



KANNALAND
MUNISIPALITEIT | MUNICIPALITY

Monthly Budget Report for August 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

Table of Contents

GLOSSARY	3
PART 1: IN-YEAR REPORT	5
Section 1 – Mayor’s Report	5
1.1 In -Year Report – Monthly Budget Statement	5
Section 2 – Resolutions.....	5
Section 3 – Executive Summary	5
1.1 Introduction	5
1.2 Consolidated Performance	6
1.3 Material differences to the SDBIP.....	13
1.4 Remedial actions.....	13
Section 4 – In-year budget statement tables.....	14
PART 2 SUPPORTING DOCUMENTATION.....	19
Section 5 – Debtors' analysis.....	19
Section 6 – Creditors' analysis.....	20
Section 7 – Investment portfolio analysis.....	21
Section 8 – Allocation and grant receipts and expenditure.....	22
Section 9 – Expenditure on Councillor, Senior Managers and Other Staff	24
Section 10 – Material variances to the SDBIP	25
Section 11– Capital programme performance.....	26
Section 12 – Implementation of the budget funding plan	27
Section 13 – SCM Deviations	27
Section 14 – Quality certification.....	28

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 **August 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 **August 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 31 070	R 40 110	(R 9 040)	77%
Operating Expenditure	R 191 830	R 191 830	R 31 971	R 54 227	R 22 256	58%
Capital	R 23 767	R 23 767	R 3 961	R 1 453	R 2 508	63%

Operating Revenue

The year-to-date operating revenue variance indicated the year-to-date budget being exceeded by **77%**. This variance can be attributed to the receipt of operational transfers and subsidies during July 2021 and August 2021. The municipality will have to address straight-line budgeting as periodic transfers and the cyclical nature of the local economy are not accounted for within the monthly breakdown of the budget.

Operating expenditure

The year-to-date operating expenditure variance indicated the year-to-date budget being exceeded by **58%**. 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 1.45 million** for the month of **August 2021**. The year-to-date actuals is **6%** of the total budget and **36 %** of the year-to-date budget vs Year to date actuals. 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 and effectively to speed up the SCM processes, which should in turn will 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 - M02 August									
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	2,155	4,333	4,094	240	6%	24,562
Service charges	88,014	104,162	104,162	9,318	17,848	17,360	488	3%	104,162
Investment revenue	1,150	864	864	118	215	144	71	49%	864
Transfers and subsidies	38,901	45,128	45,128	5,570	16,639	7,521	9,118	121%	45,128
Other own revenue	6,260	11,704	11,704	428	1,075	1,951	(876)	-45%	11,704
Total Revenue (excluding capital transfers and contributions)	153,662	186,419	186,419	17,589	40,110	31,070	9,040	29%	186,419
Employee costs	63,494	65,553	65,553	644	5,319	10,925	(5,606)	-51%	65,553
Remuneration of Councillors	3,184	3,637	3,637	374	678	606	72	12%	3,637
Depreciation & asset impairment	12,222	12,698	12,698	2,116	2,116	2,116	0	0%	12,698
Finance charges	494	382	382	9	46	64	(18)	-28%	382
Materials and bulk purchases	37,987	56,133	56,133	4,929	5,329	9,356	(4,026)	-43%	56,133
Transfers and subsidies	246	838	838	-	-	140	(140)	-100%	838
Other expenditure	16,871	52,589	52,589	39,956	40,739	8,765	31,975	365%	52,589
Total Expenditure	134,498	191,830	191,830	48,027	54,227	31,971	22,256	70%	191,830
Surplus/(Deficit)	19,165	(5,411)	(5,411)	(30,438)	(14,117)	(901)	(13,216)	1466%	(5,411)
Transfers and subsidies - capital (monetary allocations)	18,707	22,763	22,763	45	45	3,794	(3,749)	-99%	22,763
Contributions & Contributed assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	37,872	17,352	17,352	(30,394)	(14,073)	2,892	(16,965)	-587%	17,352
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	37,872	17,352	17,352	(30,394)	(14,073)	2,892	(16,965)	-587%	17,352
Capital expenditure & funds sources									
Capital expenditure	16,287	23,767	23,767	1,453	1,453	3,961	(2,508)	-63%	23,767
Capital transfers recognised	15,673	22,763	22,763	1,453	1,453	3,794	(2,341)	-62%	22,763
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	614	1,004	1,004	-	-	167	(167)	-100%	1,004
Total sources of capital funds	16,287	23,767	23,767	1,453	1,453	3,961	(2,508)	-63%	23,767
Financial position									
Total current assets	17,857	(9,839)	(17,989)	-	(27,608)	-	-	-	(17,989)
Total non current assets	4,066	689,534	351,292	-	(663)	-	-	-	351,292
Total current liabilities	(17,748)	87,172	29,011	-	(14,133)	-	-	-	29,011
Total non current liabilities	2,435	75,457	37,082	-	-	-	-	-	37,082
Community wealth/Equity	(636)	499,714	249,857	-	(66)	-	-	-	249,857
Cash flows									
Net cash from (used) operating	11,592	18,836	18,836	(2,271)	16,469	3,139	(13,330)	-425%	18,836
Net cash from (used) investing	-	-	-	-	-	-	-	-	-
Net cash from (used) financing	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the month/year end	11,592	61,323	61,323	-	16,465	45,627	29,162	64%	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	3,233	1,967	1,577	1,586	1,510	1,478	9,184	44,144	64,679
Creditors Age Analysis									
Total Creditors	717	5,594	6,421	3,968	32,369	-	-	-	49,070

