



KANNALAND
MUNISIPALITEIT | MUNICIPALITY

Monthly Budget Report for October 2022/23



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.....	12
1.4 Remedial actions.....	12
Section 4 – In-year budget statement tables.....	13
PART 2 SUPPORTING DOCUMENTATION.....	18
Section 5 – Debtors' analysis.....	18
Section 6 – Creditors' analysis.....	19
Section 7 – Investment portfolio analysis.....	20
Section 8 – Allocation and grant receipts and expenditure.....	21
Section 9 – Expenditure on Councillor, Senior Managers and Other Staff	22
Section 10 – Material variances to the SDBIP	23
Section 11– Capital programme performance.....	24
Section 12 – Implementation of the budget funding plan	25
Section 13 – SCM Deviations	25
Section 14 – Quality certification.....	26

GLOSSARY

Adjustment's budget - Prescribed in section 28 of the MFMA. The formal means by which a municipality may revise its annual budget during the year.

Allocations - Money received from Provincial or National Government or other municipalities.

Budget - The financial plan of the Municipality.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Virement - A transfer of budget.

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

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

PART 1: IN-YEAR REPORT

Section 1 – Mayor’s Report

1.1 In -Year Report – Monthly Budget Statement

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

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

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 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 are being implemented to mitigate risk.

Section 2 – Resolutions

Recommendation:

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

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 192 782		R 69 377	R 64 368	R (5 009)	-7%
Operating Expenditure	R 218 716		R 72 905	R 41 650	R (31 255)	-43%
Capital	R 10 529		R 4 387	R 0	R (4 387)	-100%

Operating Revenue

The year-to-date operating revenue realised 7% below the forecasted amount. The before-mentioned under-performance can be contributed to the cyclical nature of the economy and the impact of straight-line budgeting.

Operating expenditure

Operating expenditure realised 43% below the forecasted amount. 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 as it may cause the understatement actual expenditure on a year-to-date basis.

Capital Expenditure

There was no capital expenditure during the month of October. 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 beforementioned. The municipality's capital budget is mainly funded from conditional grants.

Collection Rate

Collections as in respect of the prior month billing – in other words collections against what was billed. This in effect means that 81.34% of what was billed during September was collected during October.

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-22	11,215,679,43	(9,893,854,40)	525,590,60	11,599,220,48	(6,696,778,13)	-57,73	11,599,220,48	(6,696,778,13)	57,73
Aug-22	11,389,460,28	(6,696,778,13)	383,541,05	11,902,956,49	(12,873,586,77)	-108,15	23,502,176,97	(19,570,364,90)	83,27
Sep-22	12,307,625,37	(12,873,586,77)	513,496,21	12,748,303,11	(9,917,471,02)	-77,79	36,250,480,08	(29,487,835,92)	81,34
Oct-22	10,053,832,64	(9,917,471,02)	440,677,74	10,053,832,64	-	0,00			

TABLE C1 – MONTHLY BUDGET SUMMARY

WC041 Kannaland - Table C1 Monthly Budget Statement Summary - M04 October									
Description	2021/22	Budget Year 2022/23							
	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	25,891	24,836	24,836	2,127	8,515	8,279	236	3%	24,836
Service charges	102,394	110,480	110,480	8,169	37,442	36,827	616	2%	110,480
Investment revenue	1,232	680	680	169	550	227	324	143%	680
Transfers and subsidies	41,701	43,164	43,164	514	14,490	19,504	(5,014)	-26%	43,164
Other own revenue	7,380	13,621	13,621	897	3,370	4,540	(1,170)	-26%	13,621
Total Revenue (excluding capital transfers and contributions)	178,600	192,782	192,782	11,877	64,368	69,377	(5,009)	-7%	192,782
Employee costs	71,597	80,239	80,239	5,528	23,638	26,746	(3,108)	-12%	80,239
Remuneration of Councillors	3,148	3,357	3,357	237	1,214	1,119	96	9%	3,357
Depreciation & asset impairment	16,588	13,222	13,222	1,075	3,226	4,407	(1,181)	-27%	13,222
Finance charges	4,244	2,072	2,072	35	112	691	(579)	-84%	2,072
Materials and bulk purchases	54,288	63,094	62,994	1,396	7,817	20,998	(13,181)	-63%	62,994
Transfers and subsidies	240	450	450	-	-	150	(150)	-100%	450
Other expenditure	61,387	56,283	56,383	1,953	5,644	18,794	(13,150)	-70%	56,383
Total Expenditure	211,493	218,716	218,716	10,225	41,650	72,905	(31,254)	-43%	218,716
Surplus/(Deficit)	(32,893)	(25,934)	(25,934)	1,652	22,718	(3,528)	26,245	-744%	(25,934)
Transfers and subsidies - capital (monetary allocations)	18,889	10,529	10,529	-	0	4,387	(4,387)	-100%	10,529
Contributions & Contributed assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(14,004)	(15,405)	(15,405)	1,652	22,718	859	21,859	2544%	(15,405)
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	(14,004)	(15,405)	(15,405)	1,652	22,718	859	21,859	2544%	(15,405)
Capital expenditure & funds sources									
Capital expenditure	14,052	12,919	25,838	-	7	9,278	(9,271)	-100%	25,838
Capital transfers recognised	19,138	10,529	10,529	-	-	3,510	(3,510)	-100%	10,529
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	726	2,390	2,390	-	7	1,462	(1,455)	-100%	2,390
Total sources of capital funds	19,864	12,919	12,919	-	7	4,971	(4,964)	-100%	12,919
Financial position									
Total current assets	(12,141)	(60,736)	(61,736)	-	28,065	-	-	-	(61,736)
Total non current assets	324,309	325,969	325,969	-	(3,219)	-	-	-	325,969
Total current liabilities	40,080	(1,894)	(2,894)	-	2,170	-	-	-	(2,894)
Total non current liabilities	33,884	44,757	44,757	-	-	-	-	-	44,757
Community wealth/Equity	252,209	237,775	237,775	-	(42)	-	-	-	237,775
Cash flows									
Net cash from (used) operating	243,197	(38,004)	(38,104)	4,884	45,257	(9,931)	(55,188)	556%	(38,104)
Net cash from (used) investing	2,600	(25,838)	(25,838)	-	-	(9,278)	(9,278)	100%	(25,838)
Net cash from (used) financing	1,217	1,119	1,119	6	27	-	(27)	#DIV/0!	1,119
Cash/cash equivalents at the month/year end	295,814	(13,918)	(14,018)	-	45,285	29,597	(15,688)	-53%	(62,823)
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	3,642	2,988	2,689	2,535	2,592	-	17,393	66,337	98,175
Creditors Age Analysis									
Total Creditors	7,989	9,041	8,778	926	44,080	-	-	-	70,814

