



KANNALAND
MUNISIPALITEIT | MUNICIPALITY

QUARTERLY BUDGET STATEMENT

QUARTER 1

JULY – SEPTEMBER 2020

IN-YEAR REPORT OF THE MUNICIPALITY

Prepared in terms of the Local Government: Municipal Finance Management Act (56/2003): Municipal Budget and Reporting Regulations, Government Gazette 32141, 17 July 2009.

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I. GLOSSARY

Adjustments budget - Prescribed in section 28 of the MFMA. The formal means by which a municipality may revise its annual budget during the year.

Allocations - Money received from Provincial or National Government or other municipalities.

Equitable share - A general grant paid to municipalities. It is predominantly targeted to help with free basic services.

Budget - The financial plan of the Municipality.

Budget related policy - Policy of a municipality affecting or affected by the budget, examples include tariff policy, rates policy, credit control and debt collection policy.

Capital expenditure - Spending on assets such as land, buildings and machinery. Any capital expenditure must be reflected as an asset on the Municipality's balance sheet.

Cash flow statement - A statement showing when actual cash will be received and spent by the Municipality. Cash payments do not always coincide with budgeted expenditure timings. For example, when an invoice is received by the Municipality it is shown as expenditure in the month it is received, even though it may not be paid in the same period.

DORA - Division of Revenue Act. Annual legislation that shows the total allocations made by national to provincial and local government.

Equitable share - A general grant paid to municipalities. It is predominantly targeted to help with free basic services.

Fruitless and wasteful expenditure - Expenditure that was made in vain and would have been avoided had reasonable care been exercised.

GFS - Government Finance Statistics. An internationally recognised classification system that facilitates like for like comparison between municipalities.

GRAP - Generally Recognised Accounting Practice. The new standard for municipal accounting.

IDP - Integrated Development Plan. The main strategic planning document of the Municipality

MBRR - Local Government: Municipal Finance Management Act (56/2003): Municipal budget and reporting regulations.

MFMA - Local Government: Municipal Finance Management Act (56/2003). The principle piece of legislation relating to municipal financial management. Sometimes referred to as the Act.

MTREF - Medium Term Revenue and Expenditure Framework. A medium-term financial plan, usually 3 years, based on a fixed first year and indicative further two years budget allocations. Also includes details of the previous and current year's financial position.

Operating expenditure - Spending on the day to day expenses of the Municipality such as salaries and wages.

Rates - Local Government tax based on the assessed value of a property. To determine the rates payable, the assessed rateable value is multiplied by the rate in the rand.

SDBIP - Service Delivery and Budget Implementation Plan. A detailed plan comprising quarterly performance targets and monthly budget estimates.

Strategic objectives - The main priorities of the Municipality as set out in the IDP. Budgeted spending must contribute towards the achievement of the strategic objectives.

Unauthorised expenditure - Generally, is spending without, or in excess of, an approved budget.

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.

II. LEGISLATIVE FRAMEWORK

This report has been prepared in terms of the following enabling legislation:

MUNICIPAL FINANCE MANAGEMENT ACT No.56 of 2003

Section 52 (d) of the Municipal Finance Management Act deals with requirements for quarterly reporting and further states that the Mayor of the Municipality must within 30 days of the end of each quarter submit a report to council on implementation of the Budget and the financial state of the Municipality.

III. MAYOR'S REPORT

In terms of the MBRR (2009), the mayor has the option to table the monthly budget statement in terms of section 52d of the MFMA in council. Kannaland Municipality has taken the option to only table budget reports in terms of sections 52(d) and 72 of the Act in council as per legislative requirements unless circumstances dictate otherwise. The before-mentioned reports should be consistent with the monthly budget statements they relate to.

1 RESOLUTIONS

Recommendation:

That the Executive Mayor takes cognisance of the Quarterly budget statement for **first quarter 2020/21 financial year**.

2 EXECUTIVE SUMMARY

2.1 Introduction

This report is submitted in compliance with Section 52(d) of the Municipal Finance Management Act (MFMA) and the Municipal Budget and Reporting Regulations (MBRR).

The purpose of this report is to inform the mayor and provincial treasury of the **Quarterly** financial performance against the budget of the municipality for the first Quarter of **2020/21 financial year**. An analysis of the financial position and performance was undertaken to determine the relative financial strength and liquidity of the Municipality.

The mayor will consider all deviations and take the necessary corrective actions if needed. It should be noted that the monthly budget has been set at a straight-line approach (simply dividing the annual budget by twelve), which is not practical as the flow of revenue and expenditure incurred are not only cyclical but can be subject to procurement processes and other predictable factors that can cause delays or timing issues, especially during the start-up phase of capital projects.

Financial problems and risks facing the municipality

Cash flow has and will for the foreseeable future be a problem, but in the short-term Kannaland Municipality has done well to meet the most pressing commitments such as Eskom, employee related cost and meeting service delivery requirements. The municipality still experiences cash flow challenges due to constrained resources. A Financial Recovery Plan is in place to mitigate this risk.

On the **25th March 2020**, the President of South Africa, Mr Cyril Ramaphosa, declared a National State of Disaster in terms of the Disaster Management Act, 2002 (Act No. 57 of 2002). A national lockdown for 21 days was implemented, that has subsequently further been extended with a strategy to be downscaled through different levels of lock down over time. The country and the world at large are currently facing the Covid-19 pandemic, that not only poses a risk in terms of health but is also having a devastating economic impact that needs to be dealt with in a sustainable manner.

The **first quarter of 2020/21** financial year, started with National Disaster downscaled from Alert Level 2 to Alert Level 1 towards end of **September 2020**. This has allowed the re-opening of major economic activities throughout the country. The re-opening of major economic activities, has brought positive news for the revenue collection of the municipality, however the strain exerted by the impact of Covid-19 will take time to bring the municipality to better revenue performance.

A recent arbitration award against two (2) employees that were discharged, has been awarded against the municipality. The employees were awarded to return to work in **October 2020** and be compensated for the time they were discharged. The cost implication is expected to be around **R 1 million** in back pay on or before **31st October 2020**.

2.2 Quarterly Consolidated performance

Western Cape: Kannaland(WC041) - Table C1 Quarterly Budget Summary for 1st Quarter ended 30 September 2020

