



KANNALAND
MUNISIPALITEIT | MUNICIPALITY

Monthly Budget Report for September 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 **September 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 **September 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 46 605	R 50 728	R 4 123	8%
Operating Expenditure	R 191 830	R 191 830	R 47 957	R 68 413	R 20 456	42%
Capital	R 23 767	R 23 767	R 5 929	R 2 255	R 3 675	61%

Operating Revenue

The year-to-date operating revenue variance indicated the year-to-date budget being exceeded by 8%. 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%

The payment percentage for the September 2021 is 79.96 percent, which shows a fluctuation from July 59.14 percent and 83.73 percent in August 2021. The average percentage collection from the first quarter 74.26 percent.

Operating expenditure

The year-to-date operating expenditure variance indicated the year-to-date budget being exceeded by 42%. 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 1.95 million** for the Grant funded projects and **R305 thousand** Own funds for the month of **September 2021**. The year-to-date actuals is 61%. 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 - M03 September									
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	2,159	6,492	6,140	352	6%	24,562
Service charges	87,941	104,162	104,162	9,233	27,081	26,041	1,040	4%	104,162
Investment revenue	1,150	864	864	118	333	216	117	54%	864
Transfers and subsidies	42,601	45,128	45,128	(1,452)	15,187	11,282	3,905	35%	45,128
Other own revenue	6,358	11,704	11,704	560	1,635	2,926	(1,291)	-44%	11,704
Total Revenue (excluding capital transfers and contributions)	157,387	186,419	186,419	10,618	50,728	46,605	4,123	9%	186,419
Employee costs	64,229	65,553	65,553	9,911	15,230	16,388	(1,158)	-7%	65,553
Remuneration of Councillors	3,117	3,637	3,637	295	973	909	64	7%	3,637
Depreciation & asset impairment	13,459	12,698	12,698	1,058	3,175	3,175	0	0%	12,698
Finance charges	1,485	382	382	9	55	96	(41)	-42%	382
Materials and bulk purchases	46,585	56,133	56,133	378	5,707	14,033	(8,327)	-59%	56,133
Transfers and subsidies	246	838	838	-	-	210	(210)	-100%	838
Other expenditure	46,788	52,589	52,589	2,535	43,274	13,147	30,127	229%	52,589
Total Expenditure	175,908	191,830	191,830	14,186	68,413	47,957	20,457	43%	191,830
Surplus/(Deficit)	(18,521)	(5,411)	(5,411)	(3,569)	(17,686)	(1,352)	(16,334)	1208%	(5,411)
Transfers and subsidies - capital (monetary allocations)	19,524	22,763	22,763	43	88	5,691	(5,603)	-98%	22,763
Contributions & Contributed assets	34	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	1,037	17,352	17,352	(3,525)	(17,598)	4,339	(21,937)	-506%	17,352
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	1,037	17,352	17,352	(3,525)	(17,598)	4,339	(21,937)	-506%	17,352
Capital expenditure & funds sources									
Capital expenditure	15,405	23,767	23,767	802	2,255	5,942	(3,687)	-62%	23,767
Capital transfers recognised	1,831	22,763	22,763	497	1,950	5,691	(3,741)	-66%	22,763
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	555	1,004	954	305	305	238	66	28%	954
Total sources of capital funds	2,386	23,767	23,717	802	2,255	5,929	(3,675)	-62%	23,717
Financial position									
Total current assets	(3,274)	(9,839)	(17,989)	-	(24,597)	-	-	-	(17,989)
Total non current assets	(11,080)	689,534	351,292	-	(920)	-	-	-	351,292
Total current liabilities	(14,549)	87,172	29,011	-	(7,769)	-	-	-	29,011
Total non current liabilities	8,197	75,457	37,082	-	-	-	-	-	37,082
Community wealth/Equity	(9,038)	499,714	249,857	(150)	(150)	(150)	(150)	(150)	249,857
Cash flows									
Net cash from (used) operating	11,326	18,836	18,836	6,026	22,495	4,709	(17,786)	-378%	18,836
Net cash from (used) investing	-	-	-	-	-	-	-	-	-
Net cash from (used) financing	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the month/year end	11,326	61,323	61,323	-	22,491	47,196	24,706	52%	18,831
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	3,812	2,734	1,755	1,474	1,503	1,465	8,225	46,253	67,221
Creditors Age Analysis									
Total Creditors	9,283	7,063	7,895	358	34,401	-	-	-	59,000