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

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

Revenue by Source

WC041 Kannaland - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M04 October

Description	Ref	2021/22	Budget Year 2022/23							
		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		25,891	24,836	24,836	2,127	8,515	8,279	236	3%	24,836
Service charges - electricity revenue		64,750	70,503	70,503	4,800	24,392	23,501	891	4%	70,503
Service charges - water revenue		20,355	21,841	21,841	1,866	6,886	7,280	(394)	-5%	21,841
Service charges - sanitation revenue		8,706	9,219	9,219	761	3,109	3,073	36	1%	9,219
Service charges - refuse revenue		8,583	8,918	8,918	742	3,056	2,973	83	3%	8,918
Rental of facilities and equipment		552	607	607	52	198	202	(5)	-2%	607
Interest earned - external investments		1,232	680	680	169	550	227	324	143%	680
Interest earned - outstanding debtors		4,984	4,968	4,968	652	2,442	1,656	786	47%	4,968
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		39	6,007	6,007	10	28	2,002	(1,975)	-99%	6,007
Licences and permits		159	364	364	20	63	121	(58)	-48%	364
Agency services		1,098	1,200	1,200	118	452	400	52	13%	1,200
Transfers and subsidies		41,701	43,164	43,164	514	14,490	19,504	(5,014)	-26%	43,164
Other revenue		549	475	475	46	187	158	29	18%	475
Gains		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		178,600	192,782	192,782	11,877	64,368	69,377	(5,009)	-7%	192,782

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

- **Service Charges Water Revenue** - amounted to **R1.86 million** in **October 2022**. It represents a -5% 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.
- **Interest Earned on Investments** – (143% deviation from the year-to-date budget). The budget did not consider the timing of the grants to be received (interest on call account with cash relating to grants being cash backed) when the monthly budget break-down was done.
- **Interest on outstanding debtors** – (47% deviation from the year-to-date budget). This revenue item considered the write-off of indigent and prescription debt and because of the timing, this revenue item will deviate from the monthly forecast.
- **Fines, Penalties & Forfeits** – Almost no activity, with a -99% deviation, with no vendor appointed to provide cameras and administrative support on speed fines.
- **Other Revenue Deviations** - Can be explained as incidental and cyclical in nature.

Expenditure by Source

WC041 Kannaland - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M04 October

Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
Expenditure By Type										
Employee related costs		71,597	80,239	80,239	5,528	23,638	26,746	(3,108)	-12%	80,239
Remuneration of councillors		3,148	3,357	3,357	237	1,214	1,119	96	9%	3,357
Debt impairment		24,300	23,594	23,594	-	-	7,865	(7,865)	-100%	23,594
Depreciation & asset impairment		16,588	13,222	13,222	1,075	3,226	4,407	(1,181)	-27%	13,222
Finance charges		4,244	2,072	2,072	35	112	691	(579)	-84%	2,072
Bulk purchases - electricity		50,752	58,024	58,024	899	6,772	19,341	(12,570)	-65%	58,024
Inventory consumed		3,536	5,071	4,971	497	1,045	1,657	(611)	-37%	4,971
Contracted services		13,677	13,749	13,434	441	1,725	4,478	(2,753)	-61%	13,434
Transfers and subsidies		240	450	450	-	-	150	(150)	-100%	450
Other expenditure		16,573	18,939	19,354	1,512	3,919	6,451	(2,532)	-39%	19,354
Losses		6,836	-	-	-	-	-	-	-	-
Total Expenditure		211,493	218,716	218,716	10,225	41,650	72,905	(31,254)	-43%	218,716