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) - 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										
Revenue By Source										
Property rates		19,337	24,562	24,562	2,155	4,333	4,094	240	6%	24,562
Service charges - electricity revenue		55,505	67,946	67,946	6,194	11,747	11,324	423	4%	67,946
Service charges - water revenue		18,013	20,787	20,787	1,647	3,116	3,465	(348)	-10%	20,787
Service charges - sanitation revenue		7,456	8,019	8,019	740	1,492	1,336	156	12%	8,019
Service charges - refuse revenue		7,040	7,410	7,410	737	1,493	1,235	258	21%	7,410
Rental of facilities and equipment		606	631	631	45	87	105	(18)	-17%	631
Interest earned - external investments		1,150	864	864	118	215	144	71	49%	864
Interest earned - outstanding debtors		3,705	3,087	3,087	2	4	515	(511)	-99%	3,087
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		(100)	5,547	5,547	270	768	924	(156)	-17%	5,547
Licences and permits		217	378	378	19	33	63	(30)	-48%	378
Agency services		1,083	1,087	1,087	24	82	181	(99)	-55%	1,087
Transfers and subsidies		38,901	45,128	45,128	5,570	16,639	7,521	9,118	121%	45,128
Other revenue		749	974	974	70	100	162	(62)	-38%	974
Gains		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		153,662	186,419	186,419	17,589	40,110	31,070	9,040	29%	186,419

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

- **Property Rates – R2.16 million was billed in August** a slight decrease from the amount reported in July **R2.18 million**. The year-to-date variance appear to be system error with not all rebates reflected. A new valuation roll was implemented, and the impact of the pending appeals process will be monitored and reported upon.
- **Service Charges Electricity** – Revenue amounted to **R6.19 million**. It represents a **4%** immaterial deviation from the YTD figure. An increase from the amount reported in **July** that was **R5.55 million**. It should be noted that the late approval of the annual budget caused electricity being sold at 2020/21 tariffs for the first week of the month of July and this problem will be applicable to all cash items.
- **Service Charges Water Revenue** - amounted to **R1.65 million** in **August 2021**. An increase from the amount reported in July that was **R1.5 million**. It represents a -10% 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 **R740 thousand** in **August 2021**. A slight decrease from the amount reported in **July R752 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. The municipality requires all indigent households to re-apply for indigent subsidy during the next financial year, at the time of reporting the number of indigents is less than the number of households on the 2020/2021 indigent register.

- **Service Charges Refuse Revenue** - amounted to **R737 thousand** in **August 2021**. A slight decrease from the amount reported in **July R756 thousand**. It represents a **21%** 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		63,494	65,553	65,553	644	5,319	10,925	(5,606)	-51%	65,553
Remuneration of councillors		3,184	3,637	3,637	374	678	606	72	12%	3,637
Debt impairment		208	20,723	20,723	38,486	38,486	3,454	35,032	1014%	20,723
Depreciation & asset impairment		12,222	12,698	12,698	2,116	2,116	2,116	0	0%	12,698
Finance charges		494	382	382	9	46	64	(18)	-28%	382
Bulk purchases - electricity		32,424	48,940	48,940	4,696	4,740	8,157	(3,417)	-42%	48,940
Inventory consumed		5,563	7,193	7,193	232	590	1,199	(609)	-51%	7,193
Contracted services		8,766	17,971	17,971	708	995	2,995	(2,000)	-67%	17,971
Transfers and subsidies		246	838	838	-	-	140	(140)	-100%	838
Other expenditure		7,896	13,895	13,895	761	1,258	2,316	(1,058)	-46%	13,895
Losses		-	-	-	-	-	-	-	-	-

The municipality is working on ensuring the financial system sub-ledger is updated regularly. As the reporting period, the municipality has experienced system glitches on the updates of employee related cost, that will be explained within the next section.

- **Employee Related Costs** – The employee related costs amounted to **R 644 thousand for August 2021**.

The employee related cost is under-stated on the system as there are employee related cost on the system, that vary to the actual payments. This is expected to be resolved and will reflect during the next reporting period.

