



**KANNALAND**  
MUNISIPALITEIT | MUNICIPALITY

## **ADJUSTMENT BUDGET REPORT**

**Section 28 MFMA - 2021/22**



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.

**Approved budget** - means an annual budget—

- a) approved by a municipal council; or
- b) approved by a provincial or the national executive following an intervention in terms of section 139 of the Constitution, and includes such an annual budget as revised by an adjustments budget in terms of section 28;

**Budget** - The financial plan of the Municipality.

**Budget related policy** - Policy of a municipality affecting or affected by the budget, examples include the Tariff Policy, Property Rates Policy, Customer Care, Credit Control and Debt Collection Policy etc.

**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** – summarizes the amount of cash and cash equivalents entering and leaving the municipality. The cash flow statement measures how well the municipality manages its cash position. It should be noted that there could be a difference between the timing of the actual cash flow compared to the recognition of expenditure. For example, when an invoice is received by the Municipality it is recognised as expenditure in the month it is dated, even though it may not be paid within the same month.

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

**Equitable share** - A general unconditional grant paid to municipalities. It is predominantly targeted to subsidise the delivery of 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 standard for municipal accounting.

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

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

**MFMA** - Local Government: Municipal Finance Management Act (56/2003). The principal piece of legislation relating to municipal financial management. From here on to be 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 outer year 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. It provides a short-term benefit, normally less than a year.

**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** - in relation to a municipality, means any expenditure incurred by a municipality otherwise than in accordance with section 15 or 11(3), and includes—

- a) overspending of the total amount appropriated in the municipality's approved budget;
  - b) overspending of the total amount appropriated for a vote in the approved budget;
- 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.

## LEGISLATIVE REQUIREMENT

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

### **The Municipal Finance Management Act Nr. 56 of 2003 (MFMA)**

#### ***MFMA - Section 28: Adjustment Budget***

- (1) A municipality may revise an approved annual budget through an adjustments budget.
- (2) An adjustments budget—
  - (a) must adjust the revenue and expenditure estimates downwards if there is material under-collection of revenue during the current year;
  - (b) may appropriate additional revenues that have become available over and above those anticipated in the annual budget, but only to revise or accelerate spending programmes already budgeted for;
  - (c) may, within a prescribed framework, authorise unforeseeable and unavoidable expenditure recommended by the mayor of the municipality;
  - (d) may authorise the utilisation of projected savings in one vote towards spending under another vote;
  - (e) may authorise the spending of funds that were unspent at the end of the past financial year where the under-spending could not reasonably have been foreseen at the time to include projected roll-overs when the annual budget for the current year was approved by the council;
  - (f) may correct any errors in the annual budget; and
  - (g) may provide for any other expenditure within a prescribed framework.
- (3) An adjustments budget must be in a prescribed form.
- (4) Only the mayor may table an adjustments budget in the municipal council, but an adjustments budget in terms of subsection (2)(b) to (g) may only be tabled within any prescribed limitations as to timing or frequency.
- (5) When an adjustments budget is tabled, it must be accompanied by—
  - (a) an explanation how the adjustments budget affects the annual budget;
  - (b) a motivation of any material changes to the annual budget;
  - (c) an explanation of the impact of any increased spending on the annual budget and the annual budgets for the next two financial years; and
  - (d) any other supporting documentation that may be prescribed.

## **PART 1: IN-YEAR REPORT**

### **Section 1 – Mayor's Report**

#### **1.1 Summary of the 2020/21 Adjustment Budget**

The Adjustment Budget will be tabled in terms of section 28 of the MFMA and section 24 of the MBRR. This report must be read together with the mid-year assessment that contains the

detailed assessment of financial performance of the past six months which prompted the adjustments that have been made.

### 1.3 Impact of the National and Provincial Adjusts Budget

In the November 2021 Medium-Term Budget Policy Statement, Finance Minister Enoch Godongwana, expressed his concerns about the 43 municipalities country wide which are in financial crisis, with another 100 municipalities at risk of similar crises. Kannaland Municipality formed part of the municipalities identified as in financial distress and in terms of the commitment made, can expect support in ensuring that problems in the municipality are dealt with in a more sustainable manner that is aligned with national government's commitment to ensuring sound fiscal management and greater fiscal responsibility in the local government sphere.

### 1.4 Budget Implementation

The implementation of the municipality's budget in accordance with the SDBIP will be dealt with in more detail within this report. Budget implementation can however be summarized as follow at mid-point:

	Original Budget	Adjustments Budget	YTD Budget	YTD Actual	YTD Budget vs YTD Actual Variance	YTD Budget vs YTD Actual Variance %
Operating Revenue	R 186 419	R 186 867	R 93 433	R 83 734	- R 9 699	-10%
Operating Expenditure	R 191 830	R 192 265	R 96 131	R 102 728	R 6 597	7 %
Capital	R 23 767	R 26 576	R 13 288	R 9 568	- R 3 720	-28 %

### 1.5 Adjustments Budget

The main items that have resulted into the adjustments are as follows;

- Under collection of revenue. Only 76% was realised at mid-point.
- Over-spending on expenditure particularly on Employee Related Costs and Contracted Services. Further details on this are attached as Annexure A.