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) - M03 September										
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	2,159	6,492	6,140	352	6%	24,562
Service charges - electricity revenue		55,432	67,946	67,946	6,138	17,885	16,986	899	5%	67,946
Service charges - water revenue		18,013	20,787	20,787	1,613	4,729	5,197	(468)	-9%	20,787
Service charges - sanitation revenue		7,456	8,019	8,019	744	2,236	2,005	232	12%	8,019
Service charges - refuse revenue		7,040	7,410	7,410	738	2,231	1,852	378	20%	7,410
Rental of facilities and equipment		606	631	631	44	132	158	(26)	-16%	631
Interest earned - external investments		1,150	864	864	118	333	216	117	54%	864
Interest earned - outstanding debtors		3,541	3,087	3,087	6	10	772	(762)	-99%	3,087
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		142	5,547	5,547	317	1,085	1,387	(302)	-22%	5,547
Licences and permits		217	378	378	13	46	94	(48)	-51%	378
Agency services		1,083	1,087	1,087	133	215	272	(56)	-21%	1,087
Transfers and subsidies		42,601	45,128	45,128	(1,452)	15,187	11,282	3,905	35%	45,128
Other revenue		769	974	974	46	146	243	(97)	-40%	974
Gains		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		157,387	186,419	186,419	10,618	50,728	46,605	4,123	9%	186,419

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

- **Property Rates – R2.16 million was billed in September** no increase from the amount reported in August **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 **R6.14 million**. It represents a 5% immaterial deviation from the YTD figure. A slight decrease from the amount reported in **August R6.19 million**.
- **Service Charges Water Revenue** - amounted to **R1.61 million** in **September 2021** and a slight decrease from the amount reported in August **R1.65 million**. It represents a -9% 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 **R744 thousand** in **September 2021**. A slight increase from the amount reported in **August R740 thousand**. It represents a 12% 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 **R738 thousand** in **September 2021**. A slight increase from the amount reported in **August R737 thousand**. It represents a 20% 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) - M02 August										
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	65,553	9,911	15,230	16,388	(1,158)	-7%	65,553
Remuneration of councillors		3,117	3,637	3,637	295	973	909	64	7%	3,637
Debt impairment		19,658	20,723	20,723	54	38,540	5,181	33,360	644%	20,723
Depreciation & asset impairment		13,459	12,698	12,698	1,058	3,175	3,175	0	0%	12,698
Finance charges		1,485	382	382	9	55	96	(41)	-42%	382
Bulk purchases - electricity		41,046	48,940	48,940	139	4,878	12,235	(7,357)	-60%	48,940
Inventory consumed		5,539	7,193	7,193	239	828	1,798	(970)	-54%	7,193
Contracted services		8,113	17,971	17,971	1,587	2,582	4,493	(1,911)	-43%	17,971
Transfers and subsidies		246	838	838	-	-	210	(210)	-100%	838
Other expenditure		14,526	13,895	13,895	894	2,152	3,473	(1,322)	-38%	13,895
Losses		4,492	-	-	-	-	-	-	-	-
Total Expenditure		175,908	191,830	191,830	14,186	68,413	47,957	20,457	43%	191,830

- Employee Related Costs** – The employee related costs amounted to **R9.91 million for September 2021**. The total includes the salaries from August due to system errors votes could not be updated and the **3.5 percent** increases as per Municipal Salaries negotiations. The deviation from the year-to-date budget is as a result of the straight-line budgeting approach, with bonuses incorrectly proportionately accounted for.
- Remuneration of Councillors**- the total Remuneration for Councillors was **R 295 thousand** in **September 2021**. A decrease from the amount reported in **August R374 thousand**. The variance is **7 percent** from the YTD figures.
- Bulk Purchases:** The total year to date actuals for Bulk Purchases amounted to **R 4.8 million** rands against the year-to-date budget of **R 12.23 million** with variance of **60%**. Due to financial constraints the municipality is making strides in making payments towards bulk electricity.
- Inventory Consumed** – The total was **R 239 thousand** for **September**, this includes direct purchases for the store and inventory issued out for the reporting period. A slight increase from the amount reported in **August R 232 thousand**. The variance is **54 percent** it is a result of the limited expenditure on essential items.
- Contracted Services** –The September 2021 figures show a **R1.59 million**. An increase from amount reported in **August R708 thousand**. The variance from the YTD figures is 43 percent as a result of the municipality limited expenditure on essential and grant funded items.

- **Other Expenditure** - amounted to **R894 thousand** in **September 2021**. An increase from amount reported in **August R 761 thousand**.