- **Employee Related Costs** – The employee related costs amounted to **R5.53 million for October 2022**, 12% below the year-to-date budget. Straight-line budgeting does not account for bonuses to be paid during November and therefor the deviation.
- **Remuneration of Councillors**- The total Remuneration for Councillors was **R237 thousand in October 2022**, exceeding the budget with 9%. This was caused by incorrect allocations that will be corrected.
- **Finance Charges** – Expenditure deviated **84%** below the year-to-date budget. The budget accounted for finances charges that relates to employee benefits and the rehabilitation of landfill sites, that were not on a year-to-date basis, accounted for on SAMRAS.
- **Bulk Purchases** – Expenditure deviated **65%** below the year-to-date budget. The municipality did not recognise the expenditure when incurred but only once the actual payment was made.
- **Inventory Consumed** – amounted to **R 497 thousand in October 2022**. Expenditure deviated 37% below the year to date and can be attributed to expenditure not recognised when incurred and the cyclical nature of water consumption.
- **Contracted Services** – amounted to **R441 thousand in October 2022**. Expenditure is expected to increase with the budget not accounting for the cyclical nature thereof.
- **Other Expenditure** - amounted to **R1.51 million in October 2022**, with it being limited due to liquidity and recognition of expenditure related issues.
- **Transfers and Subsidies** – tourism funding not yet being transferred.

Most expenditure items were less than forecasted and this is due to the lack of recognition of expenditure once incurred, in addition to cash flow issues that results in the municipality only spending in terms of available revenue.

Capital Expenditure

WC041 Kannaland - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M04 October										
Vote Description	Ref	2021/22	Budget Year 2022/23							
		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		-	130	260	-	7	93	(86)	-92%	260
Vote 2 - CORPORATE SERVICES		5,235	1,710	3,405	-	-	1,702	(1,702)	-100%	3,405
Vote 3 - FINANCIAL SERVICES		-	-	-	-	-	-	-	-	-
Vote 4 - TECHNICAL SERVICES		2,351	9,454	18,909	-	-	6,303	(6,303)	-100%	18,909
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	7,586	11,294	22,574	-	7	8,098	(8,091)	-100%	22,574
Single Year expenditure appropriation	2									
Vote 1 - MUNICIPAL MANAGER		249	-	15	-	-	5	(5)	-100%	15
Vote 2 - CORPORATE SERVICES		391	500	1,000	-	-	417	(417)	-100%	1,000
Vote 3 - FINANCIAL SERVICES		(1,219)	50	100	-	-	42	(42)	-100%	100
Vote 4 - TECHNICAL SERVICES		7,045	1,074	2,149	-	-	716	(716)	-100%	2,149
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	6,466	1,624	3,264	-	-	1,180	(1,180)	-100%	3,264
Total Capital Expenditure	3	14,052	12,919	25,838	-	7	9,278	(9,271)	-100%	25,838
Capital Expenditure - Functional Classification										
Governance and administration		(907)	180	195	-	7	80	(73)	-91%	195
Executive and council		249	130	145	-	7	55	(48)	-87%	145
Finance and administration		(1,155)	50	50	-	-	25	(25)	-100%	50
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		5,235	1,510	1,495	-	-	932	(932)	-100%	1,495
Community and social services		5,235	860	845	-	-	282	(282)	-100%	845
Sport and recreation		-	650	650	-	-	650	(650)	-100%	650
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		341	700	700	-	-	450	(450)	-100%	700
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		341	700	700	-	-	450	(450)	-100%	700
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		9,383	10,529	10,529	-	-	3,510	(3,510)	-100%	10,529
Energy sources		-	1,980	1,980	-	-	660	(660)	-100%	1,980
Water management		9,383	2,441	2,441	-	-	814	(814)	-100%	2,441
Waste water management		-	6,108	6,108	-	-	2,036	(2,036)	-100%	6,108
Waste management		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	3	14,052	12,919	12,919	-	7	4,971	(4,964)	-100%	12,919
Funded by:										
National Government		11,552	10,529	10,529	-	-	3,510	(3,510)	-100%	10,529
Provincial Government		7,586	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-
Transfers recognised - capital		19,138	10,529	10,529	-	-	3,510	(3,510)	-100%	10,529
Public contributions & donations	5	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-
Internally generated funds		726	2,390	2,390	-	7	1,462	(1,455)	-100%	2,390
Total Capital Funding		19,864	12,919	12,919	-	7	4,971	(4,964)	-100%	12,919

- There was no actual capital expenditure year-to-date.

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 Budget Funding Plan takes place;
- (d) That measures on debt collection are implemented and applied effectively;
- (e) That the municipality adhere to the requirements of section 65 of the MFMA (expenditure management); and
- (f) That the funding plan addresses all issues and challenges on the financial performance of the municipality and adapt to an ever-changing environment.

Section 4 – In-year budget statement tables

TABLE C4 – MONTHLY FINANCIAL PERFORMANCE

WC041 Kannaland - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M04 October

Description	Ref	2021/22	Budget Year 2022/23							
		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		25,891	24,836	24,836	2,127	8,515	8,279	236	3%	24,836
Service charges - electricity revenue		64,750	70,503	70,503	4,800	24,392	23,501	891	4%	70,503
Service charges - water revenue		20,355	21,841	21,841	1,866	6,886	7,280	(394)	-5%	21,841
Service charges - sanitation revenue		8,706	9,219	9,219	761	3,109	3,073	36	1%	9,219
Service charges - refuse revenue		8,583	8,918	8,918	742	3,056	2,973	83	3%	8,918
Rental of facilities and equipment		552	607	607	52	198	202	(5)	-2%	607
Interest earned - external investments		1,232	680	680	169	550	227	324	143%	680
Interest earned - outstanding debtors		4,984	4,968	4,968	652	2,442	1,656	786	47%	4,968
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		39	6,007	6,007	10	28	2,002	(1,975)	-99%	6,007
Licences and permits		159	364	364	20	63	121	(58)	-48%	364
Agency services		1,098	1,200	1,200	118	452	400	52	13%	1,200
Transfers and subsidies		41,701	43,164	43,164	514	14,490	19,504	(5,014)	-26%	43,164
Other revenue		549	475	475	46	187	158	29	18%	475
Gains		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		178,600	192,782	192,782	11,877	64,368	69,377	(5,009)	-7%	192,782
Expenditure By Type										
Employee related costs		71,597	80,239	80,239	5,528	23,638	26,746	(3,108)	-12%	80,239
Remuneration of councillors		3,148	3,357	3,357	237	1,214	1,119	96	9%	3,357
Debt impairment		24,300	23,594	23,594	-	-	7,865	(7,865)	-100%	23,594
Depreciation & asset impairment		16,588	13,222	13,222	1,075	3,226	4,407	(1,181)	-27%	13,222
Finance charges		4,244	2,072	2,072	35	112	691	(579)	-84%	2,072
Bulk purchases - electricity		50,752	58,024	58,024	899	6,772	19,341	(12,570)	-65%	58,024
Inventory consumed		3,536	5,071	4,971	497	1,045	1,657	(611)	-37%	4,971
Contracted services		13,677	13,749	13,434	441	1,725	4,478	(2,753)	-61%	13,434
Transfers and subsidies		240	450	450	-	-	150	(150)	-100%	450
Other expenditure		16,573	18,939	19,354	1,512	3,919	6,451	(2,532)	-39%	19,354
Losses		6,836	-	-	-	-	-	-	-	-
Total Expenditure		211,493	218,716	218,716	10,225	41,650	72,905	(31,254)	-43%	218,716
Surplus/(Deficit)										
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		(32,893)	(25,934)	(25,934)	1,652	22,718	(3,528)	26,245	(0)	(25,934)
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)		18,889	10,529	10,529	-	0	4,387	(4,387)	(0)	10,529
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(14,004)	(15,405)	(15,405)	1,652	22,718	859			(15,405)
Taxation		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		(14,004)	(15,405)	(15,405)	1,652	22,718	859			(15,405)
Attributable to minorities		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		(14,004)	(15,405)	(15,405)	1,652	22,718	859			(15,405)
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year		(14,004)	(15,405)	(15,405)	1,652	22,718	859			(15,405)

TABLE C6 – MONTHLY BUDGETED FINANCIAL POSITION

WC041 Kannaland - Table C6 Monthly Budget Statement - Financial Position - M04 October						
Description	Ref	2021/22	Budget Year 2022/23			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash		3,642	(31,478)	(32,578)	1,673	(32,578)
Call investment deposits		27,292	40,236	40,236	13,900	40,236
Consumer debtors		6,207	3,919	3,919	9,562	3,919
Other debtors		(51,539)	(72,689)	(72,689)	3,312	(72,689)
Current portion of long-term receivables		-	-	-	-	-
Inventory		2,257	(724)	(624)	(382)	(624)
Total current assets		(12,141)	(60,736)	(61,736)	28,065	(61,736)
Non current assets						
Long-term receivables		-	-	-	-	-
Investments		186	-	-	-	-
Investment property		1,163	1,250	1,250	-	1,250
Investments in Associate		-	-	-	-	-
Property, plant and equipment		322,957	324,691	324,691	(3,219)	324,691
Agricultural		-	-	-	-	-
Biological assets		-	-	-	-	-
Intangible assets		3	28	28	-	28
Other non-current assets		-	-	-	-	-
Total non current assets		324,309	325,969	325,969	(3,219)	325,969
TOTAL ASSETS		312,168	265,233	264,233	24,846	264,233
LIABILITIES						
Current liabilities						
Bank overdraft		-	-	-	-	-
Borrowing		229	459	459	(216)	459
Consumer deposits		1,217	1,119	1,119	27	1,119
Trade and other payables		30,245	(10,769)	(11,769)	2,358	(11,769)
Provisions		8,390	7,296	7,296	-	7,296
Total current liabilities		40,080	(1,894)	(2,894)	2,170	(2,894)
Non current liabilities						
Borrowing		-	(950)	(950)	-	(950)
Provisions		33,884	45,708	45,708	-	45,708
Total non current liabilities		33,884	44,757	44,757	-	44,757
TOTAL LIABILITIES		73,964	42,863	41,863	2,170	41,863
NET ASSETS	2	238,204	222,370	222,370	22,676	222,370
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		251,739	237,306	237,306	(34)	237,306
Reserves		470	470	470	(8)	470
TOTAL COMMUNITY WEALTH/EQUITY	2	252,209	237,775	237,775	(42)	237,775

TABLE C7 – MONTHLY BUDGETED CASH FLOW

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

Description	Ref	2021/22		Budget Year 2022/23						
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		15,132	20,366	20,366	328	1,954	6,789	(4,835)	-71%	20,366
Service charges		74,810	100,478	100,378	6,012	25,985	33,459	(7,474)	-22%	100,378
Other revenue		1,343	10,583	10,583	134	596	3,528	(2,932)	-83%	10,583
Transfers and Subsidies - Operational		31,684	43,164	43,164	1,379	22,848	17,159	5,690	33%	43,164
Transfers and Subsidies - Capital		23,701	10,529	10,529	-	5,899	3,510	2,390	68%	10,529
Interest		18	3,664	3,664	0	0	1,221	(1,221)	-100%	3,664
Dividends		-	-	-	-	-	-	-	-	-
Payments										
Suppliers and employees		96,510	(226,787)	(226,787)	(2,970)	(12,026)	(75,596)	(63,570)	84%	(226,787)
Finance charges		-	-	-	-	-	-	-	-	-
Transfers and Grants		-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		243,197	(38,004)	(38,104)	4,884	45,257	(9,931)	(55,188)	556%	(38,104)
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-
Payments										
Capital assets		2,600	(25,838)	(25,838)	-	-	(9,278)	(9,278)	100%	(25,838)
NET CASH FROM/(USED) INVESTING ACTIVITIES		2,600	(25,838)	(25,838)	-	-	(9,278)	(9,278)	100%	(25,838)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		1,217	1,119	1,119	6	27	-	27	0%	1,119
Payments										
Repayment of borrowing		-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		1,217	1,119	1,119	6	27	-	(27)	0%	1,119
NET INCREASE/ (DECREASE) IN CASH HELD		247,014	(62,723)	(62,823)	4,889	45,285	(19,208)			(62,823)
Cash/cash equivalents at beginning:		48,800	48,805	48,805	-	-	48,805			-
Cash/cash equivalents at month/year end:		295,814	(13,918)	(14,018)	-	45,285	29,597			(62,823)

The different bank balances as at the ending of **October 2022** were as follow;

- Standard Bank Main Account Balance **R 437 thousand**;
- The Traffic Account Balance **R 324 thousand**;
- Deposit Account Balance **R 395 thousand**; and
- Call Account Balance **R19 million**.

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

TABLE C2 – MONTHLY BUDGETED FINANCIAL PERFORMANCE (Functional Classification)

WC041 Kannaland - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M04 October										
Description	Ref	2021/22	Budget Year 2022/23							
		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>		61,563	43,561	43,561	2,614	23,287	17,557	5,730	33%	43,561
Executive and council		28,774	12,201	12,201	-	12,971	5,149	7,822	152%	12,201
Finance and administration		32,789	31,360	31,360	2,614	10,316	12,408	(2,092)	-17%	31,360
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		15,179	16,689	16,689	451	1,208	6,677	(5,469)	-82%	16,689
Community and social services		14,567	14,889	14,889	451	1,203	5,927	(4,724)	-80%	14,889
Sport and recreation		-	-	-	-	0	-	0	#DIV/0!	-
Public safety		80	-	-	-	5	-	5	#DIV/0!	-
Housing		532	1,800	1,800	-	-	750	(750)	-100%	1,800
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		1,756	8,170	8,170	195	768	2,803	(2,035)	-73%	8,170
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		1,756	8,170	8,170	195	768	2,803	(2,035)	-73%	8,170
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		118,991	134,891	134,891	8,618	39,105	46,727	(7,622)	-16%	134,891
Energy sources		71,371	75,292	75,292	4,816	24,455	25,484	(1,029)	-4%	75,292
Water management		28,376	30,332	30,332	2,042	7,536	10,718	(3,182)	-30%	30,332
Waste water management		9,618	15,135	15,135	882	3,554	5,464	(1,909)	-35%	15,135
Waste management		9,627	14,131	14,131	878	3,559	5,061	(1,502)	-30%	14,131
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	197,488	203,311	203,311	11,877	64,368	73,764	(9,395)	-13%	203,311
Expenditure - Functional										
<i>Governance and administration</i>		104,246	72,679	72,679	4,367	17,270	24,226	(6,956)	-29%	72,679
Executive and council		23,511	20,288	20,288	1,312	6,296	6,763	(467)	-7%	20,288
Finance and administration		80,735	52,391	52,391	3,055	10,975	17,463	(6,489)	-37%	52,391
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		13,857	13,346	13,346	1,045	3,946	4,449	(502)	-11%	13,346
Community and social services		10,670	9,826	9,826	832	3,091	3,275	(184)	-6%	9,826
Sport and recreation		397	448	448	53	198	149	48	32%	448
Public safety		1,276	231	231	77	326	77	249	323%	231
Housing		1,514	2,841	2,841	84	332	947	(615)	-65%	2,841
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		9,108	17,823	17,823	828	3,178	5,941	(2,763)	-47%	17,823
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		9,108	17,823	17,823	828	3,178	5,941	(2,763)	-47%	17,823
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		84,282	114,868	114,868	3,985	17,256	38,289	(21,033)	-55%	114,868
Energy sources		38,407	68,326	68,326	1,355	8,649	22,775	(14,126)	-62%	68,326
Water management		21,399	20,485	20,485	1,426	3,898	6,828	(2,930)	-43%	20,485
Waste water management		9,969	12,251	12,251	562	1,866	4,084	(2,217)	-54%	12,251
Waste management		14,507	13,806	13,806	641	2,842	4,602	(1,760)	-38%	13,806
<i>Other</i>		-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	211,494	218,716	218,716	10,225	41,651	72,905	(31,254)	-43%	218,716
Surplus/ (Deficit) for the year		(14,005)	(15,405)	(15,405)	1,652	22,718	859	21,858	2544%	(15,405)

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

WC041 Kannaland - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M04 October										
Vote Description	Ref	2021/22	Budget Year 2022/23							
		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	28,774	12,201	12,201	-	12,971	5,149	7,822	151,9%	12,201
Vote 2 - CORPORATE SERVICES		15,469	23,672	23,672	518	1,688	8,919	(7,230)	-81,1%	23,672
Vote 3 - FINANCIAL SERVICES		32,352	30,912	30,912	2,583	10,171	12,258	(2,087)	-17,0%	30,912
Vote 4 - TECHNICAL SERVICES		120,892	136,526	136,526	8,775	39,538	47,438	(7,900)	-16,7%	136,526
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	197,488	203,311	203,311	11,877	64,368	73,764	(9,395)	-12,7%	203,311
Expenditure by Vote										
Vote 1 - MUNICIPAL MANAGER	1	23,511	20,288	20,288	1,312	6,296	6,763	(467)	-6,9%	20,288
Vote 2 - CORPORATE SERVICES		29,078	36,476	36,476	2,221	9,112	12,158	(3,046)	-25,1%	36,476
Vote 3 - FINANCIAL SERVICES		66,518	35,710	35,710	1,998	6,411	11,903	(5,492)	-46,1%	35,710
Vote 4 - TECHNICAL SERVICES		91,527	124,182	124,182	4,658	19,621	41,394	(21,773)	-52,6%	124,182
Vote 5 - CALITZDORP SPA		-	-	-	-	-	-	-	-	-
Vote 6 - CORPORATE SERVICES (Continued)		860	2,060	2,060	37	211	687	(476)	-69,3%	2,060
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	211,494	218,716	218,716	10,225	41,651	72,905	(31,254)	-42,9%	218,716
Surplus/ (Deficit) for the year	2	(14,005)	(15,405)	(15,405)	1,652	22,718	859	21,858	2543,8%	(15,405)

PART 2 SUPPORTING DOCUMENTATION

Section 5 – Debtors' analysis

WC041 Kannaland - Supporting Table SC3 Monthly Budget Statement - aged debtors - M04 October													
Description	NT Code	Budget Year 2022/23										Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts I.L.o Council Policy
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total	Total over 90 days		
R thousands													
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200	2,263	748	749	780	732	–	5,620	13,031	23,924	20,163	–	–
Trade and Other Receivables from Exchange Transactions - Electricity	1300	1,059	376	138	73	100	–	482	549	2,777	1,204	–	–
Receivables from Non-exchange Transactions - Property Rates	1400	2,351	693	634	650	717	–	3,831	17,130	26,006	22,328	–	–
Receivables from Exchange Transactions - Waste Water Management	1500	707	340	341	305	304	–	2,131	7,962	12,089	10,702	–	–
Receivables from Exchange Transactions - Waste Management	1600	1,418	581	574	502	493	–	3,348	11,818	18,735	16,161	–	–
Receivables from Exchange Transactions - Property Rental Debtors	1700	–	–	–	–	–	–	–	0	0	0	–	–
Interest on Arrear Debtor Accounts	1810	25	45	61	76	94	–	1,030	13,464	14,795	14,664	–	–
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	–	–	–	–	–	–	–	–	–	–	–	–
Other	1900	(4,182)	205	192	148	152	–	951	2,383	(150)	3,635	–	–
Total By Income Source	2000	3,642	2,988	2,689	2,535	2,592	–	17,393	66,337	98,175	88,857	–	–
2021/22 - totals only													
Debtors Age Analysis By Customer Group													
Organs of State	2200	(2,687)	313	121	51	54	–	190	389	(1,768)	685	–	–
Commercial	2300	914	234	199	169	236	–	1,004	3,263	6,019	4,672	–	–
Households	2400	5,569	2,224	2,175	2,139	2,126	–	14,988	51,111	80,329	70,362	–	–
Other	2500	47	217	194	176	177	–	1,211	11,574	13,596	13,138	–	–
Total By Customer Group	2600	3,642	2,988	2,689	2,535	2,592	–	17,393	66,337	98,175	88,857	–	–

- The total amount owed to Kannaland Municipality amounts to **R98 million**.
- **R66 million or 68%** of the total outstanding debtors are older than one year.
- **R88 million or 91%** 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. Pre-paid electricity remains the most effective form of credit control.

Section 6 – Creditors' analysis

WC041 Kannaland - Supporting Table SC4 Monthly Budget Statement - aged creditors - M04 October										
Description	NT Code	Budget Year 2022/23								Total
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	
R thousands										
Creditors Age Analysis By Customer Type										
Bulk Electricity	0100	4,666	7,610	6,756	-	22,628	-	-	-	41,660
Bulk Water	0200	50	-	-	-	-	-	-	-	50
PAYE deductions	0300	-	-	-	-	-	-	-	-	-
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-
Loan repayments	0600	41	-	-	-	-	-	-	-	41
Trade Creditors	0700	1,814	1,350	1,312	683	7,475	-	-	-	12,633
Auditor General	0800	438	71	697	233	7,450	-	-	-	8,889
Other	0900	980	11	13	11	6,526	-	-	-	7,541
Total By Customer Type	1000	7,989	9,041	8,778	926	44,080	-	-	-	70,814

The total outstanding creditors amounts to **R70 814 million**.

The biggest outstanding creditors are Eskom (**R42 million**), the Auditor-General of South Africa (**R8,89 million**). Combined, the before-mentioned represents **71%** 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 Local Municipality (WC041)
32 Church Street
P.O. Box 30
Ladismith 6655
Republic of South Africa



Date: 06.07.2022

VAT Registration

Repayment Due		30.09.2022	30.09.2022	-58,977.67	0.00	-1,022.33	-60,000.00	40,529.13	40,529.13
Interest Accrual		31.10.2022	31.10.2022	0.00	430.28	0.00	430.28	40,959.41	40,529.13
Interest Capitalisation		31.10.2022	31.10.2022	0.00	-430.28	430.28	0.00	40,959.41	40,959.41
Repayment Due		31.10.2022	31.10.2022	-40,529.13	0.00	-430.28	-40,959.41	0.00	0.00

- Debt fully paid in October 2022.
- The municipality has no long-term debt obligations.

Section 8 – Allocation and grant receipts and expenditure

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

Provincial Government Grant:

Operational

Library amounts to R1.09 million.

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

Operational:

Financial Management Grant amounts to R 24 thousand.

Municipal Infrastructure Grant operational amounts to R 47 thousand.

Expanded Public Works Programme (EPWP) Grant amounts to R 111 thousand.

Provincial Government Grants

Library amounts to R 332 thousand.

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

WC041 Kannaland - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M04 October										
Summary of Employee and Councillor remuneration	Ref	2021/22			Budget Year 2022/23					
		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		2,560	3,046	3,046	202	1,058	1,015	42	4%	3,046
Pension and UIF Contributions		26	-	-	3	12	-	12	#DIV/0!	-
Medical Aid Contributions		124	-	-	5	19	-	19	#DIV/0!	-
Motor Vehicle Allowance		131	-	-	5	26	-	26	#DIV/0!	-
Cellphone Allowance		307	311	311	22	100	104	(4)	-4%	311
Housing Allowances		-	-	-	-	-	-	-		-
Other benefits and allowances		-	-	-	-	-	-	-		-
Sub Total - Councillors		3,148	3,357	3,357	237	1,214	1,119	96	9%	3,357
% increase	4		6,6%	6,6%						6,6%
Senior Managers of the Municipality										
Basic Salaries and Wages		1,854	4,994	4,994	83	605	1,665	(1,059)	-64%	4,994
Pension and UIF Contributions		1	9	9	0	1	3	(2)	-76%	9
Medical Aid Contributions		-	-	-	-	-	-	-		-
Overtime		-	-	-	-	-	-	-		-
Performance Bonus		-	-	-	-	-	-	-		-
Motor Vehicle Allowance		130	-	-	12	48	-	48	#DIV/0!	-
Cellphone Allowance		37	115	115	3	10	38	(28)	-74%	115
Housing Allowances		-	-	-	-	-	-	-		-
Other benefits and allowances		12	210	210	4	38	70	(32)	-46%	210
Payments in lieu of leave		-	-	-	-	-	-	-		-
Long service awards		-	-	-	-	-	-	-		-
Post-retirement benefit obligations		-	-	-	-	-	-	-		-
Sub Total - Senior Managers of Municipality		2,033	5,328	5,328	102	702	1,776	(1,074)	-60%	5,328
% increase	4		162,0%	162,0%						162,0%
Other Municipal Staff										
Basic Salaries and Wages		45,593	49,327	49,327	3,655	15,565	16,442	(877)	-5%	49,327
Pension and UIF Contributions		6,740	8,520	8,520	603	2,415	2,840	(425)	-15%	8,520
Medical Aid Contributions		2,434	2,899	2,899	166	687	966	(279)	-29%	2,899
Overtime		4,001	4,442	4,442	487	1,904	1,481	424	29%	4,442
Performance Bonus		1,564	652	652	-	-	217	(217)	-100%	652
Motor Vehicle Allowance		2,393	2,391	2,391	176	738	797	(59)	-7%	2,391
Cellphone Allowance		165	172	172	12	53	57	(4)	-8%	172
Housing Allowances		315	349	349	25	98	116	(18)	-15%	349
Other benefits and allowances		4,420	4,639	4,639	298	1,463	1,546	(84)	-5%	4,639
Payments in lieu of leave		(243)	1,520	1,520	5	12	507	(495)	-98%	1,520
Long service awards		249	-	-	-	-	-	-		-
Post-retirement benefit obligations		1,934	-	-	-	-	-	-		-
Sub Total - Other Municipal Staff		69,564	74,911	74,911	5,426	22,936	24,970	(2,034)	-8%	74,911
% increase	4		7,7%	7,7%						7,7%
Total Parent Municipality		74,745	83,595	83,595	5,765	24,852	27,865	(3,013)	-11%	83,595
Unpaid salary, allowances & benefits in arrears:										
Total Municipal Entities		1	-	-	0	0	-	0	#DIV/0!	-
TOTAL SALARY, ALLOWANCES & BENEFITS		74,746	83,595	83,595	5,765	24,852	27,865	(3,012)	-11%	83,595
% increase	4		11,8%	11,8%						11,8%
TOTAL MANAGERS AND STAFF		71,597	80,239	80,239	5,528	23,638	26,746	(3,108)	-12%	80,239

Section 10 – Material variances to the SDBIP

Section 1 of the MFMA defines the SDBIP as:

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

(a) projections for each month of-

(i) revenue to be collected, by source; and

(ii) operational and capital expenditure, by vote;

(b) service delivery targets and performance indicators for each quarter”.

There are no variances for this month under review other than those already disclosed in this report.

Section 11– Capital programme performance

TABLE SC12 – CAPITAL EXPENDITURE TREND

WC041 Kannaland - Supporting Table SC12 Monthly Budget Statement - capital expenditure trend - M04 October									
Month	2021/22	Budget Year 2022/23							
	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	–	1,387	1,199	–	–	1,199	–	0,0%	0%
August	1,453	1,602	1,574	7	7	2,773	2,766	99,7%	0%
September	802	1,077	1,049	–	7	3,822	3,815	99,8%	0%
October	2,338	1,177	1,149	–	7	4,971	4,964	99,9%	0%
November	696	1,302	1,274	–	7	6,245	6,238	99,9%	0%
December	4,280	977	949	–	7	7,194	7,187	99,9%	0%
January	175	977	949	–	7	8,143	8,136	99,9%	0%
February	185	907	979	–	7	9,123	9,116	99,9%	0%
March	1,190	877	949	–	7	10,072	10,065	99,9%	0%
April	72	877	949	–	7	11,021	11,014	99,9%	0%
May	589	877	949	–	7	11,970	11,963	99,9%	0%
June	2,273	877	949	–	7	12,919	12,912	99,9%	0%
Total Capital expenditure	14,052	12,919	12,919	7					

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 on a monthly basis.

Section 13 – SCM Deviations

Attached Annexure B

Section 14 – Quality certification

I, **Keith Jordaan**, the Acting Accounting Officer of **Kannaland Municipality WC041**, hereby certify that the Monthly Budget Statement for **October 2022**, has been prepared in accordance with the Municipal Finance Management Act and regulations made under the Act.

Print name: Keith Jordaan

Signature:

Date: