279 thousand** was reported in **May 2021**. There previously were material differences on remuneration for councillors due to the system configuration, that was addressed. There is still a Journal to be processed for the final figure for remuneration of councillors.
- **Depreciation and Asset Impairment:** Depreciation for May amounts to **R1.17 million**.
- **Contracted Services** – The June 2021 figures show a **-R 172 thousand** this is as a result of the reversal of orders in preparation of Year End. The total year to date on contracted services are **R7.8 million** or **53%** 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 **R323 thousand in June 2021**, a decrease from **R1.01 million** reported in **May 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 **R7.97 million** or **33%** 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) - M12 June

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	817	817	1,650	(833)	-50%	1,650
Vote 3 - FINANCIAL SERVICES		-	-	700	-	614	700	(86)	-12%	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	817	1,431	2,350	(919)	-39%	2,350
Single Year expenditure appropriation	2									
Vote 1 - MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-
Vote 2 - CORPORATE SERVICES		1,763	11,889	4,454	37	488	4,454	(3,967)	-89%	4,454
Vote 3 - FINANCIAL SERVICES		118	430	-	-	-	-	-	-	-
Vote 4 - TECHNICAL SERVICES		15,653	82,117	30,746	1,919	10,755	30,746	(19,991)	-65%	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	1,955	11,242	35,200	(23,958)	-68%	35,200
Total Capital Expenditure	3	19,178	95,436	37,550	2,773	12,673	37,550	(24,877)	-66%	37,550
Capital Expenditure - Functional Classification										
Governance and administration		118	-	700	-	614	700	(86)	-12%	700
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		118	-	700	-	614	700	(86)	-12%	700
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		1,763	5,454	6,104	1,069	1,520	6,104	(4,584)	-75%	6,104
Community and social services		-	4,145	4,795	1,060	1,351	4,795	(3,445)	-72%	4,795
Sport and recreation		1,262	1,309	1,309	9	170	1,309	(1,139)	-87%	1,309
Public safety		500	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		-	-	7	(215)	(215)	7	(222)	-3178%	7
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		-	-	7	(215)	(215)	7	(222)	-3178%	7
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		17,297	57,867	30,739	1,919	10,755	30,739	(19,984)	-65%	30,739
Energy sources		605	-	2,699	797	797	2,699	(1,902)	-70%	2,699
Water management		14,599	27,867	28,040	1,590	10,426	28,040	(17,614)	-63%	28,040
Waste water management		2,094	30,000	-	(469)	(469)	-	(469)	#DIV/0!	-
Waste management		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	3	19,178	63,321	37,550	2,773	12,673	37,550	(24,877)	-66%	37,550
Funded by:										
National Government		12,901	59,721	30,805	1,621	9,877	30,805	(20,928)	-68%	30,805
Provincial Government		6,061	3,600	6,045	1,367	2,398	6,045	(3,647)	-60%	6,045
District Municipality		-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-
Transfers recognised - capital	5	18,962	63,321	36,850	2,988	12,275	36,850	(24,576)	-67%	36,850
Public contributions & donations	6	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-
Internally generated funds	6	98	-	700	(215)	398	700	(302)	-43%	700
Total Capital Funding		19,060	63,321	37,550	2,773	12,673	37,550	(24,877)	-66%	37,550

- The actual year-to-date capital expenditure amounts to **R12 673 million**.
- The year-to-date expenditure is only **34%** of the year-to-date forecast and **33%** 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.

1.3 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) - M12 June

W004: Kamulanda - Table 04: Monthly Budget Statement - Financial Performance (Revenue and Expenditure) - in Zulu										
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	1,231	19,337	22,821	(3,484)	-15%	22,821
Service charges - electricity revenue		52,825	55,943	56,494	4,374	55,505	56,494	(989)	-2%	56,494
Service charges - water revenue		19,619	21,626	17,113	1,339	18,013	17,113	899	5%	17,113
Service charges - sanitation revenue		7,008	7,520	7,607	627	7,456	7,607	(151)	-2%	7,607
Service charges - refuse revenue		6,743	6,945	6,952	568	7,040	6,952	87	1%	6,952
Service charges - other		—	—	—	—	—	—	—	—	—
Rental of facilities and equipment		516	17	567	132	(46)	567	(613)	-108%	567
Interest earned - external investments		1,014	—	815	108	1,150	815	335	41%	815
Interest earned - outstanding debtors		2,432	5,567	5,454	2	26	5,454	(5,428)	-100%	5,454
Dividends received		—	—	—	—	—	—	—	—	—
Fines, penalties and forfeits		7,428	7,384	6,354	486	3,579	6,354	(2,776)	-44%	6,354
Licences and permits		164	50	215	16	217	215	2	1%	215
Agency services		828	1,000	1,025	63	1,083	1,025	58	6%	1,025
Transfers and subsidies		40,064	37,753	46,570	938	37,916	46,570	(8,654)	-19%	46,570
Other revenue		1,477	365	538	99	665	538	127	24%	538
Gains on disposal of PPE		—	—	—	—	—	—	—	—	—
Total Revenue (excluding capital transfers and contributions)		156,810	163,710	172,526	9,982	151,941	172,526	(20,585)	-12%	172,526
Expenditure By Type										
Employee related costs		58,588	58,317	66,750	4,073	62,680	66,750	(4,070)	-6%	66,750
Remuneration of councillors		3,146	3,578	3,392	279	2,453	3,392	(939)	-28%	3,392
Debt impairment		26,594	11,923	13,748	—	208	13,748	(13,540)	-98%	13,748
Depreciation & asset impairment		13,551	12,231	12,222	1,017	12,222	12,222	(0)	0%	12,222
Finance charges		4,386	227	346	101	422	346	76	22%	346
Bulk purchases		40,767	42,693	43,008	37	32,424	43,008	(10,584)	-25%	43,008
Other materials		2,351	6,207	9,344	197	5,047	9,344	(4,296)	-46%	9,344
Contracted services		8,276	15,682	16,672	(172)	7,819	16,672	(8,853)	-53%	16,672
Transfers and subsidies		96	470	639	6	246	639	(393)	-62%	639
Other expenditure		9,616	11,857	11,850	323	7,974	11,850	(3,876)	-33%	11,850
Loss on disposal of PPE		25	—	—	—	—	—	—	—	—
Total Expenditure		167,397	163,186	177,972	5,861	131,497	177,972	(46,475)	-26%	177,972
Surplus/(Deficit)		(10,586)	524	(5,445)	4,121	20,444	(5,445)	25,889	(0)	(5,445)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		21,608	65,370	36,843	—	5,297	36,843	(31,547)	(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	31,398	4,121	25,741	31,398			31,398
Taxation		—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after taxation		11,022	65,894	31,398	4,121	25,741	31,398			31,398
Attributable to minorities		—	—	—	—	—	—	—	—	—
Surplus/(Deficit) attributable to municipality		11,022	65,894	31,398	4,121	25,741	31,398			31,398
Share of surplus/ (deficit) of associate		—	—	—	—	—	—	—	—	—
Surplus/ (Deficit) for the year		11,022	65,894	31,398	4,121	25,741	31,398			31,398

TABLE C6 – MONTHLY BUDGETED FINANCIAL POSITION

WC041 Kannaland - Table C6 Monthly Budget Statement - Financial Position - M12 June						
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	114,861	29,430	114,861
Call investment deposits		29,476	8,387	37,862	2,374	37,862
Consumer debtors		1,634	(92,866)	(20,914)	17,026	(20,914)
Other debtors		(16,326)	(31,256)	(41,476)	(17,754)	(41,476)
Current portion of long-term receivables		(5)	(8)	–	–	–
Inventory		418	2,025	(1,022)	779	(1,022)
Total current assets		16,577	(110,474)	89,311	31,855	89,311
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	482	362,217
Agricultural		–	–	–	–	–
Biological assets		–	–	–	–	–
Intangible assets		(7)	45	8	(30)	8
Other non-current assets		–	–	–	–	–
Total non current assets		11,199	390,363	363,590	451	363,590
TOTAL ASSETS		27,776	279,889	452,901	32,307	452,901
LIABILITIES						
Current liabilities						
Bank overdraft		–	–	–	–	–
Borrowing		(504)	(972)	586	(572)	586
Consumer deposits		63	964	1,027	91	1,027
Trade and other payables		10,305	(7,970)	121,381	7,042	121,381
Provisions		(2,006)	2,654	12,619	–	12,619
Total current liabilities		7,859	(5,325)	135,613	6,561	135,613
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	172,695	6,553	172,695
NET ASSETS	2	5,926	254,873	280,205	25,754	280,205
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		(5,044)	251,727	238,953	–	238,953
Reserves		(52)	(1,427)	10,904	14	10,904
TOTAL COMMUNITY WEALTH/EQUITY	2	(5,096)	250,300	249,857	14	249,857

