



**KANNALAND**  
MUNISIPALITEIT | MUNICIPALITY

## Monthly Budget Report for May 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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Virement** - A transfer of budget.

**Virement policy** - The policy that sets out the rules for budget transfers. Virements are normally allowed within a vote. Transfers between votes must be agreed by Council through an Adjustments Budget.

**Vote** - One of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality and which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.

## PART 1: IN-YEAR REPORT

### Section 1 – Mayor’s Report

#### 1.1 In -Year Report – Monthly Budget Statement

The monthly budget statement, for **May 2022**, has been prepared in terms of the Municipal Budget and Reporting Regulations (2009) and the Municipal Finance Management Act 56 of 2003.

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

Cash flow has and will, for the foreseeable future, be of concern. In the short-term Kannaland Municipality has done well to meet the most pressing commitments such as employee related costs and meeting service delivery requirements. The municipality still experiences cash flow challenges due to constrained resources. A Budget Funding Plan was developed and is being implemented, aimed at ensuring that revenue will be sufficient to cover expenses and long outstanding creditors.

### Section 2 – Resolutions

#### Recommendation:

That the Executive Mayor takes cognisance of the monthly budget statement for **May 2022**.

## Section 3 – Executive Summary

### 3.1 Introduction

The Municipal Manager, as Accounting Officer of the Municipality, is required by Section 71(1) of the Municipal Finance Management Act to submit a monthly report in a prescribed format to the mayor, within 10 working days after the end of each month, on the implementation of the Municipality's budget. The format and contents of the monthly budget report comply with the requirements as set out within the Municipal Budget and Reporting Regulations of 2009.

The report will be made available to the public on the municipal website at [www.kannaland.gov.za](http://www.kannaland.gov.za)

### 3.2 Consolidated Performance

The performance against the budget can be summarized as follow:

|                       | Original Budget | Adjustments Budget | YTD Budget | YTD Actual | YTD Budget vs YTD Actual Variance | YTD Budget vs YTD Actual Variance % |
|-----------------------|-----------------|--------------------|------------|------------|-----------------------------------|-------------------------------------|
| Operating Revenue     | R 186 419       | R 176 492          | R 161 784  | R 164 369  | R 2585                            | 2%                                  |
| Operating Expenditure | R 191 830       | R 204 637          | R 187 581  | R 182 695  | R (4 887)                         | -3%                                 |
| Capital               | R 23 767        | R 25 622           | R 23 487   | R 11 510   | R (11 977)                        | - 51%                               |

#### Operating Revenue

The year-to-date operating revenue realized 2% above the forecast for the period. The municipality will have to address straight-line budgeting as periodic transfers and the cyclical nature of the local economy is not accounted for within the monthly breakdown of the budget.

#### Operating expenditure

The year-to-date operating expenditure variance indicated that the year-to-date budget was underspend by **-3%**. Expenditure was only incurred in terms of revenue and the municipality has reduced expenditure to only the necessities without compromising service delivery. It should be noted that the creditors sub-system is not currently in use and that causes a delay

in the recognition of expenditure. This can lead to an under-reporting of expenditure as the reporting platform do not recognise expenditure unless paid.

## Capital Expenditure

Capital Expenditure amounts to **R 577 thousand** for grant funded projects for the month of **May 2022**. The year-to-date actual capital expenditure is **44%** of the total Capital budget and **49%** of the year-to-date budget. Monthly capital expenditure will be aligned with project progress as planned and the budget will be broken down to align with the before mentioned. The municipality's capital budget is mainly funded from conditional grants.

## Collection Rate

| Collection percentage for Kannaland Municipality |               |                 |              |                                  |                 |                     |   |   |             |
|--|---------------|-----------------|--------------|----------------------------------|-----------------|---------------------|---|---|-------------|
| Period   | Levy          | Payments        | Journals     | Total Levy, Journals & Transfers | Payments        | Payment % per month | Total Levies accumulated month to month | Total Payments accumulated month to month | Average YTD |
| Jul-21   | 10,594,968,62 | (6,192,505,73)  | - 124,826,55 | 9,933,813,72                     | - 11,300,212,54 | -113,76             | 9,933,813,72                            | (11,300,212,54)                           | 113,76      |
| Aug-21   | 11,083,479,27 | - 11,300,212,54 | - 661,154,90 | 11,244,134,42                    | - 8,351,169,59  | -74,27              | 21,177,948,14                           | (19,651,382,13)                           | 92,79       |
| Sep-21   | 11,269,448,88 | - 8,351,169,59  | 160,655,15   | 11,343,770,69                    | - 8,465,485,99  | -74,63              | 32,521,718,83                           | (28,116,868,12)                           | 86,46       |
| Oct-21   | 10,156,779,22 | - 8,465,485,99  | 74,321,81    | 10,177,275,13                    | - 7,338,353,68  | -72,11              | 42,698,993,96                           | (35,455,221,80)                           | 83,04       |
| Nov-21   | 9,949,353,39  | - 7,338,353,68  | 20,495,91    | 10,163,521,30                    | - 6,639,666,28  | -65,33              | 52,862,515,26                           | (42,094,888,08)                           | 79,63       |
| Dec-21   | 10,053,334,98 | - 6,639,666,28  | 214,167,91   | 9,672,895,02                     | - 8,021,502,88  | -82,93              | 62,535,410,28                           | (50,116,390,96)                           | 80,14       |
| Jan-22   | 10,824,844,01 | - 8,021,502,88  | - 380,439,96 | 10,969,907,28                    | - 7,849,651,68  | -71,56              | 73,505,317,56                           | (57,966,042,64)                           | 78,86       |
| Feb-22   | 10,571,243,61 | - 7,849,651,68  | 145,063,27   | 10,829,860,23                    | - 8,008,036,53  | -73,94              | 84,335,177,79                           | (65,974,079,17)                           | 78,23       |
| Mar-22   | 11,005,338,94 | - 8,008,036,53  | 258,616,62   | 10,945,117,01                    | - 7,807,663,22  | -71,33              | 95,280,294,80                           | (73,781,742,39)                           | 77,44       |
| Apr-22   | 10,603,781,95 | - 7,807,663,22  | - 60,221,93  | 10,949,797,54                    | - 9,059,080,93  | -82,73              | 106,230,092,34                          | (82,840,823,32)                           | 77,98       |
| May-22   | 9,898,214,29  | - 9,059,080,93  | 346,015,59   | 9,898,214,29                     | -               | 0,00                |   |   |             |

The collection rate on billed services and rates, came in at **77.98%** on a year-to-date basis, which is below the 85% used as per budget assumption on average. The attached schedule indicates the payment made in respect of the month it was billed. This mean that May payments in respect of April billing realized at **82.73%**, with July payments in respect of June billing not known at the time of reporting.

## Comments from the Chief Financial Officer

It is critical that management must collectively plan to effectively speed up SCM processes which should in turn enhance and increase performance levels of both operational and capital activities. The capital spending is a major risk as the unspent funds might revert back to National Treasury therefore it is recommended that the Acting Municipal Manager must setup an urgent meeting with the concerned departments in order to mitigate this risk.

**TABLE C1 – MONTHLY BUDGET SUMMARY**

| WC041 Kannaland - Table C1 Monthly Budget Statement Summary - M11 May |                  |                     |                   |                    |                    |                    |                     |                 |                    |
|---|------------------|---------------------|-------------------|--------------------|--------------------|--------------------|---------------------|-----------------|--------------------|
| Description   | 2020/21          | Budget Year 2021/22 |                   |                    |                    |                    |                     |                 |                    |
|   | Audited Outcome  | Original Budget     | Adjusted Budget   | Monthly actual     | YearTD actual      | YearTD budget      | YTD variance        | YTD variance %  | Full Year Forecast |
| <b>R thousands</b>  |                  |                     |                   |                    |                    |                    |                     |                 |                    |
| <b>Financial Performance</b>  |                  |                     |                   |                    |                    |                    |                     |                 |                    |
| Property rates  | 19,337           | 24,562              | 25,522            | 2,141              | 23,749             | 23,396             | 354                 | 2%              | 25,522             |
| Service charges   | 87,941           | 104,162             | 100,680           | 8,039              | 94,270             | 92,290             | 1,981               | 2%              | 100,680            |
| Investment revenue  | 1,150            | 864                 | 880               | 104                | 1,132              | 807                | 325                 | 40%             | 880                |
| Transfers and subsidies   | 42,601           | 45,128              | 42,097            | 625                | 38,620             | 38,588             | 32                  | 0%              | 42,097             |
| Other own revenue   | 6,358            | 11,704              | 7,313             | 650                | 6,598              | 6,704              | (106)               | -2%             | 7,313              |
| <b>Total Revenue (excluding capital transfers and contributions)</b>  | <b>157,387</b>   | <b>186,419</b>      | <b>176,492</b>    | <b>11,558</b>      | <b>164,369</b>     | <b>161,784</b>     | <b>2,585</b>        | <b>2%</b>       | <b>176,492</b>     |
| Employee costs  | 66,652           | 65,553              | 71,649            | 6,161              | 64,961             | 65,677             | (716)               | -1%             | 71,649             |
| Remuneration of Councillors   | 3,184            | 3,637               | 3,637             | 329                | 3,355              | 3,334              | 21                  | 1%              | 3,637              |
| Depreciation & asset impairment                                       | 12,039           | 12,698              | 12,698            | –                  | 9,524              | 11,640             | (2,116)             | -18%            | 12,698             |
| Finance charges   | 3,188            | 382                 | 2,318             | 339                | 788                | 2,125              | (1,337)             | -63%            | 2,318              |
| Materials and bulk purchases  | 49,813           | 56,133              | 58,462            | 4,305              | 46,367             | 53,590             | (7,223)             | -13%            | 58,462             |
| Transfers and subsidies   | 246              | 838                 | 448               | –                  | 200                | 411                | (211)               | -51%            | 448                |
| Other expenditure   | 46,911           | 52,589              | 55,425            | 2,155              | 57,500             | 50,805             | 6,696               | 13%             | 55,425             |
| <b>Total Expenditure</b>  | <b>182,033</b>   | <b>191,830</b>      | <b>204,637</b>    | <b>13,289</b>      | <b>182,695</b>     | <b>187,581</b>     | <b>(4,887)</b>      | <b>-3%</b>      | <b>204,637</b>     |
| <b>Surplus/(Deficit)</b>  | <b>(24,645)</b>  | <b>(5,411)</b>      | <b>(28,145)</b>   | <b>(1,731)</b>     | <b>(18,325)</b>    | <b>(25,797)</b>    | <b>7,472</b>        | <b>-29%</b>     | <b>(28,145)</b>    |
| Transfers and subsidies - capital (monetary allocations)              | 19,524           | 22,763              | 25,622            | –                  | 13,175             | 23,487             | (10,312)            | -44%            | 25,622             |
| Contributions & Contributed assets                                    | 34               | –                   | –                 | –                  | –                  | –                  | –                   | –               | –                  |
| <b>Surplus/(Deficit) after capital transfers &amp; contributions</b>  | <b>(5,087)</b>   | <b>17,352</b>       | <b>(2,522)</b>    | <b>(1,731)</b>     | <b>(5,150)</b>     | <b>(2,310)</b>     | <b>(2,840)</b>      | <b>123%</b>     | <b>(2,522)</b>     |
| Share of surplus/ (deficit) of associate                              | –                | –                   | –                 | –                  | –                  | –                  | –                   | –               | –                  |
| <b>Surplus/ (Deficit) for the year</b>                                | <b>(5,087)</b>   | <b>17,352</b>       | <b>(2,522)</b>    | <b>(1,731)</b>     | <b>(5,150)</b>     | <b>(2,310)</b>     | <b>(2,840)</b>      | <b>123%</b>     | <b>(2,522)</b>     |
| <b>Capital expenditure &amp; funds sources</b>                        |                  |                     |                   |                    |                    |                    |                     |                 |                    |
| <b>Capital expenditure</b>  | <b>8,490</b>     | <b>23,767</b>       | <b>26,639</b>     | <b>589</b>         | <b>11,779</b>      | <b>24,419</b>      | <b>(12,640)</b>     | <b>-52%</b>     | <b>26,639</b>      |
| Capital transfers recognised  | (909)            | 22,763              | 25,622            | 577                | 11,510             | 23,487             | (11,977)            | -51%            | 25,622             |
| Public contributions & donations                                      | –                | –                   | –                 | –                  | –                  | –                  | –                   | –               | –                  |
| Borrowing   | –                | –                   | –                 | –                  | –                  | –                  | –                   | –               | –                  |
| Internally generated funds  | 614              | 1,004               | 1,004             | 12                 | 268                | 920                | (652)               | -71%            | 1,004              |
| <b>Total sources of capital funds</b>                                 | <b>(295)</b>     | <b>23,767</b>       | <b>26,626</b>     | <b>589</b>         | <b>11,779</b>      | <b>24,408</b>      | <b>(12,629)</b>     | <b>-52%</b>     | <b>26,626</b>      |
| <b>Financial position</b>   |                  |                     |                   |                    |                    |                    |                     |                 |                    |
| Total current assets  | (12,526)         | (17,989)            | (47,404)          |                    | (8,953)            |                    |                     |                 | (47,404)           |
| Total non current assets  | (11,970)         | 351,292             | 342,195           |                    | 2,255              |                    |                     |                 | 342,195            |
| Total current liabilities   | (11,742)         | 29,011              | 14,705            |                    | (1,339)            |                    |                     |                 | 14,705             |
| Total non current liabilities   | 7,751            | 37,082              | 44,833            |                    | –                  |                    |                     |                 | 44,833             |
| <b>Community wealth/Equity</b>  | <b>(15,416)</b>  | <b>249,857</b>      | <b>237,775</b>    |                    | <b>(208)</b>       |                    |                     |                 | <b>237,775</b>     |
| <b>Cash flows</b>   |                  |                     |                   |                    |                    |                    |                     |                 |                    |
| Net cash from (used) operating  | 338              | 18,836              | 10,590            | (9,052)            | 113,890            | 7,912              | (105,978)           | -1340%          | 10,590             |
| Net cash from (used) investing  | 6,949            | (23,767)            | (26,639)          | –                  | –                  | (24,419)           | (24,419)            | 100%            | (26,639)           |
| Net cash from (used) financing  | (91)             | –                   | –                 | (1)                | (95)               | –                  | 95                  | #DIV/0!         | –                  |
| <b>Cash/cash equivalents at the month/year end</b>                    | <b>7,196</b>     | <b>37,556</b>       | <b>32,755</b>     | <b>–</b>           | <b>113,790</b>     | <b>32,297</b>      | <b>(81,492)</b>     | <b>-252%</b>    | <b>(16,054)</b>    |
| <b>Debtors &amp; creditors analysis</b>                               | <b>0-30 Days</b> | <b>31-60 Days</b>   | <b>61-90 Days</b> | <b>91-120 Days</b> | <b>121-150 Dys</b> | <b>151-180 Dys</b> | <b>181 Dys-1 Yr</b> | <b>Over 1Yr</b> | <b>Total</b>       |
| <b>Debtors Age Analysis</b>   |                  |                     |                   |                    |                    |                    |                     |                 |                    |
| Total By Income Source  | 5,830            | 3,120               | 2,833             | 2,777              | 2,464              | 2,546              | 12,208              | 56,820          | 88,598             |
| <b>Creditors Age Analysis</b>   |                  |                     |                   |                    |                    |                    |                     |                 |                    |
| Total Creditors   | 4,889            | 3,822               | 5,977             | 555                | 40,998             | –                  | –                   | –               | 56,240             |