The actuals payments on the system are as follows: Permanent employees

	Employee related costs
Basic Salary	R2 667 708,00
Third Party	R1 482 561,76
SARS	R849 134,28
Paid Through Creditors	R227 341,00
	5 226 745,04

- **Remuneration of Councillors**- the total Remuneration for Councillors was **R 374 thousand** in **August 2021**. An increase from the amount reported in **July** that was **R304 thousand**.

- **Debt Impairment** – The Debt Impairment amounts to **R 38.49 million**. The municipal Council approved during August the write-off, of prescribed and indigent household debt.
- **Inventory Consumed** – The total was **R 232 thousand**, this includes direct purchases for the store and inventory issued out for the reporting period. A slight decrease from the amount reported in **July** that was **R 357 thousand**.
- **Contracted Services** – The August 2021 figures show a **R 708 thousand** for the second period. The expenditure is expected to pick up during the next reporting periods.
- **Other Expenditure** - amounted to **R761 thousand** in **August 2021** and **R 784** thousand reported in **July 2021**.

Capital Expenditure

WC041 Kannaland - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M02 August										
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		614	-	-	-	-	-	-	-	
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	1 431	-	-	-	-	-	-	-	
Single Year expenditure appropriation	2									
Vote 1 - MUNICIPAL MANAGER		-	192	192	-	-	32	(32)	-100%	192
Vote 2 - CORPORATE SERVICES		1 381	1 023	1 023	-	-	171	(171)	-100%	1 023
Vote 3 - FINANCIAL SERVICES		-	1 664	1 664	-	-	277	(277)	-100%	1 664
Vote 4 - TECHNICAL SERVICES		13 476	20 888	20 888	1 453	1 453	3 481	(2 028)	-58%	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	14 856	23 767	23 767	1 453	1 453	3 961	(2 508)	-63%	23 767
Total Capital Expenditure	3	16 287	23 767	23 767	1 453	1 453	3 961	(2 508)	-63%	23 767
Capital Expenditure - Functional Classification										
Governance and administration		614	2 001	2 001	-	-	333	(333)	-100%	2 001
Executive and council		-	192	192	-	-	32	(32)	-100%	192
Finance and administration		614	1 809	1 809	-	-	301	(301)	-100%	1 809
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		2 198	378	378	-	-	63	(63)	-100%	378
Community and social services		2 028	-	-	-	-	-	-	-	-
Sport and recreation		170	378	378	-	-	63	(63)	-100%	378
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		-	500	500	-	-	83	(83)	-100%	500
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		-	500	500	-	-	83	(83)	-100%	500
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		13 476	20 888	20 888	1 453	1 453	3 481	(2 028)	-58%	20 888
Energy sources		797	2 699	2 699	-	-	450	(450)	-100%	2 699
Water management		12 678	18 189	18 189	1 453	1 453	3 032	(1 579)	-52%	18 189
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	3	16 287	23 767	23 767	1 453	1 453	3 961	(2 508)	-63%	23 767
Funded by:										
National Government		13 327	22 763	22 763	1 453	1 453	3 794	(2 341)	-62%	22 763
Provincial Government		2 346	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-
Transfers recognised - capital		15 673	22 763	22 763	1 453	1 453	3 794	(2 341)	-62%	22 763
Public contributions & donations	5	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-
Internally generated funds		614	1 004	1 004	-	-	167	(167)	-100%	1 004
Total Capital Funding		16 287	23 767	23 767	1 453	1 453	3 961	(2 508)	-63%	23 767

- The total year to date figures amounts to **R1.45 million**. This is due to the Capital projects that are still in the planning stage.