Description	2019/20	Budget year 2020/21							
	Audited Outcome	Original Budget	Adjusted Budget	Q1 Sept Actual	YTD Actual	YTD Budget	YTD Variance	YTD variance %	Full Year Forecast
Financial Performance									
Property rates	16 753	19 540	24 471	8 264	8 264	6 118	2 147	35,09	24 471
Service charges	85 955	92 033	92 834	22 180	22 180	23 208	(1 028)	(4,43)	92 834
Investment revenue	1 014	-	700	226	226	175	51	29,14	700
Transfers and subsidies	39 895	37 753	43 769	11 988	11 988	10 942	1 046	9,55	43 769
Other own revenue	7 480	14 384	15 384	1 088	1 088	3 846	(2 758)	(71,70)	15 384
Total Revenue (excluding capital transfers and contributions)	151 089	163 710	177 158	43 746	43 746	44 290	(543)	(1,23)	177 158
Employee costs	59 063	58 317	60 607	10 092	10 092	15 124	(5 033)	(33,27)	60 607
Remuneration of councillors	3 417	3 578	3 262	501	501	815	(314)	(38,54)	3 262
Depreciation & asset impairment	11 238	12 291	12 222	-	-	3 055	(3 055)	(100,00)	12 222
Finance charges	484	227	181	45	45	45	(1)	(1,80)	181
Materials and bulk purchases	32 203	48 900	54 008	15 216	15 216	13 502	1 714	12,69	54 008
Transfers and subsidies	95	470	470	-	-	117	(117)	(100,00)	470
Other expenditure	39 022	39 452	43 545	2 420	2 420	10 656	(8 236)	(77,77)	43 545
Total Expenditure	145 523	163 166	174 294	28 273	28 273	43 546	(15 273)	(35,07)	174 294
Surplus/(Deficit)	5 566	6 544	2 864	15 473	15 473	744	14 729	1979,97	2 864
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	22 185	65 370	37 165	-	-	9 291	(9 291)	(100,00)	37 165
Transfers and subsidies - capital (monetary allocations) (Nat/ Prov/ Deparm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educ Institutions) & Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	27 732	65 834	40 030	15 473	15 473	10 035	5 438	54,19	40 030
Share of surplus/ (deficit) of associates	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	27 732	65 834	40 030	15 473	15 473	10 035	5 438	54,19	40 030
Capital expenditure & funds sources									
Capital expenditure	20 775	63 321	35 785	4 833	4 833	8 945	(4 114)	(45,98)	35 785
Transfers recognised - capital	20 677	63 321	35 773	4 833	4 833	8 943	(4 111)	(45,96)	35 773
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	98	-	-	-	-	-	-	-	-
Total sources of capital funds	20 775	63 321	35 773	4 833	4 833	8 943	(4 111)	(45,96)	35 773
Financial position									
Total current assets	42 316	84 949	66 872	23 746	23 746	21 718	2 028	9,34	66 872
Total non current assets	9 830	378 132	23 584	4 833	4 833	5 896	(1 063)	(18,04)	23 584
Total current liabilities	23 668	113 394	71 719	12 944	12 944	17 902	(4 957)	(27,69)	71 719
Total non current liabilities	11	33 493	(1 292)	(8)	(8)	(323)	315	(97,47)	(1 292)
Community wealth/Equity	735	250 300	-	169	169	-	169	-	-
Cash flows									
Net cash from (used) operating	(112 454)	91 769	57 157	(6 837)	(6 837)	14 317	(21 204)	(148,10)	57 157
Net cash from (used) investing	-	-	-	-	-	-	-	-	-
Net cash from (used) financing	550	1 433	1 480	131	131	129	3	1,94	1 480
Cash/cash equivalents at the year end	(111 909)	104 854	58 636	(6 756)	(6 756)	14 445	(21 202)	(148,77)	58 636
Collection Rate									
Property rates	-	95,71	76,63	12,54	12,54	76,63	-	-	76,63
Service charges	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	-	154,45	140,26	0,55	0,55	140,26	-	-	140,26
Service charges - water revenue	-	60,89	92,97	0,10	0,10	92,97	-	-	92,97
Service charges - sanitation revenue	-	81,98	85,00	2,32	2,32	85,00	-	-	85,00
Service charges - refuse revenue	-	83,70	33,55	-	-	33,55	-	-	33,55
Interest earned - outstanding debtors	-	-	12,57	-	-	12,57	-	-	12,57

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

Operating Surplus/Deficit

Operating Revenue amounted to **R43.75 million** and the expenditure amounted to **R28.27 million** thereby resulting in a surplus of **R15.47 Million**.

THE FOLLOWING IS THE FINANCIAL PERFORMANCE AGAINST THE BUDGET EXPENDITURE AND REVENUE IN THE QUARTER

Financial Performance

Operating Revenue 101 percent or R43.75 million

The municipality revenue for the **first quarter** shows good performance of **101 percent**. It has been challenging times in South Africa with the declaration of lockdown and the impact of the COVID-19 affects revenue collection mechanism of the municipality. However, the shift from Alert level 2 to Alert level 1 in the first quarter shows improvement in collection. The big difference in Property rates can be attributed to the yearly account paid in time.

Operating expenditure 64 percent or R28.27 million

There has been slow spending on the **first Quarter** as a result of lockdown preventing businesses to operate, travelling and contracted work to be executed by the municipality. However, it has resulted in increased expenditure of COVID-19 related procurements. The expenditure is expected to pick up since the shift from Alert level 2 to Alert level 1 towards the end of the quarter.

Capital expenditure 54 percent or R4.83 million

The capital expenditure to date is **R4.83 million** or **54 percent** of the total year to date budget for the first quarter. An improvement in expenditure on capital is expected during the second quarter as a result of the shift from Alert level 2 to Alert level 1 towards the end of **first quarter**.

2.3 REVENUE AND EXPENDITURE BY SOURCE AGAINST ANNUAL BUDGET

Western Cape: Kannaland(WC041) - Table C4 Quarterly Budgeted Financial Performance (All) for 1st Quarter ended 30 September 2020

Western Cape: Kannaland(WC041) - Table C-4 Quarterly Budgeted Financial Performance (A1) for 1st Quarter ended 30 September 2020										
Description	Ref	2019/20	Budget year 2020/21							
		Audited Outcome	Original Budget	Adjusted Budget	Q1 Sept Actual	YTD Actual	YTD Budget	YTD Variance	YTD variance %	Full Year Forecast
R thousands										
Revenue By Source										
Property rates		16 753	19 540	24 471	8 264	8 264	6 118	2 147	35,09	24 471
Service charges - electricity revenue		52 583	55 943	58 114	14 809	14 809	14 529	280	1,93	58 114
Service charges - water revenue		19 622	21 626	21 626	3 711	3 711	5 407	(1 696)	(31,32)	21 626
Service charges - sanitation revenue		7 008	7 520	6 149	1 876	1 876	1 537	339	22,03	6 149
Service charges - refuse revenue		6 743	6 945	6 945	1 784	1 784	1 735	48	2,74	6 945
Rental of facilities and equipment		520	17	367	126	126	92	34	37,22	367
Interest earned - external investments		1 014		700	226	226	175	51	28,14	700
Interest earned - outstanding debtors		20	5 567	5 567	2	2	1 392	(1 390)	(99,86)	5 567
Dividends received										
Fines, penalties and forfeits		4 470	7 384	7 584	403	403	1 696	(1 493)	(78,73)	7 584
Licences and permits		164	50	500	60	60	125	(65)	(51,64)	500
Agency services		828	1 000	1 000	329	329	250	79	31,43	1 000
Transfers and subsidies		39 866	37 753	43 769	11 958	11 958	10 942	1 046	9,56	43 769
Other revenue		1 477	365	365	168	168	91	77	84,23	365
Gains										
Total Revenue (excluding capital transfers and contributions)		151 069	163 710	177 158	43 745	43 745	44 290	(543)	(1,23)	177 158
Expenditure By Type										
Employee related costs		59 063	58 317	60 607	10 092	10 092	15 124	(5 033)	(33,27)	60 607
Remuneration of councillors		3 417	3 578	3 262	501	501	815	(314)	(38,54)	3 262
Debt impairment		21 831	11 923	12 139			3 035	(3 035)	(100,00)	12 139
Depreciation and asset impairment		11 238	12 231	12 222			3 655	(3 055)	(100,00)	12 222
Finance charges		424	227	181	45	45	45	(1)	(1,50)	181
Bulk purchases		29 926	42 693	43 693	13 633	13 633	10 633	2 734	25,09	43 693
Other materials		2 277	6 207	10 415	1 583	1 583	2 604	(1 020)	(39,19)	10 415
Contracted services		9 725	15 682	18 791	1 102	1 102	4 698	(3 596)	(76,55)	18 791
Transfers and subsidies		95	470	470			117	(117)	(100,00)	470
Other expenditure		7 486	11 657	12 615	1 318	1 318	3 154	(1 836)	(59,21)	12 615
Losses										
Total Expenditure		145 523	163 166	174 294	28 273	28 273	43 546	(15 273)	(35,07)	174 294
Surplus/(Deficit)										
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		5 546	524	2 864	15 473	15 473	744	14 729	1 979,97	2 864
Transfers and subsidies - capital (monetary allocations) (Natl / Prov / Depar / Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Education Institutions)		22 186	65 370	37 165			9 291	(9 291)	(100,00)	37 165
Transfers and subsidies - capital (in-kind - all)										
		27 732	65 894	40 030	15 473	15 473	10 035	5 438	54,19	40 030
Surplus/(Deficit) after capital transfers and contributions										
Taxation										
Surplus/(Deficit) after taxation		27 732	65 894	40 030	15 473	15 473	10 035	5 438	54,19	40 030
Attributable to minorities										
Surplus/(Deficit) attributable to municipality		27 732	65 894	40 030	15 473	15 473	10 035	5 438	54,19	40 030
Share of surplus/(deficit) of associate										
Surplus/(Deficit) for the year		27 732	65 894	40 030	15 473	15 473	10 035	5 438	54,19	40 030

The detailed Quarterly operating revenue performance against year to date budget items are as follows:

Electricity performance is 102 percent or 14.8 million

The Kannaland municipality supplies the following locations with electricity, Ladismith and Calitzdorp while Zoar and Van Wyk's dorp purchase directly from Eskom. Revenue performance in the **First Quarter** amounted to **R14.81 million**. The municipality still applies the winter tariffs in respect of electricity purchases and as summer approaches, the tariffs will change.

Water performance is 68 percent or R 3.71 million

We have a revenue collection of **R3.71 million** in **First Quarter**. The revenue collection is picking up after the alert level 1 towards the end of the first quarter, as many communities are slowly getting back to work. The revenue performance is below expectation as a result of lockdown impact.

Sewerage performance is 122 percent or R1.88 million

The municipality has collected **R1.88 million**. The application of debt control measure remains an issue in areas serviced by Eskom directly for electricity. However, the first quarter performance indicates a good performance in Sewerage.

Refuse Removal performance is 102 percent or R1.78 million

The municipality has only collected **R1.78 million**. Refuse collection has proven to be one of the under-performing service in the municipality. The application of debt control measure remains an issue in areas serviced by Eskom directly for electricity.

Interest earned, Rental of facility and fines/Penalties forfeits

The interest earned on outstanding debtors raises concerns, which will be addressed as the municipality is not showing collections towards interest even though outstanding debtors are increasing.

Interest earned on outstanding debtors' 0 percent or R2 thousand

Due to the application of lockdown in the different level, the levying of interest in outstanding accounts is currently on hold.

Rental of facilities and equipment 136 percent or R132 thousand

The performance with respect to collection from rental and facilities is positive against the year to date budget. As such the municipality will need to adjust the revenue upwards in the next adjustment budget.

Interest on external investments 129 percent or R126 thousand

The performance with respect to external investments made up of majority of grants not yet spent is positive against the year to date budget, as a result of non-expenditure of grants, due to the lockdown. The municipality anticipates to spend more and the interest received will go down.

Fines Penalties and forfeits 21 percent or R126 thousand

The performance with respect to fines, penalties and forfeits shows underperformance

Other revenue, Agency services and licence and permits 120 percent or R557 thousand.

The over-performance can be attributed to other revenue and agency services, while licence and permits have not performed due to the contract for Traffic Management Transport Service not renewed and lockdown.

The detailed operating expenditure for the first quarter per items is as follows:

Employee Related Costs 66 percent or R10.09 million / Councillors 61 percent or R501 thousand.

The employee related are well in line with the year to date budget. The recent increase on employee related took place in the adjustment budget taking into account position to advertised and filled in the second quarter. The municipality has not implemented the annual municipal increases, and have applied for exemption.

Bulk Purchases, Finance Charges and other materials is 113 percent or R15.26

The main expenditure relates to bulk purchases for electricity R13.63 million and arrangement for arrear accounts. The finance charges amounted to R45 thousand and other Materials amounted to R1.58 million.

Contracted services 23 percent or R1.10 million

The expenditure on contracted services remains low as a result of lockdown. However, the opening of the economic activities will lead to increase expenditure related mainly on grant funded projects. Most of the expenditure relates to the compilation of the Annual Financial Statements.

Other expenditure 42 percent or R1.32 million

Due to cost containment measures that are being implemented as per the resolution of the Financial Recovery Plan and the impact of Covid-19.

Western Cape: Kannaland(WC041) - Table C5 Quarterly Budgeted Capital Expenditure by Functional Classification and Funding for 1st Quarter ended 30 September :

Description	Ref	2019/20	Budget year 2020/21							Full Year Forecast
		Audited Outcome	Original Budget	Adjusted Budget	Q1 Sept Actual	YTD Actual	YTD Budget	YTD Variance	YTD variance %	
R thousands										
Capital Expenditure - Functional										
Municipal governance and administration		-	-	-	-	-	-	-	-	-
Executive and council										
Finance and administration										
Internal audit										
Community and public safety		1 855	5 454	6 104	-	-	1 526	(1 526)	(100,00)	6 104
Community and social services			4 145	4 795			1 199	(1 199)	(100,00)	4 795
Sport and recreation		1 365	1 309	1 309			327	(327)	(100,00)	1 309
Public safety		500								
Housing										
Health										
Economic and environmental services		-	-	19	-	-	5	(5)	(100,00)	19
Planning and development										
Road transport				19			5	(5)	(100,00)	19
Environmental protection										
Trading services		18 910	57 667	29 662	4 633	4 633	7 416	(2 583)	(34,83)	29 662
Energy services		615								
Water management		16 189	27 667	29 662	4 633	4 633	7 416	(2 583)	(34,83)	29 662
Waste water management		2 106	30 000							
Waste management										
Other										
Total Capital Expenditure - Functional	3	20 775	63 321	35 785	4 633	4 633	8 946	(4 114)	(45,99)	35 785
Funded by										
National Government		14 496	59 721	29 728	4 533	4 533	7 432	(2 859)	(39,01)	29 728
Provincial Government		6 191	3 600	6 045	299	299	1 511	(1 212)	(60,19)	6 045
District/Municipality										
Transfers and subsidies - capital (monetary allocations) (Nat/Prov/Deparm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educ Institutions)										
Transfers recognised - capital		20 677	63 321	35 773	4 633	4 633	8 943	(4 111)	(45,98)	35 773
Borrowing	6									
Internally generated funds		98								
Total Capital Funding		20 775	63 321	35 773	4 633	4 633	8 943	(4 111)	(45,98)	35 773

2.4 CAPITAL EXPENDITURE BY SOURCE AGAINST ANNUAL BUDGET

- The actual year-to-date Capital Expenditure amounts to **R2.089** million. Only commitment to spend that orders are still at invoiced stage.
- The total to date expenditure is **R4.83** million, which represents **54%** expenditure on year to date budget and **13%** of the total capital budget. It is expected the capital expenditure to pick up from the alert level one.

2.5 Conditional Grants Transferred and Expenditure

WC041 Kannaland - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - Q1 First Quarter

Description	Ref	2019/20	Budget Year 2020/21							
		Actual Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	FY19 Year Forecast
R thousands										
EXPENDITURE										
Operating expenditure of Transfers and Grants										
National Government:		26 225	26 433	29 661	1 593	3 519	7 455	(3 948)	-52,9%	29 661
Operational Revenue General Revenue Equitable Share		22 695	20 433	23 916	1 203	2 935	5 679	(3 041)	-50,9%	23 916
Expanded Public Works Programme Integrated Grant for Municipalities (Schedule 5B)		1 030	1 172	1 171	119	233	293	(60)	-20,4%	1 171
Local Government Financial Management Grant (Schedule 5B)		1 651	2 647	2 647	317	356	662	(266)	-40,2%	2 647
Municipal Systems Improvement Grant		-	1 400	1 400	(60)	(60)	350	(410)	-117,1%	1 400
Municipal Infrastructure Grant (Schedule 5B)		668	751	727	15	15	152	(157)	-91,8%	727
Provincial Government:		5 377	3 437	6 635	283	416	1 569	(1 633)	-72,4%	6 635
Capacity Building and Other		5 375	3 087	5 665	203	416	1 421	(1 059)	-70,7%	5 665
Infrastructure		1	350	350	-	-	87	(87)	-100,0%	350
District Municipality:		-	-	-	-	-	-	-	-	-
All Grants		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
Parent Municipality / Entity		-	-	-	-	-	-	-	-	-
Total operating expenditure of Transfers and Grants:		31 681	29 849	35 696	1 793	3 635	8 574	(5 033)	-56,1%	35 696
Capital expenditure of Transfers and Grants										
National Government:		15 653	59 721	29 728	1 768	4 533	7 432	(2 899)	-39,6%	29 728
Integrated National Election Programme (Municipal Grant) (Schedule 5B)		176	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant (Schedule 5B)		8 273	9 721	9 728	455	532	2 432	(1 903)	-78,1%	9 728
Regional Bulk Infrastructure Grant (Schedule 5B)		-	30 000	-	-	-	-	-	-	-
Water Services Infrastructure Grant (Schedule 5B)		6 552	20 000	20 000	1 335	4 001	5 000	(599)	-20,0%	20 000
Provincial Government:		6 191	3 669	6 645	299	299	1 511	(1 212)	-80,2%	6 645
Capacity Building		-	-	-	-	-	-	-	-	-
Capacity Building and Other		500	1 000	1 650	-	-	413	(413)	-100,0%	1 650
Infrastructure		6 691	2 669	4 355	299	299	1 099	(799)	-72,8%	4 355
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
All Grants		-	-	-	-	-	-	-	-	-
Other grant providers:		98	-	-	-	-	-	-	-	-
Transfer from Operational Revenue		93	-	-	-	-	-	-	-	-
Total capital expenditure of Transfers and Grants		21 249	63 321	35 773	2 689	4 833	8 943	(4 111)	-46,9%	35 773
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		52 891	93 162	71 679	3 882	8 768	17 517	(9 149)	-51,1%	71 679

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

- Local Government Finance Management Grant to the amount of **R904 thousand**. Some expenditure to be re-allocated to FMG funded votes
- Municipal Infrastructure Grant to the amount of **R153 thousand**
- Libraries Grant to the amount of **R580 thousand**
- Expanded Public Works Programme (EPWP) to the amount of **R233 thousand**

3 EXECUTIVE SUMMARY

The municipality remains financially constrained and the COVID-19 pandemic also had a negative effect which has set us back in our initiatives to turn this financial situation around. However, we remain optimistic that our Financial Recovery Plan we see us through these hard times.

3.1 Table C6: Quarterly Budget Statement - Financial Position

WC041 Kannaland - Table C6 Monthly Budget Statement - Financial Position - Q1 First Quarter

Description	Ref	2019/20 Audited Outcome	Original Budget	Budget Year 2020/21 Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash		27 034	3 246	109 598	27 821	109 598
Call Investment deposits		29 470	8 397	—	(5 519)	—
Consumer debtors		1 748	(92 860)	(21 746)	8 208	(21 746)
Other debtors		(10 926)	(31 250)	3 629	(6 678)	3 629
Current portion of long-term receivables		—	(8)	—	—	—
Inventory		848	2 025	(5 010)	(156)	(5 010)
Total current assets		42 170	(110 474)	86 472	23 746	86 472
Non current assets						
Long-term receivables		—	—	—	—	—
Investments		—	—	—	—	—
Investment property		(124)	1 489	—	—	—
Investments in Associate		—	—	—	—	—
Property, plant and equipment		8 683	388 829	23 614	4 833	23 614
Agricultural		—	—	—	—	—
Biological assets		—	—	—	—	—
Intangible assets		(7)	45	(30)	—	(30)
Other non-current assets		—	—	—	—	—
Total non current assets		8 552	390 363	23 584	4 833	23 584
TOTAL ASSETS		50 731	279 889	110 056	28 579	110 056
LIABILITIES						
Current liabilities						
Bank overdraft		—	—	—	—	—
Borrowing		(607)	(972)	—	(136)	—
Consumer deposits		67	964	—	1	—
Trade and other payables		36 667	(7 970)	71 319	13 030	71 319
Provisions		(2 006)	2 654	—	—	—
Total current liabilities		33 211	(5 325)	71 319	12 944	71 319
Non current liabilities						
Borrowing		11	1 141	(1 292)	(8)	(1 292)
Provisions		4 033	29 199	—	—	—
Total non current liabilities		4 044	30 340	(1 292)	(8)	(1 292)
TOTAL LIABILITIES		37 255	25 016	70 026	12 936	70 026
NET ASSETS	2	13 476	254 873	40 030	15 643	40 030
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		853	251 727	—	—	—
Reserves		(62)	(1 427)	—	189	—
TOTAL COMMUNITY WEALTH/EQUITY	2	801	250 300	—	169	—

Assets

We have a highly illiquid financial position as our Consumer Debtors are not paying their outstanding accounts. The municipality understands that this is a ripple effect that was mainly caused by a stagnant economy which for a long time has not created sufficient jobs for our local communities to afford paying their levies. We however are trying to collect where we can.

Cash

The financial cash flow of the municipality remains an on-going challenge that is being addressed by the implementation of the Financial Recovery Plan in collaboration with the Provincial Treasury.

The year to date is **R27.82 million or 25%** in first quarter. The figures do not include the opening balances as per AFS 2020/21 pending review of draft AFS.

Call Investment Deposits

We currently have short-term investments deposits which consist of the Conditional Grants received from National Treasury. These grants are more detailed under the Grants Schedule which is **Table SC06** of this report.

Consumer Debtors and other debtors

Although the municipality has a high debt book however revenue projections of collecting **85 percent** of this value is unlikely due to the reasons stated earlier which include areas that are serviced by ESKOM on Electricity.

The impact of COVID-19 will influence the desired percent collection rate the municipality projected for the 2020/21 financial year. This revenue collection revenue will probably be revised after a mid-year assessment.

Property, Plant and Equipment

The year-to-date on capital expenditure in **Quarter 1** is **R4.83 million or 13%** of capital expenditure against capital budget. The current month's Capital Expenditure is at **R2.09 million or 54%** of year to date budget.

Intangible Assets

The acquisition of Intangible Assets such as software and antivirus will only take place after we have secured a new server. Unfortunately, Department of Local Government could not fulfil its commitment in funding the municipality for the acquisition of a server.

We have included the server in our business plans of the current year again and we have emphasised the need of having a new server as the current situation poses a big risk in terms of loss of data and vulnerability to viruses.

Liabilities

Current Liabilities

Bank Overdraft

We have incurred no overdraft for the reporting month.

Borrowings

We have a long-term financial obligation with the Development Bank of Southern Africa and currently paying R60 thousand per month inclusive of finance charges that is broken down between interest R14 thousand.

Trade and Other Payables

Due to the nature of our financial situation we are struggling to fulfil our obligations and we have been in negotiations with our creditors such as ESKOM to negotiate payment plans that will suit our affordability.

We are currently reconciling all our outstanding creditors to the system and once we have a final number, we will engage with our creditors individually in our efforts to forge an affordable payment plan.

3.2 Quarterly Budget Statement - Cash Flow

WC041 Kannaland - Table C7 Monthly Budget Statement - Cash Flow - Q1 First Quarter

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		21 756	(9 560)	20 537	1 629	4 149	5 107	(958)	-19%	20 537
Service charges		69 592	(79 191)	84 744	12 522	20 455	21 188	(731)	-3%	84 744
Other revenue		3 901	2 078	5 331	396	1 082	1 333	(251)	-19%	5 331
Government - operating		26 447	(12 884)	35 823	6 231	22 771	8 956	13 815	154%	35 823
Government - capital		-	(40 039)	-	-	1 163	-	1 163	0%	-
Interest		12	(7 731)	8	1	2	2	0	19%	8
Dividends		-	-	-	-	-	-	-	-	-
Payments										
Suppliers and employees		(120 530)	(138 335)	(149 283)	(15 728)	(28 228)	(37 293)	(9 064)	24%	(149 283)
Finance charges		(4 599)	(227)	(181)	(14)	(45)	(45)	(1)	-2%	(181)
Transfers and Grants		(95)	(470)	(470)	-	-	(117)	(117)	100%	(470)
NET CASH FLOW/(USED) OPERATING ACTIVITIES		(3 517)	(286 359)	(3 491)	5 037	21 350	(873)	(22 223)	2546%	(3 491)
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		(632)	(95 436)	(35 785)	-	-	(8 946)	(8 946)	100%	(35 785)
NET CASH FLOW/(USED) INVESTING ACTIVITIES		(632)	(95 436)	(35 785)	-	-	(8 946)	(8 946)	100%	(35 785)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		-	-	-	-	-	-	-	-	-
Borrowing long term/financing		-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		57	-	-	(5)	1	-	1	0%	-
Payments										
Repayment of borrowing		(2)	(1 168)	(720)	-	-	(180)	(180)	100%	(720)
NET CASH FLOW/(USED) FINANCING ACTIVITIES		54	(1 166)	(720)	(5)	1	(180)	(181)	101%	(720)
NET INCREASE/(DECREASE) IN CASH HELD		(4 095)	(382 961)	(39 996)	5 032	21 351	(9 999)			(39 996)
Cash/cash equivalents at beginning:		-	11 631	-		-	11 631			-
Cash/cash equivalents at month/year end:		(4 095)	(371 330)	(39 996)		21 351	1 632			(39 996)

Cash Receipts

As extensively reported earlier, the municipal cash flow position remains difficult and with the implementation of the **Financial Recovery Plan** we hope to turn this situation around in the near future. There are some positive performance with regards to reported receipts in the **First Quarter** of **2020/21** financial year. The receipt showed an amount of **R20.46 million** on service charges combined and **R4.15 million** for property rates with transfers and subsidies (operating and capital) amounting to **R23.90 million**.

The total bank balance ending of **Quarter 1** was as follows;

- Standard Bank Main Account is **R1.39 Million**
- The Traffic Account and the **R750 thousand**, and
- Deposit Account has **R5.02 million**.

The lack of revenue streams has left the municipality to be heavily dependent on Grant Funding to run its daily operations and the current national economic situation is not helping our situation. The municipality is reviving the Revenue Enhancement Project as part of the turnaround strategy. We have started with our Data Cleansing project and an update will be provided on monthly basis.

3.3 DEBTORS' ANALYSIS

WC041 Kannaland - Supporting Table SC3 Monthly Budget Statement - aged debtors - Q1 First Quarter

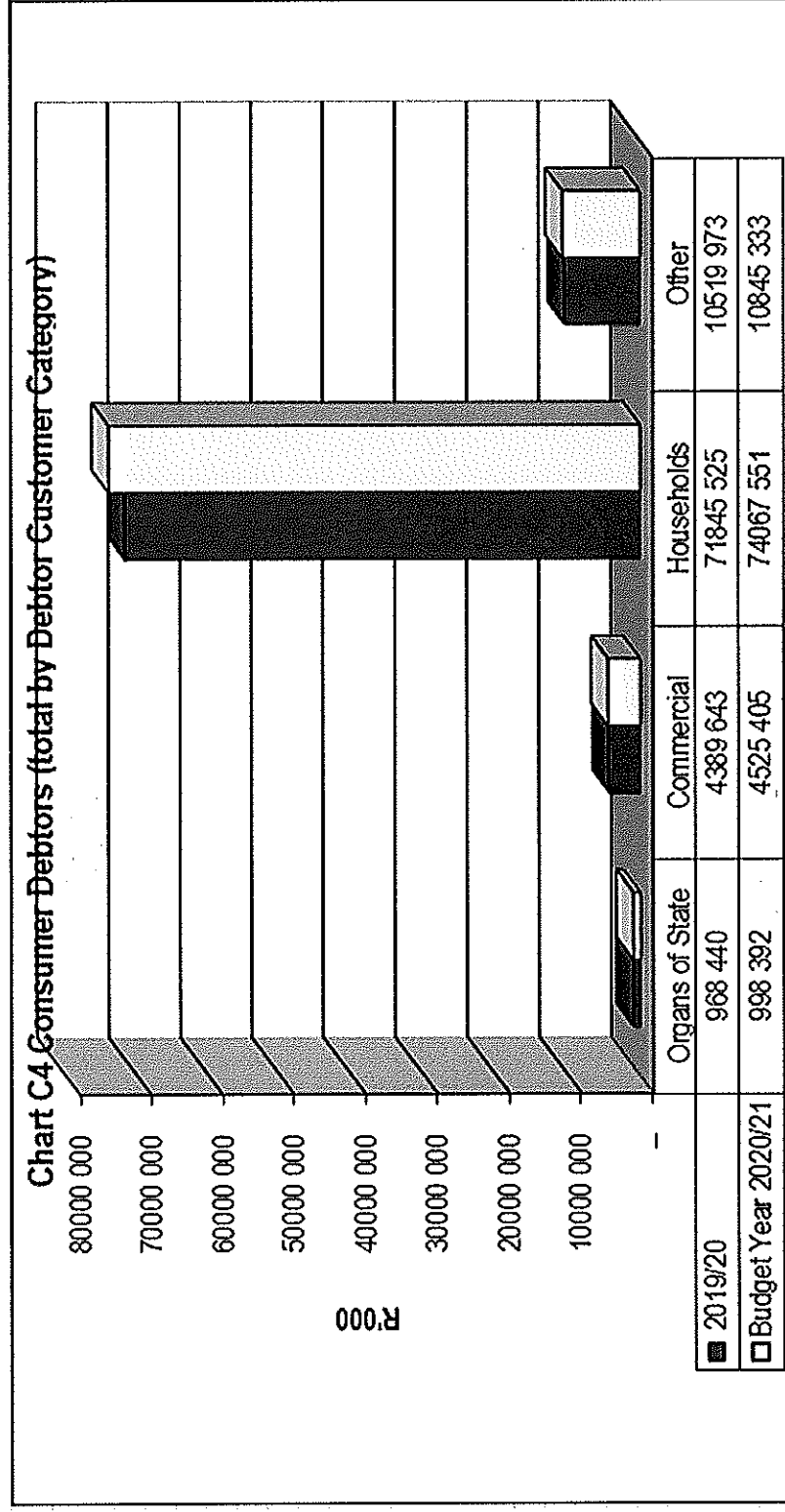
Description	NT Code	Budget Year 2020/21										Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts Lto Council Policy
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Days	151-180 Days	181 Days-1 Yr	Over 1Yr	Total	Total over 90 days		
R thousands													
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200	1 483	539	460	584	716	1 196	4 709	12 241	22 008	19 526	-	-
Trade and Other Receivables from Exchange Transactions - Electricity	1300	1 147	216	142	117	114	108	351	1 455	3 651	2 145	-	-
Receivables from Non-exchange Transactions - Property Rates	1400	5 939	392	315	437	279	286	1 314	13 977	22 939	16 293	-	-
Receivables from Exchange Transactions - Waste Water Management	1500	540	255	233	232	231	228	1 373	8 855	11 946	10 918	-	-
Receivables from Exchange Transactions - Waste Management	1600	1 105	427	438	431	422	412	2 373	10 594	16 173	14 202	-	-
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	-	24	24	24	-	-
Intersected Arrear Debtor Accounts	1810	14	12	10	12	11	14	300	15 230	15 602	15 566	-	-
Recoverable unauthorised, irregular, fullness and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-
Other	1900	(5 214)	173	146	137	129	113	534	2 075	(1 906)	2 988	-	-
Total By Income Source	2000	5 014	2 015	1 745	2 029	1 902	2 356	10 955	64 421	90 437	81 663	-	-
2019/20 - totals only													
Debtors Age Analysis By Customer Group													
Organs of State	2200	(414)	121	84	100	73	74	124	836	988	1 207	-	-
Commercial	2300	826	190	142	165	127	122	486	2 466	4 525	3 357	-	-
Households	2400	4 241	1 581	1 385	1 618	1 574	2 021	9 611	52 057	74 068	66 881	-	-
Other	2500	361	141	133	146	128	139	734	9 062	10 845	10 209	-	-
Total By Customer Group	2600	5 014	2 015	1 745	2 029	1 902	2 356	10 955	64 421	90 437	81 663	-	-

- The total amount owed to Kannaland Municipality amounted to **R90.44** million during the end of the **First Quarter**. The decrease is attributed to payment made by organs of state in respect of arrear accounts.
- **R64.42 million** or **71 percent** of the total outstanding debtors are older than one year.
- **R81.66 million** or **90 percent** of the outstanding debtors are outstanding for more than 90 days and are less likely to be recoverable debt.

The biggest concern regarding debt collection in Kannaland Municipality is the ability to collect service charges for Water, Refuse and Sewerage in areas where electricity is not supplied by the municipality.

3.3.1 Chart of aged debtors age analysis – Current year actuals vs. prior year audited outcome

The problematic category is households, which represent 82 percent (R74 million) of the total amount of outstanding debt with a 3 percent year-on-year increase.



3.4 CREDITORS' ANALYSIS

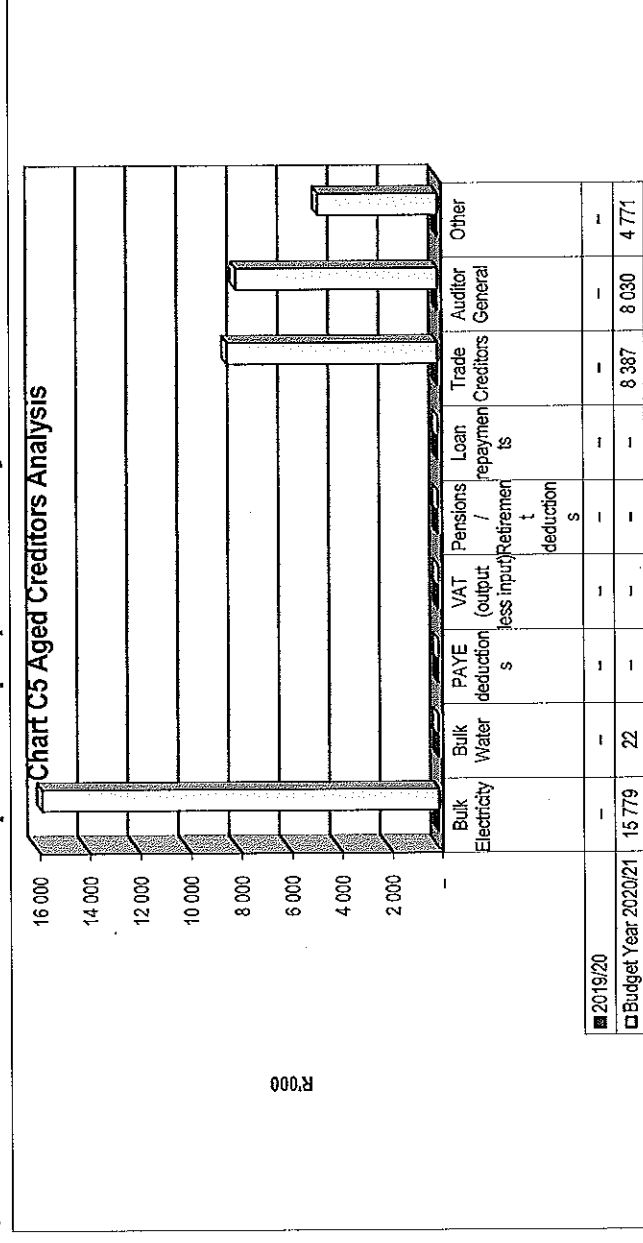
WC041 Kannaland - Supporting Table SC4 Monthly Budget Statement - aged creditors - Q1 First Quarter

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	4 220	5 116	5 179	5 120	-	-	-	-	-	19 634	
Bulk Water	0200	22	-	-	-	-	-	-	-	-	22	
PAYE deductions	0300	-	-	-	-	-	-	-	-	-	-	
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-	-	
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-	-	
Loan repayments	0600	-	-	-	-	-	-	-	-	-	-	
Trade Creditors	0700	980	262	163	26	7 428	-	-	-	-	8 858	
Auditor General	0800	1 479	419	46	529	5 557	-	-	-	-	8 030	
Other	0900	253	16	22	-	4 751	-	-	-	-	5 042	
Total By Customer Type	1000	6 955	5 812	5 409	5 674	17 737	-	-	-	-	41 587	

- The total outstanding creditors as at the end of the **First Quarter** amounts to **R41 587 million**.
- The biggest outstanding creditors are Eskom (**R19 634 million**), the Auditor-General of South Africa (**R8 030 million**). Combined, the before mentioned, represents 66 percent of all outstanding creditors.

The outstanding trade creditors continue to have a negative influence on service delivery and the ability to fully comply to supply chain management regulations. Creditors are owed money for extended periods of time and this is causing a reluctance to quote and take part in competitive bidding processes. Pressure on cash flow is increasing with long outstanding creditors demanding settlement.

3.4.1 Chart of creditors expressed proportionately to the total amount owed



4 Quarterly Grants and Receipts

4.1 Allocation and Grant receipts Supporting Table SC6

WC041 Kannaland - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - Q1 First Quarter

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:	12									
Operating Transfers and Grants										
National Government:		31 250	35 990	39 976	--	11 917	9 894	1 923	19,2%	39 976
Operational Revenue General Revenue Equitable Share		28 147	29 760	34 011	--	11 662	8 503	3 159	37,2%	34 011
Energy Efficiency and Demand-side (Schedule 5B)		--	--	--	--	--	--	--	--	--
Expanded Public Works Programme Integrated Grant for Municipalities (Schedule 5B)		1 143	1 171	1 171	--	255	293	(38)	-13,0%	1 171
Khayelitsha Urban Renewal		--	--	--	--	--	--	--	--	--
Local Government Financial Management Grant (Schedule 5B)		1 990	2 647	2 647	--	--	662	(662)	-100,0%	2 647
Municipal Systems Improvement Grant		--	1 900	1 635	--	--	409	(409)	-100,0%	1 635
Municipal Infrastructure Grant (Schedule 5B)		--	512	512	--	--	128	(128)	-100,0%	512
Water Services Infrastructure Grant		--	--	--	--	--	--	--	--	--
Provincial Government:		8 637	1 763	6 843	--	--	1 711	(1 711)	-100,0%	6 843
Capacity Building		--	--	--	--	--	--	--	--	--
Capacity Building and Other		8 637	1 713	6 793	--	--	1 698	(1 698)	-100,0%	6 793
Infrastructure		--	50	50	--	--	12	(12)	-100,0%	50
Libraries, Archives and Museums		--	--	--	--	--	--	--	--	--
Total Operating Transfers and Grants	5	39 887	37 753	46 818	--	11 917	11 705	212	1,8%	46 818
Capital Transfers and Grants										
National Government:		15 245	58 721	29 721	--	--	7 430	(7 430)	-100,0%	29 721
Integrated National Education Programme (Municipal Grant) (Schedule 5B)		202	--	--	--	--	--	--	--	--
Municipal Infrastructure Grant (Schedule 5B)		7 509	9 721	9 721	--	--	2 430	(2 430)	-100,0%	9 721
Regional Bulk Infrastructure Grant (Schedule 5B)		--	30 000	--	--	--	--	--	--	--
Water Services Infrastructure Grant (Schedule 5B)		7 534	20 000	20 000	--	--	5 000	(5 000)	-100,0%	20 000
Expanded Public Works Programme Integrated Grant for Municipalities (Schedule 5B)		--	--	--	--	--	--	--	--	--
Provincial Government:		6 363	5 649	4 395	--	--	1 699	(1 699)	-100,0%	4 395
Capacity Building		--	--	--	--	--	--	--	--	--
Capacity Building and Other		--	3 649	--	--	--	--	--	--	--
Infrastructure		6 363	2 609	4 395	--	--	1 699	(1 699)	-100,0%	4 395
Libraries, Archives and Museums		--	--	--	--	--	--	--	--	--
Total Capital Transfers and Grants	5	21 608	65 370	34 116	--	--	8 528	(8 528)	-100,0%	34 116
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	61 495	103 123	80 935	--	11 917	20 234	(8 317)	-41,1%	80 935

The following grants were received for Quarter 1

- Equitable Share amounts to **R13 411 million**.
- Local Government Finance Management Grant amounts to **R2 647 million**.
- Municipal Infrastructure Grant amounts to **R1 338 million**.
- Libraries Grant amounts to **R 2 016 million** for Operational and Capital.
- Expanded Public Works Programme (EPWP) amounts to **R 293 thousand**.

5 Quarterly Financial Performance Functional classification

5.1 Quarterly Budget Statement - Financial Performance (standard classification)

WC041 Kannaland - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - Q1 First Quarter

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>		56 458	37 632	47 936	1 827	20 887	11 984	8 903	74%	47 936
Executive and council		28 324	8 920	13 128	-	11 733	3 282	8 451	258%	13 128
Finance and administration		26 134	28 712	34 808	1 827	9 153	8 702	451	5%	34 808
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		14 377	15 167	16 818	23	318	4 204	(3 887)	-92%	16 818
Community and social services		12 196	14 967	15 617	2	264	3 904	(3 640)	-93%	15 617
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		2 181	-	-	22	53	-	53	#DIV/0!	-
Housing		-	200	1 201	-	-	300	(300)	-100%	1 201
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		1 980	7 398	8 048	182	362	2 012	(1 650)	-82%	8 048
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		1 980	7 398	8 048	182	362	2 012	(1 650)	-82%	8 048
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		100 055	168 884	142 894	7 597	22 180	35 723	(13 544)	-38%	142 894
Energy sources		52 795	59 735	61 906	5 079	14 809	15 477	(668)	-4%	61 906
Water management		33 519	50 507	52 302	1 310	3 711	13 075	(9 364)	-72%	52 302
Waste water management		7 008	44 106	14 106	616	1 876	3 526	(1 651)	-47%	14 106
Waste management		6 743	14 537	14 580	592	1 784	3 645	(1 861)	-51%	14 580
Other	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	172 880	229 081	215 695	9 629	43 746	53 924	(10 177)	-19%	215 695
Expenditure - Functional										
<i>Governance and administration</i>		51 546	51 108	56 933	3 002	7 057	14 233	(7 176)	-50%	56 933
Executive and council		15 141	12 074	16 836	865	2 204	4 209	(2 005)	-48%	16 836
Finance and administration		36 405	39 031	40 097	2 138	4 853	10 024	(5 171)	-52%	40 097
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		11 102	10 729	11 119	599	1 717	2 762	(1 035)	-38%	11 119
Community and social services		6 325	8 333	8 101	447	1 018	2 025	(1 007)	-50%	8 101
Sport and recreation		387	812	779	15	40	167	(127)	-76%	779
Public safety		3 590	207	203	75	533	51	483	949%	203
Housing		801	1 376	2 035	63	125	509	(384)	-75%	2 035
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		8 403	19 221	17 517	420	903	4 379	(3 476)	-79%	17 517
Planning and development		-	-	10	-	-	2	(2)	-100%	10
Road transport		8 403	19 221	17 507	420	903	4 377	(3 474)	-79%	17 507
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		89 154	82 131	88 725	11 721	18 596	22 181	(3 585)	-16%	88 725
Energy sources		49 140	53 186	55 494	9 271	14 706	13 874	833	6%	55 494
Water management		26 765	13 240	14 606	787	1 512	3 652	(2 140)	-59%	14 606
Waste water management		5 120	6 906	8 796	243	584	2 199	(1 615)	-73%	8 796
Waste management		8 129	8 799	9 828	1 420	1 794	2 457	(663)	-27%	9 828
Other		-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	160 205	163 185	174 294	15 742	28 273	43 546	(15 273)	-35%	174 294
Surplus/ (Deficit) for the year		12 675	65 894	41 400	(6 113)	15 473	10 378	5 095	49%	41 400

5.2 Quarterly Budget Statement-Financial Performance

WC041 Kannaland - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - Q1 First Quarter

Vote Description		Ref	2019/20	Budget Year 2020/21							
			Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands											
Revenue by Vote		1									
Vote 1 - MUNICIPAL MANAGER			29 033	8 920	13 128	--	11 733	3 282	8 451	257,5%	13 128
Vote 2 - CORPORATE SERVICES			14 771	21 132	23 751	239	501	5 938	(5 437)	-91,6%	23 751
Vote 3 - FINANCIAL SERVICES			27 868	28 412	34 190	1 784	9 078	8 547	531	6,2%	34 190
Vote 4 - TECHNICAL SERVICES			101 208	170 617	144 626	7 597	22 434	36 156	(13 722)	-38,0%	144 626
Vote 5 - CALITZDORP SPA			--	--	--	--	--	--	--	--	--
Vote 6 - CORPORATE SERVICES (Continued)			--	--	--	--	--	--	--	--	--
Vote 7 - [NAME OF VOTE 7]			--	--	--	--	--	--	--	--	--
Vote 8 - [NAME OF VOTE 8]			--	--	--	--	--	--	--	--	--
Vote 9 - [NAME OF VOTE 9]			--	--	--	--	--	--	--	--	--
Vote 10 - [NAME OF VOTE 10]			--	--	--	--	--	--	--	--	--
Vote 11 - [NAME OF VOTE 11]			--	--	--	--	--	--	--	--	--
Vote 12 - [NAME OF VOTE 12]			--	--	--	--	--	--	--	--	--
Vote 13 - [NAME OF VOTE 13]			--	--	--	--	--	--	--	--	--
Vote 14 - [NAME OF VOTE 14]			--	--	--	--	--	--	--	--	--
Vote 15 - [NAME OF VOTE 15]			--	--	--	--	--	--	--	--	--
Total Revenue by Vote		2	172 880	229 081	215 695	9 629	43 746	53 924	(10 177)	-18,9%	215 695
Expenditure by Vote		1									
Vote 1 - MUNICIPAL MANAGER			15 141	12 074	16 836	865	2 204	4 209	(2 005)	-47,6%	16 836
Vote 2 - CORPORATE SERVICES			24 091	30 120	30 234	1 479	3 761	7 531	(3 770)	-50,1%	30 234
Vote 3 - FINANCIAL SERVICES			22 569	25 429	27 310	1 358	2 780	6 828	(4 047)	-59,3%	27 310
Vote 4 - TECHNICAL SERVICES			97 965	94 418	98 768	12 035	19 367	24 692	(5 324)	-21,6%	98 768
Vote 5 - CALITZDORP SPA			--	--	--	--	--	--	--	--	--
Vote 6 - CORPORATE SERVICES (Continued)			439	1 145	1 145	6	161	286	(126)	-43,8%	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	160 205	163 186	174 294	15 742	28 273	43 546	(15 273)	-35,1%	174 294
Surplus/ (Deficit) for the year		2	12 675	65 894	41 400	(6 113)	15 473	10 378	5 095	49,1%	41 400

6 EXPENDITURE ON COUNCILLOR, SENIOR MANAGERS AND OTHER STAFF

6.1 Employee related expenditure

WC041 Kannaland - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - Q1 First Quarter

Summary of Employee and Councillor remuneration R thousands	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
		A	B	C						D
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		2 468	2 794	2 468	83	299	617	(318)	-52%	2 468
Pension and UIF Contributions		-	56	-	9	28	-	28	#DIV/0!	-
Medical Aid Contributions		(42)	35	221	11	32	55	(23)	-42%	221
Motor Vehicle Allowance		342	308	261	22	65	65	0	0%	261
Cellphone Allowance		651	334	311	26	78	78	-	-	311
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		-	-	-	-	-	-	-	-	-
Sub Total - Councillors		3 417	3 578	3 262	154	501	815	(314)	-39%	3 262
% Increase	4		4,7%	-4,5%						-4,5%
Senior Managers of the Municipality	3									
Basic Salaries and Wages		1 987	3 120	3 015	165	411	754	(343)	-46%	3 015
Pension and UIF Contributions		1	-	-	-	0	-	0	#DIV/0!	-
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		(46)	-	194	-	-	48	(48)	-100%	194
Motor Vehicle Allowance		115	90	240	18	56	60	(4)	-6%	240
Cellphone Allowance		13	64	30	5	10	8	3	33%	30
Housing Allowances		-	10	-	-	-	-	-	-	-
Other benefits and allowances		43	39	22	9	17	5	12	220%	22
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	2	-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality		2 112	3 324	3 500	197	494	875	(381)	-44%	3 500
% Increase	4		57,4%	65,7%						65,7%
Other Municipal Staff										
Basic Salaries and Wages		37 547	37 368	41 312	3 214	6 931	10 300	(3 369)	-33%	41 312
Pension and UIF Contributions		5 859	6 448	6 170	472	949	1 543	(594)	-38%	6 170
Medical Aid Contributions		1 702	2 050	1 800	164	360	450	(90)	-20%	1 800
Overtime		4 290	1 880	1 912	319	697	478	219	46%	1 912
Performance Bonus		2 252	-	-	3	40	-	40	#DIV/0!	-
Motor Vehicle Allowance		2 107	2 672	2 160	178	370	540	(170)	-32%	2 160
Cellphone Allowance		148	171	111	7	20	28	(8)	-29%	111
Housing Allowances		257	344	106	24	51	26	24	91%	106
Other benefits and allowances		1 680	3 598	3 442	115	180	860	(680)	-79%	3 442
Payments in lieu of leave		654	47	94	-	-	23	(23)	-100%	94
Long service awards		85	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	2	(1 050)	-	-	-	-	-	-	-	-
Sub Total - Other Municipal Staff		55 519	54 993	57 107	4 496	9 597	14 249	(4 652)	-33%	57 107
% Increase	4		-0,9%	2,9%						2,9%
Total Parent Municipality		61 048	61 896	63 868	4 847	10 593	15 939	(5 347)	-34%	63 868
Total Municipal Entities		-	-	1	0	0	0	(0)	-89%	1
TOTAL SALARY, ALLOWANCES & BENEFITS		61 048	61 896	63 869	4 847	10 593	15 940	(5 347)	-34%	63 869
% Increase	4		1,4%	4,6%						4,6%
TOTAL MANAGERS AND STAFF		57 631	58 317	60 607	4 693	10 092	15 124	(5 032)	-33%	60 607

- **Employee Related Costs:** The budget amounts to **R60.61 million**, while the expenditure to date amounts to **R10.09 million** or **16 percent** of the budget.
- **Remuneration of Councillors:** The budget amounts to **R3.26 million**, while the expenditure to date amounts to **R501 thousand** or **15 percent** of the budget.

7 Long-term borrowing

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

Date: 10.09.2018



ACCOUNT STATEMENT

Interest Accrual	30.09.2020	30.09.2020	0.00	13,827.51	0.00	13,827.51	1,359,705.41	1,345,877.90
Interest Capitalisation	30.09.2020	30.09.2020	0.00	-13,827.51	13,827.51	0.00	1,359,705.41	1,359,705.41
Repayment Due	30.09.2020	30.09.2020	-46,172.49	0.00	-13,827.51	-60,000.00	1,299,705.41	1,299,705.41

- The total outstanding long-term debt of Kannaland Municipality amounts to **R1.299 million** as at **30 September 2020**.
- A monthly instalment of **R60 thousand** at an interest rate of **12.52 percent** per annum is being paid.
- For the current month the instalment amount is made up out of **R14 thousand**.

7 MATERIAL VARIANCES TO THE SDBIP

See attached the Deviation Register for the **first quarter**.

8 QUALITY CERTIFICATE

I, **R STEVENS**, the acting Accounting Officer of **Kannaland Municipality WC041**, hereby certify that the quarterly budget statement for Quarter 1 of **JULY- SEPTEMBER 2020/21**, has been prepared in accordance with the Municipal Finance Management Act and regulations made under the Act.

Print name: **Reynold Stevens**

Signature: 

Date 03.11.2020