TABLE C7 – MONTHLY BUDGETED CASH FLOW

WC041 Kannaland - Table C7 Monthly Budget Statement - Cash Flow - M12 June

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	15,568	(921)	(7,496)	15,568	(23,064)	-148%	15,568
Service charges		–	111,548	111,913	(4,727)	(26,341)	111,913	(138,253)	-124%	111,913
Other revenue		–	2,027	2,939	(236)	(1,379)	2,939	(4,318)	-147%	2,939
Government - operating		–	35,224	40,722	(731)	(43,230)	40,722	(83,952)	-206%	40,722
Government - capital		–	63,321	36,843	–	(22,164)	36,843	(59,008)	-160%	36,843
Interest		–	–	4,966	–	(9)	4,966	(4,976)	-100%	4,966
Dividends		–	–	–	–	–	–	–		–
Payments										
Suppliers and employees		(89,290)	(107,815)	(102,859)	(9,992)	(86,947)	(102,859)	(15,912)	15%	(102,859)
Finance charges		–	–	–	–	–	–	–		–
Transfers and Grants		(3,834)	–	–	–	–	–	–		–
NET CASH FROM/(USED) OPERATING ACTIVITIES		(93,124)	123,006	110,092	(16,608)	(187,566)	110,092	297,658	270%	110,092
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	110,092	(16,608)	(187,566)	110,092			110,092
Cash/cash equivalents at beginning:		–	11,631	42,488		–	42,488			–
Cash/cash equivalents at month/year end:		(93,124)	134,637	152,580		(187,566)	152,580			110,092

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

- Standard Bank Main Account is **R6 403 million**;
- The Traffic Account has **R836 thousand**;
- Deposit Account has **R2 724 million**; and
- Call Account has **R37 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 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) - M12 June										
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	2,446	56,984	46,952	10,032	21%	46,952
Executive and council		28,324	8,920	13,356	–	29,583	13,356	16,227	121%	13,356
Finance and administration		25,642	28,712	33,597	2,446	27,402	33,597	(6,195)	-18%	33,597
Internal audit		–	–	–	–	–	–	–	–	–
<i>Community and public safety</i>		14,385	15,167	19,883	521	9,249	19,883	(10,634)	-53%	19,883
Community and social services		12,204	14,967	18,682	505	9,039	18,682	(9,642)	-52%	18,682
Sport and recreation		–	–	–	–	0	–	0	#DIV/0!	–
Public safety		2,181	–	–	17	209	–	209	#DIV/0!	–
Housing		–	200	1,201	–	–	1,201	(1,201)	-100%	1,201
Health		–	–	–	–	–	–	–	–	–
<i>Economic and environmental services</i>		7,356	7,398	6,490	107	1,708	6,490	(4,782)	-74%	6,490
Planning and development		–	–	–	–	–	–	–	–	–
Road transport		7,356	7,398	6,490	107	1,708	6,490	(4,782)	-74%	6,490
Environmental protection		–	–	–	–	–	–	–	–	–
<i>Trading services</i>		102,712	168,884	136,045	6,907	89,297	136,045	(46,748)	-34%	136,045
Energy sources		53,144	59,735	62,782	4,374	55,508	62,782	(7,273)	-12%	62,782
Water management		34,429	50,507	43,229	1,339	19,292	43,229	(23,937)	-55%	43,229
Waste water management		7,682	44,106	14,396	627	7,456	14,396	(6,940)	-48%	14,396
Waste management		7,457	14,537	15,637	568	7,040	15,637	(8,597)	-55%	15,637
<i>Other</i>	4	–	–	–	–	–	–	–	–	–
Total Revenue - Functional	2	178,419	229,081	209,370	9,982	157,238	209,370	(52,132)	-25%	209,370
Expenditure - Functional										
<i>Governance and administration</i>		54,051	51,106	60,054	2,374	45,144	60,054	(14,910)	-25%	60,054
Executive and council		14,811	12,074	20,426	750	13,934	20,426	(6,492)	-32%	20,426
Finance and administration		39,241	39,031	39,628	1,624	31,210	39,628	(8,417)	-21%	39,628
Internal audit		–	–	–	–	–	–	–	–	–
<i>Community and public safety</i>		11,126	10,729	11,766	855	10,294	11,766	(1,472)	-13%	11,766
Community and social services		6,317	8,333	8,761	645	7,225	8,761	(1,536)	-18%	8,761
Sport and recreation		379	812	597	38	410	597	(187)	-31%	597
Public safety		3,629	207	262	97	1,773	262	1,512	578%	262
Housing		801	1,376	2,146	75	885	2,146	(1,261)	-59%	2,146
Health		–	–	–	–	–	–	–	–	–
<i>Economic and environmental services</i>		13,555	19,221	14,994	605	8,932	14,994	(6,062)	-40%	14,994
Planning and development		–	–	–	–	–	–	–	–	–
Road transport		13,555	19,221	14,994	605	8,932	14,994	(6,062)	-40%	14,994
Environmental protection		–	–	–	–	–	–	–	–	–
<i>Trading services</i>		88,664	82,131	91,158	2,028	67,127	91,158	(24,031)	-26%	91,158
Energy sources		48,918	53,186	54,178	282	40,952	54,178	(13,225)	-24%	54,178
Water management		26,477	13,240	18,182	845	12,034	18,182	(6,148)	-34%	18,182
Waste water management		5,710	6,906	8,409	425	5,909	8,409	(2,500)	-30%	8,409
Waste management		7,560	8,799	10,390	476	8,232	10,390	(2,158)	-21%	10,390
<i>Other</i>		–	–	–	–	–	–	–	–	–
Total Expenditure - Functional	3	167,397	163,186	177,972	5,861	131,497	177,972	(46,475)	-26%	177,972
Surplus/ (Deficit) for the year		11,022	65,894	31,398	4,121	25,741	31,398	(5,657)	-18%	31,398

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) - M12 June										
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	–	29,583	13,356	16,227	121,5%	13,356
Vote 2 - CORPORATE SERVICES		20,155	21,132	24,971	647	9,800	24,971	(15,170)	-60,8%	24,971
Vote 3 - FINANCIAL SERVICES		25,376	28,412	33,316	2,385	26,997	33,316	(6,319)	-19,0%	33,316
Vote 4 - TECHNICAL SERVICES		103,855	170,617	137,727	6,950	90,857	137,727	(46,870)	-34,0%	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	9,982	157,238	209,370	(52,132)	-24,9%	209,370
Expenditure by Vote	1									
Vote 1 - MUNICIPAL MANAGER		14,811	12,074	20,426	750	13,934	20,426	(6,492)	-31,8%	20,426
Vote 2 - CORPORATE SERVICES		29,687	30,120	29,230	1,614	22,467	29,230	(6,763)	-23,1%	29,230
Vote 3 - FINANCIAL SERVICES		24,661	25,429	26,659	1,145	20,187	26,659	(6,472)	-24,3%	26,659
Vote 4 - TECHNICAL SERVICES		97,798	94,418	100,278	2,472	74,160	100,278	(26,119)	-26,0%	100,278
Vote 5 - CALITZDORP SPA		–	–	–	–	–	–	–	–	–
Vote 6 - CORPORATE SERVICES (Continued)		439	1,145	1,378	(119)	749	1,378	(629)	-45,6%	1,378
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	177,972	5,861	131,497	177,972	(46,475)	-26,1%	177,972
Surplus/ (Deficit) for the year	2	11,022	65,894	31,398	4,121	25,741	31,398	(5,657)	-18,0%	31,398

PART 2 SUPPORTING DOCUMENTATION

Section 5 – Debtors' analysis

WC041 Kannaland - Supporting Table SC3 Monthly Budget Statement - aged debtors - M12 June

