



KANNALAND
MUNISIPALITEIT | MUNICIPALITY

Monthly Budget Report for October 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 **October 2021**, has been prepared in terms of the Municipal Budget and Reporting Regulations (2009) and the Municipal Finance Management Act 56 of 2003.

- a) The budget of the municipality has been implemented in terms of ***the Service Delivery Budget Implementation Plan (SDBIP)***. Details on the implementation and any material deviations from the SDBIP will be covered under Section 10 of this document.

- b) ***Financial problems or risks*** facing the municipality are numerous and have been exaggerated by the impact of Covid-19.

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

Section 2 – Resolutions

Recommendation:

That the Executive Mayor takes cognisance of the monthly budget statement for **October 2021**.

Section 3 – Executive Summary

1.1 Introduction

The Municipal Manager, as Accounting Officer of the Municipality, is required by Section 71(1) of the Municipal Finance Management Act to submit a monthly report in a prescribed format to the mayor, within 10 working days after the end of each month, on the 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

1.2 Consolidated Performance

The performance against the budget can be summarized as follow:

	Original Budget	Adjustments Budget	YTD Budget	YTD Actual	YTD Budget vs YTD Actual Variance	YTD Budget vs YTD Actual Variance %
Operating Revenue	R 186 419	R 186 419	R 62 140	R 62 929	R 789	1%
Operating Expenditure	R 191 830	R 191 830	R 63 942	R 84 271	R 20 329	32%
Capital	R 23 767	R 23 767	R 8448	R 4592	(R3856)	19%

Operating Revenue

The year-to-date operating revenue variance indicated the year-to-date budget being exceeded by 1%. 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.

Payment Percentages:

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	10,470,142,07	- 6,192,505,73	-59,14	10,470,142,07	(6,192,505,73)	59,14
Aug-21	11,083,479,27	- 11,300,212,54	-661,154,90	10,422,324,37	- 11,300,212,54	-108,42	20,892,466,44	(17,492,718,27)	83,73
Sep-21	11,269,448,88	- 8,351,169,59	160,655,15	11,430,104,03	- 8,351,169,59	-73,06	32,322,570,47	(25,843,887,86)	79,96
Oct-21	10,156,779,22	- 8,465,485,99	74,321,81	10,156,779,22	- 8,465,485,99	-83,35	42,479,349,69	(34,309,373,85)	80,77

The payment percentage for the October 2021 is 79.96 percent, which shows a fluctuation from September 83.73 percent and 59.14 percent in August 2021.

Operating expenditure

The year-to-date operating expenditure variance indicated the year-to-date budget being exceeded by 32%. Expenditure was only incurred in terms of revenue and the municipality has reduced expenditure to only the necessities without compromising service delivery. It should be noted that the creditors sub-system is not currently in use and that causes a delay in the recognition of expenditure. The municipality is in the process of addressing the issue. This can lead to an under-reporting of expenditure as the reporting platform do not recognise expenditure unless paid. Municipal expenditure also extends beyond budgeted expenditure, as in terms of the income statement, but also to addressing the significant liability relating to prior year creditors.

Capital Expenditure

The total Capital Expenditure amounts to **R 2.26 million** for the Grant funded projects and **R70 thousand** Own funds for the month of **October 2021**. The year-to-date actuals is 19% of the total Capital budget. Straight-line-budgeting did not consider the finalisation of procurement processes before expenditure will be incurred. 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.

Comments from the Chief Financial Officer

It is however critical that management must collectively plan effectively to speed up the SCM processes which should in turn enhance and increase performance levels of both operational and capital activities and programs.

TABLE C1 – MONTHLY BUDGET SUMMARY

WC041 Kannaland - Table C1 Monthly Budget Statement Summary - M04 October									
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
R thousands									
Financial Performance									
Property rates	19 337	24 562	24 562	2 158	8 650	8 187	463	6%	24 562
Service charges	87 941	104 162	104 162	8 084	35 165	34 721	444	1%	104 162
Investment revenue	1 150	864	864	2	335	288	47	16%	864
Transfers and subsidies	42 601	45 128	45 128	1 305	16 492	15 043	1 449	10%	45 128
Other own revenue	6 358	11 704	11 704	653	2 287	3 901	(1 614)	-41%	11 704
Total Revenue (excluding capital transfers and contributions)	157 387	186 419	186 419	12 201	62 929	62 140	789	1%	186 419
Employee costs	64 229	65 553	65 481	6 360	21 590	21 827	(237)	-1%	65 481
Remuneration of Councillors	3 117	3 637	3 637	270	1 243	1 212	31	3%	3 637
Depreciation & asset impairment	13 459	12 698	12 698	1 058	4 233	4 233	0	0%	12 698
Finance charges	1 485	382	382	8	63	127	(64)	-51%	382
Materials and bulk purchases	46 585	56 133	56 128	4 379	10 086	18 709	(8 623)	-46%	56 128
Transfers and subsidies	246	838	548	-	-	183	(183)	-100%	548
Other expenditure	46 788	52 589	52 956	3 782	47 056	17 651	29 405	167%	52 956
Total Expenditure	175 908	191 830	191 830	15 858	84 271	63 942	20 329	32%	191 830
Surplus/(Deficit)	(18 521)	(5 411)	(5 411)	(3 657)	(21 343)	(1 803)	(19 540)	1084%	(5 411)
Transfers and subsidies - capital (monetary allocations)	19 524	22 763	24 340	1 690	1 777	8 113	(6 336)	-78%	24 340
Contributions & Contributed assets	34	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	1 037	17 352	18 929	(1 967)	(19 565)	6 310	(25 875)	-410%	18 929
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	1 037	17 352	18 929	(1 967)	(19 565)	6 310	(25 875)	-410%	18 929
Capital expenditure & funds sources									
Capital expenditure	15 405	23 767	25 344	2 338	4 592	8 448	(3 856)	-46%	25 344
Capital transfers recognised	1 831	22 763	24 340	2 268	4 218	8 113	(3 895)	-48%	24 340
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	555	1 004	954	70	374	318	56	18%	954
Total sources of capital funds	2 386	23 767	25 294	2 338	4 592	8 431	(3 839)	-46%	25 294
Financial position									
Total current assets	(3 274)	(9 839)	(16 867)	-	(24 551)	-	-	-	(16 867)
Total non current assets	(11 080)	689 534	352 869	-	360	-	-	-	352 869
Total current liabilities	(14 549)	87 172	30 134	-	(4 473)	-	-	-	30 134
Total non current liabilities	8 197	75 457	37 082	-	-	-	-	-	37 082
Community wealth/Equity	(9 038)	499 714	249 857	(153)	(153)	(153)	(153)	(153)	249 857
Cash flows									
Net cash from (used) operating	11 326	18 836	20 412	(207)	22 288	6 804	(15 484)	-228%	20 412
Net cash from (used) investing	37	(23 767)	(25 344)	-	-	(8 448)	(8 448)	100%	(25 344)
Net cash from (used) financing	(91)	1 027	1 027	(3)	(68)	-	68	#DIV/0!	1 027
Cash/cash equivalents at the month/year end	11 272	38 584	38 584	-	22 216	40 844	18 628	46%	(3 909)
Debtors & creditors analysis									
	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
Debtors Age Analysis									
Total By Income Source	3 525	2 966	2 518	1 681	1 447	1 487	8 403	47 408	69 436
Creditors Age Analysis									
Total Creditors	1 070	6 764	7 030	80	41 601	-	-	-	56 545