## 1.5 Financial Challenges and Risks

The municipality's financial challenges are numerous and but to name a few, can be summarised as follow:

- Adoption of Unfunded Budget and the inability to implement the budget funding plan;
- Limited revenue and financial resources and struggling to collect revenue due to the municipality as a result of significant credit control challenges;
- Poorly maintained assets, being exaggerated by a lack of financial resources;
- Inability to spend conditional grants with a significant amount of capital project funding reverting back to source to treasury;
- Inability to maintain a management, accounting and information system and general non-compliance to section 65 of the MFMA;
- Inability to provide the necessary level of assurance to council (lack of risk management, audit committee not functioning and a disrupted internal audit function etc.); and
- Instability in leadership and consequently negatively impacting the organisational culture and the ability to effectively address service delivery related business processes.

Liquidity remains a constant threat that needs to be managed with care. All of the beforementioned poses a risk to sustainable service delivery and the ability to contribute to economic growth.

## 1.6 Other Challenges

Service Area	Challenge
Infrastructure, Water, Roads, Sanitation, Electrical	Inadequate funding (own funding)
	Large number of faulty water meters. Users only pay for basic services until meters are replaced - financial loss
	Roads - Grant funding not adequate to maintain upgraded roads
	Electricity - maintaining and managing electricity losses due to aging networks
	Water - availability of water, especially in the hot and dry summer months
	Non - compliance relating to the operation of refuse sites. No funding available to comply with requirements
	Slow spending on capital projects -leading to rollovers



Law enforcement	Illegal connections and tampering with meters. Law enforcement is not functional and no applicable by-laws
Fleet Management	Limited and aged fleet available in all service delivery departments
Human Settlements	Challenges exist regarding the capacity of bulk infrastructure services resulting in significant increases in housing waiting lists
	Title deeds challenges
	Huge demand for low cost and GAP housing
Workforce	Attracting suitable qualified personnel in key functions
	HR processes and related challenges
	Occupational Health and Safety and Wellness programmes not fully operational

## Section 2 – Resolutions

### Recommendation:

- That the council takes cognisance of the Adjustment Budget and it's supporting documents.
- That the council notes that a UIF&W strategy will be tabled to the council after the release of the Audited Financial Statements as required in terms of MFMA Circular 111.

## Section 3 – Executive Summary

### 3.1 Introduction

The Adjustment Budget has been prepared in terms of the Municipal Budget and Reporting Regulations in the prescribed format. This budget has been adjusted in accordance with the recommendations from the mid-year assessment report after the performance targets were not met at mid-point.