W0041 Rainfalland - Supporting Table 003 Monthly Budget Statement - Aged Debtors - m12 June													
Description	NT Code	Budget Year 2020/21										Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total	Total over 90 days		
R thousands													
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200	1,669	769	659	732	920	628	3,123	18,641	27,141	24,045	-	-
Trade and Other Receivables from Exchange Transactions - Electricity	1300	1,053	187	128	128	90	67	315	1,659	3,628	2,260	-	-
Receivables from Non-exchange Transactions - Property Rates	1400	1,548	403	349	310	304	283	2,497	14,620	20,313	18,014	-	-
Receivables from Exchange Transactions - Waste Water Management	1500	517	247	246	245	245	243	1,424	10,756	13,923	12,913	-	-
Receivables from Exchange Transactions - Waste Management	1600	1,068	410	399	392	386	380	2,236	13,743	19,014	17,137	-	-
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	-	23	23	23	-	-
Interest on Arrear Debtor Accounts	1810	14	25	34	28	42	45	413	17,716	18,318	18,244	-	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-
Other	1900	(1,545)	150	149	146	122	112	579	2,691	2,404	3,650	-	-
Total By Income Source	2000	4,324	2,191	1,964	1,981	2,109	1,758	10,587	79,850	104,765	96,286	-	-
2019/20 - totals only										-	-		
Debtors Age Analysis By Customer Group													
Organs of State	2200	(259)	65	61	28	25	13	418	562	914	1,046	-	-
Commercial	2300	556	220	172	163	121	105	586	2,939	4,862	3,915	-	-
Households	2400	4,010	1,771	1,611	1,677	1,849	1,526	8,486	66,653	87,583	80,191	-	-
Other	2500	17	134	121	113	115	114	1,096	9,696	11,406	11,134	-	-
Total By Customer Group	2600	4,324	2,191	1,964	1,981	2,109	1,758	10,587	79,850	104,765	96,286	-	-

- The total amount owed to Kannaland Municipality amounts to **R104 million**.
- **R79.85 million or 76%** of the total outstanding debtors are older than one year.
- **R96.28million 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 - M12 June


WCO41 Rainland - Supporting Table SC4 Monthly Budget Statement - aged Creditors - M12 June										
Description	NT Code	Budget Year 2020/21								
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total
R thousands										
Creditors Age Analysis By Customer Type										
Bulk Electricity	0100	4,154	7,378	–	–	15,038	–	–	–	26,569
Bulk Water	0200	31	–	–	–	(0)	–	–	–	30
PAYE deductions	0300	–	–	–	–	–	–	–	–	–
VAT (output less input)	0400	–	–	–	–	–	–	–	–	–
Pensions / Retirement deductions	0500	–	–	–	–	–	–	–	–	–
Loan repayments	0600	60	–	–	–	–	–	–	–	60
Trade Creditors	0700	612	186	127	115	8,872	–	–	–	9,912
Auditor General	0800	131	110	695	48	5,465	–	–	–	6,449
Other	0900	3,014	86	15	0	4,652	–	–	–	7,766
Total By Customer Type	1000	8,001	7,759	837	163	34,027	–	–	–	50,786

The total outstanding creditors amounts to **R50 786 million**.

The biggest outstanding creditors are Eskom (**R26 569 million**), the Auditor-General of South Africa (**R6 449 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

<p>Kannaland Municipality (WC041) 32 Church Street P.O. Box 30 Ladismith 6655 Republic of South Africa</p> <p>Date: 10.09.2018</p> <p>ACCOUNT STATEMENT</p>	 <p>DBSA Development Bank of Southern Africa</p> <p>VAT Registration No: 4260126711</p>
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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
Interest Accrual		30.06.2021	30.06.2021	0.00	9,392.06	0.00	9,392.06	923,553.04	914,160.98
Interest Capitalisation		30.06.2021	30.06.2021	0.00	-9,392.06	9,392.06	0.00	923,553.04	923,553.04
Repayment Due		30.06.2021	30.06.2021	-50,607.94	0.00	-9,392.06	-60,000.00	863,553.04	863,553.04