Capital Expenditure

WC041 Kannaland - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M03 September										
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	-	-	48	(48)	-100%	192
Vote 2 - CORPORATE SERVICES		(12,115)	1,023	1,023	305	305	256	49	19%	1,023
Vote 3 - FINANCIAL SERVICES		13,617	1,664	1,664	66	66	416	(350)	-84%	1,664
Vote 4 - TECHNICAL SERVICES		13,047	20,888	20,888	431	1,884	5,222	(3,339)	-64%	20,888
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	23,767	802	2,255	5,942	(3,687)	-62%	23,767
Total Capital Expenditure	3	15,405	23,767	23,767	802	2,255	5,942	(3,687)	-62%	23,767
Capital Expenditure - Functional Classification										
Governance and administration		13,655	2,001	2,001	66	66	500	(434)	-87%	2,001
Executive and council		-	192	192	-	-	48	(48)	-100%	192
Finance and administration		13,655	1,809	1,809	66	66	452	(386)	-85%	1,809
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		(11,297)	378	378	-	-	95	(95)	-100%	378
Community and social services		(11,467)	-	-	-	-	-	-	-	-
Sport and recreation		170	378	378	-	-	95	(95)	-100%	378
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		-	500	500	305	305	125	180	144%	500
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		-	500	500	305	305	125	180	144%	500
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		13,047	20,888	20,888	431	1,884	5,222	(3,339)	-64%	20,888
Energy sources		797	2,699	2,699	-	-	675	(675)	-100%	2,699
Water management		12,249	18,189	18,189	431	1,884	4,547	(2,664)	-59%	18,189
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	3	15,405	23,767	23,767	802	2,255	5,942	(3,687)	-62%	23,767
Funded by:										
National Government		12,984	22,763	22,763	497	1,950	5,691	(3,741)	-66%	22,763
Provincial Government		(11,154)	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-
Transfers recognised - capital		1,831	22,763	22,763	497	1,950	5,691	(3,741)	-66%	22,763
Public contributions & donations	5	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-
Internally generated funds		555	1,004	954	305	305	238	66	28%	954
Total Capital Funding		2,386	23,767	23,717	802	2,255	5,929	(3,675)	-62%	23,717

- The total year to date figures amounts to **R1.95 million** for Grant funded projects and **R305 thousand** own funding. This is due to the Capital projects that are still in the planning stage. The YTD figures indicate a 60% 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) - M03 September

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										
Revenue By Source										
Property rates		19,337	24,562	24,562	2,159	6,492	6,140	352	6%	24,562
Service charges - electricity revenue		55,432	67,946	67,946	6,138	17,885	16,986	899	5%	67,946
Service charges - water revenue		18,013	20,787	20,787	1,613	4,729	5,197	(468)	-9%	20,787
Service charges - sanitation revenue		7,456	8,019	8,019	744	2,236	2,005	232	12%	8,019
Service charges - refuse revenue		7,040	7,410	7,410	738	2,231	1,852	378	20%	7,410
Rental of facilities and equipment		606	631	631	44	132	158	(26)	-16%	631
Interest earned - external investments		1,150	864	864	118	333	216	117	54%	864
Interest earned - outstanding debtors		3,541	3,087	3,087	6	10	772	(762)	-99%	3,087
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		142	5,547	5,547	317	1,085	1,387	(302)	-22%	5,547
Licences and permits		217	378	378	13	46	94	(48)	-51%	378
Agency services		1,083	1,087	1,087	133	215	272	(56)	-21%	1,087
Transfers and subsidies		42,601	45,128	45,128	(1,452)	15,187	11,282	3,905	35%	45,128
Other revenue		769	974	974	46	146	243	(97)	-40%	974
Gains		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		157,387	186,419	186,419	10,618	50,728	46,605	4,123	9%	186,419
Expenditure By Type										
Employee related costs		64,229	65,553	65,553	9,911	15,230	16,388	(1,158)	-7%	65,553
Remuneration of councillors		3,117	3,637	3,637	295	973	909	64	7%	3,637
Debt impairment		19,658	20,723	20,723	54	38,540	5,181	33,360	644%	20,723
Depreciation & asset impairment		13,459	12,698	12,698	1,058	3,175	3,175	0	0%	12,698
Finance charges		1,485	382	382	9	55	96	(41)	-42%	382
Bulk purchases - electricity		41,046	48,940	48,940	139	4,878	12,235	(7,357)	-60%	48,940
Inventory consumed		5,539	7,193	7,193	239	828	1,798	(970)	-54%	7,193
Contracted services		8,113	17,971	17,971	1,587	2,582	4,493	(1,911)	-43%	17,971
Transfers and subsidies		246	838	838	-	-	210	(210)	-100%	838
Other expenditure		14,526	13,895	13,895	894	2,152	3,473	(1,322)	-38%	13,895
Losses		4,492	-	-	-	-	-	-	-	-
Total Expenditure		175,908	191,830	191,830	14,186	68,413	47,957	20,457	43%	191,830
Surplus/(Deficit)										
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		19,524	22,763	22,763	43	88	5,691	(5,603)	(0)	22,763
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	17,352	(3,525)	(17,598)	4,339			17,352
Taxation		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		1,037	17,352	17,352	(3,525)	(17,598)	4,339			17,352
Attributable to minorities		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		1,037	17,352	17,352	(3,525)	(17,598)	4,339			17,352
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year		1,037	17,352	17,352	(3,525)	(17,598)	4,339			17,352