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) - 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										
Revenue By Source										
Property rates		19,337	24,562	24,562	2,155	4,333	4,094	240	6%	24,562
Service charges - electricity revenue		55,505	67,946	67,946	6,194	11,747	11,324	423	4%	67,946
Service charges - water revenue		18,013	20,787	20,787	1,647	3,116	3,465	(348)	-10%	20,787
Service charges - sanitation revenue		7,456	8,019	8,019	740	1,492	1,336	156	12%	8,019
Service charges - refuse revenue		7,040	7,410	7,410	737	1,493	1,235	258	21%	7,410
Rental of facilities and equipment		606	631	631	45	87	105	(18)	-17%	631
Interest earned - external investments		1,150	864	864	118	215	144	71	49%	864
Interest earned - outstanding debtors		3,705	3,087	3,087	2	4	515	(511)	-99%	3,087
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		(100)	5,547	5,547	270	768	924	(156)	-17%	5,547
Licences and permits		217	378	378	19	33	63	(30)	-48%	378
Agency services		1,083	1,087	1,087	24	82	181	(99)	-55%	1,087
Transfers and subsidies		38,901	45,128	45,128	5,570	16,639	7,521	9,118	121%	45,128
Other revenue		749	974	974	70	100	162	(62)	-38%	974
Gains		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		153,662	186,419	186,419	17,589	40,110	31,070	9,040	29%	186,419
Expenditure By Type										
Employee related costs		63,494	65,553	65,553	644	5,319	10,925	(5,606)	-51%	65,553
Remuneration of councillors		3,184	3,637	3,637	374	678	606	72	12%	3,637
Debt impairment		208	20,723	20,723	38,486	38,486	3,454	35,032	1014%	20,723
Depreciation & asset impairment		12,222	12,698	12,698	2,116	2,116	2,116	0	0%	12,698
Finance charges		494	382	382	9	46	64	(18)	-28%	382
Bulk purchases - electricity		32,424	48,940	48,940	4,696	4,740	8,157	(3,417)	-42%	48,940
Inventory consumed		5,563	7,193	7,193	232	590	1,199	(609)	-51%	7,193
Contracted services		8,766	17,971	17,971	708	995	2,995	(2,000)	-67%	17,971
Transfers and subsidies		246	838	838	-	-	140	(140)	-100%	838
Other expenditure		7,896	13,895	13,895	761	1,258	2,316	(1,058)	-46%	13,895
Losses		-	-	-	-	-	-	-	-	-
Total Expenditure		134,498	191,830	191,830	48,027	54,227	31,971	22,256	70%	191,830
Surplus/(Deficit)										
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		19,165	(5,411)	(5,411)	(30,438)	(14,117)	(901)	(13,216)	0	(5,411)
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		18,707	22,763	22,763	45	45	3,794	(3,749)	(0)	22,763
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		37,872	17,352	17,352	(30,394)	(14,073)	2,892			17,352
Taxation		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		37,872	17,352	17,352	(30,394)	(14,073)	2,892			17,352
Attributable to minorities		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		37,872	17,352	17,352	(30,394)	(14,073)	2,892			17,352
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year		37,872	17,352	17,352	(30,394)	(14,073)	2,892			17,352

TABLE C6 – MONTHLY BUDGETED FINANCIAL POSITION

WC041 Kannaland - Table C6 Monthly Budget Statement - Financial Position - M02 August						
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)	(7 870)	(13 359)
Call investment deposits		2 374	75 725	37 862	15 017	37 862
Consumer debtors		17 027	15 106	6 755	(36 416)	6 755
Other debtors		(16 458)	(91 512)	(46 381)	1 656	(46 381)
Current portion of long-term receivables		-	-	-	-	-
Inventory		794	(424)	(2 867)	5	(2 867)
Total current assets		17 857	(9 839)	(17 989)	(27 608)	(17 989)
Non current assets						
Long-term receivables		-	-	-	-	-
Investments		-	-	-	-	-
Investment property		-	2 729	1 364	-	1 364
Investments in Associate		-	-	-	-	-
Property, plant and equipment		4 096	686 728	349 890	(658)	349 890
Agricultural		-	-	-	-	-
Biological assets		-	-	-	-	-
Intangible assets		(30)	77	38	(5)	38
Other non-current assets		-	-	-	-	-
Total non current assets		4 066	689 534	351 292	(663)	351 292
TOTAL ASSETS		21 923	679 695	333 303	(28 271)	333 303
LIABILITIES						
Current liabilities						
Bank overdraft		-	-	-	-	-
Borrowing		(572)	1 172	586	(102)	586
Consumer deposits		91	2 055	1 027	55	1 027
Trade and other payables		(16 863)	58 708	14 780	(14 085)	14 780
Provisions		-	25 237	12 619	-	12 619
Total current liabilities		(17 344)	87 172	29 011	(14 133)	29 011
Non current liabilities						
Borrowing		(8)	435	(429)	-	(429)
Provisions		-	75 022	37 511	-	37 511
Total non current liabilities		(8)	75 457	37 082	-	37 082
TOTAL LIABILITIES		(17 352)	162 629	66 094	(14 133)	66 094
NET ASSETS	2	39 275	517 066	267 209	(14 139)	267 209
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		-	477 907	238 953	-	238 953
Reserves		14	21 807	10 904	(66)	10 904
TOTAL COMMUNITY WEALTH/EQUITY	2	14	499 714	249 857	(66)	249 857
References						
1. Material variances to be explained in Table SC1						
2. Total Assets must balance with Total Liabilities						
3. Net Assets must balance with Total Community Wealth/Equity						