Due to the cyclical nature of the economy and the current straight-line approach to budgeting, all deviations in excess of 10% will be treated as material unless otherwise stated. Material deviations will be explained, and recommendations will be made if the extent and nature of the deviation may necessitate action.

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

Revenue by Source

WC041 Kannaland - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M04 October										
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	24 562	2 158	8 650	8 187	463	6%	24 562
Service charges - electricity revenue		55 432	67 946	67 946	4 911	22 796	22 649	147	1%	67 946
Service charges - water revenue		18 013	20 787	20 787	1 719	6 448	6 929	(481)	-7%	20 787
Service charges - sanitation revenue		7 456	8 019	8 019	741	2 977	2 673	305	11%	8 019
Service charges - refuse revenue		7 040	7 410	7 410	713	2 943	2 470	473	19%	7 410
Rental of facilities and equipment		606	631	631	44	176	210	(34)	-16%	631
Interest earned - external investments		1 150	864	864	2	335	288	47	16%	864
Interest earned - outstanding debtors		3 541	3 087	3 087	2	12	1 029	(1 017)	-99%	3 087
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		142	5 547	5 547	347	1 432	1 849	(417)	-23%	5 547
Licences and permits		217	378	378	15	62	126	(64)	-51%	378
Agency services		1 083	1 087	1 087	186	401	362	39	11%	1 087
Transfers and subsidies		42 601	45 128	45 128	1 305	16 492	15 043	1 449	10%	45 128
Other revenue		769	974	974	58	204	324	(120)	-37%	974
Gains		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		157 387	186 419	186 419	12 201	62 929	62 140	789	1%	186 419

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

- **Property Rates – R2.16 million was billed in October 2021** no increase from the amount reported in September **R2.16 million**. The year-to-date variance is **6 percent**. A new valuation roll was implemented 2021/2022 financial year, and the impact of the pending appeals process will be monitored and reported upon.
- **Service Charges Electricity – Revenue billed amounted to R4.91 million**. It represents a 1% immaterial deviation from the YTD figure. A decrease from the amount reported in **September R6.14 million**.
- **Service Charges Water Revenue - amounted to R1.71 million in October 2021** and a slight increase from the amount reported in September **R1.61 million**. It represents a -7% variance from the YTD figures. A drop-off in consumption was expected, due to the cyclical nature of consumption and actual revenue is still expected to meet the annual forecast
- **Service Charges Sanitation Revenue - amounted to R741 thousand in October 2021**. A slight decrease from the amount reported in **September R744 thousand**. It represents a 11% variance from the YTD figures. The deviation will be investigated but an initial indication is that not all rebates are accounted for, and the number of indigent households can be expected to increase in due course.
- **Service Charges Refuse Revenue - amounted to R713 thousand in October 2021**. A slight decrease from the amount reported in **September R738 thousand**. It represents a 19% variance from the YTD figures. The deviation will be investigated, with an initial indication that

not all rebates are accounted for and the number of indigent households can be expected to increase in due course.

- Expenditure by Source**

WC041 Kannaland - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M04 October										
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		64 229	65 553	65 481	6 360	21 590	21 827	(237)	-1%	65 481
Remuneration of councillors		3 117	3 637	3 637	270	1 243	1 212	31	3%	3 637
Debt impairment		19 658	20 723	20 723	9	38 549	6 908	31 642	458%	20 723
Depreciation & asset impairment		13 459	12 698	12 698	1 058	4 233	4 233	0	0%	12 698
Finance charges		1 485	382	382	8	63	127	(64)	-51%	382
Bulk purchases - electricity		41 046	48 940	48 940	3 964	8 843	16 313	(7 471)	-46%	48 940
Inventory consumed		5 539	7 193	7 188	415	1 243	2 396	(1 153)	-48%	7 188
Contracted services		8 113	17 971	19 488	2 300	4 882	6 496	(1 614)	-25%	19 488
Transfers and subsidies		246	838	548	-	-	183	(183)	-100%	548
Other expenditure		14 526	13 895	12 745	1 473	3 625	4 248	(623)	-15%	12 745
Losses		4 492	-	-	-	-	-	-	-	-
Total Expenditure		175 908	191 830	191 830	15 858	84 271	63 942	20 329	32%	191 830

- Employee Related Costs** – The employee related costs amounted to **R6.36 million for October 2021**. The increase is as a result of arbitration/ award/agreements entered into and paid in the period of **October 2021**.
- Remuneration of Councillors**- the total Remuneration for Councillors was **R 270 thousand** in **October 2021**. A decrease from the amount reported in **September R295 thousand**. The variance is **3 percent** from the YTD figures.
- Bulk Purchases**: The total year to date actuals for Bulk Purchases amounted to **R 3.96 million** rands against the year-to-date budget of **R 16.31 million** with variance of **-46%**. Due to financial constraints the municipality is making strides in making payments towards bulk electricity.
- Inventory Consumed** – The total was **R 415 thousand** for **October**, this includes direct purchases for the store and inventory issued out for the reporting period. A slight increase from the amount reported in **September R 239 thousand**. The variance is **-48 percent** it is a result of the limited expenditure on essential items.
- Contracted Services** –The **October 2021** figures show a **R 2.3 million**. An increase from amount reported in **September R1.59 million**. The variance from the YTD figures is **-25 percent** as a result of the municipality limited expenditure on essential and grant funded items.