## Section 4 – In-Year Budget Tables

**TABLE B1 – ADJUSTMENT BUDGET SUMMARY**

WC041 Kannaland - Table B1 Adjustments Budget Summary -

Description	Budget Year 2021/22									Budget Year +1 2022/23	Budget Year +2 2023/24
	Original Budget A	Prior Adjusted 1 A1	Accum. Funds 2 B	Multi-year capital 3 C	Unfore. Unavoid. 4 D	Nat. or Prov. Govt 5 E	Other Adjusts. 6 F	Total Adjusts. 7 G	Adjusted Budget 8 H	Adjusted Budget	Adjusted Budget
<b>R thousands</b>											
<b>Financial Performance</b>											
Property rates	24 562	24 562	-	-	-	-	961	961	25 522	25 593	26 719
Service charges	104 162	104 162	-	-	-	-	(3 483)	(3 483)	100 680	112 625	122 772
Investment revenue	864	864	-	-	-	-	13	13	880	898	934
Transfers recognised - operational	45 128	45 576	-	-	-	-	(3 479)	(3 479)	42 097	55 822	36 608
Other own revenue	11 704	11 704	-	-	-	-	(4 390)	(4 390)	7 313	14 284	16 461
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>186 419</b>	<b>186 867</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(10 375)</b>	<b>(10 375)</b>	<b>176 492</b>	<b>209 223</b>	<b>205 514</b>
Employee costs	65 553	65 481	-	-	-	-	6 091	6 091	71 572	67 633	70 270
Remuneration of councillors	3 637	3 637	-	-	-	-	-	-	3 637	3 762	3 933
Depreciation & asset impairment	12 698	12 698	-	-	-	-	-	-	12 698	13 206	13 735
Finance charges	382	382	-	-	-	-	1 936	1 936	2 318	362	401
Materials and bulk purchases	56 133	56 123	-	-	-	-	2 160	2 160	58 284	57 919	61 642
Transfers and grants	838	498	-	-	-	-	-	-	498	872	907
Other expenditure	52 589	53 446	-	-	-	-	2 184	2 184	55 630	57 982	61 680
<b>Total Expenditure</b>	<b>191 830</b>	<b>192 265</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12 371</b>	<b>12 371</b>	<b>204 637</b>	<b>201 868</b>	<b>192 568</b>
<b>Surplus/(Deficit)</b>	<b>(5 411)</b>	<b>(5 399)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(22 746)</b>	<b>(22 746)</b>	<b>(28 145)</b>	<b>7 236</b>	<b>12 946</b>
Transfers recognised - capital	22 763	27 199	-	-	-	-	(1 576)	(1 576)	25 622	22 081	34 805
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>17 352</b>	<b>21 800</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(24 323)</b>	<b>(24 323)</b>	<b>(2 522)</b>	<b>29 317</b>	<b>47 751</b>
Share of surplus/ (deficit) of associates	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>	<b>17 352</b>	<b>21 800</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(24 323)</b>	<b>(24 323)</b>	<b>(2 522)</b>	<b>29 317</b>	<b>47 751</b>
<b>Capital expenditure &amp; funds sources</b>											
Capital expenditure	23 767	26 639	-	-	-	-	-	-	26 639	22 081	34 805
Transfers recognised - capital	22 763	25 622	-	-	-	-	-	-	25 622	22 081	34 805
Public contributions & donations	-	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds	1 004	954	-	-	-	-	50	50	1 004	-	-
<b>Total sources of capital funds</b>	<b>23 767</b>	<b>26 578</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>50</b>	<b>50</b>	<b>26 628</b>	<b>22 081</b>	<b>34 805</b>
<b>Financial position</b>											
Total current assets	(17 989)	(14 773)	-	-	-	-	(13 971)	(13 971)	(28 743)	(2 750)	(9 519)
Total non current assets	351 292	354 164	-	-	-	-	-	-	354 164	349 177	361 456
Total current liabilities	29 011	30 652	-	-	-	-	10 352	10 352	41 004	30 171	17 246
Total non current liabilities	37 082	37 082	-	-	-	-	-	-	37 082	37 082	37 082
<b>Community wealth/Equity</b>	<b>249 857</b>	<b>249 857</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>249 857</b>	<b>249 857</b>	<b>249 857</b>
<b>Cash flows</b>											
Net cash from (used) operating	38 899	23 624	-	-	-	-	(11 460)	(11 460)	12 164	28 168	37 284
Net cash from (used) investing	-	(26 639)	-	-	-	-	-	-	(26 639)	(22 081)	(34 805)
Net cash from (used) financing	(720)	307	-	-	-	-	-	-	307	(720)	(720)
<b>Cash/cash equivalents at the year end</b>	<b>80 867</b>	<b>82 287</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(11 460)</b>	<b>(11 460)</b>	<b>70 807</b>	<b>47 855</b>	<b>44 244</b>
<b>Cash backing/surplus reconciliation</b>											
Cash and investments available	24 503	27 715	-	-	-	-	(10 500)	(10 500)	17 214	36 336	30 096
Application of cash and investments	382 790	388 878	-	-	-	-	(11 408)	(11 408)	377 470	394 743	401 425
<b>Balance - surplus (shortfall)</b>	<b>(358 287)</b>	<b>(361 163)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>908</b>	<b>908</b>	<b>(360 255)</b>	<b>(358 407)</b>	<b>(371 332)</b>
<b>Asset Management</b>											
Asset register summary (WCV)	351 292	354 164	-	-	-	-	-	-	354 164	349 177	361 456
Depreciation & asset impairment	12 698	12 698	-	-	-	-	-	-	12 698	13 206	13 735
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-	-
Ropaks and Maintenance	22 698	22 961	-	-	-	-	208	208	23 169	24 851	25 963
<b>Free services</b>											
Cost of Free Basic Services provided	(21 714)	(21 714)	-	-	-	-	(3 586)	(3 586)	(25 300)	(22 476)	(23 308)
Revenue cost of free services provided	(4 973)	(4 973)	-	-	-	-	1 030	1 030	(3 944)	(5 182)	(5 410)
<b>Households below minimum service level</b>											
Water:	-	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-	-
Rates:	-	-	-	-	-	-	-	-	-	-	-

Not a lot of adjustments were made from the original budget. However, necessary changes had to be made as a result material under-collection at mid-year point which were detailed on the Section 72 Report.

These adjustments will negatively affect the annual budget and therefore the following remedial action such as cost containment measures must be strictly implemented;

The municipality remains under severe cash flow constraints. This has been exacerbated by the material under collection of revenue which both the council and the administration need to seriously look into as the current situation is not sustainable if we will continue with this trajectory.

The municipality experiences financial constraints and this is displayed by the overall deficit of R28.15 million. This shortfall requires a Budget Funding Plan which at this stage has not been finalized due to the complexities of the plan. We are prioritizing this plan and envisage to finalize it by end of next week.

**TABLE B2 – ADJUSTMENT BUDGET FINANCIAL PERFORMANCE (FUNCTIONAL CLASSIFICATION)**

WC041 Kannaland - Table B2 Adjustments Budget Financial Performance (functional classification) -

Standard Description	Ref	Budget Year 2021/22									Budget Year +1 2022/23	Budget Year +2 2023/24
		Original Budget	Prior Adjusted 5	Accum. Funds 6	Multi-year capital 7	Unfore. Unavoid. 8	Nat. or Prov. Govt 9	Other Adjusts. 10	Total Adjusts. 11	Adjusted Budget 12	Adjusted Budget	Adjusted Budget
R thousands	1,4	A	A1	B	C	D	E	F	G	H		
<b>Revenue - Functional</b>												
<i>Governance and administration</i>		40 973	41 119	-	-	-	-	1 113	1 113	42 232	42 937	43 327
Executive and council		6 402	6 465	-	-	-	-	900	900	7 365	7 261	6 313
Finance and administration		34 571	34 654	-	-	-	-	213	213	34 867	35 676	37 014
Internal audit		-	-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		29 827	21 961	-	-	-	-	(4 421)	(4 421)	17 541	39 822	14 371
Community and social services		14 727	15 861	-	-	-	-	(42)	(42)	15 820	13 922	14 293
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-	-
Housing		6 100	6 100	-	-	-	-	(4 379)	(4 379)	1 721	16 900	78
Health		-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		7 847	7 847	-	-	-	-	(4 896)	(4 896)	2 151	9 380	11 315
Planning and development		-	-	-	-	-	-	-	-	-	-	-
Road transport		7 047	7 047	-	-	-	-	(4 896)	(4 896)	2 151	9 380	11 315
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		140 338	143 938	-	-	-	-	(3 748)	(3 748)	140 190	148 164	171 307
Energy sources		74 321	75 897	-	-	-	-	(6 923)	(6 923)	68 974	80 697	89 962
Water management		35 358	37 384	-	-	-	-	523	523	37 908	36 350	49 533
Waste water management		15 079	15 079	-	-	-	-	1 059	1 059	16 137	15 523	16 201
Waste management		15 578	15 578	-	-	-	-	1 592	1 592	17 170	15 555	15 610
Other		-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Functional</b>	2	209 182	214 066	-	-	-	-	(11 951)	(11 951)	202 114	231 383	240 319
<b>Expenditure - Functional</b>												
<i>Governance and administration</i>		57 383	57 529	-	-	-	-	10 906	10 906	68 435	57 784	59 890
Executive and council		17 062	18 140	-	-	-	-	5 560	5 560	23 700	17 045	18 625
Finance and administration		40 321	39 389	-	-	-	-	5 346	5 346	44 735	40 739	41 265
Internal audit		-	-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		17 233	17 622	-	-	-	-	(4 382)	(4 382)	13 240	26 907	10 485
Community and social services		9 166	9 556	-	-	-	-	300	300	9 856	8 293	8 625
Sport and recreation		549	549	-	-	-	-	(170)	(170)	379	390	406
Public safety		375	375	-	-	-	-	(154)	(154)	220	229	238
Housing		7 143	7 143	-	-	-	-	(4 358)	(4 358)	2 785	17 954	1 216
Health		-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		16 083	15 983	-	-	-	-	(4 234)	(4 234)	11 749	13 511	14 042
Planning and development		-	-	-	-	-	-	-	-	-	-	-
Road transport		16 083	15 983	-	-	-	-	(4 234)	(4 234)	11 749	13 511	14 042
Environmental protection		-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		101 131	101 131	-	-	-	-	10 081	10 081	111 212	103 784	108 150
Energy sources		59 169	59 169	-	-	-	-	4 369	4 369	63 538	62 666	66 614
Water management		18 684	18 684	-	-	-	-	2 570	2 570	21 254	18 013	18 436
Waste water management		9 711	9 711	-	-	-	-	1 284	1 284	10 995	9 418	9 273
Waste management		13 566	13 566	-	-	-	-	1 859	1 859	15 425	13 687	13 828
Other		-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Functional</b>	3	191 830	192 285	-	-	-	-	12 371	12 371	204 637	201 986	192 588
<b>Surplus (Deficit) for the year</b>		17 352	21 808	-	-	-	-	(24 323)	(24 323)	(2 522)	29 317	47 731

This table displays the adjustment budget by functional classification for additional information purposes.

**TABLE B3 – MID-YEAR FINANCIAL PERFORMANCE (MUNICIPAL VOTE)**

WC041 Kannaland - Table B3 Adjustments Budget Financial Performance (revenue and expenditure by municipal vote) -												
Vote Description  (Insert departmental structure etc)  R thousands	Ref	Budget Year 2021/22									Budget Year +1 2022/23	Budget Year +2 2023/24
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unvoted	Nat. or Prov. Grant	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
		A	A1	B	C	D	E	F	G	H		
<b>Revenue by Vote</b>	1											
Vote 1 - MUNICIPAL MANAGER		8 492	8 485	-	-	-	-	500	500	7 355	7 261	6 313
Vote 2 - CORPORATE SERVICES		26 377	27 409	-	-	-	-	(9 324)	(9 324)	16 175	40 252	25 534
Vote 3 - FINANCIAL SERVICES		34 426	34 211	-	-	-	-	221	221	34 432	35 221	36 547
Vote 4 - TECHNICAL SERVICES		142 274	145 830	-	-	-	-	(3 748)	(3 748)	142 141	148 765	171 925
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)		-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	2	299 182	214 066	-	-	-	-	(11 951)	(11 951)	202 114	231 303	240 319
<b>Expenditure by Vote</b>	1											
Vote 1 - MUNICIPAL MANAGER		17 667	18 140	-	-	-	-	5 500	5 500	23 700	17 045	18 625
Vote 2 - CORPORATE SERVICES		31 947	34 821	-	-	-	-	(5 915)	(5 915)	28 006	42 637	26 839
Vote 3 - FINANCIAL SERVICES		23 387	26 470	-	-	-	-	3 219	3 219	31 689	29 296	29 371
Vote 4 - TECHNICAL SERVICES		109 345	109 345	-	-	-	-	9 815	9 815	119 161	111 458	116 122
Vote 5 - CALITZDORP SPA		-	-	-	-	-	-	-	-	-	-	-
Vote 6 - CORPORATE SERVICES (Continued)		1 438	1 438	-	-	-	-	(210)	(210)	1 280	1 549	1 611
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)		-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	2	191 839	192 285	-	-	-	-	12 371	12 371	204 537	201 998	192 568
<b>Surplus/ (Deficit) for the year</b>	2	17 352	21 800	-	-	-	-	(24 323)	(24 323)	(2 522)	29 317	47 751

This table provides the adjusted budget by vote in order to display how the budget is allocated in terms of the departments for additional information purposes.

**TABLE B4 – ADJUSTMENT BUDGET**

WC041 Kannaland - Table B4 Adjustments Budget Financial Performance (revenue and expenditure) -												
Description	Ref	Budget Year 2021/22									Budget Year +1 2022/23	Budget Year +2 2023/24
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavold.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	1	A	A1	B	C	D	E	F	G	H		
<b>Revenue By Source</b>												
Property rates	2	24 562	24 562	-	-	-	-	961	961	26 522	26 583	26 719
Service charges - electricity revenue	2	67 946	67 946	-	-	-	-	(5 368)	(5 368)	62 578	75 016	83 278
Service charges - water revenue	2	20 787	20 787	-	-	-	-	(41)	(41)	20 746	22 036	23 569
Service charges - sanitation revenue	2	8 019	8 019	-	-	-	-	720	720	8 738	8 168	8 528
Service charges - refuse revenue	2	7 410	7 410	-	-	-	-	1 207	1 207	8 617	7 404	7 397
Service charges - other		-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		631	631	-	-	-	-	(98)	(98)	533	688	749
Interest earned - external investments		651	651	-	-	-	-	16	16	667	668	934
Interest earned - outstanding debtors		3 087	3 087	-	-	-	-	1 541	1 541	4 628	3 207	3 317
Dividends received		-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		5 547	5 547	-	-	-	-	(5 532)	(5 532)	15	7 574	9 102
Licences and permits		378	378	-	-	-	-	(17)	(17)	361	643	1 019
Agency services		1 087	1 087	-	-	-	-	114	114	1 200	1 130	1 125
Transfers and subsidies		45 128	45 576	-	-	-	-	(3 479)	(3 479)	42 097	55 822	58 608
Other revenue	2	974	974	-	-	-	-	(398)	(398)	576	1 042	1 119
Gains		-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>186 419</b>	<b>186 867</b>	-	-	-	-	<b>(10 375)</b>	<b>(10 375)</b>	<b>176 492</b>	<b>208 223</b>	<b>205 514</b>
<b>Expenditure By Type</b>												
Employee related costs		65 563	65 481	-	-	-	-	6 091	6 091	71 572	67 833	70 270
Remuneration of councillors		3 637	3 637	-	-	-	-	-	-	3 637	3 782	3 933
Debt impairment		20 723	20 723	-	-	-	-	3 678	3 678	24 401	14 125	12 355
Depreciation & asset impairment		12 688	12 688	-	-	-	-	-	-	12 688	13 266	13 735
Finance charges		382	382	-	-	-	-	1 936	1 936	2 318	382	401
Bulk purchases - electricity		48 940	48 940	-	-	-	-	3 710	3 710	52 650	52 219	55 694
Inventory Consumed		7 183	7 183	-	-	-	-	(1 550)	(1 550)	5 634	5 700	5 948
Contracted services		17 971	18 552	-	-	-	-	(3 731)	(3 731)	15 821	27 926	12 717
Transfers and subsidies		838	498	-	-	-	-	-	-	498	872	907
Other expenditure		13 895	13 171	-	-	-	-	2 237	2 237	15 408	15 931	16 608
Losses		-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>191 830</b>	<b>192 285</b>	-	-	-	-	<b>12 371</b>	<b>12 371</b>	<b>204 637</b>	<b>201 968</b>	<b>192 588</b>
<b>Surplus/(Deficit)</b>		<b>(5 411)</b>	<b>(5 395)</b>	-	-	-	-	<b>(22 748)</b>	<b>(22 748)</b>	<b>(28 145)</b>	<b>7 230</b>	<b>12 946</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		22 763	27 199	-	-	-	-	(1 576)	(1 576)	25 622	22 381	34 805
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)		-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) before taxation</b>		<b>17 352</b>	<b>21 800</b>	-	-	-	-	<b>(24 323)</b>	<b>(24 323)</b>	<b>(2 522)</b>	<b>29 317</b>	<b>47 751</b>
Taxation		-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after taxation</b>		<b>17 352</b>	<b>21 800</b>	-	-	-	-	<b>(24 323)</b>	<b>(24 323)</b>	<b>(2 522)</b>	<b>29 317</b>	<b>47 751</b>
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>		<b>17 352</b>	<b>21 800</b>	-	-	-	-	<b>(24 323)</b>	<b>(24 323)</b>	<b>(2 522)</b>	<b>29 317</b>	<b>47 751</b>
Share of surplus/ (deficit) of associates		-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>		<b>17 352</b>	<b>21 800</b>	-	-	-	-	<b>(24 323)</b>	<b>(24 323)</b>	<b>(2 522)</b>	<b>29 317</b>	<b>47 751</b>

The municipality will have an operational loss of R28.15 after the proposed adjustments were made based on the mid-year performance assessment. The debt write-off of R38.6 million which was implemented in the first half of the year also had an impact on this increase. However, the following items were the main cause of the deficit;

- Increase on Employee Related Cost Expenditure.
- Increase on the Contracted Services Expenditure. This includes the spending on the investigation which was endorsed by the council with no provision on the budget.



These additional expenditures were also not in line with the Budget Funding Plan and the cost containment measures that the council adopted.

**TABLE B5 – ADJUSTMENT BUDGET CAPITAL EXPENDITURE**

WC641 Kannaland - Table B5 Adjustments Capital Expenditure Budget by vote and funding -											
Description	Ref	Budget Year 2021/22									Budget Year 2022/23
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unform. Unavord.	Ref. or Prov. Govt	Other Adjusts	Total Adjusts.	Adjusted Budget	Adjusted Budget
		8	5	9	1	6	9	10	11	12	13
<b>R (thousands)</b>											
<b>Capital expenditure - Vote</b>											
<b>Capital expenditure to be adjusted</b>											
Vote 1 - MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-	-
Vote 2 - CORPORATE SERVICES		-	833	-	-	-	-	-	-	533	-
Vote 3 - FINANCIAL SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 4 - TECHNICAL SERVICES		-	2 026	-	-	-	-	-	-	2 026	-
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)		-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	5	-	2 859	-	-	-	-	-	-	2 859	-
<b>Single-year expenditure to be adjusted</b>											
Vote 1 - MUNICIPAL MANAGER	2	192	192	-	-	-	-	-	-	192	-
Vote 2 - CORPORATE SERVICES		1 023	1 023	-	-	-	-	-	-	1 023	-
Vote 3 - FINANCIAL SERVICES		1 664	1 664	-	-	-	-	-	-	1 664	-
Vote 4 - TECHNICAL SERVICES		20 901	20 901	-	-	-	-	-	-	20 901	34 805
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)		-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>	2	23 797	23 797	-	-	-	-	-	-	23 797	34 805
<b>Total Capital Expenditure - Vote</b>		23 797	25 656	-	-	-	-	-	-	25 656	34 805
<b>Capital Expenditure - Functional</b>											
<b>Governance and administration</b>		2 081	2 081	-	-	-	-	-	-	2 081	-
Executive and town		152	152	-	-	-	-	-	-	152	-
Planning and administration		1 233	1 233	-	-	-	-	-	-	1 233	-
Internal audit		-	-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		378	1 211	-	-	-	-	-	-	1 211	-
Community and public safety		-	635	-	-	-	-	-	-	635	-
Security and protection		378	276	-	-	-	-	-	-	378	-
Public safety		-	-	-	-	-	-	-	-	-	-
Security		-	-	-	-	-	-	-	-	-	-
Police		-	-	-	-	-	-	-	-	-	-
<b>Health</b>		500	513	-	-	-	-	-	-	513	-
Health and development		-	-	-	-	-	-	-	-	-	-
Health services		500	513	-	-	-	-	-	-	513	-
Healthcare provision		-	-	-	-	-	-	-	-	-	-
<b>Trading activities</b>		20 800	22 215	-	-	-	-	-	-	22 215	34 805
Trading activities		2 030	2 030	-	-	-	-	-	-	2 030	3 760
Water management		12 129	20 216	-	-	-	-	-	-	20 216	31 805
Waste management		-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-
<b>Total</b>	3	23 797	25 633	-	-	-	-	-	-	25 633	34 805
<b>Capital Expenditure - Functional</b>											
<b>Capital Expenditure - Funding</b>		22 763	22 763	-	-	-	-	-	-	22 763	34 805
National Government		-	2 659	-	-	-	-	-	-	2 659	-
Provincial Government		-	-	-	-	-	-	-	-	-	-
Local Municipality		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial)		-	-	-	-	-	-	-	-	-	-
Departmental Agencies, Households, Non-profit Institutions, Private Enterprise, Public Corporations, Higher Educational Institutions		-	-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>	4	22 763	25 622	-	-	-	-	-	-	25 622	34 805
Borrowing		-	-	-	-	-	-	-	-	-	-
Internally generated funds		1 664	554	-	-	-	-	-	-	1 664	-
<b>Total Capital Funding</b>		23 797	28 938	-	-	-	-	-	-	28 938	34 805

No changes were made on the Capital Budget. A guard house that will cost R20 thousand however has been requested in order to improve access control.

**TABLE B6 – ADJUSTMENT BUDGET FINANCIAL POSITION**

WC041 Kannaland - Table B6 Adjustments Budget Financial Position -

Description	Ref	Budget Year 2021/22									Budget Year +1	Budget Year +2
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Net. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands		A	A1	B	C	D	E	F	G	H		
<b>ASSETS</b>												
Current assets												
Cash		(13 359)	(13 148)	-	-	-	-	(10 500)	(10 500)	(20 648)	(1 526)	(7 766)
Call investment deposits	1	37 862	37 862	-	-	-	-	-	-	37 862	37 862	37 862
Consumer debtors	1	6 755	6 755	-	-	-	-	-	-	6 755	6 755	6 755
Other debtors		(45 321)	(45 381)	-	-	-	-	(4 063)	(4 063)	2 673	10 779	10 385
Current portion of long-term receivables		-	-	-	-	-	-	-	-	(45 381)	(47 591)	(46 195)
Inventory		(2 857)	(2 852)	-	-	-	-	-	-	-	-	-
<b>Total current assets</b>		<b>(17 889)</b>	<b>(14 773)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>612</b>	<b>612</b>	<b>(2 249)</b>	<b>(2 285)</b>	<b>(2 433)</b>
Non current assets								(13 971)	(13 971)	(28 743)	(2 759)	(8 519)
Long-term receivables		-	-	-	-	-	-	-	-	-	-	-
Investments		-	-	-	-	-	-	-	-	-	-	-
Investment property		1 364	1 364	-	-	-	-	-	-	1 364	1 364	1 364
Investment in Associate		-	-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	1	349 890	352 761	-	-	-	-	-	-	352 761	347 775	360 953
Agricultural		-	-	-	-	-	-	-	-	-	-	-
Biological		-	-	-	-	-	-	-	-	-	-	-
Intangible		38	38	-	-	-	-	-	-	38	38	38
Other non-current assets		-	-	-	-	-	-	-	-	-	-	-
<b>Total non current assets</b>		<b>351 292</b>	<b>354 164</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>354 164</b>	<b>349 177</b>	<b>361 456</b>
<b>TOTAL ASSETS</b>		<b>333 303</b>	<b>339 391</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(13 971)</b>	<b>(13 971)</b>	<b>325 421</b>	<b>346 427</b>	<b>351 937</b>
<b>LIABILITIES</b>												
Current liabilities												
Bank overdraft		-	-	-	-	-	-	-	-	-	-	-
Borrowing		586	586	-	-	-	-	-	-	586	586	586
Consumer deposits		1 027	1 027	-	-	-	-	-	-	1 027	1 027	1 027
Trade and other payables		14 780	16 420	-	-	-	-	-	-	15 939	15 939	15 939
Provisions		12 619	12 619	-	-	-	-	10 352	10 352	26 772	16 939	3 015
<b>Total current liabilities</b>		<b>29 011</b>	<b>30 652</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10 352</b>	<b>10 352</b>	<b>41 064</b>	<b>30 171</b>	<b>17 246</b>
Non current liabilities												
Borrowing	1	(429)	(429)	-	-	-	-	-	-	(429)	(429)	(429)
Provisions	1	37 511	37 511	-	-	-	-	-	-	37 511	37 511	37 511
<b>Total non current liabilities</b>		<b>37 082</b>	<b>37 082</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>37 082</b>	<b>37 082</b>	<b>37 082</b>
<b>TOTAL LIABILITIES</b>		<b>66 094</b>	<b>67 734</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10 352</b>	<b>10 352</b>	<b>78 096</b>	<b>67 253</b>	<b>54 329</b>
<b>NET ASSETS</b>	2	<b>267 209</b>	<b>271 657</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(24 323)</b>	<b>(24 323)</b>	<b>247 325</b>	<b>279 174</b>	<b>297 608</b>
<b>COMMUNITY WEALTH/EQUITY</b>												
Accumulated Surplus/(Deficit)		238 953	238 953	-	-	-	-	-	-	238 953	238 953	238 953
Reserves		10 904	10 904	-	-	-	-	-	-	10 904	10 904	10 904
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>		<b>249 857</b>	<b>249 857</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>249 857</b>	<b>249 857</b>	<b>249 857</b>

It is important to take cognisance of the fact that the municipality is still struggling with the implementation of mSCOA, and the impact can be observed in financial position budgeting that lacks credibility. A seamlessly integrated system is needed and the use of contra accounts, the ledger layout and linking to sub-systems needs to be evaluated and corrections made where needed.



**TABLE B7 – ADJUSTMENT BUDGET FLOW**

WC04: Kannaland - Table B7 Adjustments Budget Cash Flows -												
Description	Ref	Budget Year 2021/22									Budget Year	Budget Year
		Original	Prior	Accum.	Multi-year	Unfore.	Nat. or	Other	Total	Adjusted	Adjusted	Adjusted
		Budget	Adjusted	Funds	capital	Unavoid.	Prov. Govt	Adjusts.	Adjusts.	Budget	Budget	Budget
R thousands		A	AI	B	C	D	E	F	G	H		
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>												
<b>Receipts</b>												
Property rates		20 213	20 213	-	-	-	-	137	137	20 350	21 645	23 444
Service charges		89 407	89 407	-	-	-	-	(2 668)	(2 668)	86 739	99 441	110 454
Other revenue		9 833	9 833	-	-	-	-	(5 936)	(5 936)	3 897	13 493	16 103
Government - operating	1	44 598	45 048	-	-	-	-	(3 479)	(3 479)	41 567	55 268	36 039
Government - capital	1	22 763	27 199	-	-	-	-	(1 576)	(1 576)	25 522	22 081	34 805
Interest		3 961	3 961	-	-	-	-	(58)	(58)	3 905	4 114	4 262
Dividends		-	-	-	-	-	-	-	-	-	-	-
<b>Payments</b>												
Suppliers and employees		(151 575)	(172 035)	-	-	-	-	669	620	(171 956)	(187 873)	(189 822)
Finance charges		-	-	-	-	-	-	-	-	-	-	-
Transfers and Grants	1	-	-	-	-	-	-	-	-	-	-	-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>38 899</b>	<b>23 624</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(12 911)</b>	<b>(12 911)</b>	<b>10 712</b>	<b>28 168</b>	<b>37 284</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>												
<b>Receipts</b>												
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-	-
<b>Payments</b>												
Capital assets		-	(26 639)	-	-	-	-	-	-	(26 639)	(22 061)	(34 805)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>-</b>	<b>(26 639)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(26 639)</b>	<b>(22 061)</b>	<b>(34 805)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>												
<b>Receipts</b>												
Short-term loans		-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/financing		-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in commercial deposits		-	1 027	-	-	-	-	-	-	1 027	-	-
<b>Payments</b>												
Repayment of borrowing		(720)	(720)	-	-	-	-	-	-	(720)	(720)	(720)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>(720)</b>	<b>307</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>307</b>	<b>(720)</b>	<b>(720)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>38 179</b>	<b>(2 708)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(12 911)</b>	<b>(12 911)</b>	<b>(15 619)</b>	<b>5 367</b>	<b>1 759</b>
Cash/cash equivalents at the year begin:	2	42 488	84 975	-	-	-	-	-	-	84 975	42 488	42 488
Cash/cash equivalents at the year end:	2	80 667	82 267	-	-	-	-	(12 911)	(12 911)	69 356	47 855	44 246

The municipality remains in serious financial constraints as it could not realise the debt collection targets at mid-point. Furthermore, it lost the unspent conditional grants which some of the projects had already commenced. The municipality is currently experiencing R15.45 million cash deficit which will be addressed through the Budget Funding Plan.

### Section 13 – Quality certification

I, **Ian Avontuur**, the Acting Accounting Officer of **Kannaland Municipality WC041**, hereby certify that the Mid-Year Budget and Performance Assessment has been prepared in accordance with the Municipal Finance Management Act and regulations made under the Act.

**Print name:** Ian Avontuur

**Signature:** .....

**Date:** .....