TABLE C7 – MONTHLY BUDGETED CASH FLOW

WC041 Kannaland - Table C7 Monthly Budget Statement - Cash Flow - M02 August										
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	1 334	2 187	3 369	(1 181)	-35%	20 213
Service charges		26 341	89 407	89 407	6 785	12 377	14 901	(2 524)	-17%	89 407
Other revenue		1 379	9 833	9 833	164	239	1 639	(1 400)	-85%	9 833
Government - operating		43 230	44 598	44 598	6 790	18 180	7 433	10 747	145%	44 598
Government - capital		22 164	22 763	22 763	-	2 542	3 794	(1 252)	-33%	22 763
Interest		9	3 961	3 961	-	-	660	(660)	-100%	3 961
Dividends		-	-	-	-	-	-	-	-	-
Payments										
Suppliers and employees		(88 288)	(171 940)	(171 940)	(17 344)	(19 056)	(28 657)	(9 601)	34%	(171 940)
Finance charges		-	-	-	-	-	-	-	-	-
Transfers and Grants		(137)	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		12 194	18 836	18 836	(2 271)	16 469	3 139	(13 330)	-425%	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		12 194	18 836	18 836	(2 271)	16 469	3 139			18 836
Cash/cash equivalents at beginning:		-	42 488	42 488		(5)	42 488			(5)
Cash/cash equivalents at month/year end:		12 194	61 323	61 323		16 465	45 627			18 831
References										
1. Material variances to be explained in Table SC1										

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

- Standard Bank Main Account is **R3 267 million**;
- The Traffic Account has **R878 thousand**;
- Deposit Account has **R3 268 million**; 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) - 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	1									
Revenue - Functional										
Governance and administration		54,805	40,973	40,973	7,472	21,388	6,829	14,559	213%	40,973
Executive and council		29,815	6,402	6,402	1,660	12,730	1,067	11,663	1093%	6,402
Finance and administration		24,991	34,571	34,571	5,811	8,658	5,762	2,896	50%	34,571
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		15,266	20,827	20,827	697	712	3,471	(2,759)	-79%	20,827
Community and social services		15,056	14,727	14,727	678	680	2,454	(1,774)	-72%	14,727
Sport and recreation		0	-	-	-	-	-	-	-	-
Public safety		209	-	-	19	32	-	32	#DIV/0!	-
Housing		-	6,100	6,100	-	-	1,017	(1,017)	-100%	6,100
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		1,719	7,047	7,047	147	207	1,174	(968)	-82%	7,047
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		1,719	7,047	7,047	147	207	1,174	(968)	-82%	7,047
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		100,579	140,336	140,336	9,318	17,848	23,389	(5,541)	-24%	140,336
Energy sources		56,757	74,321	74,321	6,194	11,747	12,387	(640)	-5%	74,321
Water management		27,779	35,358	35,358	1,647	3,116	5,893	(2,777)	-47%	35,358
Waste water management		8,189	15,079	15,079	740	1,492	2,513	(1,021)	-41%	15,079
Waste management		7,855	15,578	15,578	737	1,493	2,596	(1,104)	-43%	15,578
Other	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	172,370	209,182	209,182	17,634	40,155	34,864	5,291	15%	209,182
Expenditure - Functional										
Governance and administration		47,758	57,383	57,383	40,222	43,240	9,564	33,677	352%	57,383
Executive and council		14,811	17,062	17,062	907	1,984	2,844	(860)	-30%	17,062
Finance and administration		32,947	40,321	40,321	39,315	41,257	6,720	34,537	514%	40,321
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		10,029	17,233	17,233	687	1,458	2,872	(1,414)	-49%	17,233
Community and social services		7,157	9,166	9,166	651	1,268	1,528	(260)	-17%	9,166
Sport and recreation		416	549	549	35	37	92	(54)	-59%	549
Public safety		1,579	375	375	0	81	62	18	29%	375
Housing		877	7,143	7,143	0	72	1,190	(1,119)	-94%	7,143
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		9,316	16,083	16,083	627	1,044	2,680	(1,636)	-61%	16,083
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		9,316	16,083	16,083	627	1,044	2,680	(1,636)	-61%	16,083
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		67,394	101,131	101,131	6,491	8,485	16,855	(8,370)	-50%	101,131
Energy sources		41,037	59,169	59,169	5,211	5,644	9,862	(4,217)	-43%	59,169
Water management		11,960	18,684	18,684	788	1,531	3,114	(1,583)	-51%	18,684
Waste water management		6,126	9,711	9,711	468	734	1,619	(884)	-55%	9,711
Waste management		8,271	13,566	13,566	24	575	2,261	(1,686)	-75%	13,566
Other		-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	134,498	191,830	191,830	48,027	54,227	31,971	22,256	70%	191,830
Surplus/ (Deficit) for the year		37,872	17,352	17,352	(30,394)	(14,073)	2,892	(16,965)	-587%	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) - M02 August										
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	29 815	6 402	6 402	1 660	12 730	1 067	11 663	1093,0%	6 402
Vote 2 - CORPORATE SERVICES		15 678	26 377	26 377	771	857	4 396	(3 539)	-80,5%	26 377
Vote 3 - FINANCIAL SERVICES		24 585	34 128	34 128	5 761	8 596	5 688	2 908	51,1%	34 128
Vote 4 - TECHNICAL SERVICES		102 292	142 274	142 274	9 441	17 971	23 712	(5 741)	-24,2%	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	172 370	209 182	209 182	17 634	40 155	34 864	5 291	15,2%	209 182
Expenditure by Vote										
Vote 1 - MUNICIPAL MANAGER	1	14 811	17 062	17 062	907	1 984	2 844	(860)	-30,2%	17 062
Vote 2 - CORPORATE SERVICES		22 129	34 547	34 547	918	2 609	5 758	(3 149)	-54,7%	34 547
Vote 3 - FINANCIAL SERVICES		20 779	29 387	29 387	39 166	40 425	4 898	35 527	725,4%	29 387
Vote 4 - TECHNICAL SERVICES		74 566	109 345	109 345	7 036	9 210	18 224	(9 014)	-49,5%	109 345
Vote 5 - CALITZDORP SPA		-	-	-	-	-	-	-	-	-
Vote 6 - CORPORATE SERVICES (Continued)		822	1 490	1 490	-	-	248	(248)	-100,0%	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	133 108	191 830	191 830	48 027	54 227	31 971	22 256	69,6%	191 830
Surplus/ (Deficit) for the year	2	39 262	17 352	17 352	(30 394)	(14 073)	2 892	(16 965)	-586,5%	17 352
References										
1. Insert 'Vote'; e.g. Department, if different to standard classification structure										
2. Must reconcile to Monthly Budget Statement - Financial Performance Statement (standard classification)										

PART 2 SUPPORTING DOCUMENTATION

Section 5 – Debtors' analysis

WC041 Kannaland - Supporting Table SC3 Monthly Budget Statement - aged debtors - M02 August													
Description	NT Code	Budget Year 2021/22										Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.Lo 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	1,982	564	388	429	397	410	2,266	7,574	14,011	11,077	-	-
Trade and Other Receivables from Exchange Transactions - Electricity	1300	1,270	179	105	102	72	63	193	373	2,357	802	-	-
Receivables from Non-exchange Transactions - Property Rates	1400	2,587	401	322	299	281	253	2,314	14,299	20,755	17,445	-	-
Receivables from Exchange Transactions - Waste Water Management	1500	702	240	235	235	234	233	1,374	4,683	7,936	6,759	-	-
Receivables from Exchange Transactions - Waste Management	1600	1,395	400	381	374	368	364	2,089	7,153	12,524	10,348	-	-
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	-	0	0	0	-	-
Interest on Arrear Debtor Accounts	1810	19	22	28	36	44	38	415	8,619	9,222	9,153	-	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-
Other	1900	(4,722)	159	119	110	114	118	534	1,443	(2,126)	2,318	-	-
Total By Income Source	2000	3,233	1,967	1,577	1,586	1,510	1,478	9,184	44,144	64,679	57,902	-	-
2020/21 - totals only													
Debtors Age Analysis By Customer Group													
Organs of State	2200	(3,565)	115	53	38	35	14	393	378	(2,539)	858	-	-
Commercial	2300	909	180	164	170	132	119	542	2,346	4,562	3,309	-	-
Households	2400	5,731	1,542	1,237	1,253	1,228	1,238	7,167	31,994	51,389	42,880	-	-
Other	2500	158	131	123	125	115	107	1,082	9,426	11,267	10,855	-	-
Total By Customer Group	2600	3,233	1,967	1,577	1,586	1,510	1,478	9,184	44,144	64,679	57,902	-	-

- The total amount owed to Kannaland Municipality amounts to **R64.68 million**, after the municipality approved the debt write off.
- **R44.14 million or 68%** of the total outstanding debtors are older than one year.
- **R57.90 or 90%** of the outstanding debtors are outstanding for more than 90 days and are less likely to be recoverable debt.

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

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. The municipal Council approved during August the write-off of R41 million of prescribed and indigent household debt.

Section 6 – Creditors' analysis

WC041 Kannaland - Supporting Table SC4 Monthly Budget Statement - aged creditors - M02 August										
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	-	5,350	3,923	3,612	11,453	-	-	-	24,338
Bulk Water	0200	26	31	(3)	-	-	-	-	-	54
PAYE deductions	0300	-	-	-	-	-	-	-	-	-
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-
Loan repayments	0600	60	-	-	-	-	-	-	-	60
Trade Creditors	0700	181	86	178	37	7,662	-	-	-	8,144
Auditor General	0800	148	52	2,323	316	6,224	-	-	-	9,063
Other	0900	302	75	1	3	7,031	-	-	-	7,412
Total By Customer Type	1000	717	5,594	6,421	3,968	32,369	-	-	-	49,070

The total outstanding creditors amounts to **R49 070 million**.