- **Other Expenditure** - amounted to **R 1.47 million** in **October 2021**. An increase from amount reported in **September R 894 thousand**.

Capital Expenditure

WC041 Kannaland - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M04 October										
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	1									
Multi-Year expenditure appropriation	2									
Vote 1 - MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-
Vote 2 - CORPORATE SERVICES		817	-	-	-	-	-	-	-	-
Vote 3 - FINANCIAL SERVICES		38	-	-	-	-	-	-	-	-
Vote 4 - TECHNICAL SERVICES		-	-	-	-	-	-	-	-	-
Vote 5 - CALITZDORP SPA		-	-	-	-	-	-	-	-	-
Vote 6 - CORPORATE SERVICES (Continued)		-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Capital Multi-year expenditure	4,7	855	-	-	-	-	-	-	-	-
Single Year expenditure appropriation	2									
Vote 1 - MUNICIPAL MANAGER		-	192	192	28	28	64	(36)	-57%	192
Vote 2 - CORPORATE SERVICES		(12 115)	1 023	1 023	28	333	341	(9)	-3%	1 023
Vote 3 - FINANCIAL SERVICES		13 617	1 664	1 664	14	80	555	(474)	-86%	1 664
Vote 4 - TECHNICAL SERVICES		13 047	20 888	22 465	2 268	4 152	7 488	(3 336)	-45%	22 465
Vote 5 - CALITZDORP SPA		-	-	-	-	-	-	-	-	-
Vote 6 - CORPORATE SERVICES (Continued)		-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Capital single-year expenditure	4	14 550	23 767	25 344	2 338	4 592	8 448	(3 856)	-46%	25 344
Total Capital Expenditure	3	15 405	23 767	25 344	2 338	4 592	8 448	(3 856)	-46%	25 344
Capital Expenditure - Functional Classification										
Governance and administration		13 655	2 001	2 001	70	136	667	(531)	-80%	2 001
Executive and council		-	192	192	28	28	64	(36)	-57%	192
Finance and administration		13 655	1 809	1 809	42	108	603	(495)	-82%	1 809
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		(11 297)	378	378	-	-	126	(126)	-100%	378
Community and social services		(11 467)	-	-	-	-	-	-	-	-
Sport and recreation		170	378	378	-	-	126	(126)	-100%	378
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		-	500	500	-	305	167	138	83%	500
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		-	500	500	-	305	167	138	83%	500
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		13 047	20 888	22 465	2 268	4 152	7 488	(3 336)	-45%	22 465
Energy sources		797	2 699	4 275	-	-	1 425	(1 425)	-100%	4 275
Water management		12 249	18 189	18 189	2 268	4 152	6 063	(1 911)	-32%	18 189
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	3	15 405	23 767	25 344	2 338	4 592	8 448	(3 856)	-46%	25 344
Funded by:										
National Government		12 984	22 763	24 340	2 268	4 218	8 113	(3 895)	-48%	24 340
Provincial Government		(11 154)	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-
Transfers recognised - capital		1 831	22 763	24 340	2 268	4 218	8 113	(3 895)	-48%	24 340
Public contributions & donations	5	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-
Internally generated funds		555	1 004	954	70	374	318	56	18%	954
Total Capital Funding		2 386	23 767	25 294	2 338	4 592	8 431	(3 839)	-46%	25 294

- The total year to date figures amounts to **R2.27 million** for Grant funded projects and **R70 thousand** own funding. This is due to the Capital projects that are still in the planning stage. The YTD figures indicate a 54% under-spending from the YTD budget, some progress is made in ensuring the optimal expenditure on all capital grant funding.

1.3 Material differences to the SDBIP

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

1.4 Remedial actions

- (a) Directorates are to ensure that the budget is implemented in accordance with the Service Delivery and Budget Implementation Plan (SDBIP) of the municipality;
- (b) Those strategic decisions /resolutions to improve the capital expenditure be implemented;
- (c) That monthly monitoring of the implementation of the Financial Recovery Plan and Budget Funding Plan takes place. The effort should be coordinated with giving the necessary and all-important consideration to the impact of the COVID-19 pandemic on municipal operations and more specifically municipal liquidity;
- (d) That measures on debt collection are implemented and applied effectively;
- (e) That the funding plan addresses all issues and challenges on the financial performance of the municipality and adapt to an ever-changing environment.

Also see comments from the CFO on page 7 which supports the above-mentioned remedial actions.

Section 4 – In-year budget statement tables

TABLE C4 – MONTHLY FINANCIAL PERFORMANCE

WC041 Kannaland - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M04 October										
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	24 562	2 158	8 650	8 187	463	6%	24 562
Service charges - electricity revenue		55 432	67 946	67 946	4 911	22 796	22 649	147	1%	67 946
Service charges - water revenue		18 013	20 787	20 787	1 719	6 448	6 929	(481)	-7%	20 787
Service charges - sanitation revenue		7 456	8 019	8 019	741	2 977	2 673	305	11%	8 019
Service charges - refuse revenue		7 040	7 410	7 410	713	2 943	2 470	473	19%	7 410
Rental of facilities and equipment		606	631	631	44	176	210	(34)	-16%	631
Interest earned - external investments		1 150	864	864	2	335	288	47	16%	864
Interest earned - outstanding debtors		3 541	3 087	3 087	2	12	1 029	(1 017)	-99%	3 087
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		142	5 547	5 547	347	1 432	1 849	(417)	-23%	5 547
Licences and permits		217	378	378	15	62	126	(64)	-51%	378
Agency services		1 083	1 087	1 087	186	401	362	39	11%	1 087
Transfers and subsidies		42 601	45 128	45 128	1 305	16 492	15 043	1 449	10%	45 128
Other revenue		769	974	974	58	204	324	(120)	-37%	974
Gains		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		157 387	186 419	186 419	12 201	62 929	62 140	789	1%	186 419
Expenditure By Type										
Employee related costs		64 229	65 553	65 481	6 360	21 590	21 827	(237)	-1%	65 481
Remuneration of councillors		3 117	3 637	3 637	270	1 243	1 212	31	3%	3 637
Debt impairment		19 658	20 723	20 723	9	38 549	6 908	31 642	458%	20 723
Depreciation & asset impairment		13 459	12 698	12 698	1 058	4 233	4 233	0	0%	12 698
Finance charges		1 485	382	382	8	63	127	(64)	-51%	382
Bulk purchases - electricity		41 046	48 940	48 940	3 964	8 843	16 313	(7 471)	-46%	48 940
Inventory consumed		5 539	7 193	7 188	415	1 243	2 396	(1 153)	-48%	7 188
Contracted services		8 113	17 971	19 488	2 300	4 882	6 496	(1 614)	-25%	19 488
Transfers and subsidies		246	838	548	-	-	183	(183)	-100%	548
Other expenditure		14 526	13 895	12 745	1 473	3 625	4 248	(623)	-15%	12 745
Losses		4 492	-	-	-	-	-	-	-	-
Total Expenditure		175 908	191 830	191 830	15 858	84 271	63 942	20 329	32%	191 830
Surplus/(Deficit)										
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		19 524	22 763	24 340	1 690	1 777	8 113	(6 336)	(0)	24 340
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatbns, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)		34	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		1 037	17 352	18 929	(1 967)	(19 565)	6 310			18 929
Taxation		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		1 037	17 352	18 929	(1 967)	(19 565)	6 310			18 929
Attributable to minorities		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		1 037	17 352	18 929	(1 967)	(19 565)	6 310			18 929
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year		1 037	17 352	18 929	(1 967)	(19 565)	6 310			18 929

TABLE C6 – MONTHLY BUDGETED FINANCIAL POSITION

WC041 Kannaland - Table C6 Monthly Budget Statement - Financial Position - M04 October						
Description	Ref	2020/21	Budget Year 2021/22			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash		14 120	(8 734)	(12 236)	(11 494)	(12 236)
Call investment deposits		2 374	75 725	37 862	15 427	37 862
Consumer debtors		(532)	15 106	6 755	(32 137)	6 755
Other debtors		(20 030)	(91 512)	(46 381)	3 179	(46 381)
Current portion of long-term receivables		-	-	-	-	-
Inventory		794	(424)	(2 867)	475	(2 867)
Total current assets		(3 274)	(9 839)	(16 867)	(24 551)	(16 867)
Non current assets						
Long-term receivables		-	-	-	-	-
Investments		-	-	-	-	-
Investment property		(114)	2 729	1 364	-	1 364
Investments in Associate		-	-	-	-	-
Property, plant and equipment		(10 955)	686 728	351 466	370	351 466
Agricultural		-	-	-	-	-
Biological assets		-	-	-	-	-
Intangible assets		(10)	77	38	(10)	38
Other non-current assets		-	-	-	-	-
Total non current assets		(11 080)	689 534	352 869	360	352 869
TOTAL ASSETS		(14 354)	679 695	336 002	(24 192)	336 002
LIABILITIES						
Current liabilities						
Bank overdraft		-	-	-	-	-
Borrowing		(572)	1 172	586	(206)	586
Consumer deposits		91	2 055	1 027	68	1 027
Trade and other payables		(14 854)	58 708	15 902	(4 335)	15 902
Provisions		785	25 237	12 619	-	12 619
Total current liabilities		(14 549)	87 172	30 134	(4 473)	30 134
Non current liabilities						
Borrowing		-	435	(429)	-	(429)
Provisions		8 197	75 022	37 511	-	37 511
Total non current liabilities		8 197	75 457	37 082	-	37 082
TOTAL LIABILITIES		(6 353)	162 629	67 216	(4 473)	67 216
NET ASSETS	2	(8 001)	517 066	268 786	(19 718)	268 786
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		(9 052)	477 907	238 953	-	238 953
Reserves		14	21 807	10 904	(153)	10 904
TOTAL COMMUNITY WEALTH/EQUITY	2	(9 038)	499 714	249 857	(153)	249 857

TABLE C7 – MONTHLY BUDGETED CASH FLOW

WC041 Kannaland - Table C7 Monthly Budget Statement - Cash Flow - M04 October

Description	Ref	Budget Year 2021/22								
		2020/21 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		7 496	20 213	20 213	1 457	4 904	6 738	(1 833)	-27%	20 213
Service charges		26 341	89 407	89 407	6 102	25 633	29 802	(4 169)	-14%	89 407
Other revenue		1 379	9 833	9 833	94	424	3 278	(2 853)	-87%	9 833
Government - operating		43 230	44 598	44 598	360	19 225	14 866	4 359	29%	44 598
Government - capital		22 164	22 763	24 340	3 004	5 546	8 113	(2 567)	-32%	24 340
Interest		9	3 961	3 961	-	5	1 320	(1 316)	-100%	3 961
Dividends		-	-	-	-	-	-	-	-	-
Payments										
Suppliers and employees		(89 156)	(171 940)	(171 940)	(11 224)	(33 449)	(57 313)	(23 864)	42%	(171 940)
Finance charges		-	-	-	-	-	-	-	-	-
Transfers and Grants		(137)	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		11 326	18 836	20 412	(207)	22 288	6 804	(15 484)	-228%	20 412
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-
Payments										
Capital assets		37	(23 767)	(25 344)	-	-	(8 448)	(8 448)	100%	(25 344)
NET CASH FROM/(USED) INVESTING ACTIVITIES		37	(23 767)	(25 344)	-	-	(8 448)	(8 448)	100%	(25 344)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		(91)	1 027	1 027	(3)	(68)	-	(68)	0%	1 027
Payments										
Repayment of borrowing		-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		(91)	1 027	1 027	(3)	(68)	-	68	0%	1 027
NET INCREASE/ (DECREASE) IN CASH HELD		11 272	(3 904)	(3 904)	(210)	22 220	(1 644)			(3 904)
Cash/cash equivalents at beginning:		-	42 488	42 488		(5)	42 488			(5)
Cash/cash equivalents at month/year end:		11 272	38 584	38 584		22 216	40 844			(3 909)

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

- Standard Bank Main Account is – **R3 799 million; (Overdraft facility used)**
- The Traffic Account has **R801 thousand;**
- Deposit Account has **R915 thousand;** and
- Call Account has **R46 million.**

The lack of revenue streams has left the municipality to be heavily dependent on grant funding to run its daily operations. The current national economic situation in addition having an adverse effect on an already difficult situation.

TABLE C2 – MONTHLY BUDGETED FINANCIAL PERFORMANCE (Functional Classification)

WC041 Kannaland - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M04 October										
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									
Revenue - Functional										
<i>Governance and administration</i>		59 433	40 973	40 973	3 668	25 651	13 658	11 993	88%	40 973
Executive and council		34 237	6 402	6 402	-	12 730	2 134	10 596	496%	6 402
Finance and administration		25 196	34 571	34 571	3 668	12 921	11 524	1 398	12%	34 571
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		15 409	20 827	20 827	1 936	3 255	6 942	(3 687)	-53%	20 827
Community and social services		15 193	14 727	14 727	1 936	3 211	4 909	(1 698)	-35%	14 727
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		251	-	-	(0)	44	-	44	#DIV/0!	-
Housing		(36)	6 100	6 100	-	-	2 033	(2 033)	-100%	6 100
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		1 677	7 047	7 047	246	631	2 349	(1 718)	-73%	7 047
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		1 677	7 047	7 047	246	631	2 349	(1 718)	-73%	7 047
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		100 426	140 336	141 912	8 041	35 169	47 304	(12 135)	-26%	141 912
Energy sources		56 671	74 321	75 897	4 911	22 800	25 299	(2 499)	-10%	75 897
Water management		27 712	35 358	35 358	1 676	6 448	11 786	(5 338)	-45%	35 358
Waste water management		8 188	15 079	15 079	741	2 977	5 026	(2 049)	-41%	15 079
Waste management		7 855	15 578	15 578	713	2 943	5 193	(2 249)	-43%	15 578
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	176 945	209 182	210 759	13 891	64 706	70 253	(5 546)	-8%	210 759
Expenditure - Functional										
<i>Governance and administration</i>		49 337	57 383	57 383	6 669	57 379	19 127	38 252	200%	57 383
Executive and council		14 176	17 062	18 077	3 198	7 815	6 026	1 790	30%	18 077
Finance and administration		35 161	40 321	39 306	3 472	49 564	13 102	36 462	278%	39 306
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		10 562	17 233	17 333	1 455	4 048	5 777	(1 730)	-30%	17 333
Community and social services		7 726	9 166	9 266	1 269	3 344	3 089	255	8%	9 266
Sport and recreation		380	549	549	19	74	183	(109)	-59%	549
Public safety		1 579	375	375	93	332	125	207	166%	375
Housing		877	7 143	7 143	75	297	2 381	(2 083)	-88%	7 143
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		9 098	16 083	15 983	830	3 024	5 328	(2 304)	-43%	15 983
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		9 098	16 083	15 983	830	3 024	5 328	(2 304)	-43%	15 983
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		106 912	101 131	101 131	6 903	19 820	33 710	(13 890)	-41%	101 131
Energy sources		56 314	59 169	59 169	4 585	11 228	19 723	(8 495)	-43%	59 169
Water management		29 689	18 684	18 684	1 025	4 039	6 228	(2 189)	-35%	18 684
Waste water management		5 754	9 711	9 711	490	1 956	3 237	(1 281)	-40%	9 711
Waste management		15 154	13 566	13 566	803	2 596	4 522	(1 925)	-43%	13 566
<i>Other</i>		-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	175 908	191 830	191 830	15 858	84 271	63 942	20 329	32%	191 830
Surplus/ (Deficit) for the year		1 037	17 352	18 929	(1 967)	(19 565)	6 310	(25 875)	-410%	18 929

**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) - M04 October										
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										
Vote 1 - MUNICIPAL MANAGER	1	34 237	6 402	6 402	-	12 730	2 134	10 596	496,5%	6 402
Vote 2 - CORPORATE SERVICES		15 822	26 377	26 377	2 166	3 505	8 792	(5 287)	-60,1%	26 377
Vote 3 - FINANCIAL SERVICES		24 791	34 128	34 128	3 640	12 795	11 376	1 419	12,5%	34 128
Vote 4 - TECHNICAL SERVICES		102 096	142 274	143 851	8 085	35 676	47 950	(12 274)	-25,6%	143 851
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	210 759	13 891	64 706	70 253	(5 546)	-7,9%	210 759
Expenditure by Vote										
Vote 1 - MUNICIPAL MANAGER	1	14 176	17 062	18 077	3 198	7 815	6 026	1 790	29,7%	18 077
Vote 2 - CORPORATE SERVICES		22 092	34 547	34 532	2 739	8 440	11 510	(3 070)	-26,7%	34 532
Vote 3 - FINANCIAL SERVICES		25 558	29 387	28 387	2 312	45 956	9 462	36 494	385,7%	28 387
Vote 4 - TECHNICAL SERVICES		113 894	109 345	109 345	7 606	21 926	36 448	(14 522)	-39,8%	109 345
Vote 5 - CALITZDORP SPA		-	-	-	-	-	-	-	-	-
Vote 6 - CORPORATE SERVICES (Continued)		189	1 490	1 490	3	133	497	(363)	-73,1%	1 490
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	175 908	191 830	191 830	15 858	84 271	63 942	20 329	31,8%	191 830
Surplus/ (Deficit) for the year	2	1 037	17 352	18 929	(1 967)	(19 565)	6 310	(25 875)	-410,0%	18 929

PART 2 SUPPORTING DOCUMENTATION

Section 5 – Debtors' analysis

WC041 Kannaland - Supporting Table SC3 Monthly Budget Statement - aged debtors - M04 October

Description	NT Code	Budget Year 2021/22										Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.L.o Council Policy
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total	Total over 90 days		
R thousands													
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200	1 974	897	685	519	381	411	2 414	8 095	15 376	11 820	-	-
Trade and Other Receivables from Exchange Transactions - Electricity	1300	1 211	184	124	84	50	59	197	385	2 294	775	-	-
Receivables from Non-exchange Transactions - Property Rates	1400	2 494	769	650	310	269	264	1 363	15 383	21 503	17 590	-	-
Receivables from Exchange Transactions - Waste Water Management	1500	687	330	326	236	233	233	1 374	5 109	8 528	7 185	-	-
Receivables from Exchange Transactions - Waste Management	1600	1 333	559	527	377	368	365	2 095	7 738	13 362	10 942	-	-
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	-	0	0	0	-	-
Interest on Arrear Debtor Accounts	1810	18	35	44	39	42	51	390	9 121	9 739	9 642	-	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-
Other	1900	(4 193)	191	161	117	105	105	570	1 576	(1 367)	2 473	-	-
Total By Income Source	2000	3 525	2 966	2 518	1 681	1 447	1 487	8 403	47 408	69 436	60 428	-	-
2020/21 - totals only													
Debtors Age Analysis By Customer Group													
Organs of State	2200	(2 892)	82	53	28	18	18	59	741	(1 892)	864	-	-
Commercial	2300	849	221	174	135	121	132	521	2 421	4 575	3 331	-	-
Households	2400	5 454	2 434	2 070	1 400	1 190	1 220	7 185	34 225	55 177	45 219	-	-
Other	2500	113	229	220	119	119	117	638	10 020	11 576	11 013	-	-
Total By Customer Group	2600	3 525	2 966	2 518	1 681	1 447	1 487	8 403	47 408	69 436	60 428	-	-

- The total amount owed to Kannaland Municipality amounts to **R69.44 million**.
- **R47.41 million or 68%** of the total outstanding debtors are older than one year.
- **R60.43 or 87%** 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 - M04 October											
Description	NT Code	Budget Year 2021/22									Prior year totals for chart (same period)
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total	
Creditors Age Analysis By Customer Type											
Bulk Electricity	0100	-	6 347	6 848	-	18 483	-	-	-	31 678	-
Bulk Water	0200	21	24	-	-	-	-	-	-	44	-
PAYE deductions	0300	-	-	-	-	-	-	-	-	-	-
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-	-
Loan repayments	0600	60	-	-	-	-	-	-	-	60	-
Trade Creditors	0700	586	147	78	28	7 616	-	-	-	8 454	-
Auditor General	0800	135	53	95	52	8 713	-	-	-	9 048	-
Other	0900	268	193	10	1	6 789	-	-	-	7 261	-
Total By Customer Type	1000	1 070	6 764	7 030	80	41 601	-	-	-	56 545	-

The total outstanding creditors amounts to **R56 545 million**.

The biggest outstanding creditors are Eskom (**R31 678 million**), the Auditor-General of South Africa (**R9 048million**). Combined the before mentioned represents **72%** of all outstanding creditors.

The outstanding trade creditors continue to have a negative influence 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	30.09.2021	30.09.2021	-52,177.50	0,00	-7,822.50	-60,000.00	709,212.69	709,212.69
Interest Accrual	31.10.2021	31.10.2021	0,00	7,529.31	0,00	7,529.31	716,742.00	709,212.69
Interest Capitalisation	31.10.2021	31.10.2021	0,00	-7,529.31	7,529.31	0,00	716,742.00	716,742.00
Repayment Due	01.11.2021	01.11.2021	-52,470.69	0,00	-7,529.31	-60,000.00	656,742.00	656,742.00

- The total outstanding long-term debt of Kannaland Municipality amounts to **R657 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

WC041 Kannaland - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M04 October										
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										
RECEIPTS:										
Operating Transfers and Grants										
National Government:	1,2	38,285	35,253	35,253	1,104	15,368	11,751	3,617	30.8%	35,253
Operational Revenue:General Revenue:Equitable Share		34,050	30,553	30,553	-	12,730	10,184	2,546	25.0%	30,553
Operational Revenue:General Revenue:Fuel Levy	3	-	-	-	-	-	-	-	-	-
2014 African Nations Championship Host City Operating Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Agriculture Research and Technology		-	-	-	-	-	-	-	-	-
Energy Efficiency and Demand-side [Schedule 5B]		-	-	-	-	-	-	-	-	-
Expanded Public Works Programme Integrated Grant for Municipalities [Schedule 5B]		1,159	1,359	1,359	-	296	453	(157)	-34.7%	1,359
HIV and Aids		-	-	-	-	-	-	-	-	-
Housing Accreditation		-	-	-	-	-	-	-	-	-
Housing Top structure		-	-	-	-	-	-	-	-	-
Infrastructure Skills Development Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Integrated City Development Grant		-	-	-	-	-	-	-	-	-
Khayelisha Urban Renewal		-	-	-	-	-	-	-	-	-
Local Government Financial Management Grant [Schedule 5B]		2,564	2,811	2,811	1,059	2,131	937	1,194	127.5%	2,811
Mitchell's Plain Urban Renewal		-	-	-	-	-	-	-	-	-
Municipal Demarcation and Transition Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Municipal Disaster Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Revenue Enhancement Grant/Debrs Book		-	-	-	-	-	-	-	-	-
Rural Road Asset Management Systems Grant		-	-	-	-	-	-	-	-	-
Sport and Recreation		-	-	-	-	-	-	-	-	-
Terrestrial Invasive Alien Plants		-	-	-	-	-	-	-	-	-
Water Services Operating Subsidy Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Health Hygiene in Informal Settlements		-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant [Schedule 5B]		512	530	530	45	211	177	34	19.4%	530
Water Services Infrastructure Grant		-	-	-	-	-	-	-	-	-
Public Transport Network Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Smart Connect Grant		-	-	-	-	-	-	-	-	-
Urban Settlement Development Grant		-	-	-	-	-	-	-	-	-
WiFi Grant [Department of Telecommunications and Postal Services]		-	-	-	-	-	-	-	-	-
Street Lighting		-	-	-	-	-	-	-	-	-
Traditional Leaders - Imbizon		-	-	-	-	-	-	-	-	-
Department of Water and Sanitation Smart Living Handbook		-	-	-	-	-	-	-	-	-
Integrated National Electrification Programme Grant		-	-	-	-	-	-	-	-	-
Municipal Restructuring Grant		-	-	-	-	-	-	-	-	-
Regional Bulk Infrastructure Grant		-	-	-	-	-	-	-	-	-
Municipal Emergency Housing Grant		-	-	-	-	-	-	-	-	-
Metro Informal Settlements Partnership Grant		-	-	-	-	-	-	-	-	-
Provincial Government:		-	-	-	-	-	-	-	-	-
Capacity Building		-	-	-	-	-	-	-	-	-
Capacity Building and Other		-	-	-	-	-	-	-	-	-
Disaster and Emergency Services	4	-	-	-	-	-	-	-	-	-
Health	4	-	-	-	-	-	-	-	-	-
Housing	4	-	-	-	-	-	-	-	-	-
Infrastructure	4	-	-	-	-	-	-	-	-	-
Libraries, Archives and Museums	4	-	-	-	-	-	-	-	-	-
Other	4	-	-	-	-	-	-	-	-	-
Public Transport	4	-	-	-	-	-	-	-	-	-
Road Infrastructure - Maintenance	4	-	-	-	-	-	-	-	-	-
Sports and Recreation	4	-	-	-	-	-	-	-	-	-
Waste Water Infrastructure - Maintenance	4	-	-	-	-	-	-	-	-	-
Water Supply Infrastructure - Maintenance	4	-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
All Grants		-	-	-	-	-	-	-	-	-
Other grant providers:		-	145	145	-	-	48	(48)	-100.0%	145
Departmental Agencies and Accounts		-	145	145	-	-	48	(48)	-100.0%	145
Foreign Government and International Organisations		-	-	-	-	-	-	-	-	-
Households		-	-	-	-	-	-	-	-	-
Non-profit Institutions		-	-	-	-	-	-	-	-	-
Private Enterprises		-	-	-	-	-	-	-	-	-
Public Corporations		-	-	-	-	-	-	-	-	-
Higher Educational Institutions		-	-	-	-	-	-	-	-	-
Parent Municipality / Entity		-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	5	38,285	35,398	35,398	1,104	15,368	11,799	3,569	30.2%	35,398
Capital Transfers and Grants										
National Government:		16,747	22,763	24,340	1,690	1,777	8,113	(6,336)	-78.1%	24,340
Integrated National Electrification Programme (Municipal Grant) [Schedule 5B]		1,123	2,699	4,275	-	-	1,425	(1,425)	-100.0%	4,275
Municipal Infrastructure Grant [Schedule 5B]		8,987	10,064	10,064	1,733	1,777	3,355	(1,577)	-47.0%	10,064
Municipal Water Infrastructure Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Regional Bulk Infrastructure Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Water Services Infrastructure Grant [Schedule 5B]		6,637	10,000	10,000	(43)	-	3,333	(3,333)	-100.0%	10,000
WiFi Connectivity		-	-	-	-	-	-	-	-	-
Expanded Public Works Programme Integrated Grant for Municipalities [Schedule 5B]		-	-	-	-	-	-	-	-	-
Aquaponic Project		-	-	-	-	-	-	-	-	-
Restion Settlement		-	-	-	-	-	-	-	-	-
Infrastructure Skills Development Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Restructuring Seed Funding		-	-	-	-	-	-	-	-	-
Municipal Disaster Relief Grant		-	-	-	-	-	-	-	-	-
Municipal Emergency Housing Grant		-	-	-	-	-	-	-	-	-
Metro Informal Settlements Partnership Grant		-	-	-	-	-	-	-	-	-
Provincial Government:		-	-	-	-	-	-	-	-	-
Capacity Building		-	-	-	-	-	-	-	-	-
Waste Water Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
All Grants		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
Departmental Agencies and Accounts		-	-	-	-	-	-	-	-	-
Foreign Government and International Organisations		-	-	-	-	-	-	-	-	-
Households		-	-	-	-	-	-	-	-	-
Non-Profit Institutions		-	-	-	-	-	-	-	-	-
Private Enterprises		-	-	-	-	-	-	-	-	-
Public Corporations		-	-	-	-	-	-	-	-	-
Higher Educational Institutions		-	-	-	-	-	-	-	-	-
Parent Municipality / Entity		-	-	-	-	-	-	-	-	-
Transfer from Operational Revenue		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	5	16,747	22,763	24,340	1,690	1,777	8,113	(6,336)	-78.1%	24,340
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	55,032	58,161	59,737	2,794	17,145	19,912	(2,767)	-13.9%	59,737

The Following Grants were received:

National Government Grants:

- Municipal Infrastructure Grant amounts to **R3004 million.**

Provincial Government Grants:

- Library Grant amounts to **R 1072 million**

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

National Government Grants:

Capital:

Municipal Infrastructure Grants **R 2.27 million.**

Operational:

Financial Management Grant amounts to **R 1059 million.**

Municipal Infrastructure Grant PMU amounts to **R 45 thousand.**

Expanded Public Works Programme Grant amounts to **R 131 thousand.**

Provincial Government Grants:

Library Grant amounts to **R201 thousand.**

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

WC041 Kannaland - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M04 October

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
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		2 484	2 895	2 895	234	1 067	965	102	11%	2 895
Pension and UIF Contributions		0	-	-	-	-	-	-	-	-
Medical Aid Contributions		133	220	220	2	25	73	(48)	-65%	220
Motor Vehicle Allowance		189	172	172	13	51	57	(6)	-11%	172
Cellphone Allowance		311	349	349	22	100	116	(16)	-14%	349
Sub Total - Councillors		3 117	3 637	3 637	270	1 243	1 212	31	3%	3 637
% increase	4		16,7%	16,7%						16,7%
Senior Managers of the Municipality										
Basic Salaries and Wages	3	1 802	2 525	2 525	262	696	842	(145)	-17%	2 525
Pension and UIF Contributions		0	3	3	0	1	1	(1)	-50%	3
Motor Vehicle Allowance		64	168	168	15	54	56	(2)	-4%	168
Cellphone Allowance		35	75	75	5	18	25	(8)	-30%	75
Housing Allowances		-	17	17	-	-	6	(6)	-100%	17
Other benefits and allowances		29	272	272	4	162	91	72	79%	272
Sub Total - Senior Managers of Municipality		1 930	3 060	3 060	286	930	1 020	(90)	-9%	3 060
% increase	4		58,6%	58,6%						58,6%
Other Municipal Staff										
Basic Salaries and Wages		40 749	41 120	41 048	4 330	13 974	13 683	291	2%	41 048
Pension and UIF Contributions		5 472	7 271	7 271	559	2 149	2 424	(274)	-11%	7 271
Medical Aid Contributions		1 693	2 162	2 162	167	665	721	(55)	-8%	2 162
Overtime		5 118	4 106	4 106	422	1 643	1 369	274	20%	4 106
Performance Bonus		2 012	-	-	-	6	-	6	#DIV/0!	-
Motor Vehicle Allowance		2 026	2 133	2 133	213	713	711	3	0%	2 133
Cellphone Allowance		119	80	80	12	42	27	15	58%	80
Housing Allowances		269	279	279	23	142	93	49	53%	279
Other benefits and allowances		2 408	4 651	4 651	339	1 291	1 550	(259)	-17%	4 651
Payments in lieu of leave		505	-	-	10	34	-	34	#DIV/0!	-
Long service awards		85	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	2	1 843	692	692	-	-	231	(231)	-100%	692
Sub Total - Other Municipal Staff		62 298	62 493	62 421	6 074	20 660	20 806	(147)	-1%	62 421
% increase	4		0,3%	0,2%						0,2%
Total Parent Municipality		67 345	69 189	69 117	6 630	22 833	23 039	(206)	-1%	69 117
Unpaid salary, allowances & benefits in arrears:										
Board Members of Entities										
Other benefits and allowances		0	-	-	0	0	-	0	#DIV/0!	-
Board Fees		-	-	-	-	-	-	-	-	-
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations		-	-	-	-	-	-	-	-	-
Sub Total - Board Members of Entities	2	0	-	-	0	0	-	0	#DIV/0!	-
% increase	4									
Senior Managers of Entities										
Motor Vehicle Allowance		-	-	-	-	-	-	-	-	-
Cellphone Allowance		-	-	-	-	-	-	-	-	-
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		-	-	-	-	-	-	-	-	-
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	2	-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Entities		-	-	-	-	-	-	-	-	-
% increase	4									
Other Staff of Entities										
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		-	-	-	-	-	-	-	-	-
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations		-	-	-	-	-	-	-	-	-
Sub Total - Other Staff of Entities		-	-	-	-	-	-	-	-	-
% increase	4									
Total Municipal Entities		0	-	-	0	0	-	0	#DIV/0!	-
TOTAL SALARY, ALLOWANCES & BENEFITS		67 346	69 189	69 117	6 630	22 833	23 039	(205)	-1%	69 117
% increase	4		2,7%	2,6%						2,6%
TOTAL MANAGERS AND STAFF		64 228	65 553	65 481	6 360	21 550	21 827	(237)	-1%	65 481

Section 10 – Material variances to the SDBIP

There are no variances for this month under review.

Section 11– Capital programme performance

TABLE SC12 – CAPITAL EXPENDITURE TRENDS

WC041 Kannaland - Supporting Table SC12 Monthly Budget Statement - capital expenditure trend - M04 October									
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									
Monthly expenditure performance trend									
July	–	1 981	2 112	–	–	2 112	–	0,0%	0%
August	2 744	1 981	2 112	1 453	1 453	4 224	2 771	65,6%	6%
September	2 089	1 981	2 112	802	2 255	6 336	4 081	64,4%	9%
October	588	1 981	2 112	2 338	4 592	8 448	3 856	45,6%	19%
November	1 013	1 981	2 112	–	4 592	10 560	5 967	56,5%	19%
December	1 911	1 981	2 112	–	4 592	12 672	8 079	63,8%	19%
January	–	1 981	2 112	–	4 592	14 784	10 191	68,9%	19%
February	108	1 981	2 112	–	4 592	16 896	12 303	72,8%	19%
March	11	1 981	2 112	–	4 592	19 008	14 415	75,8%	19%
April	614	1 981	2 112	–	4 592	21 120	16 527	78,3%	19%
May	823	1 981	2 112	–	4 592	23 232	18 639	80,2%	19%
June	5 504	1 981	2 112	–	4 592	25 344	20 751	81,9%	19%
Total Capital expenditure	15 405	23 767	25 344	4 592					

Section 12 – Implementation of the budget funding plan

The implementation of the funding plan is taking place on monthly basis and will be reported on a monthly basis for any material issues that may arise and that will need attention. A report covering the implementation of the Budget Funding Plan, will be included as from October.

Annexure A- Funding Plan

Section 13 – SCM Deviations

Attached Annexure B

Section 14 – Quality certification

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

Print name: Mornè Marshall Hoogbaard

Signature:

Date:



KANNALAND MUNISIPALITEIT | MUNICIPALITY

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LADISMITH
6655

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Tel : (028) 551 1023
Fax : (028) 551 1766

Kerkstr. 32 Church St.
LADISMITH
6655

QUALITY CERTIFICATE

I, **M.M Hoogbaard** Accounting Officer of **Kannaland Municipality WC041**,
(name of municipality), hereby certify that –

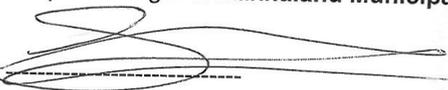
(mark as appropriate)

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

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

Print name: Mornè Marshall Hoogbaard
Acting Municipal Manager

Acting Municipal Manager of **Kannaland Municipality WC041**

Signature 

Date :15 November 2021