TABLE C6 – MONTHLY BUDGETED FINANCIAL POSITION

WC041 Kannaland - Table C6 Monthly Budget Statement - Financial Position - M03 September						
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)	(13,359)	(5,530)	(13,359)
Call investment deposits		2,374	75,725	37,862	12,932	37,862
Consumer debtors		(532)	15,106	6,755	(34,163)	6,755
Other debtors		(20,030)	(91,512)	(46,381)	1,776	(46,381)
Current portion of long-term receivables		-	-	-	-	-
Inventory		794	(424)	(2,867)	388	(2,867)
Total current assets		(3,274)	(9,839)	(17,989)	(24,597)	(17,989)
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	349,890	(912)	349,890
Agricultural		-	-	-	-	-
Biological assets		-	-	-	-	-
Intangible assets		(10)	77	38	(8)	38
Other non-current assets		-	-	-	-	-
Total non current assets		(11,080)	689,534	351,292	(920)	351,292
TOTAL ASSETS		(14,354)	679,695	333,303	(25,517)	333,303
LIABILITIES						
Current liabilities						
Bank overdraft		-	-	-	-	-
Borrowing		(572)	1,172	586	(153)	586
Consumer deposits		91	2,055	1,027	65	1,027
Trade and other payables		(14,854)	58,708	14,780	(7,680)	14,780
Provisions		785	25,237	12,619	-	12,619
Total current liabilities		(14,549)	87,172	29,011	(7,769)	29,011
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	66,094	(7,769)	66,094
NET ASSETS	2	(8,001)	517,066	267,209	(17,748)	267,209
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		(9,052)	477,907	238,953	-	238,953
Reserves		14	21,807	10,904	(150)	10,904
TOTAL COMMUNITY WEALTH/EQUITY	2	(9,038)	499,714	249,857	(150)	249,857

TABLE C7 – MONTHLY BUDGETED CASH FLOW

WC041 Kannaland - Table C7 Monthly Budget Statement - Cash Flow - M03 September

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										
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		7,496	20,213	20,213	1,260	3,447	5,053	(1,606)	-32%	20,213
Service charges		26,341	89,407	89,407	7,154	19,531	22,352	(2,821)	-13%	89,407
Other revenue		1,379	9,833	9,833	92	331	2,458	(2,128)	-87%	9,833
Government - operating		43,230	44,598	44,598	685	18,865	11,149	7,716	69%	44,598
Government - capital		22,164	22,763	22,763	-	2,542	5,691	(3,149)	-55%	22,763
Interest		9	3,961	3,961	5	5	990	(986)	-100%	3,961
Dividends		-	-	-	-	-	-	-	-	-
Payments										
Suppliers and employees		(89,156)	(171,940)	(171,940)	(3,170)	(22,226)	(42,985)	(20,759)	48%	(171,940)
Finance charges		-	-	-	-	-	-	-	-	-
Transfers and Grants		(137)	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		11,326	18,836	18,836	6,026	22,495	4,709	(17,786)	-378%	18,836
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		-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) INVESTING ACTIVITIES		-	-	-	-	-	-	-	-	-
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-
Payments										
Repayment of borrowing		-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		11,326	18,836	18,836	6,026	22,495	4,709			18,836
Cash/cash equivalents at beginning:		-	42,488	42,488		(5)	42,488			(5)
Cash/cash equivalents at month/year end:		11,326	61,323	61,323		22,491	47,196			18,831

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

- Standard Bank Main Account is **R1 345 million**;
- The Traffic Account has **R914 thousand**;
- Deposit Account has **R3 785 million**; and
- Call Account has **R44 million**.

The first quarter of the financial year 2021/2022, the municipality has no overdraft and still awaiting the final feedback from Standard Bank. 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) - M03 September										
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	596	21,983	10,243	11,740	115%	40,973
Executive and council		34,237	6,402	6,402	-	12,730	1,601	11,129	695%	6,402
Finance and administration		25,196	34,571	34,571	596	9,253	8,643	611	7%	34,571
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		15,409	20,827	20,827	607	1,318	5,207	(3,888)	-75%	20,827
Community and social services		15,193	14,727	14,727	594	1,274	3,682	(2,407)	-65%	14,727
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		251	-	-	12	44	-	44	#DIV/0!	-
Housing		(36)	6,100	6,100	-	-	1,525	(1,525)	-100%	6,100
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		1,677	7,047	7,047	178	385	1,762	(1,377)	-78%	7,047
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		1,677	7,047	7,047	178	385	1,762	(1,377)	-78%	7,047
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		100,426	140,336	140,336	9,280	27,129	35,084	(7,955)	-23%	140,336
Energy sources		56,671	74,321	74,321	6,143	17,889	18,580	(691)	-4%	74,321
Water management		27,712	35,358	35,358	1,656	4,772	8,839	(4,067)	-46%	35,358
Waste water management		8,188	15,079	15,079	744	2,236	3,770	(1,533)	-41%	15,079
Waste management		7,855	15,578	15,578	738	2,231	3,894	(1,664)	-43%	15,578
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	176,945	209,182	209,182	10,661	50,815	52,296	(1,480)	-3%	209,182
Expenditure - Functional										
<i>Governance and administration</i>		49,337	57,383	57,383	7,469	50,710	14,346	36,364	253%	57,383
Executive and council		14,176	17,062	17,062	2,634	4,618	4,265	352	8%	17,062
Finance and administration		35,161	40,321	40,321	4,835	46,092	10,080	36,012	357%	40,321
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		10,562	17,233	17,233	1,135	2,592	4,308	(1,716)	-40%	17,233
Community and social services		7,726	9,166	9,166	807	2,075	2,292	(217)	-9%	9,166
Sport and recreation		380	549	549	18	56	137	(82)	-59%	549
Public safety		1,579	375	375	159	239	94	145	155%	375
Housing		877	7,143	7,143	151	223	1,786	(1,563)	-88%	7,143
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		9,098	16,083	16,083	1,149	2,193	4,021	(1,827)	-45%	16,083
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		9,098	16,083	16,083	1,149	2,193	4,021	(1,827)	-45%	16,083
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		106,912	101,131	101,131	4,433	12,918	25,283	(12,365)	-49%	101,131
Energy sources		56,314	59,169	59,169	999	6,643	14,792	(8,149)	-55%	59,169
Water management		29,689	18,684	18,684	1,484	3,015	4,671	(1,656)	-35%	18,684
Waste water management		5,754	9,711	9,711	732	1,467	2,428	(961)	-40%	9,711
Waste management		15,154	13,566	13,566	1,218	1,794	3,391	(1,598)	-47%	13,566
<i>Other</i>		-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	175,908	191,830	191,830	14,186	68,413	47,957	20,457	43%	191,830
Surplus/ (Deficit) for the year		1,037	17,352	17,352	(3,525)	(17,598)	4,339	(21,937)	-506%	17,352

**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) - M03 September										
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	1,601	11,129	695,3%	6,402
Vote 2 - CORPORATE SERVICES		15,822	26,377	26,377	482	1,339	6,594	(5,255)	-79,7%	26,377
Vote 3 - FINANCIAL SERVICES		24,791	34,128	34,128	559	9,156	8,532	624	7,3%	34,128
Vote 4 - TECHNICAL SERVICES		102,096	142,274	142,274	9,619	27,591	35,569	(7,978)	-22,4%	142,274
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	209,182	10,661	50,815	52,296	(1,480)	-2,8%	209,182
Expenditure by Vote										
Vote 1 - MUNICIPAL MANAGER	1	14,176	17,062	17,062	2,634	4,618	4,265	352	8,3%	17,062
Vote 2 - CORPORATE SERVICES		22,092	34,547	34,547	3,092	5,701	8,636	(2,935)	-34,0%	34,547
Vote 3 - FINANCIAL SERVICES		25,558	29,387	29,387	3,219	43,644	7,347	36,297	494,1%	29,387
Vote 4 - TECHNICAL SERVICES		113,894	109,345	109,345	5,111	14,320	27,336	(13,016)	-47,6%	109,345
Vote 5 - CALITZDORP SPA		-	-	-	-	-	-	-	-	-
Vote 6 - CORPORATE SERVICES (Continued)		189	1,490	1,490	130	130	372	(242)	-65,0%	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	14,186	68,413	47,957	20,457	42,7%	191,830
Surplus/ (Deficit) for the year	2	1,037	17,352	17,352	(3,525)	(17,598)	4,339	(21,937)	-505,6%	17,352

PART 2 SUPPORTING DOCUMENTATION

Section 5 – Debtors' analysis

WC041 Kannaland - Supporting Table SC3 Monthly Budget Statement - aged debtors - M03 September

Description	NT Code	Budget Year 2021/22										Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.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	2,025	726	536	378	416	392	2,334	7,636	14,642	11,355	-	-	
Trade and Other Receivables from Exchange Transactions - Electricity	1300	1,432	137	110	70	66	53	187	371	2,427	747	-	-	
Receivables from Non-exchange Transactions - Property Rates	1400	2,621	754	330	278	270	262	1,337	15,318	21,170	17,465	-	-	
Receivables from Exchange Transactions - Waste Water Management	1500	700	335	238	234	234	233	1,371	4,888	8,233	6,960	-	-	
Receivables from Exchange Transactions - Waste Management	1600	1,408	559	384	372	368	364	2,084	7,439	12,977	10,626	-	-	
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	-	0	0	0	-	-	
Interest on Arrear Debtor Accounts	1810	21	32	30	34	43	51	362	8,893	9,466	9,383	-	-	
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-	
Other	1900	(4,396)	191	126	108	107	111	550	1,508	(1,695)	2,384	-	-	
Total By Income Source	2000	3,812	2,734	1,755	1,474	1,503	1,465	8,225	46,253	67,221	58,921	-	-	
2020/21 - totals only														
Debtors Age Analysis By Customer Group														
Organs of State	2200	(3,228)	90	29	18	19	20	52	733	(2,266)	843	-	-	
Commercial	2300	1,102	183	154	130	141	111	490	2,377	4,688	3,249	-	-	
Households	2400	5,784	2,229	1,446	1,207	1,225	1,220	7,046	33,215	53,371	43,912	-	-	
Other	2500	154	232	125	119	119	113	637	9,928	11,428	10,916	-	-	
Total By Customer Group	2600	3,812	2,734	1,755	1,474	1,503	1,465	8,225	46,253	67,221	58,921	-	-	

- The total amount owed to Kannaland Municipality amounts to **R67.22 million**.
- **R46.25 million or 69%** of the total outstanding debtors are older than one year.
- **R58.92 or 88%** 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 - M03 September

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	6,347	6,848	5,350	-	13,640	-	-	-	32,184
Bulk Water	0200	30	-	-	-	-	-	-	-	30
PAYE deductions	0300	-	-	-	-	-	-	-	-	-
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-
Loan repayments	0600	60	-	-	-	-	-	-	-	60
Trade Creditors	0700	716	79	162	39	7,651	-	-	-	8,647
Auditor General	0800	148	52	2,323	316	6,224	-	-	-	9,063
Other	0900	1,983	85	60	3	6,887	-	-	-	9,017
Total By Customer Type	1000	9,283	7,063	7,895	358	34,401	-	-	-	59,000

The total outstanding creditors amounts to **R59 000 million**.

The biggest outstanding creditors are Eskom (**R32 million**), the Auditor-General of South Africa (**R9 063 million**). Combined the before mentioned represents **70%** 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

Interest Accrual	30.09.2021	30.09.2021	0.00	7,822.50	0.00	7,822.50	769,212.69	761,390.19
Interest Capitalisation	30.09.2021	30.09.2021	0.00	-7,822.50	7,822.50	0.00	769,212.69	769,212.69
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

- The total outstanding long-term debt of Kannaland Municipality amounts to **R709 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 - M03 September										
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:	1,2									
Operating Transfers and Grants										
National Government:		38,285	35,253	35,253	1,063	14,264	8,813	5,451	61.8%	35,253
Operational Revenue:General Revenue:Equitable Share	3	34,050	30,553	30,553	-	12,730	7,638	5,092	66.7%	30,553
Operational:Revenue:General Revenue:Fuel Levy		-	-	-	-	-	-	-	-	-
Energy Efficiency and Demand-side [Schedule 5B]		-	-	-	-	-	-	-	-	-
Expanded Public Works Programme Integrated Grant for Municipalities [Schedule 5B]		1,159	1,359	1,359	296	296	340	(44)	-13.0%	1,359
HIV and Aids		-	-	-	-	-	-	-	-	-
Housing Accreditation		-	-	-	-	-	-	-	-	-
Housing Top structure		-	-	-	-	-	-	-	-	-
Infrastructure Skills Development Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Integrated City Development Grant		-	-	-	-	-	-	-	-	-
Khayelitsha Urban Renewal		-	-	-	-	-	-	-	-	-
Local Government Financial Management Grant [Schedule 5B]		2,564	2,811	2,811	725	1,072	703	369	52.5%	2,811
Mitchell's Plain Urban Renewal		-	-	-	-	-	-	-	-	-
Municipal Demarcation and Transition Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Municipal Disaster Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Municipal Human Settlement Capacity Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Municipal Systems Improvement Grant		-	-	-	-	-	-	-	-	-
Health Hygiene in Informal Settlements		-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant [Schedule 5B]		512	530	530	43	166	132	34	25.6%	530
Water Services Infrastructure Grant		-	-	-	-	-	-	-	-	-
Municipal Emergency Housing Grant		-	-	-	-	-	-	-	-	-
Metro Informal Settlements Partnership Grant		-	-	-	-	-	-	-	-	-
Provincial Government:		5,094	9,730	9,730	295	923	2,432	(1,509)	-62.1%	9,730
Capacity Building		-	-	-	-	-	-	-	-	-
Capacity Building and Other		5,094	9,680	9,680	295	923	2,420	(1,497)	-61.9%	9,680
Disaster and Emergency Services	4	-	-	-	-	-	-	-	-	-
Health	4	-	-	-	-	-	-	-	-	-
Housing	4	-	-	-	-	-	-	-	-	-
Infrastructure	4	-	50	50	-	-	12	(12)	-100.0%	50
Libraries, Archives and Museums	4	-	-	-	-	-	-	-	-	-
Water Supply Infrastructure - Maintenance	4	-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
All Grants		-	-	-	-	-	-	-	-	-
Other grant providers:		-	145	145	-	-	36	(36)	-100.0%	145
Total Operating Transfers and Grants	5	43,378	45,128	45,128	1,359	15,187	11,282	3,905	34.6%	45,128
Capital Transfers and Grants										
National Government:		16,747	22,763	22,763	43	88	5,691	(5,603)	-98.5%	22,763
Integrated National Electrification Programme (Municipal Grant) [Schedule 5B]		1,123	2,699	2,699	-	-	675	(675)	-100.0%	2,699
Municipal Infrastructure Grant [Schedule 5B]		9,987	10,064	10,064	-	45	2,516	(2,472)	-98.2%	10,064
Municipal Water Infrastructure Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Neighbourhood Development Partnership Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Water Services Infrastructure Grant [Schedule 5B]		6,637	10,000	10,000	43	43	2,500	(2,457)	-98.3%	10,000
WFI Connectivity		-	-	-	-	-	-	-	-	-
Provincial Government:		1,960	-	-	-	-	-	-	-	-
Capacity Building		-	-	-	-	-	-	-	-	-
Capacity Building and Other		-	-	-	-	-	-	-	-	-
Disaster and Emergency Services		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Infrastructure		1,960	-	-	-	-	-	-	-	-
Libraries, Archives and Museums		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
All Grants		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	5	16,707	22,763	22,763	43	88	5,691	(5,603)	-98.5%	22,763
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	62,085	67,891	67,891	1,402	15,275	16,973	(1,698)	-10.0%	67,891

The Following Grants were received:

National Government Grants:

- Expanded Public Works Programme Grant amounts to **R340 million**.

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

National Government Grants:

Capital:

Water Services Infrastructure Capital **R 43 thousand**.

Operational:

Financial Management Grant amounts to **R 725 thousand.**

Municipal Infrastructure Grant PMU amounts to **R 43 thousand.**

Provincial Government Grants:

Library Grant amounts to **R295 thousand.**

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

WC041 Kannaland - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M03 September										
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	255	833	724	110	15%	2,895
Pension and UIF Contributions		0	-	-	-	-	-	-	-	-
Medical Aid Contributions		133	220	220	2	24	55	(32)	-57%	220
Motor Vehicle Allowance		189	172	172	13	38	43	(5)	-11%	172
Cellphone Allowance		311	349	349	26	78	87	(10)	-11%	349
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		-	-	-	-	-	-	-	-	-
Sub Total - Councillors		3,117	3,637	3,637	295	973	909	64	7%	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	435	631	(197)	-31%	2,525
Pension and UIF Contributions		0	3	3	0	0	1	(0)	-55%	3
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		64	168	168	30	38	42	(4)	-9%	168
Cellphone Allowance		35	75	75	8	13	19	(6)	-33%	75
Housing Allowances		-	17	17	-	-	4	(4)	-100%	17
Other benefits and allowances		29	272	272	157	159	68	91	133%	272
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	2	-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality		1,930	3,060	3,060	457	644	765	(121)	-16%	3,060
% increase	4		58,6%	58,6%						58,6%
Other Municipal Staff										
Basic Salaries and Wages		40,749	41,120	41,120	6,428	9,644	10,280	(636)	-6%	41,120
Pension and UIF Contributions		5,472	7,271	7,271	1,071	1,590	1,818	(227)	-13%	7,271
Medical Aid Contributions		1,693	2,162	2,162	327	498	540	(42)	-8%	2,162
Overtime		5,118	4,106	4,106	792	1,221	1,026	195	19%	4,106
Performance Bonus		2,012	-	-	-	6	-	6	#DIV/0!	-
Motor Vehicle Allowance		2,026	2,133	2,133	330	500	533	(33)	-6%	2,133
Cellphone Allowance		119	80	80	20	30	20	11	53%	80
Housing Allowances		269	279	279	53	119	70	49	71%	279
Other benefits and allowances		2,408	4,651	4,651	433	953	1,163	(210)	-18%	4,651
Payments in lieu of leave		505	-	-	-	24	-	24	#DIV/0!	-
Long service awards		85	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	2	1,843	692	692	-	-	173	(173)	-100%	692
Sub Total - Other Municipal Staff		62,298	62,493	62,493	9,454	14,586	15,623	(1,037)	-7%	62,493
% increase	4		0,3%	0,3%						0,3%
Total Parent Municipality		67,345	69,189	69,189	10,206	16,203	17,297	(1,094)	-6%	69,189
Unpaid salary, allowances & benefits in arrears:										
Total Municipal Entities		0	-	-	0	0	-	0	#DIV/0!	-
TOTAL SALARY, ALLOWANCES & BENEFITS		67,346	69,189	69,189	10,206	16,203	17,297	(1,094)	-6%	69,189
% increase	4		2,7%	2,7%						2,7%
TOTAL MANAGERS AND STAFF		64,228	65,553	65,553	9,911	15,230	16,388	(1,158)	-7%	65,553

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 - M03 September									
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	1,981	–	–	1,981	–	0,0%	0%
August	2,744	1,981	1,981	1,453	1,453	3,961	2,508	63,3%	6%
September	2,089	1,981	1,981	802	2,255	5,942	3,687	62,1%	9%
October	588	1,981	1,981	–	2,255	7,922	5,668	71,5%	9%
November	1,013	1,981	1,981	–	2,255	9,903	7,648	77,2%	9%
December	1,911	1,981	1,981	–	2,255	11,884	9,629	81,0%	9%
January	–	1,981	1,981	–	2,255	13,864	11,610	83,7%	9%
February	108	1,981	1,981	–	2,255	15,845	13,590	85,8%	9%
March	11	1,981	1,981	–	2,255	17,825	15,571	87,4%	9%
April	614	1,981	1,981	–	2,255	19,806	17,551	88,6%	9%
May	823	1,981	1,981	–	2,255	21,787	19,532	89,7%	9%
June	5,504	1,981	1,981	–	2,255	23,767	21,513	90,5%	9%
Total Capital expenditure	15,405	23,767	23,767	2,255					

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 September.

Section 13 – SCM Deviations

Attached Annexure A

Section 14 – Quality certification

I, **M.M Hoogbaard**, the Acting Accounting Officer of **Kannaland Municipality WC041**, hereby certify that the Monthly Budget Statement for **September 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

Posbus 30 P.O. Box
LADISMITH
6655

info@kannaland.co.za
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 **September 2021** (month/year) has been prepared in accordance with the Municipal Finance Management Act and regulations made under the Act.

Print name: M.M Hoogbaard
Acting Municipal Manager

Acting Municipal Manager of **Kannaland Municipality WC041**

Signature

Date :08 October 2021