Due to the cyclical nature of the economy and the current straight-line approach to budgeting, all deviations in excess of **5%** will be treated as material unless otherwise stated. Material deviations will be explained, and recommendations will be made if the extent and nature of the deviation may necessitate action.

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



## Revenue by Source

| WC041 Kannaland - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M11 May |     |                 |                     |                 |                |               |               |              |                |                    |
|---|-----|-----------------|---------------------|-----------------|----------------|---------------|---------------|--------------|----------------|--------------------|
| Description   | Ref | 2020/21         | Budget Year 2021/22 |                 |                |               |               |              |                |                    |
|   |     | Audited Outcome | Original Budget     | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| R thousands   |     |                 |                     |                 |                |               |               |              |                |                    |
| Revenue By Source   |     |                 |                     |                 |                |               |               |              |                |                    |
| Property rates  |     | 19,337          | 24,562              | 25,522          | 2,141          | 23,749        | 23,396        | 354          | 2%             | 25,522             |
| Service charges - electricity revenue   |     | 55,432          | 67,946              | 62,578          | 5,092          | 59,588        | 57,363        | 2,225        | 4%             | 62,578             |
| Service charges - water revenue   |     | 18,013          | 20,787              | 20,746          | 1,534          | 18,796        | 19,018        | (221)        | -1%            | 20,746             |
| Service charges - sanitation revenue  |     | 7,456           | 8,019               | 8,738           | 715            | 8,001         | 8,010         | (9)          | 0%             | 8,738              |
| Service charges - refuse revenue  |     | 7,040           | 7,410               | 8,617           | 698            | 7,885         | 7,899         | (14)         | 0%             | 8,617              |
| Rental of facilities and equipment  |     | 606             | 631                 | 533             | 60             | 503           | 489           | 15           | 3%             | 533                |
| Interest earned - external investments  |     | 1,150           | 864                 | 880             | 104            | 1,132         | 807           | 325          | 40%            | 880                |
| Interest earned - outstanding debtors   |     | 3,541           | 3,087               | 4,628           | 499            | 4,471         | 4,243         | 229          | 5%             | 4,628              |
| Dividends received  |     | —               | —                   | —               | —              | —             | —             | —            | —              | —                  |
| Fines, penalties and forfeits   |     | 142             | 5,547               | 15              | 3              | 10            | 14            | (3)          | -25%           | 15                 |
| Licences and permits  |     | 217             | 378                 | 361             | 19             | 146           | 331           | (185)        | -56%           | 361                |
| Agency services   |     | 1,083           | 1,087               | 1,200           | 28             | 1,007         | 1,100         | (93)         | -8%            | 1,200              |
| Transfers and subsidies   |     | 42,601          | 45,128              | 42,097          | 625            | 38,620        | 38,588        | 32           | 0%             | 42,097             |
| Other revenue   |     | 769             | 974                 | 576             | 42             | 460           | 528           | (67)         | -13%           | 576                |
| Gains   |     | —               | —                   | —               | —              | —             | —             | —            | —              | —                  |
| Total Revenue (excluding capital transfers and contributions)   |     | 157,387         | 186,419             | 176,492         | 11,558         | 164,369       | 161,784       | 2,585        | 2%             | 176,492            |

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

- **Interest earned on external investments (40% variance)** – Exceeds the year-to-date forecast due to the cyclical nature of funds received and ring-fencing through the use call accounts that were not accounted for within the budget. The budget will be exceeded most probably due to the slow spending of conditional grants.
- **Fines, Penalties & Forfeits (-25% variance)** – The budget for this revenue item will not realize due to an underperformance of this department. It should be noted that the variance is of a very low base.
- **Licence and Permits (-56%)** – The reason for this variance is due to a breakdown in the equipment needed for the testing and issuing of licenses.
- **Agency Services (-8% variances)** – deviate from the year-to-date budget due to the cyclical nature of the revenue that was not considered in the straight-line budgeting approach followed in the annual budget.
- **Other revenue (-13%)** – This is a very unpredictable item and revenue can be difficult to predict being very incidental in nature. This will be closely monitored.

## Expenditure by Source

| WC041 Kannaland - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M11 May |     |                 |                     |                 |                |               |               |              |                |                    |
|---|-----|-----------------|---------------------|-----------------|----------------|---------------|---------------|--------------|----------------|--------------------|
| Description   | Ref | 2020/21         | Budget Year 2021/22 |                 |                |               |               |              |                |                    |
|   |     | Audited Outcome | Original Budget     | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| R thousands   |     |                 |                     |                 |                |               |               |              |                |                    |
| Expenditure By Type   |     |                 |                     |                 |                |               |               |              |                |                    |
| Employee related costs  |     | 66,652          | 65,553              | 71,649          | 6,161          | 64,961        | 65,677        | (716)        | -1%            | 71,649             |
| Remuneration of councillors   |     | 3,184           | 3,637               | 3,637           | 329            | 3,355         | 3,334         | 21           | 1%             | 3,637              |
| Debt impairment   |     | 21,016          | 20,723              | 24,401          | -              | 38,611        | 22,367        | 16,244       | 73%            | 24,401             |
| Depreciation & asset impairment   |     | 12,039          | 12,698              | 12,698          | -              | 9,524         | 11,640        | (2,116)      | -18%           | 12,698             |
| Finance charges   |     | 3,188           | 382                 | 2,318           | 339            | 788           | 2,125         | (1,337)      | -63%           | 2,318              |
| Bulk purchases - electricity  |     | 44,277          | 48,940              | 52,650          | 4,168          | 42,859        | 48,263        | (5,404)      | -11%           | 52,650             |
| Inventory consumed  |     | 5,536           | 7,193               | 5,812           | 138            | 3,508         | 5,328         | (1,819)      | -34%           | 5,812              |
| Contracted services   |     | 8,030           | 17,971              | 15,353          | 1,177          | 9,101         | 14,074        | (4,973)      | -35%           | 15,353             |
| Transfers and subsidies   |     | 246             | 838                 | 448             | -              | 200           | 411           | (211)        | -51%           | 448                |
| Other expenditure   |     | 17,815          | 13,895              | 15,670          | 978            | 9,788         | 14,363        | (4,575)      | -32%           | 15,670             |
| Losses  |     | 50              | -                   | -               | -              | -             | -             | -            | -              | -                  |

- **Debt Impairment (73% variance)** – The municipality has written-off R38.5 million of prescription and indigent related debt during **August 2021**. The debt was meant to be written-off during the previous financial year and therefor the deviation from the current year budget.
- **Depreciation Asset Impairment (-18% variance)** – was not accounted for during May 2022 therefor the variation from the YTD budget will be processed before 30 June 2022.
- **Finance Charges (-63% variances)** – The budget accounted for interest on employee cost related to provisions and landfill sites that are not yet accounted for on the accounting system. Eskom related interest is also not yet completely accounted for on SAMRAS.

**Bulk Purchases (-11% variance)** – It is not clear if all Eskom accounts were accounted for to date and the straight-line approach followed within the budget will also have an impact with the high season (winter) tariffs not being considered in the monthly breakdown.

- **Inventory Consumed (-34%), Contracted Services (-35%), Transfers and Subsidies (-51%) and Other Expenditure (-32%),** This deviates from the year-to-date budget as result of the municipality only incurring expenditure in terms of revenue realising. The impact of expenditure not recognised when incurred and the cyclical nature of expenditure should also be considered, and the impact cannot be quantified for the purposes of this report with any degree of certainty and will be addressed in due course.

## Capital Expenditure

| WC041 Kannaland - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M11 May |            |                 |                     |                 |                |               |               |                 |                |                    |
|---|------------|-----------------|---------------------|-----------------|----------------|---------------|---------------|-----------------|----------------|--------------------|
| Vote Description  | Ref        | 2020/21         | Budget Year 2021/22 |                 |                |               |               |                 |                |                    |
|   |            | Audited Outcome | Original Budget     | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance    | YTD variance % | Full Year Forecast |
| <b>R thousands</b>  | <b>1</b>   |                 |                     |                 |                |               |               |                 |                |                    |
| <b>Multi-Year expenditure appropriation</b>   | <b>2</b>   |                 |                     |                 |                |               |               |                 |                |                    |
| Vote 1 - MUNICIPAL MANAGER  |            | -               | -                   | -               | -              | -             | -             | -               | -              | -                  |
| Vote 2 - CORPORATE SERVICES   |            | 817             | -                   | 833             | -              | 684           | 763           | (79)            | -10%           | 833                |
| Vote 3 - FINANCIAL SERVICES   |            | (138)           | -                   | -               | -              | -             | -             | -               | -              | -                  |
| Vote 4 - TECHNICAL SERVICES   |            | -               | -                   | 2,026           | -              | 1,944         | 1,858         | 86              | 5%             | 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>Total Capital Multi-year expenditure</b>   | <b>4,7</b> | <b>679</b>      | <b>-</b>            | <b>2,859</b>    | <b>-</b>       | <b>2,628</b>  | <b>2,621</b>  | <b>7</b>        | <b>0%</b>      | <b>2,859</b>       |
| <b>Single Year expenditure appropriation</b>  | <b>2</b>   |                 |                     |                 |                |               |               |                 |                |                    |
| Vote 1 - MUNICIPAL MANAGER  |            | -               | 192                 | 192             | -              | 105           | 176           | (71)            | -40%           | 192                |
| Vote 2 - CORPORATE SERVICES   |            | (12,115)        | 1,023               | 1,023           | 12             | 79            | 938           | (859)           | -92%           | 1,023              |
| Vote 3 - FINANCIAL SERVICES   |            | 9,618           | 1,664               | 1,664           | -              | 347           | 1,525         | (1,178)         | -77%           | 1,664              |
| Vote 4 - TECHNICAL SERVICES   |            | 10,308          | 20,888              | 20,901          | 577            | 8,619         | 19,159        | (10,540)        | -55%           | 20,901             |
| 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 Capital single-year expenditure</b>  | <b>4</b>   | <b>7,811</b>    | <b>23,767</b>       | <b>23,780</b>   | <b>589</b>     | <b>9,150</b>  | <b>21,798</b> | <b>(12,648)</b> | <b>-58%</b>    | <b>23,780</b>      |
| <b>Total Capital Expenditure</b>  | <b>3</b>   | <b>8,490</b>    | <b>23,767</b>       | <b>26,639</b>   | <b>589</b>     | <b>11,779</b> | <b>24,419</b> | <b>(12,640)</b> | <b>-52%</b>    | <b>26,639</b>      |
| <b>Capital Expenditure - Functional Classification</b>  |            |                 |                     |                 |                |               |               |                 |                |                    |
| <b>Governance and administration</b>  |            | <b>9,480</b>    | <b>2,001</b>        | <b>2,001</b>    | <b>12</b>      | <b>515</b>    | <b>1,834</b>  | <b>(1,319)</b>  | <b>-72%</b>    | <b>2,001</b>       |
| Executive and council   |            | -               | 192                 | 192             | -              | 105           | 176           | (71)            | -40%           | 192                |
| Finance and administration  |            | 9,480           | 1,809               | 1,809           | 12             | 410           | 1,658         | (1,248)         | -75%           | 1,809              |
| Internal audit  |            | -               | -                   | -               | -              | -             | -             | -               | -              | -                  |
| <b>Community and public safety</b>  |            | <b>(11,297)</b> | <b>378</b>          | <b>1,211</b>    | <b>-</b>       | <b>684</b>    | <b>1,110</b>  | <b>(426)</b>    | <b>-38%</b>    | <b>1,211</b>       |
| Community and social services   |            | (11,467)        | -                   | 833             | -              | 684           | 763           | (79)            | -10%           | 833                |
| Sport and recreation  |            | 170             | 378                 | 378             | -              | -             | 347           | (347)           | -100%          | 378                |
| Public safety   |            | -               | -                   | -               | -              | -             | -             | -               | -              | -                  |
| Housing   |            | -               | -                   | -               | -              | -             | -             | -               | -              | -                  |
| Health  |            | -               | -                   | -               | -              | -             | -             | -               | -              | -                  |
| <b>Economic and environmental services</b>  |            | <b>-</b>        | <b>500</b>          | <b>513</b>      | <b>-</b>       | <b>16</b>     | <b>470</b>    | <b>(454)</b>    | <b>-97%</b>    | <b>513</b>         |
| Planning and development  |            | -               | -                   | -               | -              | -             | -             | -               | -              | -                  |
| Road transport  |            | -               | 500                 | 513             | -              | 16            | 470           | (454)           | -97%           | 513                |
| Environmental protection  |            | -               | -                   | -               | -              | -             | -             | -               | -              | -                  |
| <b>Trading services</b>   |            | <b>10,308</b>   | <b>20,888</b>       | <b>22,915</b>   | <b>577</b>     | <b>10,563</b> | <b>21,005</b> | <b>(10,442)</b> | <b>-50%</b>    | <b>22,915</b>      |
| Energy sources  |            | 797             | 2,699               | 2,699           | -              | 235           | 2,474         | (2,239)         | -90%           | 2,699              |
| Water management  |            | 9,510           | 18,189              | 20,216          | 577            | 10,328        | 18,531        | (8,203)         | -44%           | 20,216             |
| Waste water management  |            | -               | -                   | -               | -              | -             | -             | -               | -              | -                  |
| Waste management  |            | -               | -                   | -               | -              | -             | -             | -               | -              | -                  |
| <b>Other</b>  |            | <b>-</b>        | <b>-</b>            | <b>-</b>        | <b>-</b>       | <b>-</b>      | <b>-</b>      | <b>-</b>        | <b>-</b>       | <b>-</b>           |
| <b>Total Capital Expenditure - Functional Classification</b>  | <b>3</b>   | <b>8,490</b>    | <b>23,767</b>       | <b>26,639</b>   | <b>589</b>     | <b>11,779</b> | <b>24,419</b> | <b>(12,640)</b> | <b>-52%</b>    | <b>26,639</b>      |
| <b>Funded by:</b>   |            |                 |                     |                 |                |               |               |                 |                |                    |
| National Government   |            | 10,245          | 22,763              | 22,763          | 577            | 8,882         | 20,866        | (11,984)        | -57%           | 22,763             |
| Provincial Government   |            | (11,154)        | -                   | 2,859           | -              | 2,628         | 2,621         | 7               | 0%             | 2,859              |
| District Municipality   |            | -               | -                   | -               | -              | -             | -             | -               | -              | -                  |
| Other transfers and grants  |            | -               | -                   | -               | -              | -             | -             | -               | -              | -                  |
| <b>Transfers recognised - capital</b>   |            | <b>(909)</b>    | <b>22,763</b>       | <b>25,622</b>   | <b>577</b>     | <b>11,510</b> | <b>23,487</b> | <b>(11,977)</b> | <b>-51%</b>    | <b>25,622</b>      |
| <b>Public contributions &amp; donations</b>   | <b>5</b>   | <b>-</b>        | <b>-</b>            | <b>-</b>        | <b>-</b>       | <b>-</b>      | <b>-</b>      | <b>-</b>        | <b>-</b>       | <b>-</b>           |
| <b>Borrowing</b>  | <b>6</b>   | <b>-</b>        | <b>-</b>            | <b>-</b>        | <b>-</b>       | <b>-</b>      | <b>-</b>      | <b>-</b>        | <b>-</b>       | <b>-</b>           |
| <b>Internally generated funds</b>   |            | <b>614</b>      | <b>1,004</b>        | <b>1,004</b>    | <b>12</b>      | <b>268</b>    | <b>920</b>    | <b>(652)</b>    | <b>-71%</b>    | <b>1,004</b>       |
| <b>Total Capital Funding</b>  |            | <b>(295)</b>    | <b>23,767</b>       | <b>26,626</b>   | <b>589</b>     | <b>11,779</b> | <b>24,408</b> | <b>(12,629)</b> | <b>-52%</b>    | <b>26,626</b>      |

- The total year to date expenditure amounts to **R 11.5 million** for grant funded projects. The YTD figures indicate a 51% under-spending from the YTD budget, some progress was made in ensuring the optimal expenditure on all capital grant funding. The municipality intends to speedup processes related to capital expenditure during the last quarter of the year.

### **3.3 Material differences to the SDBIP**

Revenue collected by source with operational and capital expenditure by vote have been disclosed and variances explained. Any other SDBIP related information will be discussed under Section 10.

### **3.4 Remedial actions**

- (a) Directorates are to ensure that the budget is implemented in accordance with the Service Delivery and Budget Implementation Plan (SDBIP) of the municipality;
- (b) Strategic decisions /resolutions to improve the capital expenditure be implemented; and minimise rollover applications as they pose risk of being rejected.
- (c) That monthly monitoring of the implementation of the Budget Funding Plan takes place. The effort should be a coordinated effort and with giving the necessary and all-important consideration to the excessive increase in fuel prices and threatening inflation (increase in interest rates) on municipal operations and more specifically municipal liquidity;
- (d) That measures on debt collection are implemented and applied effectively;
- (e) That the funding plan addresses all issues and challenges on the financial performance of the municipality and adapt to an ever-changing environment; and
- (f) The adoption of a procurement plan for all capital expenditure particularly grant funded as required in terms of the applicable legislation.

## Section 4 – In-Year Budget Statement Tables

**TABLE C4 – MONTHLY FINANCIAL PERFORMANCE**

| WC041 Kannaland - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M11 May  |     |                 |                     |                 |                |               |               |              |                |                    |
|--|-----|-----------------|---------------------|-----------------|----------------|---------------|---------------|--------------|----------------|--------------------|
| Description  | Ref | 2020/21         | Budget Year 2021/22 |                 |                |               |               |              |                |                    |
|  |     | Audited Outcome | Original Budget     | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| R thousands  |     |                 |                     |                 |                |               |               |              |                |                    |
| Revenue By Source  |     |                 |                     |                 |                |               |               |              |                |                    |
| Property rates   |     | 19,337          | 24,562              | 25,522          | 2,141          | 23,749        | 23,396        | 354          | 2%             | 25,522             |
| Service charges - electricity revenue  |     | 55,432          | 67,946              | 62,578          | 5,092          | 59,588        | 57,363        | 2,225        | 4%             | 62,578             |
| Service charges - water revenue  |     | 18,013          | 20,787              | 20,746          | 1,534          | 18,796        | 19,018        | (221)        | -1%            | 20,746             |
| Service charges - sanitation revenue   |     | 7,456           | 8,019               | 8,738           | 715            | 8,001         | 8,010         | (9)          | 0%             | 8,738              |
| Service charges - refuse revenue   |     | 7,040           | 7,410               | 8,617           | 698            | 7,885         | 7,899         | (14)         | 0%             | 8,617              |
| Rental of facilities and equipment   |     | 606             | 631                 | 533             | 60             | 503           | 489           | 15           | 3%             | 533                |
| Interest earned - external investments   |     | 1,150           | 864                 | 880             | 104            | 1,132         | 807           | 325          | 40%            | 880                |
| Interest earned - outstanding debtors  |     | 3,541           | 3,087               | 4,628           | 499            | 4,471         | 4,243         | 229          | 5%             | 4,628              |
| Dividends received   |     | —               | —                   | —               | —              | —             | —             | —            | —              | —                  |
| Fines, penalties and forfeits  |     | 142             | 5,547               | 15              | 3              | 10            | 14            | (3)          | -25%           | 15                 |
| Licences and permits   |     | 217             | 378                 | 361             | 19             | 146           | 331           | (185)        | -56%           | 361                |
| Agency services  |     | 1,083           | 1,087               | 1,200           | 28             | 1,007         | 1,100         | (93)         | -8%            | 1,200              |
| Transfers and subsidies  |     | 42,601          | 45,128              | 42,097          | 625            | 38,620        | 38,588        | 32           | 0%             | 42,097             |
| Other revenue  |     | 769             | 974                 | 576             | 42             | 460           | 528           | (67)         | -13%           | 576                |
| Gains  |     | —               | —                   | —               | —              | —             | —             | —            | —              | —                  |
| Total Revenue (excluding capital transfers and contributions)  |     | 157,387         | 186,419             | 176,492         | 11,558         | 164,369       | 161,784       | 2,585        | 2%             | 176,492            |
| Expenditure By Type  |     |                 |                     |                 |                |               |               |              |                |                    |
| Employee related costs   |     | 66,652          | 65,553              | 71,649          | 6,161          | 64,961        | 65,677        | (716)        | -1%            | 71,649             |
| Remuneration of councillors  |     | 3,184           | 3,637               | 3,637           | 329            | 3,355         | 3,334         | 21           | 1%             | 3,637              |
| Debt impairment  |     | 21,016          | 20,723              | 24,401          | —              | 38,611        | 22,367        | 16,244       | 73%            | 24,401             |
| Depreciation & asset impairment  |     | 12,039          | 12,698              | 12,698          | —              | 9,524         | 11,640        | (2,116)      | -18%           | 12,698             |
| Finance charges  |     | 3,188           | 382                 | 2,318           | 339            | 788           | 2,125         | (1,337)      | -63%           | 2,318              |
| Bulk purchases - electricity   |     | 44,277          | 48,940              | 52,650          | 4,168          | 42,859        | 48,263        | (5,404)      | -11%           | 52,650             |
| Inventory consumed   |     | 5,536           | 7,193               | 5,812           | 138            | 3,508         | 5,328         | (1,819)      | -34%           | 5,812              |
| Contracted services  |     | 8,030           | 17,971              | 15,353          | 1,177          | 9,101         | 14,074        | (4,973)      | -35%           | 15,353             |
| Transfers and subsidies  |     | 246             | 838                 | 448             | —              | 200           | 411           | (211)        | -51%           | 448                |
| Other expenditure  |     | 17,815          | 13,895              | 15,670          | 978            | 9,788         | 14,363        | (4,575)      | -32%           | 15,670             |
| Losses   |     | 50              | —                   | —               | —              | —             | —             | —            | —              | —                  |
| Total Expenditure  |     | 182,033         | 191,830             | 204,637         | 13,289         | 182,695       | 187,581       | (4,887)      | -3%            | 204,637            |
| Surplus/(Deficit)  |     | (24,645)        | (5,411)             | (28,145)        | (1,731)        | (18,325)      | (25,797)      | 7,472        | (0)            | (28,145)           |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)  |     | 19,524          | 22,763              | 25,622          | —              | 13,175        | 23,487        | (10,312)     | (0)            | 25,622             |
| 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)  |     | 34              | —                   | —               | —              | —             | —             | —            | —              | —                  |
| Surplus/(Deficit) after capital transfers & contributions  |     | (5,087)         | 17,352              | (2,522)         | (1,731)        | (5,150)       | (2,310)       |              |                | (2,522)            |
| Taxation   |     | —               | —                   | —               | —              | —             | —             | —            | —              | —                  |
| Surplus/(Deficit) after taxation   |     | (5,087)         | 17,352              | (2,522)         | (1,731)        | (5,150)       | (2,310)       |              |                | (2,522)            |
| Attributable to minorities   |     | —               | —                   | —               | —              | —             | —             |              |                | —                  |
| Surplus/(Deficit) attributable to municipality   |     | (5,087)         | 17,352              | (2,522)         | (1,731)        | (5,150)       | (2,310)       |              |                | (2,522)            |
| Share of surplus/ (deficit) of associate   |     | —               | —                   | —               | —              | —             | —             |              |                | —                  |
| Surplus/ (Deficit) for the year  |     | (5,087)         | 17,352              | (2,522)         | (1,731)        | (5,150)       | (2,310)       |              |                | (2,522)            |

**TABLE C6 – MONTHLY BUDGETED FINANCIAL POSITION**
**WC041 Kannaland - Table C6 Monthly Budget Statement - Financial Position - M11 May**

| Description                              | Ref      | 2020/21         | Budget Year 2021/22 |                 |                |                    |
|--|----------|-----------------|---------------------|-----------------|----------------|--------------------|
|  |          | Audited Outcome | Original Budget     | Adjusted Budget | YearTD actual  | Full Year Forecast |
| <b>R thousands</b>                       | <b>1</b> |                 |                     |                 |                |                    |
| <b><u>ASSETS</u></b>                     |          |                 |                     |                 |                |                    |
| <b>Current assets</b>                    |          |                 |                     |                 |                |                    |
| Cash                                     |          | 3,943           | (13,359)            | (21,150)        | 1,766          | (21,150)           |
| Call investment deposits                 |          | 2,374           | 37,862              | 40,236          | (5,795)        | 40,236             |
| Consumer debtors                         |          | (532)           | 6,755               | 3,083           | (15,154)       | 3,083              |
| Other debtors                            |          | (19,106)        | (46,381)            | (67,939)        | 9,684          | (67,939)           |
| Current portion of long-term receivables |          | -               | -                   | -               | -              | -                  |
| Inventory                                |          | 794             | (2,867)             | (1,634)         | 546            | (1,634)            |
| <b>Total current assets</b>              |          | <b>(12,526)</b> | <b>(17,989)</b>     | <b>(47,404)</b> | <b>(8,953)</b> | <b>(47,404)</b>    |
| <b>Non current assets</b>                |          |                 |                     |                 |                |                    |
| Long-term receivables                    |          | -               | -                   | -               | -              | -                  |
| Investments                              |          | -               | -                   | -               | -              | -                  |
| Investment property                      |          | (114)           | 1,364               | 1,250           | -              | 1,250              |
| Investments in Associate                 |          | -               | -                   | -               | -              | -                  |
| Property, plant and equipment            |          | (11,845)        | 349,890             | 340,916         | 2,278          | 340,916            |
| Agricultural                             |          | -               | -                   | -               | -              | -                  |
| Biological assets                        |          | -               | -                   | -               | -              | -                  |
| Intangible assets                        |          | (10)            | 38                  | 28              | (24)           | 28                 |
| Other non-current assets                 |          | -               | -                   | -               | -              | -                  |
| <b>Total non current assets</b>          |          | <b>(11,970)</b> | <b>351,292</b>      | <b>342,195</b>  | <b>2,255</b>   | <b>342,195</b>     |
| <b>TOTAL ASSETS</b>                      |          | <b>(24,495)</b> | <b>333,303</b>      | <b>294,791</b>  | <b>(6,698)</b> | <b>294,791</b>     |
| <b><u>LIABILITIES</u></b>                |          |                 |                     |                 |                |                    |
| <b>Current liabilities</b>               |          |                 |                     |                 |                |                    |
| Bank overdraft                           |          | -               | -                   | -               | -              | -                  |
| Borrowing                                |          | (127)           | 586                 | 459             | (590)          | 459                |
| Consumer deposits                        |          | 91              | 1,027               | 1,119           | 95             | 1,119              |
| Trade and other payables                 |          | (12,675)        | 14,780              | 5,830           | (845)          | 5,830              |
| Provisions                               |          | 968             | 12,619              | 7,296           | -              | 7,296              |
| <b>Total current liabilities</b>         |          | <b>(11,742)</b> | <b>29,011</b>       | <b>14,705</b>   | <b>(1,339)</b> | <b>14,705</b>      |
| <b>Non current liabilities</b>           |          |                 |                     |                 |                |                    |
| Borrowing                                |          | (446)           | (429)               | (875)           | -              | (875)              |
| Provisions                               |          | 8,197           | 37,511              | 45,708          | -              | 45,708             |
| <b>Total non current liabilities</b>     |          | <b>7,751</b>    | <b>37,082</b>       | <b>44,833</b>   | <b>-</b>       | <b>44,833</b>      |
| <b>TOTAL LIABILITIES</b>                 |          | <b>(3,992)</b>  | <b>66,094</b>       | <b>59,538</b>   | <b>(1,339)</b> | <b>59,538</b>      |
| <b>NET ASSETS</b>                        | <b>2</b> | <b>(20,504)</b> | <b>267,209</b>      | <b>235,253</b>  | <b>(5,359)</b> | <b>235,253</b>     |
| <b><u>COMMUNITY WEALTH/EQUITY</u></b>    |          |                 |                     |                 |                |                    |
| Accumulated Surplus/(Deficit)            |          | (15,886)        | 238,953             | 237,306         | -              | 237,306            |
| Reserves                                 |          | 470             | 10,904              | 470             | (208)          | 470                |
| <b>TOTAL COMMUNITY WEALTH/EQUITY</b>     | <b>2</b> | <b>(15,416)</b> | <b>249,857</b>      | <b>237,775</b>  | <b>(208)</b>   | <b>237,775</b>     |

**TABLE C7 – MONTHLY BUDGETED CASH FLOW**

| WC041 Kannaland - Table C7 Monthly Budget Statement - Cash Flow - M11 May |          |                 |                     |                 |                |                |                 |                  |                |                    |
|---|----------|-----------------|---------------------|-----------------|----------------|----------------|-----------------|------------------|----------------|--------------------|
| Description   | Ref      | 2020/21         | Budget Year 2021/22 |                 |                |                |                 |                  |                |                    |
|   |          | Audited Outcome | Original Budget     | Adjusted Budget | Monthly actual | YearTD actual  | YearTD budget   | YTD variance     | YTD variance % | Full Year Forecast |
| <b>R thousands</b>  | <b>1</b> |                 |                     |                 |                |                |                 |                  |                |                    |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                                |          |                 |                     |                 |                |                |                 |                  |                |                    |
| <b>Receipts</b>   |          |                 |                     |                 |                |                |                 |                  |                |                    |
| Property rates  |          | 7,496           | 20,213              | 20,227          | –              | 9,652          | 18,541          | (8,889)          | -48%           | 20,227             |
| Service charges   |          | 26,341          | 89,407              | 86,739          | –              | 49,417         | 77,715          | (28,299)         | -36%           | 86,739             |
| Other revenue   |          | 1,379           | 9,833               | 3,895           | –              | 833            | 3,571           | (2,738)          | -77%           | 3,895              |
| Government - operating  |          | 43,137          | 44,598              | 41,567          | –              | 23,086         | 38,103          | (15,017)         | -39%           | 41,567             |
| Government - capital  |          | 22,164          | 22,763              | 25,622          | –              | 6,546          | 23,487          | (16,941)         | -72%           | 25,622             |
| Interest  |          | 9               | 3,961               | 3,905           | –              | 15             | 3,580           | (3,564)          | -100%          | 3,905              |
| Dividends   |          | –               | –                   | –               | –              | –              | –               | –                |                | –                  |
| <b>Payments</b>   |          |                 |                     |                 |                |                |                 |                  |                |                    |
| Suppliers and employees   |          | (100,051)       | (171,940)           | (171,366)       | (9,052)        | 24,340         | (157,086)       | (181,426)        | 115%           | (171,366)          |
| Finance charges   |          | –               | –                   | –               | –              | –              | –               | –                |                | –                  |
| Transfers and Grants  |          | (137)           | –                   | –               | –              | –              | –               | –                |                | –                  |
| <b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>                          |          | <b>338</b>      | <b>18,836</b>       | <b>10,590</b>   | <b>(9,052)</b> | <b>113,890</b> | <b>7,912</b>    | <b>(105,978)</b> | <b>-1340%</b>  | <b>10,590</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  |          | 6,949           | (23,767)            | (26,639)        | –              | –              | (24,419)        | (24,419)         | 100%           | (26,639)           |
| <b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>                          |          | <b>6,949</b>    | <b>(23,767)</b>     | <b>(26,639)</b> | <b>–</b>       | <b>–</b>       | <b>(24,419)</b> | <b>(24,419)</b>  | <b>100%</b>    | <b>(26,639)</b>    |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                               |          |                 |                     |                 |                |                |                 |                  |                |                    |
| <b>Receipts</b>   |          |                 |                     |                 |                |                |                 |                  |                |                    |
| Short term loans  |          | –               | –                   | –               | –              | –              | –               | –                |                | –                  |
| Borrowing long term/refinancing   |          | –               | –                   | –               | –              | –              | –               | –                |                | –                  |
| Increase (decrease) in consumer deposits                                  |          | (91)            | –                   | –               | (1)            | (95)           | –               | (95)             | 0%             | –                  |
| <b>Payments</b>   |          |                 |                     |                 |                |                |                 |                  |                |                    |
| Repayment of borrowing  |          | –               | –                   | –               | –              | –              | –               | –                |                | –                  |
| <b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>                          |          | <b>(91)</b>     | <b>–</b>            | <b>–</b>        | <b>(1)</b>     | <b>(95)</b>    | <b>–</b>        | <b>95</b>        | <b>0%</b>      | <b>–</b>           |
| <b>NET INCREASE/ (DECREASE) IN CASH HELD</b>                              |          | <b>7,196</b>    | <b>(4,931)</b>      | <b>(16,049)</b> | <b>(9,053)</b> | <b>113,794</b> | <b>(16,507)</b> |                  |                | <b>(16,049)</b>    |
| Cash/cash equivalents at beginning:                                       |          | –               | 42,488              | 48,805          |                | (5)            | 48,805          |                  |                | (5)                |
| Cash/cash equivalents at month/year end:                                  |          | 7,196           | 37,556              | 32,755          |                | 113,790        | 32,297          |                  |                | (16,054)           |

The year-to-date deviation from the cash flow forecast was caused by the timing of the payment of grants not being considered in the monthly break-down of the budget. It should be noted that there is a significant under collection of revenue on service charges and property rates due to the municipality struggling to meet its budget assumptions in terms of debt collection. There is a lack of organisational capacity that requires attention.

The total bank balances ending of **May 2022** were as follow;

- Standard Bank Main Account is: **R 525 thousand;**
- The Traffic Account: **R 374 thousand;**
- Deposit Account: **R 379 thousand; and**
- Call Account: **R 32 million (includes unspent grants)**

The lack of revenue streams has left the municipality heavily dependent on grant funding to run its daily operations.

**TABLE C2 – MONTHLY BUDGETED FINANCIAL PERFORMANCE (Functional Classification)**

| WC041 Kannaland - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M11 May |     |                 |                     |                 |                |               |               |              |                |                    |
|---|-----|-----------------|---------------------|-----------------|----------------|---------------|---------------|--------------|----------------|--------------------|
| Description   | Ref | 2020/21         | Budget Year 2021/22 |                 |                |               |               |              |                |                    |
|   |     | Audited Outcome | Original Budget     | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| R thousands   | 1   |                 |                     |                 |                |               |               |              |                |                    |
| <b>Revenue - Functional</b>   |     |                 |                     |                 |                |               |               |              |                |                    |
| <i>Governance and administration</i>  |     | 59,433          | 40,973              | 42,232          | 2,820          | 56,287        | 38,713        | 17,574       | 45%            | 42,232             |
| Executive and council   |     | 34,237          | 6,402               | 7,365           | -              | 26,230        | 6,752         | 19,478       | 289%           | 7,365              |
| Finance and administration  |     | 25,196          | 34,571              | 34,867          | 2,820          | 30,057        | 31,961        | (1,904)      | -6%            | 34,867             |
| Internal audit  |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| <i>Community and public safety</i>  |     | 15,409          | 20,827              | 17,541          | 271            | 13,443        | 16,079        | (2,636)      | -16%           | 17,541             |
| Community and social services   |     | 15,193          | 14,727              | 15,820          | 271            | 12,858        | 14,501        | (1,643)      | -11%           | 15,820             |
| Sport and recreation  |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Public safety   |     | 251             | -                   | -               | 1              | 54            | -             | 54           | #DIV/0!        | -                  |
| Housing   |     | (36)            | 6,100               | 1,721           | -              | 532           | 1,578         | (1,046)      | -66%           | 1,721              |
| Health  |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| <i>Economic and environmental services</i>  |     | 1,677           | 7,047               | 2,151           | 94             | 1,642         | 1,972         | (329)        | -17%           | 2,151              |
| Planning and development  |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Road transport  |     | 1,677           | 7,047               | 2,151           | 94             | 1,642         | 1,972         | (329)        | -17%           | 2,151              |
| Environmental protection  |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| <i>Trading services</i>   |     | 100,426         | 140,336             | 140,190         | 8,373          | 106,171       | 128,508       | (22,336)     | -17%           | 140,190            |
| Energy sources  |     | 56,671          | 74,321              | 68,974          | 5,105          | 64,334        | 63,227        | 1,107        | 2%             | 68,974             |
| Water management  |     | 27,712          | 35,358              | 37,908          | 1,664          | 24,193        | 34,749        | (10,555)     | -30%           | 37,908             |
| Waste water management  |     | 8,188           | 15,079              | 16,137          | 805            | 8,820         | 14,793        | (5,972)      | -40%           | 16,137             |
| Waste management  |     | 7,855           | 15,578              | 17,170          | 800            | 8,824         | 15,739        | (6,916)      | -44%           | 17,170             |
| <i>Other</i>  | 4   | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| <b>Total Revenue - Functional</b>   | 2   | 176,945         | 209,182             | 202,114         | 11,558         | 177,544       | 185,271       | (7,727)      | -4%            | 202,114            |
| <b>Expenditure - Functional</b>   |     |                 |                     |                 |                |               |               |              |                |                    |
| <i>Governance and administration</i>  |     | 56,053          | 57,383              | 68,435          | 5,717          | 54,837        | 62,732        | (7,895)      | -13%           | 68,435             |
| Executive and council   |     | 14,176          | 17,062              | 23,700          | 2,794          | 20,191        | 21,725        | (1,534)      | -7%            | 23,700             |
| Finance and administration  |     | 41,877          | 40,321              | 44,735          | 2,924          | 34,645        | 41,007        | (6,361)      | -16%           | 44,735             |
| Internal audit  |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| <i>Community and public safety</i>  |     | 10,562          | 17,233              | 13,240          | 838            | 10,992        | 12,136        | (1,144)      | -9%            | 13,240             |
| Community and social services   |     | 7,726           | 9,166               | 9,856           | 622            | 8,562         | 9,034         | (472)        | -5%            | 9,856              |
| Sport and recreation  |     | 380             | 549                 | 379             | 51             | 328           | 348           | (20)         | -6%            | 379                |
| Public safety   |     | 1,579           | 375                 | 220             | 87             | 1,201         | 202           | 999          | 495%           | 220                |
| Housing   |     | 877             | 7,143               | 2,785           | 79             | 901           | 2,553         | (1,651)      | -65%           | 2,785              |
| Health  |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| <i>Economic and environmental services</i>  |     | 8,845           | 16,083              | 11,749          | 581            | 8,414         | 10,769        | (2,355)      | -22%           | 11,749             |
| Planning and development  |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Road transport  |     | 8,845           | 16,083              | 11,749          | 581            | 8,414         | 10,769        | (2,355)      | -22%           | 11,749             |
| Environmental protection  |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| <i>Trading services</i>   |     | 106,574         | 101,131             | 111,212         | 6,153          | 108,452       | 101,944       | 6,508        | 6%             | 111,212            |
| Energy sources  |     | 56,175          | 59,169              | 63,538          | 4,444          | 50,820        | 58,243        | (7,423)      | -13%           | 63,538             |
| Water management  |     | 29,635          | 18,684              | 21,254          | 771            | 26,992        | 19,482        | 7,510        | 39%            | 21,254             |
| Waste water management  |     | 5,754           | 9,711               | 10,995          | 274            | 14,028        | 10,079        | 3,949        | 39%            | 10,995             |
| Waste management  |     | 15,010          | 13,566              | 15,425          | 664            | 16,612        | 14,140        | 2,472        | 17%            | 15,425             |
| <i>Other</i>  |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| <b>Total Expenditure - Functional</b>   | 3   | 182,033         | 191,830             | 204,637         | 13,290         | 182,695       | 187,581       | (4,886)      | -3%            | 204,637            |
| <b>Surplus/ (Deficit) for the year</b>  |     | (5,088)         | 17,352              | (2,522)         | (1,731)        | (5,151)       | (2,310)       | (2,841)      | 123%           | (2,522)            |



**TABLE C3 – MONTHLY BUDGETED FINANCIAL PERFORMANCE  
(Revenue & Expenditure by Municipal Vote)**

| WC041 Kannaland - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M11 May |     |                 |                     |                 |                |               |               |              |                |                    |
|---|-----|-----------------|---------------------|-----------------|----------------|---------------|---------------|--------------|----------------|--------------------|
| Vote Description  | Ref | 2020/21         | Budget Year 2021/22 |                 |                |               |               |              |                |                    |
|   |     | 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  |     | 34,237          | 6,402               | 7,365           | –              | 26,230        | 6,752         | 19,478       | 288,5%         | 7,365              |
| Vote 2 - CORPORATE SERVICES   |     | 15,822          | 26,377              | 18,175          | 482            | 13,577        | 16,660        | (3,083)      | -18,5%         | 18,175             |
| Vote 3 - FINANCIAL SERVICES   |     | 24,791          | 34,128              | 34,432          | 2,659          | 29,683        | 31,563        | (1,880)      | -6,0%          | 34,432             |
| Vote 4 - TECHNICAL SERVICES   |     | 102,096         | 142,274             | 142,141         | 8,418          | 108,054       | 130,296       | (22,242)     | -17,1%         | 142,141            |
| 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   | 176,945         | 209,182             | 202,114         | 11,558         | 177,544       | 185,271       | (7,727)      | -4,2%          | 202,114            |
| Expenditure by Vote   | 1   |                 |                     |                 |                |               |               |              |                |                    |
| Vote 1 - MUNICIPAL MANAGER  |     | 14,176          | 17,062              | 23,700          | 2,794          | 20,191        | 21,725        | (1,534)      | -7,1%          | 23,700             |
| Vote 2 - CORPORATE SERVICES   |     | 22,037          | 34,547              | 28,806          | 2,149          | 23,764        | 26,405        | (2,641)      | -10,0%         | 28,806             |
| Vote 3 - FINANCIAL SERVICES   |     | 32,333          | 29,387              | 31,689          | 1,704          | 22,608        | 29,048        | (6,440)      | -22,2%         | 31,689             |
| Vote 4 - TECHNICAL SERVICES   |     | 113,358         | 109,345             | 119,161         | 6,599          | 115,512       | 109,230       | 6,283        | 5,8%           | 119,161            |
| Vote 5 - CALITZDORP SPA   |     | –               | –                   | –               | –              | –             | –             | –            | –              | –                  |
| Vote 6 - CORPORATE SERVICES (Continued)   |     | 130             | 1,490               | 1,280           | 44             | 619           | 1,173         | (554)        | -47,2%         | 1,280              |
| 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   | 182,033         | 191,830             | 204,637         | 13,290         | 182,695       | 187,581       | (4,886)      | -2,6%          | 204,637            |
| Surplus/ (Deficit) for the year   | 2   | (5,088)         | 17,352              | (2,522)         | (1,731)        | (5,151)       | (2,310)       | (2,841)      | 123,0%         | (2,522)            |

## PART 2 SUPPORTING DOCUMENTATION

### Section 5 – Debtors' Analysis

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

| Description   | NT Code | Budget Year 2021/22 |            |            |             |             |             |              |          |        |                    | Actual Bad Debts Written Off against Debtors | Impairment - Bad Debts i.t.o Council Policy |
|---|---------|---------------------|------------|------------|-------------|-------------|-------------|--------------|----------|--------|--------------------|--|---|
|   |         | 0-30 Days           | 31-60 Days | 61-90 Days | 91-120 Days | 121-150 Dys | 151-180 Dys | 181 Dys-1 Yr | Over 1Yr | Total  | Total over 90 days |  |   |
| R thousands   |         |                     |            |            |             |             |             |              |          |        |                    |  |   |
| Debtors Age Analysis By Income Source                                   |         |                     |            |            |             |             |             |              |          |        |                    |  |   |
| Trade and Other Receivables from Exchange Transactions - Water          | 1200    | 2,026               | 1,033      | 879        | 905         | 712         | 811         | 3,572        | 10,492   | 20,431 | 16,493             | -  | -   |
| Trade and Other Receivables from Exchange Transactions - Electricity    | 1300    | 1,131               | 235        | 154        | 155         | 90          | 90          | 346          | 483      | 2,684  | 1,164              | -  | -   |
| Receivables from Non-exchange Transactions - Property Rates             | 1400    | 2,732               | 797        | 749        | 676         | 629         | 608         | 2,569        | 16,070   | 24,829 | 20,551             | -  | -   |
| Receivables from Exchange Transactions - Waste Water Management         | 1500    | 656                 | 314        | 312        | 310         | 310         | 309         | 1,704        | 6,628    | 10,544 | 9,263              | -  | -   |
| Receivables from Exchange Transactions - Waste Management               | 1600    | 1,296               | 525        | 512        | 504         | 500         | 492         | 2,633        | 9,880    | 16,341 | 14,008             | -  | -   |
| Receivables from Exchange Transactions - Property Rental Debtors        | 1700    | -                   | -          | -          | -           | -           | -           | -            | 0        | 0      | 0                  | -  | -   |
| Interest on Arrear Debtor Accounts                                      | 1810    | 22                  | 41         | 55         | 71          | 78          | 94          | 656          | 11,244   | 12,261 | 12,143             | -  | -   |
| Recoverable unauthorised, irregular, fruitless and wasteful expenditure | 1820    | -                   | -          | -          | -           | -           | -           | -            | -        | -      | -                  | -  | -   |
| Other   | 1900    | (2,033)             | 175        | 173        | 155         | 146         | 142         | 727          | 2,022    | 1,507  | 3,192              | -  | -   |
| Total By Income Source  | 2000    | 5,830               | 3,120      | 2,833      | 2,777       | 2,464       | 2,546       | 12,208       | 56,820   | 88,598 | 76,814             | -  | -   |
| 2020/21 - totals only   |         |                     |            |            |             |             |             |              |          | -      | -                  |  |   |
| Debtors Age Analysis By Customer Group                                  |         |                     |            |            |             |             |             |              |          |        |                    |  |   |
| Organs of State   | 2200    | (752)               | 131        | 94         | 73          | 49          | 34          | 142          | 613      | 385    | 912                | -  | -   |
| Commercial  | 2300    | 1,040               | 260        | 212        | 180         | 148         | 159         | 747          | 2,890    | 5,637  | 4,125              | -  | -   |
| Households  | 2400    | 5,355               | 2,504      | 2,318      | 2,319       | 2,068       | 2,151       | 10,312       | 42,510   | 69,537 | 59,360             | -  | -   |
| Other   | 2500    | 187                 | 225        | 210        | 204         | 199         | 201         | 1,007        | 10,807   | 13,040 | 12,418             | -  | -   |
| Total By Customer Group   | 2600    | 5,830               | 3,120      | 2,833      | 2,777       | 2,464       | 2,546       | 12,208       | 56,820   | 88,598 | 76,814             | -  | -   |

- The total amount owed to Kannaland Municipality amounts to **R 88.59 million** in **May 2022** and **R 86.26 million** in **April 2022** indicating a **2.8% increase** in outstanding debt on a month-on-month basis;
- **R56.82 million or 64%** of the total outstanding debtors are older than one year; and
- **R76.81 or 86.7%** of the outstanding debtors are outstanding for more than 90 days

The biggest concern regarding debt collection in Kannaland Municipality is the ability to collect service charges for water, refuse and sewerage in areas where electricity is not supplied by the municipality. It is of the utmost importance that prescribed debt and first-time registered indigent debt are written-off and that a functional credit control unit will be capacitated to address the low collection rate.

## Section 6 – Creditors' Analysis

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

| Description                             |      | NT Code | Budget Year 2021/22 |              |              |               |                |                |                   |             | 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 | 4,235   | 4,960               | 4,512        | –            | 19,063        | –              | –              | –                 | 32,770      |       |
| Bulk Water                              | 0200 | 22      | 29                  | –            | –            | –             | –              | –              | –                 | 52          |       |
| PAYE deductions                         | 0300 | –       | –                   | –            | –            | –             | –              | –              | –                 | –           |       |
| VAT (output less input)                 | 0400 | –       | –                   | –            | –            | –             | –              | –              | –                 | –           |       |
| Pensions / Retirement deductions        | 0500 | –       | –                   | –            | –            | –             | –              | –              | –                 | –           |       |
| Loan repayments                         | 0600 | 60      | –                   | –            | –            | –             | –              | –              | –                 | 60          |       |
| Trade Creditors                         | 0700 | 305     | 171                 | 70           | 444          | 7,534         | –              | –              | –                 | 8,524       |       |
| Auditor General                         | 0800 | 110     | (1,408)             | 1,334        | 112          | 7,734         | –              | –              | –                 | 7,882       |       |
| Other                                   | 0900 | 156     | 70                  | 61           | –            | 6,667         | –              | –              | –                 | 6,953       |       |
| Total By Customer Type                  | 1000 | 4,889   | 3,822               | 5,977        | 555          | 40,998        | –              | –              | –                 | 56,240      |       |

The total outstanding creditors amounts to **R56 240 million in May 2022** and **R 53 278 million in April 2022**, this represents a **5%** increase.

The biggest outstanding creditors are Eskom (**R32 770 million**), the Auditor-General of South Africa (**R7 882 million**). Combined the beforementioned represents **72%** of all outstanding creditors.

The outstanding trade creditors continue to have a negative impact on service delivery and the ability to fully comply with 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, due to long outstanding creditors demanding settlement.

## Section 7 – Investment Portfolio Analysis

Client no.: 9004552

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



Date: 28.07.2021

|                         |            |            |            |           |           |            |            |            |
|-------------------------|------------|------------|------------|-----------|-----------|------------|------------|------------|
| Repayment Due           | 03.05.2022 | 03.05.2022 | -56,042,61 | 0,00      | -3,957,39 | -60,000,00 | 329,143,04 | 329,143,04 |
| Interest Accrual        | 31.05.2022 | 31.05.2022 | 0,00       | 3,555,97  | 0,00      | 3,555,97   | 332,699,01 | 329,143,04 |
| Interest Capitalisation | 31.05.2022 | 31.05.2022 | 0,00       | -3,555,97 | 3,555,97  | 0,00       | 332,699,01 | 332,699,01 |
| Repayment Due           | 31.05.2022 | 31.05.2022 | -56,444,03 | 0,00      | -3,555,97 | -60,000,00 | 272,699,01 | 272,699,01 |

- The total outstanding long-term debt of Kannaland Municipality amounts to **R273 thousand**
- A monthly instalment of **R60 thousand** at an interest rate of **12.5%** per annum is being paid.

## Section 8 – Allocation and Grant Receipts and Expenditure

| Transfers and Grant Receipts 2021/ 2022      |                 |                      |                   |                |                |               |                    |
|--|-----------------|----------------------|-------------------|----------------|----------------|---------------|--------------------|
|  | Original Budget | Roll-over (Approved) | Adjustment Budget | Total Received | Total Spent    | Unspent       | REJECTED ROLLOVERS |
| <b>National Government Grants</b>            |                 |                      |                   |                |                |               |                    |
| Financial Management Grant (FMG)             | R2,811,000,00   | R82,902,39           | R2,893,902,39     | R2,893,902,39  | R2,715,604,89  | R178,297,51   |                    |
| Integrated National Electrification (INEP)   | R2,699,000,00   |                      | R2,699,000,00     | R2,699,000,00  | R270,813,66    | R2,428,186,34 | R1,576,282,41      |
| Equitable Share                              | R30,553,000,00  |                      | R30,553,000,00    | R12,730,000,00 | R12,730,000,00 | R0,00         | -R13,924,972,59    |
| Municipal Infrastructure Grant (Operational) | 529,700,00      |                      | R529,700,00       | R529,700,00    | R523,980,36    | R5,719,64     |                    |
| Municipal Infrastructure Grant (Capital)     | R10,064,300,00  |                      | R10,064,300,00    | R10,064,300,00 | R7,964,873,73  | R2,099,426,28 | R3,370,300,75      |
| Water Service Infrastructure Grant           | R10,000,000,00  |                      | R10,000,000,00    | R10,000,000,00 | R2,311,296,43  | R7,688,703,57 | R8,978,389,43      |
| EPWP Incentive Grant                         | R1,359,000,00   | R12,500,00           | R1,371,500,00     | R1,371,500,00  | R1,241,166,43  | R130,333,57   |                    |
| <b>Provincial Government</b>                 |                 |                      |                   |                |                |               |                    |
| Human Settlements                            | R6,100,000,00   | -R4,379,000,00       | R1,721,000,00     |                |                |               |                    |
| Libraries (Conditional Grant)                |                 | R832,802,90          | R832,802,90       | R832,802,90    | R684,339,79    | R148,463,11   |                    |
| MRF (Municipal Replacement Fund)             | R3,217,000,00   | R288,519,14          | R3,505,519,14     | R3,217,000,00  | R2,828,608,43  | R676,910,71   |                    |
| Local Government Employee Support Grant      |                 | R900,000,00          | R900,000,00       | R900,000,00    | R513,189,00    | R386,811,00   |                    |
| CDW Grant                                    | 113,000,00      | R62,943,00           | R175,943,00       | R175,943,00    | R30,775,79     | R145,167,21   |                    |
| Provincial Government Roads                  | 50,000,00       |                      | R50,000,00        |                |                | R50,000,00    |                    |
| Drought Relief                               |                 | R2,026,369,00        | R2,026,369,00     |                | R1,943,860,36  | R82,508,64    |                    |
| <b>Departmental Agencies</b>                 |                 |                      |                   |                |                |               |                    |
| Public Sector Seta                           | R145,000,00     |                      | R145,000,00       |                |                | R145,000,00   |                    |

The National Government rejected the Municipality rollover application related to MIG, WSIG and INEP. The impact of the rejected rollover affected the equitable share allocation of R 13 million being withheld by National Treasury. This has subsequently transferred in the current reporting period to own revenue from the unspent grants.

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

### Operational:

1. **Financial Management Grant** amounts to **R 50 thousand**
2. **Municipal Infrastructure Grant PMU** amounts to **R 44 thousand**
3. **Expanded Public Works Programme Grant** amounts to **R 113 thousand**

### Provincial Government Grants:

1. **Library Grant** amounts to **R 255 thousand.**

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

WC041 Kannaland - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M11 May

| Summary of Employee and Councillor remuneration             | Ref | 2020/21         | Budget Year 2021/22 |                 |                |               |               |              |                |                    |
|---|-----|-----------------|---------------------|-----------------|----------------|---------------|---------------|--------------|----------------|--------------------|
|   |     | Audited Outcome | Original Budget     | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| R thousands   |     |                 |                     |                 |                |               |               |              |                |                    |
|   | 1   | A               | B                   | C               |                |               |               |              |                | D                  |
| <b>Councillors (Political Office Bearers plus Other)</b>    |     |                 |                     |                 |                |               |               |              |                |                    |
| Basic Salaries and Wages                                    |     | 2,551           | 2,895               | 2,895           | 279            | 2,851         | 2,654         | 197          | 7%             | 2,895              |
| Pension and UIF Contributions                               |     | 0               | –                   | –               | 3              | 23            | –             | 23           | #DIV/0!        | –                  |
| Medical Aid Contributions                                   |     | 133             | 220                 | 220             | 5              | 62            | 202           | (140)        | -69%           | 220                |
| Motor Vehicle Allowance                                     |     | 189             | 172                 | 172             | 16             | 138           | 158           | (20)         | -12%           | 172                |
| Cellphone Allowance   |     | 311             | 349                 | 349             | 26             | 281           | 320           | (39)         | -12%           | 349                |
| Housing Allowances  |     | –               | –                   | –               | –              | –             | –             | –            | –              | –                  |
| Other benefits and allowances                               |     | –               | –                   | –               | –              | –             | –             | –            | –              | –                  |
| <b>Sub Total - Councillors</b>                              |     | 3,184           | 3,637               | 3,637           | 329            | 3,355         | 3,334         | 21           | 1%             | 3,637              |
| <b>% increase</b>   | 4   |                 | 14,2%               | 14,2%           |                |               |               |              |                | 14,2%              |
| <b>Senior Managers of the Municipality</b>                  | 3   |                 |                     |                 |                |               |               |              |                |                    |
| Basic Salaries and Wages                                    |     | 1,802           | 2,525               | 3,937           | 31             | 1,431         | 3,609         | (2,179)      | -60%           | 3,937              |
| Pension and UIF Contributions                               |     | 0               | 3                   | 3               | –              | 1             | 3             | (2)          | -70%           | 3                  |
| Medical Aid Contributions                                   |     | –               | –                   | –               | –              | –             | –             | –            | –              | –                  |
| Overtime  |     | –               | –                   | –               | –              | –             | –             | –            | –              | –                  |
| Performance Bonus   |     | –               | –                   | –               | –              | –             | –             | –            | –              | –                  |
| Motor Vehicle Allowance                                     |     | 64              | 168                 | 168             | 3              | 127           | 154           | (27)         | -18%           | 168                |
| Cellphone Allowance   |     | 35              | 75                  | 75              | –              | 31            | 69            | (38)         | -56%           | 75                 |
| Housing Allowances  |     | –               | 17                  | 17              | –              | –             | 15            | (15)         | -100%          | 17                 |
| Other benefits and allowances                               |     | 29              | 272                 | 552             | –              | 170           | 506           | (336)        | -66%           | 552                |
| Payments in lieu of leave                                   |     | –               | –                   | –               | –              | –             | –             | –            | –              | –                  |
| Long service awards   |     | –               | –                   | –               | –              | –             | –             | –            | –              | –                  |
| Post-retirement benefit obligations                         | 2   | –               | –                   | –               | –              | –             | –             | –            | –              | –                  |
| <b>Sub Total - Senior Managers of Municipality</b>          |     | 1,930           | 3,060               | 4,753           | 34             | 1,759         | 4,356         | (2,598)      | -60%           | 4,753              |
| <b>% increase</b>   | 4   |                 | 58,6%               | 146,3%          |                |               |               |              |                | 146,3%             |
| <b>Other Municipal Staff</b>                                |     |                 |                     |                 |                |               |               |              |                |                    |
| Basic Salaries and Wages                                    |     | 41,773          | 41,120              | 44,446          | 4,189          | 41,143        | 40,742        | 401          | 1%             | 44,446             |
| Pension and UIF Contributions                               |     | 5,472           | 7,271               | 7,271           | 586            | 6,155         | 6,665         | (510)        | -8%            | 7,271              |
| Medical Aid Contributions                                   |     | 2,768           | 2,162               | 2,162           | 180            | 1,857         | 1,981         | (125)        | -6%            | 2,162              |
| Overtime  |     | 5,118           | 4,106               | 4,893           | 497            | 4,739         | 4,485         | 254          | 6%             | 4,893              |
| Performance Bonus   |     | 2,012           | –                   | –               | –              | 1,354         | –             | 1,354        | #DIV/0!        | –                  |
| Motor Vehicle Allowance                                     |     | 2,026           | 2,133               | 2,133           | 221            | 2,130         | 1,955         | 176          | 9%             | 2,133              |
| Cellphone Allowance   |     | 119             | 80                  | 80              | 20             | 147           | 73            | 74           | 101%           | 80                 |
| Housing Allowances  |     | 269             | 279                 | 279             | 25             | 332           | 256           | 76           | 30%            | 279                |
| Other benefits and allowances                               |     | 2,408           | 4,651               | 4,712           | 409            | 5,289         | 4,319         | 970          | 22%            | 4,712              |
| Payments in lieu of leave                                   |     | 688             | –                   | 130             | –              | 34            | 119           | (85)         | -71%           | 130                |
| Long service awards   |     | (518)           | –                   | 100             | –              | –             | 92            | (92)         | -100%          | 100                |
| Post-retirement benefit obligations                         | 2   | 2,589           | 692                 | 692             | –              | –             | 634           | (612)        | -97%           | 692                |
| <b>Sub Total - Other Municipal Staff</b>                    |     | 64,722          | 62,493              | 66,896          | 6,127          | 63,202        | 61,321        | 1,881        | 3%             | 66,896             |
| <b>% increase</b>   | 4   |                 | -3,4%               | 3,4%            |                |               |               |              |                | 3,4%               |
| <b>Total Parent Municipality</b>                            |     | 69,836          | 69,189              | 75,285          | 6,490          | 68,315        | 69,011        | (695)        | -1%            | 75,285             |
| <b>Unpaid salary, allowances &amp; benefits in arrears:</b> |     |                 |                     |                 |                |               |               |              |                |                    |
| <b>Board Members of Entities</b>                            |     |                 |                     |                 |                |               |               |              |                |                    |
| Basic Salaries and Wages                                    |     | –               | –                   | –               | –              | –             | –             | –            | –              | –                  |
| Pension and UIF Contributions                               |     | –               | –                   | –               | –              | –             | –             | –            | –              | –                  |
| Medical Aid Contributions                                   |     | –               | –                   | –               | –              | –             | –             | –            | –              | –                  |
| Overtime  |     | –               | –                   | –               | –              | –             | –             | –            | –              | –                  |
| Performance Bonus   |     | –               | –                   | –               | –              | –             | –             | –            | –              | –                  |
| Motor Vehicle Allowance                                     |     | –               | –                   | –               | –              | –             | –             | –            | –              | –                  |
| Cellphone Allowance   |     | –               | –                   | –               | –              | –             | –             | –            | –              | –                  |
| Housing Allowances  |     | –               | –                   | –               | –              | –             | –             | –            | –              | –                  |
| Other benefits and allowances                               |     | 0               | –                   | –               | 0              | 1             | –             | 1            | #DIV/0!        | –                  |
| Board Fees  |     | –               | –                   | –               | –              | –             | –             | –            | –              | –                  |
| Payments in lieu of leave                                   |     | –               | –                   | –               | –              | –             | –             | –            | –              | –                  |
| Long service awards   |     | –               | –                   | –               | –              | –             | –             | –            | –              | –                  |
| Post-retirement benefit obligations                         |     | –               | –                   | –               | –              | –             | –             | –            | –              | –                  |
| <b>Sub Total - Board Members of Entities</b>                | 2   | 0               | –                   | –               | 0              | 1             | –             | 1            | #DIV/0!        | –                  |
| <b>% increase</b>   | 4   |                 |                     |                 |                |               |               |              |                |                    |
| <b>Total Municipal Entities</b>                             |     | 0               | –                   | –               | 0              | 1             | –             | 1            | #DIV/0!        | –                  |
| <b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>              |     | 69,837          | 69,189              | 75,285          | 6,490          | 68,316        | 69,011        | (694)        | -1%            | 75,285             |
| <b>% increase</b>   | 4   |                 | -0,9%               | 7,8%            |                |               |               |              |                | 7,8%               |
| <b>TOTAL MANAGERS AND STAFF</b>                             |     | 66,652          | 65,553              | 71,649          | 6,161          | 64,961        | 65,677        | (716)        | -1%            | 71,649             |

## Section 10 – Material Variances to the SDBIP

Material differences to the SDBIP must be reported upon in terms of: Section 1 of the MFMA defines the SDBIP as: “a detailed plan approved by the mayor of a municipality in terms of section 53(1)(c)(ii) for implementing the municipality’s delivery of services and the execution of its annual budget and which must include (as part of the top-layer) the following:

- (a) projections for each month of-
  - (i) revenue to be collected, by source; and
  - (ii) operational and capital expenditure, by vote;
- (b) service delivery targets and performance indicators for each quarter”.

This report covered section 1(a) with section 1(b) to be covered in addition to 1(a) in the quarterly report in terms of section 52 of the MFMA.

## Section 11– Capital Programme Performance

**TABLE SC12 – CAPITAL EXPENDITURE TRENDS**

| WC041 Kannaland - Supporting Table SC12 Monthly Budget Statement - capital expenditure trend - M11 May |                 |                     |                 |                |               |               |              |                |                            |
|--|-----------------|---------------------|-----------------|----------------|---------------|---------------|--------------|----------------|----------------------------|
| Month  | 2020/21         | Budget Year 2021/22 |                 |                |               |               |              |                |                            |
|  | Audited Outcome | Original Budget     | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | % spend of Original Budget |
| R thousands  |                 |                     |                 |                |               |               |              |                |                            |
| <b>Monthly expenditure performance trend</b>   |                 |                     |                 |                |               |               |              |                |                            |
| July   | –               | 1,981               | 2,220           | –              | –             | 2,220         | –            | 0,0%           | 0%                         |
| August   | 2,744           | 1,981               | 2,220           | 1,453          | 1,453         | 4,440         | 2,987        | 67,3%          | 6%                         |
| September  | 2,089           | 1,981               | 2,220           | 802            | 2,255         | 6,660         | 4,405        | 66,1%          | 9%                         |
| October  | 588             | 1,981               | 2,220           | 2,338          | 4,592         | 8,880         | 4,287        | 48,3%          | 19%                        |
| November   | 1,013           | 1,981               | 2,220           | 696            | 5,288         | 11,100        | 5,812        | 52,4%          | 22%                        |
| December   | 1,911           | 1,981               | 2,220           | 4,280          | 9,568         | 13,319        | 3,752        | 28,2%          | 40%                        |
| January  | –               | 1,981               | 2,220           | 175            | 9,743         | 15,539        | 5,797        | 37,3%          | 41%                        |
| February   | 108             | 1,981               | 2,220           | 185            | 9,928         | 17,759        | 7,831        | 44,1%          | 42%                        |
| March  | 11              | 1,981               | 2,220           | 1,190          | 11,118        | 19,979        | 8,861        | 44,4%          | 47%                        |
| April  | 614             | 1,981               | 2,220           | 72             | 11,190        | 22,199        | 11,009       | 49,6%          | 47%                        |
| May  | 823             | 1,981               | 2,220           | 589            | 11,779        | 24,419        | 12,640       | 51,8%          | 50%                        |
| June   | (1,411)         | 1,981               | 2,220           | –              | 11,779        | 26,639        | 14,860       | 55,8%          | 50%                        |
| <b>Total Capital expenditure</b>   | <b>8,490</b>    | <b>23,767</b>       | <b>26,639</b>   | <b>11,779</b>  |               |               |              |                |                            |

## **Section 12 – Implementation of the Budget Funding Plan**

The implementation of the funding plan is taking place on monthly basis and will be reported upon if any material issues may arise and that will need attention.

See Annexure – Budget Funding Plan Monthly Activity Update

## **Section 13 – SCM Deviations**

See Annexure B



## APPENDIX A: Budget Funding Plan

| IMPLEMENTATION PLAN TOWARDS A FUNDED BUDGET            |                    |  |  |  |   |                                       |                                   |   |   |   |
|--|--------------------|--|--|--|---|---------------------------------------|-----------------------------------|---|---|---|
| Main Pillars   | Key priority areas | Milestone/Output                         | Responsible  | Target   |   | Did the municipality meet the target? |                                   | Activities<br>(To be implemented immediately to 30 November 2021)   | Activities<br>(To be implemented longer term Dec 2021 - Jul 2022)   | SHORT TERM TARGETS & GENERAL PROGRESS   |
|  |                    |  |  | Short to Medium Term - July 2021 to 30 Nov 2021  | Long Term (Dec 2021 to June 2022)   | Medium Term (July 2021 to Nov 2021)   | Long Term (Dec 2021 to June 2022) |   |   |   |
| Positive cash flows from revenue from trading services | Revenue Management | Improve the monthly Debt Collection Rate | Revenue Manager/ CFO   | <ul style="list-style-type: none"><li>• Meet budget assumptions target pertaining to a 85% Collection Rate on billed services.</li><li>• Needs to improve 6% from the ytd collection rate. (76% to 85%)<br/>Note: Collection rate higher during Q1&amp;Q2</li><li>• Policies adjustments were made in support of activities</li><li>• R3.1 million additional revenue (4 months)</li></ul> | <ul style="list-style-type: none"><li>• Maintain at least an average collection rate of 85% for the full financial year.</li><li>• R6.2 million additional revenue in total R9.3 additional / annum</li></ul> | Yes/No                                | Yes/No                            | <ul style="list-style-type: none"><li>Award tenders in support of activity including:<ul style="list-style-type: none"><li>• Pre-paid water &amp; Electricity tender with auxiliary function</li><li>• Tender for issuing of summonses</li><li>• Bulk SMS's / account notifications</li></ul></li></ul> | <ul style="list-style-type: none"><li>• Expand the implementation of pre-paid water meters</li><li>• Address non-technical losses via exception reporting on pre-paid after system clean-up (impact of new pre-paid tender clearing dormant meters)</li></ul> | <ul style="list-style-type: none"><li>• Pre-Paid vendor appointed and operational - auxiliary functions only be active from 31 Jan.</li><li>• Bulk SMS's are being sent out to inform the public on account status</li><li>• Collection rate missed the target and is currently on ytd basis 77.3%</li><li>• Summons tender - budget was secured, specifications were finalized and currently in the procurement process.</li><li>• Policy deficiencies to be addressed by the newly appointed council - impact on collection rate</li></ul>  |
|  |                    |  |  |  |   |                                       |                                   | <ul style="list-style-type: none"><li>Resolve outstanding queries -<ul style="list-style-type: none"><li>• Public works</li><li>• Account disputes (farms)</li><li>• address issue of unpaid fire levies / disputes</li><li>• Policy (CreditC) implementation</li></ul></li></ul>                       | <ul style="list-style-type: none"><li>• Continuous strengthening &amp; improvement in credit control actions + monitoring of progress</li></ul>   | <ul style="list-style-type: none"><li>• Disputes are being handled and government account issues were addressed - will need a council resolution to address some of the issues raised.</li><li>• Council must advise on debtors book items and cleaning of debtors</li><li>• Management of debtors will need policy support and a council resolution will be needed to change rebate on property rates to include RDP houses.</li><li>• Council support for fair and equitable credit control will be needed.</li><li>• Summons tender imperative to be finalised - impacting credit control negatively</li></ul>   |
|  |                    |  |  |  |   |                                       |                                   | <ul style="list-style-type: none"><li>• Implement Auxiliary Services</li><li>• Introduce pre-paid water to indigent households</li><li>• Monitor over /above R85 consumption of indigent households</li></ul>   | <ul style="list-style-type: none"><li>• Avoid prescription debt &amp; meet requirements of an official demand for payment</li></ul>   | <ul style="list-style-type: none"><li>• Auxiliary services will be implemented with the pre-paid electricity contract - start later than expected 31 Jan 2022</li><li>• Council support needed pertaining to indigent households and indigent management</li></ul>  |
|  |                    | Improve Accuracy of Monthly Billing      | Revenue Manager/ CFO / Technical Director / Manager Technical Services | <ul style="list-style-type: none"><li>• Improve Revenue generation by R500 000</li><li>• Additional revenue of R 2.6 million</li></ul>   | <ul style="list-style-type: none"><li>• Improve Revenue generation by 2%</li><li>• Additional revenue of R 2.6 million</li></ul>  | Yes/No                                | Yes/No                            | <ul style="list-style-type: none"><li>• Award a tender for TID &amp; Meter Verification</li></ul>   | <ul style="list-style-type: none"><li>• Water and Electricity meters to be recorded correctly and linked to the financial system</li></ul>  | <ul style="list-style-type: none"><li>• TID &amp; Meter verification - will be delayed due to a lack of funding</li><li>• Dormant meters were removed from the pre-paid system and will allow for improved exception reporting and curb non-technical elec losses.</li><li>• Pre-paid water meter installations - phase one indigent households - New council will advise on how to proceed. Item will need political support</li></ul>   |
|  |                    |  |  |  |   |                                       |                                   | <ul style="list-style-type: none"><li>• Ensure Accurate Monthly Meter Reading &amp; Address system billing parameters</li></ul>   | <ul style="list-style-type: none"><li>• Ensure that correct details of accountholder are on record and have been verified.</li></ul>  | <ul style="list-style-type: none"><li>• Corrective journals been passed to address misallocations and parameters will be fixed before the next billing cycle. Exception reporting is being done and will improve with the new pre-paid system being implemented.</li><li>• Debtors cleansing still needed</li></ul>   |
|  |                    |  |  |  |   |                                       |                                   | <ul style="list-style-type: none"><li>• Communication between departments - Meter installation &amp; reporting of broken meters</li></ul>   | <ul style="list-style-type: none"><li>• Improved access to accounts at a lower cost - email / download account</li></ul>  | <ul style="list-style-type: none"><li>• Initially delayed due to critical vacancies in technical dept, managerial positions. System in place will be improved and formalized.</li><li>• A portal was established to improve access to accounts and has been very successful - less account queries and positive impact payment of accounts</li><li>• Imperative that the paypoint at VWD will be restored.</li><li>• An analysis of the different sewerage systems will be needed in due course to support completeness of billing as well - Technical dept function/ building control regulations</li><li>• LT goal addressed, ST goal still WIP</li></ul> |

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|--|----------------------|--|---|---|---|--------|--------|---|--|--|
| Positive cash flows - Revenue from other Sources   | Other Revenue        | Improved Contract Management                             | Legal / CFO / Manager Revenue / Asset Accountant                            | <ul style="list-style-type: none"> <li>Improved / complete rent register that reconciles to actual billing for rent</li> <li>Improved record-keeping</li> <li>Additional revenue - R30k</li> </ul>  | <ul style="list-style-type: none"> <li>Continuous strengthening of activity</li> <li>Improved Revenue 5% (R30k) - Full year R60k</li> <li>Evaluate where applicable market related rent &amp; economical viability of rent-generating / underlying asset</li> </ul> | Yes/No | Yes/No | <ul style="list-style-type: none"> <li>Ensure all lease contracts are in place &amp; up to date</li> <li>market related rent where applicable.</li> <li>Apply credit control</li> </ul>   | <ul style="list-style-type: none"> <li>Ensure all lease contracts are in place &amp; up to date</li> <li>market related rent where applicable.</li> <li>Apply credit control</li> </ul>  | <ul style="list-style-type: none"> <li>Rental contracts for all properties are a WIP.</li> <li>Corrections on rental in addressing prior year audit findings were made</li> <li>Municipal properties in context of cost of up-keep should be evaluated and to consider disposal if uneconomical (R&amp;M on municipal houses vs rent income makes them uneconomical to keep) - a WIP</li> <li>Asset Account vacant and management of lease contracts - no progress</li> </ul>    |
|  |                      | Traffic Department                                       | Head: Traffic Services / CFO / Manager Community Services                   | <ul style="list-style-type: none"> <li>Realize budget relating to traffic fines -</li> <li>AARTO Implementation - at an cost effective cost and ensuring administrative costs are minimised.</li> <li>Revenue projection first 4 months R1.5 million</li> </ul> | <ul style="list-style-type: none"> <li>Revenue target Dec - Jun 2022 = R3.5 million</li> <li>Continuous improvement &amp; increase in productivity</li> </ul>   | Yes/No | Yes/No | <ul style="list-style-type: none"> <li>Appoint vendor</li> <li>Obtain experienced support on AARTO implementation &amp; effective management practises of administrative demands</li> <li>spot fines to improve collection rate</li> <li>Increase section 56 fines</li> </ul>   | <ul style="list-style-type: none"> <li>Improved productivity &amp; Performance</li> <li>Incorporate best practice practises</li> </ul>   | Impacted by leadership instability - currently extremely low income and procurement process to appoint vendor will be fast-tracked. Financial impact is significant - no AARTO much easier to address but progress to slow   |
|  |                      |  | Head: Traffic Services / CFO / Manager Community Services                   | <ul style="list-style-type: none"> <li>Improve vehicle testing experience &amp; improve service</li> <li>Additional revenue potential R100k</li> <li>Not to be subsidised - break-even</li> </ul>   | <ul style="list-style-type: none"> <li>Transport Cpy's use local</li> <li>Issuing of drivers licenses</li> <li>Additional revenue R250k</li> <li>Become profitable</li> </ul>   | Yes/No | Yes/No | <ul style="list-style-type: none"> <li>Appoint a Head of Traffic Services</li> <li>Increase staff discipline &amp; productivity + clear targets</li> <li>Liaise with transport &amp; earthmoving cpy's</li> <li>Analyse current performance</li> </ul>  | <ul style="list-style-type: none"> <li>Build K53 test course</li> <li>Improve customer relations</li> <li>Monitor progress</li> </ul>  | Manager Traffic Services has been appointed  |
| 2. Implementation of cost containment measures and a reduction of expenditure  | Human Resource       | Review and strengthen the implementation of HR policies. | HR Manager / Manager Technical Services / Director Technical Services / CFO | <ul style="list-style-type: none"> <li>Manage Overtime, Stand-by,</li> <li>Cut Empl costs by R500k</li> <li>Leave, Allowances, S&amp;T</li> <li>Reduce leave liability</li> <li>Increase productivity &amp;</li> <li>Improved org. culture</li> </ul>           | <ul style="list-style-type: none"> <li>Continues improvement in effectiveness &amp; productivity in the use of HR</li> <li>Cut Empl cost by R1.5mil. Y/E</li> </ul>   | Yes/No | Yes/No | <ul style="list-style-type: none"> <li>Review all HR policies in context of the cost containment measures</li> <li>Phased-in implementation of cost cutting measures on allowances</li> <li>Ensure completeness of HR records and related party transactions</li> </ul>   | <ul style="list-style-type: none"> <li>Ensure that all policies be workshopped and well understood</li> <li>promote implementation. To be monitored on a monthly basis</li> <li>Cost containment measures implemented &amp; report upon</li> </ul> | <ul style="list-style-type: none"> <li>All municipal officials service account details communicated and monitored to be paid on a monthly basis / HR monitor - no progress</li> <li>Ensure that payroll data correspond with HR records - WIP - was done for the 2020/21 audit</li> <li>Cost Containment Measures Policy to be strengthened by HR policies. Reporting quarterly on implementation as required in terms of regulation</li> <li>Progress not sufficient</li> </ul> |
|  | Contract Management  | Appointment & Monitoring of the contract function.       | Legal / SCM / CFO / Director Technical Services                             | <ul style="list-style-type: none"> <li>Manage cost of consultants &amp; legal expenses.</li> <li>All outsourced contract costs justifiable</li> <li>Build internal capacity &amp; reduce dependence</li> <li>R100k reduction</li> </ul>                         | <ul style="list-style-type: none"> <li>Ensure completeness of contracts in place</li> <li>Performance measures in place - improved performance</li> <li>Y/E reduction of R500k</li> </ul>   | Yes/No | Yes/No | <ul style="list-style-type: none"> <li>Policy for the appointment of consultants, stringent monitoring and see to value for money.</li> <li>A "need" analysis must be completed and ensure that the appointment is justifiable.</li> </ul>  | <ul style="list-style-type: none"> <li>Monitoring of consultant performance on a regular base</li> <li>ensure capacity building</li> <li>In-house activities instead of using consultants to do the job of officials</li> </ul>                    | <ul style="list-style-type: none"> <li>Draft Contract Management Policy with a value for money and needs assessment checklist was drafted and stands to be workshopped and approved.</li> <li>Consultant performance to be monitored and not to overlap with current employee functions / or replace - WIP</li> </ul>  |
| 4. Creditors payment rates that ensure that all fixed obligations, including obligations for bulk purchases, are met | Liability Management | Compliance to section 65 of the MFMA                     | BTO / CFO   | <ul style="list-style-type: none"> <li>Pay all current creditors on 30 days</li> <li>Affordable Eskom payment arrangement</li> <li>Reduction of Finance charges</li> </ul>  | <ul style="list-style-type: none"> <li>Pay Current creditors and reduce old outstanding debt</li> <li>R800k saving in finance charges (F&amp;W)</li> </ul>  | Yes/No | Yes/No | <ul style="list-style-type: none"> <li>Recognise expenditure when incurred and capture immediately on the system / Use GRN's</li> <li>Improve accuracy of reporting</li> <li>Monthly cash flow planning &amp; address straight lining of cash flows in the budget</li> <li>Establish a budget steering committee in line with MBRR</li> </ul> | <ul style="list-style-type: none"> <li>Monthly payable reconciliations</li> <li>Develop a strategy to deal with creditors in arrears and interest charges</li> <li>AG fees to 1% of Exp</li> </ul>   | <ul style="list-style-type: none"> <li>Recognition of expenditure on an accrual basis will be addressed with the help of Ducharme (to be funded out of cost saving on ARS tender)</li> <li>Budget Steering committee to be established by new council - sit once a month &amp; monitor budget implementation</li> <li>Little progress to date - significant impact on planning and ability to manage finances</li> </ul>   |
| 5. Ring fencing of conditional grants and ensuring that conditional grant funding is cash backed                     |                      |  | BTO / CFO / PMU / Technical Director  | <ul style="list-style-type: none"> <li>Spending of conditional grants</li> <li>Improved grant and retention management practices</li> <li>No grants to revert back to PT /NT</li> </ul>   | <ul style="list-style-type: none"> <li>Ensure mSCOA compliance and transactional accuracy on SAMRAS</li> </ul>  | Yes/No | Yes/No | <ul style="list-style-type: none"> <li>An accurate grant and retention registers in place.</li> <li>Account cash &amp; accrual basis to accommodate dept reporting. Trace old grant owners and request recognition of revenue</li> <li>Administration responsibilities of PMU allocated</li> </ul>  | <ul style="list-style-type: none"> <li>Ensure mSCOA compliance and transactional accuracy on SAMRAS</li> <li>Get assistance if necessary - prioritised reporting accuracy - seamless transacting no Jnl's</li> </ul>                               | <ul style="list-style-type: none"> <li>Retention register accurate and functional, grant register to be improved and linked to projects</li> <li>Role of PMU i.t.o retention, grant and contract register be defined</li> <li>Progress but improvement needed</li> </ul>   |

|                   |                   |   |   |  |  |        |        |   |  |  |
|-------------------|-------------------|---|---|--|--|--------|--------|---|--|--|
| 6. Other measures | Losses Management | Reduce water distribution losses  | CFO / Technical Director / Manager Technical Services | <ul style="list-style-type: none"> <li>Reduce water losses to 30%</li> </ul>   | <ul style="list-style-type: none"> <li>Reduce water losses to 25%</li> </ul>   | Yes/No | Yes/No | <ul style="list-style-type: none"> <li>Reduce theft through exception reporting and monitoring of use.</li> <li>Technical losses managed by isolating areas of high losses and fix</li> <li>Pre-Paid meters indigent households</li> </ul>          | <ul style="list-style-type: none"> <li>Meter verification &amp; TID process</li> <li>Expansion of Pre-paid water metering system</li> <li>Calibration of bulk meters</li> </ul>  | <ul style="list-style-type: none"> <li>Water losses was reduced to 15.1% during Q2</li> <li>Water losses dropped to 21.6% but Zoar bulk meter is impacting accuracy.</li> <li>Pre-paid water meters is much needed - assist credit control and management of water</li> </ul>  |
|                   |                   | Reduce Electricity distribution losses  | CFO / Technical Director / Manager Technical Services | <ul style="list-style-type: none"> <li>Reduce elec losses by 1%</li> <li>R130 k reduction in bulk account</li> </ul>   | <ul style="list-style-type: none"> <li>Reduce elec losses by 2% for the full year</li> <li>R950K</li> </ul>  | Yes/No | Yes/No | <ul style="list-style-type: none"> <li>Reduce theft through exception reporting and monitoring of use.</li> <li>Technical losses managed by isolating areas of high losses and fix</li> <li>Removing dormant meters from pre-paid system</li> </ul> | <ul style="list-style-type: none"> <li>Meter verification &amp; TID process</li> </ul>   | <ul style="list-style-type: none"> <li>Pre-paid electricity contract will address dormant meter issue and improve exception listing capabilities</li> <li>C2d Losses (16.7%) to be addressed as it pulled down the average losses to 12.9% - above the target.</li> <li>significant progress towards addressing non-technical losses - results to be reported</li> </ul> |
|                   | Asset Management  | Improved fleet management   | SCM Manager / CFO /                                   | <ul style="list-style-type: none"> <li>Reduce fleet opex by R10k</li> </ul>  | <ul style="list-style-type: none"> <li>Reduce fleet opex by R30k full year</li> </ul>  | Yes/No | Yes/No | <ul style="list-style-type: none"> <li>Award fleet monitoring contract</li> <li>Manage fuel and vehicle usage, (tyres / licensing etc. )</li> <li>Monthly reporting</li> <li>Review policy considerations</li> </ul>                                | <ul style="list-style-type: none"> <li>Improved monitoring</li> <li>Manage condition and care of municipal fleet</li> <li>accurate logbooks and records of use</li> </ul>  | <ul style="list-style-type: none"> <li>Draft policy in place to be adjusted according to fleet management contract</li> <li>Fleet Management contract - no progress</li> </ul>   |
|                   |                   | Ensure assets reach expected economic life & only maintain economic assets      | CFO / Technical Director / SCM Manager                | <ul style="list-style-type: none"> <li>Improve use of municipal assets</li> <li>Evaluate economical use of municipal assets</li> <li>reduce cost R&amp;M especially on municipal houses</li> </ul> | <ul style="list-style-type: none"> <li>Cost reduction on maintenance and revenue disposal of assets R2 million</li> <li>Review &amp; accommodate Adj Budget</li> </ul>     | Yes/No | Yes/No | <ul style="list-style-type: none"> <li>Identify uneconomical assets.</li> <li>Identify indicators of impairment and reason.</li> <li>Maintain through maintenance plans and avail finances for financing</li> </ul>                                 | <ul style="list-style-type: none"> <li>Develop a R&amp;M Policy</li> <li>Improved reporting on asset management &amp; use</li> <li>Dispose of all uneconomical assets</li> <li>review municipal houses and economical viability to maintain</li> </ul> | <ul style="list-style-type: none"> <li>high maintenance cost of municipal houses and lack of contracts an issue that will be dealt with.</li> <li>Asset verification revealed areas of concern to be investigated and reported to MM</li> <li>Asset management function currently standing still - no staff</li> </ul>   |
|                   | Staff Expenditure | Staff Expenditure maintained at affordable ratio to Expenditure (funded budget) | CFO / BTO Manager                                     | <ul style="list-style-type: none"> <li>Review effectiveness of org structure &amp; organogram</li> <li>Prioritise vacancies &amp; manage risks / return on investment in staff</li> </ul>          | <ul style="list-style-type: none"> <li>Reduced to 35% of total opex expenditure (in deficit express in terms of revenue)</li> <li>Realize a R1.5 million saving</li> </ul> | Yes/No | Yes/No | <ul style="list-style-type: none"> <li>Ensure expense justify the output - performance management and</li> <li>filling of critical vacancies will improve revenue.</li> <li>Prioritise expense.</li> </ul>  | <ul style="list-style-type: none"> <li>Review grading of positions (T-Grading)</li> <li>Structure council to ensure savings (Sec 79 Chair combine with Dep Mayor position - R400k/annum saving)</li> </ul>   | <ul style="list-style-type: none"> <li>New Council to advise - cost to be evaluated against disposal income and operational costs needs to be reduced.</li> <li>YTD employee and council expenditure contributed to 64% of all cash expenditure transactions relative to the financial year (Income Statement related)</li> </ul>  |