The biggest outstanding creditors are Eskom (**R24 million**), the Auditor-General of South Africa (**R9 063 million**). Combined the before mentioned represents **68%** of all outstanding creditors. The municipality has payment arrangements in place in respect of old creditors owed.

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	02.08.2021	02.08.2021	-50,832,14	0,00	-9,167,86	-60,000,00	812,720,90	812,720,90
Interest Accrual	31.08.2021	31.08.2021	0,00	8,669,29	0,00	8,669,29	821,390,19	812,720,90
Interest Capitalisation	31.08.2021	31.08.2021	0,00	-8,669,29	8,669,29	0,00	821,390,19	821,390,19
Repayment Due	31.08.2021	31.08.2021	-51,330,71	0,00	-8,669,29	-60,000,00	761,390,19	761,390,19

- The total outstanding long-term debt of Kannaland Municipality amounts to **R761 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 - 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										
RECEIPTS:										
Operating Transfers and Grants										
National Government:	1,2	33,891	35,253	35,253	4,942	16,011	5,875	10,136	172.5%	35,253
Operational Revenue:General Revenue:Equitable Share	3	29,614	30,553	30,553	1,660	12,730	5,092	7,638	150.0%	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	-	-	227	(227)	-100.0%	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	3,158	3,158	469	2,690	574.2%	2,811
Mitchell's Plain Urban Renewal		-	-	-	-	-	-	-	-	-
Municipal Demarcation and Transition Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant [Schedule 5B]		554	530	530	123	123	88	35	39.4%	530
Water Services Infrastructure Grant		-	-	-	-	-	-	-	-	-
Public Transport Network Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Municipal Emergency Housing Grant		-	-	-	-	-	-	-	-	-
Metro Informal Settlements Partnership Grant		-	-	-	-	-	-	-	-	-
Provincial Government:		4,971	9,730	9,730	628	628	1,622	(994)	-61.3%	9,730
Capacity Building		-	-	-	-	-	-	-	-	-
Capacity Building and Other	4	4,971	9,680	9,680	628	628	1,613	(986)	-61.1%	9,680
Disaster and Emergency Services		-	-	-	-	-	-	-	-	-
Health	4	-	-	-	-	-	-	-	-	-
Housing	4	-	-	-	-	-	-	-	-	-
Infrastructure	4	-	50	50	-	-	8	(8)	-100.0%	50
Water Supply Infrastructure - Maintenance		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
All Grants		-	-	-	-	-	-	-	-	-
Other grant providers:		-	145	145	-	-	24	(24)	-100.0%	145
Departmental Agencies and Accounts		-	145	145	-	-	24	(24)	-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	38,861	45,128	45,128	5,570	16,639	7,521	9,118	121.2%	45,128
Capital Transfers and Grants										
National Government:		16,748	22,763	22,763	45	45	3,794	(3,749)	-98.8%	22,763
Integrated National Electrification Programme (Municipal Grant) [Schedule 5B]		1,123	2,699	2,699	-	-	450	(450)	-100.0%	2,699
Municipal Infrastructure Grant [Schedule 5B]		8,987	10,064	10,064	45	45	1,677	(1,633)	-97.3%	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	-	-	1,667	(1,667)	-100.0%	10,000
WIFI Connectivity		-	-	-	-	-	-	-	-	-
Expanded Public Works Programme Integrated Grant for Municipalities [Schedule 5B]		-	-	-	-	-	-	-	-	-
Metro Informal Settlements Partnership Grant		-	-	-	-	-	-	-	-	-
Provincial Government:		1,960	-	-	-	-	-	-	-	-
Capacity Building		-	-	-	-	-	-	-	-	-
Capacity Building and Other		-	-	-	-	-	-	-	-	-
Disaster and Emergency Services		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Infrastructure		1,960	-	-	-	-	-	-	-	-
Libraries, Archives and Museums		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
All Grants		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	5	18,707	22,763	22,763	45	45	3,794	(3,749)	-98.8%	22,763
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	57,568	67,891	67,891	5,614	16,684	11,315	5,369	47.4%	67,891

The Following Grants were received:

National Government Grants:

- Financial Management Grant amounts to **R2.811 million**.

Provincial Government Grants:

- Library amounts to **R1.072 million**.