- The total outstanding long-term debt of Kannaland Municipality amounts to **R864 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 - M12 June										
Description	Ref	2019/20 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	Budget Year 2020/21				
						YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
RECEIPTS:										
Operating Transfers and Grants										
National Government:	1,2	31,250	35,990	39,976	226	33,807	39,976	(6,169)	-15,4%	39,976
Operational Revenue: General Revenue: Equitable Share		28,147	29,760	34,011	-	29,575	34,011	(4,437)	-13,0%	34,011
Expanded Public Works Programme Integrated Grant for Municipalities [Schedule 5B]		1,143	1,171	1,171	45	1,126	1,171	(45)	-3,8%	1,171
HIV and Aids		-	-	-	-	-	-	-	-	-
Local Government Financial Management Grant [Schedule 5B]		1,960	2,647	2,647	137	2,564	2,647	(83)	-3,1%	2,647
Mitchell's Plain Urban Renewal		-	-	-	-	-	-	-	-	-
Municipal Demarcation and Transition Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Municipal Disaster Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Municipal Human Settlement Capacity Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Municipal Systems Improvement Grant		-	1,900	1,635	-	-	1,635	(1,635)	-100,0%	1,635
Natural Resource Management Project		-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant [Schedule 5B]		-	512	512	43	542	512	31	6,0%	512
Metro Informal Settlements Partnership Grant		-	-	-	-	-	-	-	-	-
Provincial Government:		8,637	1,763	8,238	757	4,209	8,238	(4,029)	-48,9%	8,238
Capacity Building		-	-	-	-	-	-	-	-	-
Capacity Building and Other		8,637	1,713	8,238	757	4,209	8,238	(4,029)	-48,9%	8,238
Disaster and Emergency Services		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
All Grants		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	6	-	-	6	(6)	-100,0%	6
Departmental Agencies and Accounts		-	-	6	-	-	6	(6)	-100,0%	6
Foreign Government and International Organisations		-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	5	39,887	37,753	48,220	983	38,016	48,220	(10,204)	-21,2%	48,220
Capital Transfers and Grants										
National Government:		15,245	59,721	30,798	-	4,911	30,798	(25,887)	-84,1%	30,798
Integrated National Electrification Programme (Municipal Grant) [Schedule 5B]		202	-	2,699	-	-	2,699	(2,699)	-100,0%	2,699
Municipal Infrastructure Grant [Schedule 5B]		7,509	9,721	12,483	-	4,023	12,483	(8,461)	-67,8%	12,483
Public Transport Network Operations Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Regional Bulk Infrastructure Grant (Schedule 5B)		-	30,000	-	-	-	-	-	-	-
Water Services Infrastructure Grant [Schedule 5B]		7,534	20,000	15,616	-	888	15,616	(14,728)	-94,3%	15,616
WIFI Connectivity		-	-	-	-	-	-	-	-	-
Expanded Public Works Programme Integrated Grant for Municipalities [Schedule 5B]		-	-	-	-	-	-	-	-	-
Provincial Government:		6,363	5,649	4,395	-	386	4,395	(4,009)	-91,2%	4,395
Capacity Building		-	-	-	-	-	-	-	-	-
Capacity Building and Other		-	3,049	-	-	-	-	-	-	-
Disaster and Emergency Services		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Infrastructure		6,363	2,600	4,395	-	386	4,395	(4,009)	-91,2%	4,395
Transfer from Operational Revenue		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	5	21,608	65,370	35,193	-	5,297	35,193	(29,897)	-85,0%	35,193
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	61,496	103,123	83,413	983	43,313	83,413	(40,100)	-48,1%	83,413

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

National Government Grants:

- Expanded Public Works Programme (EPWP) expenditure amounts to **R45 thousand**;
- Financial Management Grant amounts to **R50 thousand**; and
- Municipal Infrastructure Grant (MIG PMU) amounts to **R43 thousand**.

Provincial Government Grants:

- Library Grant amounts to **R591 thousand**.

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

WC041 Kannaland - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M12 June										
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	2,611	238	1,814	2,611	(797)	-31%	2,611
Pension and UIF Contributions		-	56	55	-	55	55	(0)	0%	55
Medical Aid Contributions		91	35	171	2	84	171	(87)	-51%	171
Motor Vehicle Allowance		342	308	225	13	189	225	(36)	-16%	225
Cellphone Allowance		249	384	329	26	311	329	(19)	-6%	329
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		-	-	-	-	-	-	-	-	-
Sub Total - Councillors		3,146	3,578	3,392	279	2,453	3,392	(939)	-28%	3,392
% increase	4		13,8%	7,8%						7,8%
Senior Managers of the Municipality										
Basic Salaries and Wages	3	1,987	3,120	3,067	86	1,816	3,067	(1,252)	-41%	3,067
Pension and UIF Contributions		1	-	2	-	0	2	(1)	-83%	2
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		(46)	-	92	-	-	92	(92)	-100%	92
Motor Vehicle Allowance		517	90	200	3	157	200	(43)	-21%	200
Cellphone Allowance		13	64	60	3	38	60	(23)	-38%	60
Housing Allowances		-	10	-	-	-	-	-	-	-
Other benefits and allowances		43	39	50	2	49	50	(1)	-2%	50
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	2	-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality		2,514	3,324	3,471	93	2,060	3,471	(1,412)	-41%	3,471
% increase	4		32,2%	38,1%						38,1%
Other Municipal Staff										
Basic Salaries and Wages		38,238	37,386	41,795	2,874	40,486	41,795	(1,309)	-3%	41,795
Pension and UIF Contributions		5,859	6,446	6,405	505	5,938	6,405	(467)	-7%	6,405
Medical Aid Contributions		1,566	2,050	2,184	159	1,990	2,184	(194)	-9%	2,184
Overtime		4,290	1,880	4,587	(7)	4,488	4,587	(99)	-2%	4,587
Performance Bonus		2,252	-	1,802	-	1,794	1,802	(8)	0%	1,802
Motor Vehicle Allowance		2,107	2,672	1,976	160	2,044	1,976	67	3%	1,976
Cellphone Allowance		148	171	110	10	112	110	2	1%	110
Housing Allowances		257	344	526	25	492	526	(34)	-7%	526
Other benefits and allowances		1,680	3,998	3,763	254	3,149	3,763	(614)	-16%	3,763
Payments in lieu of leave		654	47	129	-	128	129	(1)	-1%	129
Long service awards		85	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	2	(1,060)	-	-	-	-	-	-	-	-
Sub Total - Other Municipal Staff		56,075	54,993	63,278	3,980	60,620	63,278	(2,658)	-4%	63,278
% increase	4		-1,9%	12,8%						12,8%
Total Parent Municipality		61,734	61,896	70,142	4,352	65,133	70,142	(5,009)	-7%	70,142
Unpaid salary, allowances & benefits in arrears:										
Total Municipal Entities		-	-	1	0	0	1	(0)	-48%	1
TOTAL SALARY, ALLOWANCES & BENEFITS		61,734	61,896	70,142	4,352	65,133	70,142	(5,009)	-7%	70,142
% increase	4		0,3%	13,6%						13,6%
TOTAL MANAGERS AND STAFF		58,588	58,317	66,749	4,073	62,680	66,749	(4,070)	-6%	66,749

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 - M12 June									
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	2,773	12,673	37,550	24,877	66,3%	20%
Total Capital expenditure	19,178	63,321	37,550	12,673					

Project Status 2020/2021FY (June 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 39,011,97	R 430,939,03	8%	Tender document is compiled and should go out on advertisement
MIG	220290	Zoar: New Sport Field Lighting	R 1,308,720,00	R 115,437,01	R 1,193,283,00	9%	Consultants appointed
MIG	213625	Zoar: Upgrade new Cemetery	R 3,145,491,00	R 1,366,069,14	R 1,779,421,86	43%	Consultants appointed
MIG	160843	Ladismith: New Waste Water Treatment Works	R 2,430,698,00	R 6,158,883,19	-R 3,728,185,19	253%	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 8,479,073,80	R 1,242,276,21	87%	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 6,687,520,63	R 8,928,479,37	43%	Consultants appointed
		TOTALS	R 15,616,000,00	R 6,687,520,63	R 8,928,479,37	43%	
Grant	Project No	Project Name	Budget	Expenditure	Still to spend	% Spend	Status/Progress/Comments
INEP		Kannaland: Integrated National Electrification	2,699,000	R 1,122,717,59	1,576,282,04	42%	Payment is on-going the Supplier is on-site and expenditure will be recorded in June 2021
		TOTALS	R 2,698,999,63	R 1,122,717,59	R 1,576,282,04	42%	

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

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

Print name: ROLAND BUTLER

Signature:

Date:



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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 **June 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 :14 July 2021