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

National Government Grants:

Capital:

- Municipal Infrastructure Grant Capital amounts to **R1.45 million.**

Operational:

- Financial Management Grant amounts to **R 297 thousand.**
- Municipal Infrastructure Grant PMU amounts to **R 79 thousand.**

Provincial Government Grants:

- Library Grant amounts to **R196 thousand.**

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

WC041 Kannaland - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M01 July										
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		A	B	C						D
Councillors (Political Office Bearers plus Other)	1									
Basic Salaries and Wages		2 551	2 895	2 895	315	579	482	96	20%	2 895
Pension and UIF Contributions		0	–	–	–	–	–	–	–	–
Medical Aid Contributions		133	220	220	20	22	37	(15)	-41%	220
Motor Vehicle Allowance		189	172	172	13	26	29	(3)	-11%	172
Cellphone Allowance		311	349	349	26	52	58	(6)	-11%	349
Housing Allowances		–	–	–	–	–	–	–	–	–
Other benefits and allowances		–	–	–	–	–	–	–	–	–
Sub Total - Councillors		3 184	3 637	3 637	374	678	606	72	12%	3 637
% increase	4		14,2%	14,2%						14,2%
Senior Managers of the Municipality	3									
Basic Salaries and Wages		1 802	2 525	2 525	86	172	421	(248)	-59%	2 525
Pension and UIF Contributions		0	3	3	–	–	1	(1)	-100%	3
Medical Aid Contributions		–	–	–	–	–	–	–	–	–
Overtime		–	–	–	–	–	–	–	–	–
Performance Bonus		–	–	–	–	–	–	–	–	–
Motor Vehicle Allowance		64	168	168	–	8	28	(20)	-71%	168
Cellphone Allowance		35	75	75	3	5	13	(8)	-60%	75
Housing Allowances		–	17	17	–	–	3	(3)	-100%	17
Other benefits and allowances		29	272	272	–	2	45	(44)	-96%	272
Payments in lieu of leave		–	–	–	–	–	–	–	–	–
Long service awards		–	–	–	–	–	–	–	–	–
Post-retirement benefit obligations		–	–	–	–	–	–	–	–	–
Sub Total - Senior Managers of Municipality		1 930	3 060	3 060	89	187	510	(323)	-63%	3 060
% increase	4		58,6%	58,6%						58,6%
Other Municipal Staff	2									
Basic Salaries and Wages		40 682	41 120	41 120	255	3 216	6 853	(3 637)	-53%	41 120
Pension and UIF Contributions		5 472	7 271	7 271	5	519	1 212	(693)	-57%	7 271
Medical Aid Contributions		1 693	2 162	2 162	9	172	360	(189)	-52%	2 162
Overtime		5 118	4 106	4 106	26	429	684	(255)	-37%	4 106
Performance Bonus		1 792	–	–	–	6	–	6	#DIV/0!	–
Motor Vehicle Allowance		2 026	2 133	2 133	4	171	355	(185)	-52%	2 133
Cellphone Allowance		119	80	80	–	10	13	(3)	-24%	80
Housing Allowances		269	279	279	–	66	47	20	43%	279
Other benefits and allowances		2 408	4 651	4 651	256	519	775	(256)	-33%	4 651
Payments in lieu of leave		155	–	–	–	24	–	24	#DIV/0!	–
Long service awards		85	–	–	–	–	–	–	–	–
Post-retirement benefit obligations		1 843	692	692	–	–	115	(115)	-100%	692
Sub Total - Other Municipal Staff		61 661	62 493	62 493	555	5 132	10 415	(5 283)	-51%	62 493
% increase	4		1,3%	1,3%						1,3%
Total Parent Municipality		66 775	69 189	69 189	1 018	5 997	11 531	(5 535)	-48%	69 189
Unpaid salary, allowances & benefits in arrears:										
Board Members 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		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		0	–	–	–	0	–	0	#DIV/0!	–
% increase	4									
Senior Managers 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 - 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	#DIV/0!	–
TOTAL SALARY, ALLOWANCES & BENEFITS		66 775	69 189	69 189	1 018	5 997	11 531	(5 535)	-48%	69 189
% increase	4		3,6%	3,6%						3,6%
TOTAL MANAGERS AND STAFF		63 591	65 553	65 553	644	5 319	10 925	(5 606)	-51%	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 - M02 August									
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	–	1,453	5,942	4,489	75,5%	6%
October	588	1,981	1,981	–	1,453	7,922	6,469	81,7%	6%
November	1,013	1,981	1,981	–	1,453	9,903	8,450	85,3%	6%
December	1,911	1,981	1,981	–	1,453	11,884	10,431	87,8%	6%
January	–	1,981	1,981	–	1,453	13,864	12,411	89,5%	6%
February	108	1,981	1,981	–	1,453	15,845	14,392	90,8%	6%
March	11	1,981	1,981	–	1,453	17,825	16,372	91,8%	6%
April	614	1,981	1,981	–	1,453	19,806	18,353	92,7%	6%
May	823	1,981	1,981	–	1,453	21,787	20,334	93,3%	6%
June	6,387	1,981	1,981	–	1,453	23,767	22,314	93,9%	6%
Total Capital expenditure	16,287	23,767	23,767	1,453					

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 **August 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: