



**KANNALAND**  
MUNISIPALITEIT | MUNICIPALITY

## Monthly Budget Report for June 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

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## GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Virement** - A transfer of budget.

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

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

## **PART 1: IN-YEAR REPORT**

### **Section 1 – Mayor’s Report**

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

The monthly budget statement for June **2023**, 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 was approved and there is a need to expedite the implementation of the plan.

### **Section 2 – Resolutions**

#### *Recommendation:*

That the Executive Mayor takes cognisance of the monthly budget statement **for June 2023**.

### **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](http://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 193 021          | R 193 021  | R 174 882  | R (18 139)                        | -9%                                 |
| Operating Expenditure | R 218 716       | R 218 474          | R 218 474  | R 168 302  | R (50 171)                        | -23%                                |
| Capital               | R 12 919        | R 14 712           | R 14 712   | R 7 880    | R (6 832)                         | -46%                                |

### Operating Revenue

The year-to-date operating revenue realised 9% 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. The impact of load-shedding should not be underestimated and is difficult to predict.

### Operating expenditure

Operating expenditure realised 23% 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

The expenditure amounted to R 4.9 million for grant funded projects and no expenditure for own funding projects during the month of June. Straight-line-budgeting did not consider the finalisation of procurement processes and the increase in expenditure throughout the year. This being said, the level of capital expenditure should be of concern and will be addressed. The municipality's capital budget is mainly funded from conditional grants and unspent grants may need to be paid back.

## TABLE C1 – MONTHLY BUDGET SUMMARY

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) - M12 June |     |                 |                     |                 |                |                |                |                 |                |                    |
|--|-----|-----------------|---------------------|-----------------|----------------|----------------|----------------|-----------------|----------------|--------------------|
| 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 |
| <b>R thousands</b>   |     |                 |                     |                 |                |                |                |                 |                |                    |
| <b>Revenue By Source</b>   |     |                 |                     |                 |                |                |                |                 |                |                    |
| Property rates   |     | 25,891          | 24,836              | 24,836          | 2,130          | 25,562         | 24,836         | 726             | 3%             | 24,836             |
| Service charges - electricity revenue  |     | 64,750          | 70,503              | 70,503          | 4,940          | 64,073         | 70,503         | (6,430)         | -9%            | 70,503             |
| Service charges - water revenue  |     | 20,355          | 21,841              | 21,841          | 1,607          | 20,509         | 21,841         | (1,331)         | -6%            | 21,841             |
| Service charges - sanitation revenue   |     | 8,706           | 9,219               | 9,219           | 763            | 9,122          | 9,219          | (97)            | -1%            | 9,219              |
| Service charges - refuse revenue   |     | 8,583           | 8,918               | 8,918           | 726            | 8,910          | 8,918          | (8)             | 0%             | 8,918              |
| Rental of facilities and equipment   |     | 552             | 607                 | 607             | 58             | 611            | 607            | 4               | 1%             | 607                |
| Interest earned - external investments   |     | 1,232           | 680                 | 1,380           | 165            | 1,936          | 1,380          | 556             | 40%            | 1,380              |
| Interest earned - outstanding debtors  |     | 4,984           | 4,968               | 4,968           | 900            | 8,807          | 4,968          | 3,839           | 77%            | 4,968              |
| Dividends received   |     | -               | -                   | -               | -              | -              | -              | -               | -              | -                  |
| Fines, penalties and forfeits  |     | 39              | 6,007               | 6,031           | 44             | 212            | 6,031          | (5,818)         | -96%           | 6,031              |
| Licences and permits   |     | 159             | 364                 | 189             | 13             | 171            | 189            | (17)            | -9%            | 189                |
| Agency services  |     | 1,098           | 1,200               | 1,200           | 96             | 1,203          | 1,200          | 3               | 0%             | 1,200              |
| Transfers and subsidies  |     | 41,701          | 43,164              | 42,854          | 2              | 32,144         | 42,854         | (10,710)        | -25%           | 42,854             |
| Other revenue  |     | 549             | 475                 | 475             | 110            | 1,620          | 475            | 1,145           | 241%           | 475                |
| Gains  |     | -               | -                   | -               | -              | -              | -              | -               | -              | -                  |
| <b>Total Revenue (excluding capital transfers and contributions)</b>   |     | <b>178,600</b>  | <b>192,782</b>      | <b>193,021</b>  | <b>11,556</b>  | <b>174,882</b> | <b>193,021</b> | <b>(18,139)</b> | <b>-9%</b>     | <b>193,021</b>     |

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

- **Service Charges - Electricity** – Loadshedding is having a negative impact on the number of units sold and this item should be monitored as it is currently very unpredictable.
- **Service Charges - Water** – 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. Loadshedding is having a negative impact on the number of units sold and this item should be monitored as it is currently very unpredictable.

- **Interest Earned on Investments** – (40% 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** – (77% 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. Outstanding debtors continue to increase, and the collection rate did not realize as budgeted for.
- **Fines, Penalties & Forfeits** – Almost no activity, with a -96% deviation, with no vendor appointed to provide cameras and administrative support on speed fines.
- **Licences and permits** – The reason for this variance is due to a breakdown in the equipment needed for the testing and issuing of licenses.
- **Other Revenue Deviations** - Can be explained as incidental and cyclical in nature. The lack of revenue from licences and permits will necessitate further investigation with a potential allocation issue under “other revenue”.

## Expenditure by Source

| WC041 Kannaland - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M12 June |     |                 |                     |                 |                |                |                |                 |                |                    |
|--|-----|-----------------|---------------------|-----------------|----------------|----------------|----------------|-----------------|----------------|--------------------|
| 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  |     |                 |                     |                 |                |                |                |                 |                |                    |
| <b>Expenditure By Type</b>   |     |                 |                     |                 |                |                |                |                 |                |                    |
| Employee related costs   |     | 71,597          | 80,239              | 80,836          | 6,715          | 79,396         | 80,836         | (1,440)         | -2%            | 80,836             |
| Remuneration of councillors  |     | 3,148           | 3,357               | 3,438           | 336            | 4,746          | 3,438          | 1,309           | 38%            | 3,438              |
| Debt impairment  |     | 24,300          | 23,594              | 23,594          | -              | 8,002          | 23,594         | (15,592)        | -66%           | 23,594             |
| Depreciation & asset impairment  |     | 16,588          | 13,222              | 13,222          | 1,075          | 12,904         | 13,222         | (318)           | -2%            | 13,222             |
| Finance charges  |     | 4,244           | 2,072               | 2,008           | 3              | 1,710          | 2,008          | (298)           | -15%           | 2,008              |
| Bulk purchases - electricity   |     | 50,752          | 58,024              | 53,617          | 5,206          | 38,596         | 53,617         | (15,021)        | -28%           | 53,617             |
| Inventory consumed   |     | 3,536           | 5,071               | 5,312           | 139            | 2,637          | 5,312          | (2,675)         | -50%           | 5,312              |
| Contracted services  |     | 13,677          | 13,749              | 13,313          | 644            | 7,151          | 13,313         | (6,162)         | -46%           | 13,313             |
| Transfers and subsidies  |     | 240             | 450                 | 450             | -              | 110            | 450            | (340)           | -76%           | 450                |
| Other expenditure  |     | 16,573          | 18,939              | 22,684          | 1,435          | 13,050         | 22,684         | (9,634)         | -42%           | 22,684             |
| Losses   |     | 6,836           | -                   | -               | -              | -              | -              | -               | -              | -                  |
| <b>Total Expenditure</b>   |     | <b>211,493</b>  | <b>218,716</b>      | <b>218,474</b>  | <b>15,555</b>  | <b>168,302</b> | <b>218,474</b> | <b>(50,171)</b> | <b>-23%</b>    | <b>218,474</b>     |

- **Remuneration of Councillors**- The total Remuneration for Councillors was R6 715 thousand in June 2023, exceeding the budget with 38% on a year-to-date basis. This was caused by incorrect allocations that will be corrected.



- **Debt Impairment** – The deviation of 66% are below the year-to-date budget. There was no revenue from traffic fines to impair and not accounting for impairment during January and June 2023.
- **Finance Charges** – Expenditure deviated 15% below the year-to-date budget. The budget accounted for finance 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 28% 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** – Expenditure deviated 50% below the year to date and can be attributed to expenditure not recognised when incurred and the cyclical nature of water consumption.
- **Contracted Services** – Actual expenditure is 46% below the year to date. Expenditure is expected to increase with the budget not accounting for the cyclical nature thereof and the lack of recognition when incurred.
- **Transfers and Subsidies** – Tourism funding not yet being transferred therefor the lack of expenditure.
- **Other Expenditure** – Actual expenditure is 42% below the forecasted amount due to expenditure only being incurred in terms of available revenue and the lack of recognising expenditure when incurred.

## Capital Expenditure

| WC041 Kannaland - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M12 June |     |                 |                     |                 |                |               |               |              |                |                    |
|--|-----|-----------------|---------------------|-----------------|----------------|---------------|---------------|--------------|----------------|--------------------|
| 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 |
| <b>R thousands</b>   | 1   |                 |                     |                 |                |               |               |              |                |                    |
| <b>Multi-Year expenditure appropriation</b>  | 2   |                 |                     |                 |                |               |               |              |                |                    |
| Vote 1 - MUNICIPAL MANAGER   |     | -               | 130                 | 130             | -              | 61            | 130           | (69)         | -53%           | 130                |
| Vote 2 - CORPORATE SERVICES  |     | 5,235           | 1,710               | 33              | 5              | 30            | 33            | (4)          | -11%           | 33                 |
| Vote 3 - FINANCIAL SERVICES  |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Vote 4 - TECHNICAL SERVICES  |     | 2,351           | 9,454               | 9,087           | 3,407          | 5,152         | 9,087         | (3,935)      | -43%           | 9,087              |
| Vote 5 - CALITZDORP SPA  |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Vote 6 - CORPORATE SERVICES (Continued)  |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Vote 7 - [NAME OF VOTE 7]  |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Vote 8 - [NAME OF VOTE 8]  |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Vote 9 - [NAME OF VOTE 9]  |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Vote 10 - [NAME OF VOTE 10]  |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Vote 11 - [NAME OF VOTE 11]  |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Vote 12 - [NAME OF VOTE 12]  |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Vote 13 - [NAME OF VOTE 13]  |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Vote 14 - [NAME OF VOTE 14]  |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Vote 15 - [NAME OF VOTE 15]  |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| <b>Total Capital Multi-year expenditure</b>  | 4,7 | 7,586           | 11,294              | 9,250           | 3,412          | 5,242         | 9,250         | (4,008)      | -43%           | 9,250              |
| <b>Single Year expenditure appropriation</b>   | 2   |                 |                     |                 |                |               |               |              |                |                    |
| Vote 1 - MUNICIPAL MANAGER   |     | 249             | -                   | 47              | -              | -             | 47            | (47)         | -100%          | 47                 |
| Vote 2 - CORPORATE SERVICES  |     | 391             | 500                 | 670             | -              | -             | 670           | (670)        | -100%          | 670                |
| Vote 3 - FINANCIAL SERVICES  |     | (1,219)         | 50                  | 365             | -              | 47            | 365           | (318)        | -87%           | 365                |
| Vote 4 - TECHNICAL SERVICES  |     | 7,045           | 1,074               | 4,380           | 1,566          | 2,591         | 4,380         | (1,789)      | -41%           | 4,380              |
| Vote 5 - CALITZDORP SPA  |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Vote 6 - CORPORATE SERVICES (Continued)  |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Vote 7 - [NAME OF VOTE 7]  |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Vote 8 - [NAME OF VOTE 8]  |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Vote 9 - [NAME OF VOTE 9]  |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Vote 10 - [NAME OF VOTE 10]  |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Vote 11 - [NAME OF VOTE 11]  |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Vote 12 - [NAME OF VOTE 12]  |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Vote 13 - [NAME OF VOTE 13]  |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Vote 14 - [NAME OF VOTE 14]  |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Vote 15 - [NAME OF VOTE 15]  |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| <b>Total Capital single-year expenditure</b>   | 4   | 6,466           | 1,624               | 5,462           | 1,566          | 2,638         | 5,462         | (2,824)      | -52%           | 5,462              |
| <b>Total Capital Expenditure</b>   | 3   | 14,052          | 12,919              | 14,712          | 4,978          | 7,880         | 14,712        | (6,832)      | -46%           | 14,712             |
| <b>Capital Expenditure - Functional Classification</b>   |     |                 |                     |                 |                |               |               |              |                |                    |
| <b>Governance and administration</b>   |     | (907)           | 180                 | 542             | -              | 107           | 542           | (435)        | -80%           | 542                |
| Executive and council  |     | 249             | 130                 | 177             | -              | 61            | 177           | (116)        | -66%           | 177                |
| Finance and administration   |     | (1,155)         | 50                  | 365             | -              | 47            | 365           | (318)        | -87%           | 365                |
| Internal audit   |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| <b>Community and public safety</b>   |     | 5,235           | 1,510               | 33              | 5              | 30            | 33            | (4)          | -11%           | 33                 |
| Community and social services  |     | 5,235           | 860                 | 33              | 5              | 30            | 33            | (4)          | -11%           | 33                 |
| Sport and recreation   |     | -               | 650                 | -               | -              | -             | -             | -            | -              | -                  |
| Public safety  |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Housing  |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Health   |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| <b>Economic and environmental services</b>   |     | 341             | 700                 | 670             | -              | -             | 670           | (670)        | -100%          | 670                |
| Planning and development   |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Road transport   |     | 341             | 700                 | 670             | -              | -             | 670           | (670)        | -100%          | 670                |
| Environmental protection   |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| <b>Trading services</b>  |     | 9,383           | 10,529              | 13,467          | 4,972          | 7,743         | 13,467        | (5,724)      | -43%           | 13,467             |
| Energy sources   |     | -               | 1,980               | 2,482           | 873            | 1,679         | 2,482         | (803)        | -32%           | 2,482              |
| Water management   |     | 9,383           | 2,441               | 1,860           | 359            | 578           | 1,860         | (1,281)      | -69%           | 1,860              |
| Waste water management   |     | -               | 6,108               | 9,125           | 3,740          | 5,486         | 9,125         | (3,640)      | -40%           | 9,125              |
| Waste management   |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| <b>Other</b>   |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| <b>Total Capital Expenditure - Functional Classification</b>   | 3   | 14,052          | 12,919              | 14,712          | 4,978          | 7,880         | 14,712        | (6,832)      | -46%           | 14,712             |
| <b>Funded by:</b>  |     |                 |                     |                 |                |               |               |              |                |                    |
| National Government  |     | 11,552          | 10,529              | 11,086          | 3,902          | 5,789         | 11,086        | (5,297)      | -48%           | 11,086             |
| Provincial Government  |     | 7,586           | -                   | 1,714           | 1,076          | 1,100         | 1,714         | (614)        | -36%           | 1,714              |
| District Municipality  |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Other transfers and grants   |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| <b>Transfers recognised - capital</b>  |     | 19,138          | 10,529              | 12,800          | 4,978          | 6,889         | 12,800        | (5,911)      | -46%           | 12,800             |
| Public contributions & donations   | 5   | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| <b>Borrowing</b>   | 6   | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Internally generated funds   |     | 726             | 2,390               | 1,912           | -              | 991           | 1,912         | (921)        | -48%           | 1,912              |
| <b>Total Capital Funding</b>   |     | 19,864          | 12,919              | 14,712          | 4,978          | 7,880         | 14,712        | (6,832)      | -46%           | 14,712             |

- The expenditure for the month of June amounted to **R4.978 million** for Grant Funded Projects. The year-to-date actual expenditure amounts to R6.9 million.
- There was no expenditure for the month under review for own funded projects the year-to-date actual expenditure for own funding capital amounts to **R 991 thousand**.

### **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) - M12 June   |     |                 |                     |                 |                |                |                 |                 |                |                    |
|--|-----|-----------------|---------------------|-----------------|----------------|----------------|-----------------|-----------------|----------------|--------------------|
| 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 |
| <b>R thousands</b>   |     |                 |                     |                 |                |                |                 |                 |                |                    |
| <b>Revenue By Source</b>   |     |                 |                     |                 |                |                |                 |                 |                |                    |
| Property rates   |     | 25,891          | 24,836              | 24,836          | 2,130          | 25,562         | 24,836          | 726             | 3%             | 24,836             |
| Service charges - electricity revenue  |     | 64,750          | 70,503              | 70,503          | 4,940          | 64,073         | 70,503          | (6,430)         | -9%            | 70,503             |
| Service charges - water revenue  |     | 20,355          | 21,841              | 21,841          | 1,607          | 20,509         | 21,841          | (1,331)         | -6%            | 21,841             |
| Service charges - sanitation revenue   |     | 8,706           | 9,219               | 9,219           | 763            | 9,122          | 9,219           | (97)            | -1%            | 9,219              |
| Service charges - refuse revenue   |     | 8,583           | 8,918               | 8,918           | 726            | 8,910          | 8,918           | (8)             | 0%             | 8,918              |
| Rental of facilities and equipment   |     | 552             | 607                 | 607             | 58             | 611            | 607             | 4               | 1%             | 607                |
| Interest earned - external investments   |     | 1,232           | 680                 | 1,380           | 165            | 1,936          | 1,380           | 556             | 40%            | 1,380              |
| Interest earned - outstanding debtors  |     | 4,984           | 4,968               | 4,968           | 900            | 8,807          | 4,968           | 3,839           | 77%            | 4,968              |
| Dividends received   |     | -               | -                   | -               | -              | -              | -               | -               | -              | -                  |
| Fines, penalties and forfeits  |     | 39              | 6,007               | 6,031           | 44             | 212            | 6,031           | (5,818)         | -96%           | 6,031              |
| Licences and permits   |     | 159             | 364                 | 189             | 13             | 171            | 189             | (17)            | -9%            | 189                |
| Agency services  |     | 1,098           | 1,200               | 1,200           | 96             | 1,203          | 1,200           | 3               | 0%             | 1,200              |
| Transfers and subsidies  |     | 41,701          | 43,164              | 42,854          | 2              | 32,144         | 42,854          | (10,710)        | -25%           | 42,854             |
| Other revenue  |     | 549             | 475                 | 475             | 110            | 1,620          | 475             | 1,145           | 241%           | 475                |
| Gains  |     | -               | -                   | -               | -              | -              | -               | -               | -              | -                  |
| <b>Total Revenue (excluding capital transfers and contributions)</b>   |     | <b>178,600</b>  | <b>192,782</b>      | <b>193,021</b>  | <b>11,556</b>  | <b>174,882</b> | <b>193,021</b>  | <b>(18,139)</b> | <b>-9%</b>     | <b>193,021</b>     |
| <b>Expenditure By Type</b>   |     |                 |                     |                 |                |                |                 |                 |                |                    |
| Employee related costs   |     | 71,597          | 80,239              | 80,836          | 6,715          | 79,396         | 80,836          | (1,440)         | -2%            | 80,836             |
| Remuneration of councillors  |     | 3,148           | 3,357               | 3,438           | 336            | 4,746          | 3,438           | 1,309           | 38%            | 3,438              |
| Debt impairment  |     | 24,300          | 23,594              | 23,594          | -              | 8,002          | 23,594          | (15,592)        | -66%           | 23,594             |
| Depreciation & asset impairment  |     | 16,588          | 13,222              | 13,222          | 1,075          | 12,904         | 13,222          | (318)           | -2%            | 13,222             |
| Finance charges  |     | 4,244           | 2,072               | 2,008           | 3              | 1,710          | 2,008           | (298)           | -15%           | 2,008              |
| Bulk purchases - electricity   |     | 50,752          | 58,024              | 53,617          | 5,206          | 38,596         | 53,617          | (15,021)        | -28%           | 53,617             |
| Inventory consumed   |     | 3,536           | 5,071               | 5,312           | 139            | 2,637          | 5,312           | (2,675)         | -50%           | 5,312              |
| Contracted services  |     | 13,677          | 13,749              | 13,313          | 644            | 7,151          | 13,313          | (6,162)         | -46%           | 13,313             |
| Transfers and subsidies  |     | 240             | 450                 | 450             | -              | 110            | 450             | (340)           | -76%           | 450                |
| Other expenditure  |     | 16,573          | 18,939              | 22,684          | 1,435          | 13,050         | 22,684          | (9,634)         | -42%           | 22,684             |
| Losses   |     | 6,836           | -                   | -               | -              | -              | -               | -               | -              | -                  |
| <b>Total Expenditure</b>   |     | <b>211,493</b>  | <b>218,716</b>      | <b>218,474</b>  | <b>15,555</b>  | <b>168,302</b> | <b>218,474</b>  | <b>(50,171)</b> | <b>-23%</b>    | <b>218,474</b>     |
| <b>Surplus/(Deficit)</b>   |     | <b>(32,893)</b> | <b>(25,934)</b>     | <b>(25,453)</b> | <b>(3,999)</b> | <b>6,579</b>   | <b>(25,453)</b> | <b>32,033</b>   | <b>(0)</b>     | <b>(25,453)</b>    |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)  |     | 18,889          | 10,529              | 12,194          | -              | 375            | 12,194          | (11,819)        | (0)            | 12,194             |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) |     | -               | -                   | -               | -              | -              | -               | -               | -              | -                  |
| Transfers and subsidies - capital (in-kind - all)  |     | -               | -                   | -               | -              | -              | -               | -               | -              | -                  |
| <b>Surplus/(Deficit) after capital transfers &amp; contributions</b>   |     | <b>(14,004)</b> | <b>(15,405)</b>     | <b>(13,259)</b> | <b>(3,999)</b> | <b>6,954</b>   | <b>(13,259)</b> |                 |                | <b>(13,259)</b>    |
| Taxation   |     | -               | -                   | -               | -              | -              | -               | -               | -              | -                  |
| <b>Surplus/(Deficit) after taxation</b>  |     | <b>(14,004)</b> | <b>(15,405)</b>     | <b>(13,259)</b> | <b>(3,999)</b> | <b>6,954</b>   | <b>(13,259)</b> |                 |                | <b>(13,259)</b>    |
| Attributable to minorities   |     | -               | -                   | -               | -              | -              | -               | -               | -              | -                  |
| <b>Surplus/(Deficit) attributable to municipality</b>  |     | <b>(14,004)</b> | <b>(15,405)</b>     | <b>(13,259)</b> | <b>(3,999)</b> | <b>6,954</b>   | <b>(13,259)</b> |                 |                | <b>(13,259)</b>    |
| Share of surplus/ (deficit) of associate   |     | -               | -                   | -               | -              | -              | -               | -               | -              | -                  |
| <b>Surplus/ (Deficit) for the year</b>   |     | <b>(14,004)</b> | <b>(15,405)</b>     | <b>(13,259)</b> | <b>(3,999)</b> | <b>6,954</b>   | <b>(13,259)</b> |                 |                | <b>(13,259)</b>    |

**TABLE C6 – MONTHLY BUDGETED FINANCIAL POSITION**

| WC041 Kannaland - Table C6 Monthly Budget Statement - Financial Position - M12 June |     |                 |                     |                 |                |                    |
|---|-----|-----------------|---------------------|-----------------|----------------|--------------------|
| Description   | Ref | 2021/22         | Budget Year 2022/23 |                 |                |                    |
|   |     | Audited Outcome | Original Budget     | Adjusted Budget | YearTD actual  | Full Year Forecast |
| <b>R thousands</b>  | 1   |                 |                     |                 |                |                    |
| <b>ASSETS</b>   |     |                 |                     |                 |                |                    |
| <b>Current assets</b>   |     |                 |                     |                 |                |                    |
| Cash  |     | 3,642           | (31,478)            | (35,656)        | 12,342         | (35,656)           |
| Call investment deposits  |     | 27,292          | 40,236              | 40,236          | (8,679)        | 40,236             |
| Consumer debtors  |     | 6,207           | 3,919               | 3,919           | 22,135         | 3,919              |
| Other debtors   |     | (51,539)        | (72,689)            | (72,689)        | 10,895         | (72,689)           |
| Current portion of long-term receivables  |     | -               | -                   | -               | -              | -                  |
| Inventory   |     | 2,257           | (724)               | (954)           | 989            | (954)              |
| <b>Total current assets</b>   |     | <b>(12,141)</b> | <b>(60,736)</b>     | <b>(65,144)</b> | <b>37,682</b>  | <b>(65,144)</b>    |
| <b>Non current assets</b>   |     |                 |                     |                 |                |                    |
| 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             | 326,484         | (5,024)        | 326,484            |
| Agricultural  |     | -               | -                   | -               | -              | -                  |
| Biological assets   |     | -               | -                   | -               | -              | -                  |
| Intangible assets   |     | 3               | 28                  | 28              | -              | 28                 |
| Other non-current assets  |     | -               | -                   | -               | -              | -                  |
| <b>Total non current assets</b>   |     | <b>324,309</b>  | <b>325,969</b>      | <b>327,762</b>  | <b>(5,024)</b> | <b>327,762</b>     |
| <b>TOTAL ASSETS</b>   |     | <b>312,168</b>  | <b>265,233</b>      | <b>262,618</b>  | <b>32,658</b>  | <b>262,618</b>     |
| <b>LIABILITIES</b>  |     |                 |                     |                 |                |                    |
| <b>Current liabilities</b>  |     |                 |                     |                 |                |                    |
| Bank overdraft  |     | -               | -                   | -               | -              | -                  |
| Borrowing   |     | 229             | 459                 | 459             | (216)          | 459                |
| Consumer deposits   |     | 1,217           | 1,119               | 1,119           | 148            | 1,119              |
| Trade and other payables  |     | 30,245          | (10,769)            | (16,461)        | 25,955         | (16,461)           |
| Provisions  |     | 8,390           | 7,296               | 7,296           | -              | 7,296              |
| <b>Total current liabilities</b>  |     | <b>40,080</b>   | <b>(1,894)</b>      | <b>(7,587)</b>  | <b>25,888</b>  | <b>(7,587)</b>     |
| <b>Non current liabilities</b>  |     |                 |                     |                 |                |                    |
| Borrowing   |     | -               | (950)               | (19)            | -              | (19)               |
| Provisions  |     | 33,884          | 45,708              | 45,708          | -              | 45,708             |
| <b>Total non current liabilities</b>  |     | <b>33,884</b>   | <b>44,757</b>       | <b>45,689</b>   | <b>-</b>       | <b>45,689</b>      |
| <b>TOTAL LIABILITIES</b>  |     | <b>73,964</b>   | <b>42,863</b>       | <b>38,102</b>   | <b>25,888</b>  | <b>38,102</b>      |
| <b>NET ASSETS</b>   | 2   | <b>238,204</b>  | <b>222,370</b>      | <b>224,516</b>  | <b>6,770</b>   | <b>224,516</b>     |
| <b>COMMUNITY WEALTH/EQUITY</b>  |     |                 |                     |                 |                |                    |
| Accumulated Surplus/(Deficit)   |     | 251,739         | 237,306             | 237,306         | (176)          | 237,306            |
| Reserves  |     | 470             | 470                 | 470             | (8)            | 470                |
| <b>TOTAL COMMUNITY WEALTH/EQUITY</b>  | 2   | <b>252,209</b>  | <b>237,775</b>      | <b>237,775</b>  | <b>(184)</b>   | <b>237,775</b>     |

**TABLE C7 – MONTHLY BUDGETED CASH FLOW**

| WC041 Kannaland - Table C7 Monthly Budget Statement - Cash Flow - M12 June |     |                 |                     |                 |                |               |                 |                  |                |                    |
|--|-----|-----------------|---------------------|-----------------|----------------|---------------|-----------------|------------------|----------------|--------------------|
| 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 |
| <b>R thousands</b>   |     |                 |                     |                 |                |               |                 |                  |                |                    |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                                 |     |                 |                     |                 |                |               |                 |                  |                |                    |
| <b>Receipts</b>  |     |                 |                     |                 |                |               |                 |                  |                |                    |
| Property rates   |     | 15,132          | 20,366              | 20,366          | 343            | 4,921         | 20,366          | (15,446)         | -76%           | 20,366             |
| Service charges  |     | 74,810          | 100,478             | 100,534         | 5,533          | 73,390        | 100,534         | (27,144)         | -27%           | 100,534            |
| Other revenue  |     | 1,343           | 10,583              | 11,132          | 140            | 2,794         | 11,132          | (8,338)          | -75%           | 11,132             |
| Transfers and Subsidies - Operational                                      |     | 31,684          | 43,164              | 42,854          | 306            | 43,410        | 42,854          | 556              | 1%             | 42,854             |
| Transfers and Subsidies - Capital  |     | 23,701          | 10,529              | 12,194          | -              | 13,170        | 12,194          | 976              | 8%             | 12,194             |
| Interest   |     | 18              | 3,664               | 3,664           | -              | 1             | 3,664           | (3,663)          | -100%          | 3,664              |
| Dividends  |     | -               | -                   | -               | -              | -             | -               | -                | -              | -                  |
| <b>Payments</b>  |     |                 |                     |                 |                |               |                 |                  |                |                    |
| Suppliers and employees  |     | 96,510          | (226,787)           | (231,259)       | (14,163)       | (74,399)      | (231,259)       | (156,860)        | 68%            | (231,259)          |
| Finance charges  |     | -               | -                   | -               | -              | -             | -               | -                | -              | -                  |
| Transfers and Grants   |     | -               | -                   | -               | -              | -             | -               | -                | -              | -                  |
| <b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>                           |     | <b>243,197</b>  | <b>(38,004)</b>     | <b>(40,515)</b> | <b>(7,842)</b> | <b>63,286</b> | <b>(40,515)</b> | <b>(103,801)</b> | <b>256%</b>    | <b>(40,515)</b>    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                |     |                 |                     |                 |                |               |                 |                  |                |                    |
| <b>Receipts</b>  |     |                 |                     |                 |                |               |                 |                  |                |                    |
| Proceeds on disposal of PPE  |     | -               | -                   | -               | -              | -             | -               | -                | -              | -                  |
| Decrease (increase) in non-current receivables                             |     | -               | -                   | -               | -              | -             | -               | -                | -              | -                  |
| Decrease (increase) in non-current investments                             |     | (186)           | -                   | -               | -              | -             | -               | -                | -              | -                  |
| <b>Payments</b>  |     |                 |                     |                 |                |               |                 |                  |                |                    |
| Capital assets   |     | 2,600           | (25,838)            | (28,785)        | -              | -             | (28,785)        | (28,785)         | 100%           | (28,785)           |
| <b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>                           |     | <b>2,415</b>    | <b>(25,838)</b>     | <b>(28,785)</b> | <b>-</b>       | <b>-</b>      | <b>(28,785)</b> | <b>(28,785)</b>  | <b>100%</b>    | <b>(28,785)</b>    |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                |     |                 |                     |                 |                |               |                 |                  |                |                    |
| <b>Receipts</b>  |     |                 |                     |                 |                |               |                 |                  |                |                    |
| Short term loans   |     | -               | -                   | -               | -              | -             | -               | -                | -              | -                  |
| Borrowing long term/refinancing  |     | -               | -                   | -               | -              | -             | -               | -                | -              | -                  |
| Increase (decrease) in consumer deposits                                   |     | 98              | -                   | -               | 15             | 148           | -               | 148              | 0%             | -                  |
| <b>Payments</b>  |     |                 |                     |                 |                |               |                 |                  |                |                    |
| Repayment of borrowing   |     | (230)           | (648)               | (216)           | -              | (216)         | (216)           | (0)              | 0%             | (216)              |
| <b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>                           |     | <b>(132)</b>    | <b>(648)</b>        | <b>(216)</b>    | <b>15</b>      | <b>(67)</b>   | <b>(216)</b>    | <b>(148)</b>     | <b>69%</b>     | <b>(216)</b>       |
| <b>NET INCREASE/ (DECREASE) IN CASH HELD</b>                               |     | <b>245,479</b>  | <b>(64,489)</b>     | <b>(69,515)</b> | <b>(7,827)</b> | <b>63,219</b> | <b>(69,515)</b> |                  |                | <b>(69,515)</b>    |
| Cash/cash equivalents at beginning:  |     | 48,800          | 48,805              | 48,805          |                |               | 48,805          |                  |                | -                  |
| Cash/cash equivalents at month/year end:                                   |     | 294,280         | (15,685)            | (20,711)        |                | 63,219        | (20,711)        |                  |                | (69,515)           |

The different bank balances as at the ending of **June 2023** were as follow;

- Standard Bank Main Account Balance **R 1.43 million**;
- The Traffic Account Balance **R 486 thousand**;
- Deposit Account Balance **R 284 thousand**; and
- Call Account Balance **R9.5 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) - M 12 June |     |                 |                     |                 |                |               |               |              |                |                    |
|---|-----|-----------------|---------------------|-----------------|----------------|---------------|---------------|--------------|----------------|--------------------|
| 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   |                 |                     |                 |                |               |               |              |                |                    |
| <b>Revenue - Functional</b>   |     |                 |                     |                 |                |               |               |              |                |                    |
| <i>Governance and administration</i>  |     | 61,563          | 43,561              | 45,417          | 2,653          | 60,237        | 45,417        | 14,820       | 33%            | 45,417             |
| Executive and council   |     | 28,774          | 12,201              | 12,401          | 2              | 27,226        | 12,401        | 14,825       | 120%           | 12,401             |
| Finance and administration  |     | 32,789          | 31,360              | 33,016          | 2,652          | 33,011        | 33,016        | (5)          | 0%             | 33,016             |
| Internal audit  |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| <i>Community and public safety</i>  |     | 15,179          | 16,689              | 15,256          | 6              | 4,128         | 15,256        | (11,128)     | -73%           | 15,256             |
| Community and social services   |     | 14,567          | 14,889              | 15,256          | 6              | 4,091         | 15,256        | (11,165)     | -73%           | 15,256             |
| Sport and recreation  |     | -               | -                   | -               | -              | 0             | -             | 0            | #DIV/0!        | -                  |
| Public safety   |     | 80              | -                   | -               | -              | 37            | -             | 37           | #DIV/0!        | -                  |
| Housing   |     | 532             | 1,800               | -               | -              | -             | -             | -            | -              | -                  |
| Health  |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| <i>Economic and environmental services</i>  |     | 1,756           | 8,170               | 8,019           | 167            | 2,076         | 8,019         | (5,943)      | -74%           | 8,019              |
| Planning and development  |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Road transport  |     | 1,756           | 8,170               | 8,019           | 167            | 2,076         | 8,019         | (5,943)      | -74%           | 8,019              |
| Environmental protection  |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| <i>Trading services</i>   |     | 118,991         | 134,891             | 136,522         | 8,730          | 108,816       | 136,522       | (27,707)     | -20%           | 136,522            |
| Energy sources  |     | 71,371          | 75,292              | 76,924          | 4,964          | 64,274        | 76,924        | (12,650)     | -16%           | 76,924             |
| Water management  |     | 28,376          | 30,332              | 30,332          | 1,896          | 23,004        | 30,332        | (7,329)      | -24%           | 30,332             |
| Waste water management  |     | 9,618           | 15,135              | 15,135          | 949            | 10,774        | 15,135        | (4,361)      | -29%           | 15,135             |
| Waste management  |     | 9,627           | 14,131              | 14,131          | 921            | 10,764        | 14,131        | (3,367)      | -24%           | 14,131             |
| <i>Other</i>  | 4   | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| <b>Total Revenue - Functional</b>   | 2   | 197,488         | 203,311             | 205,215         | 11,556         | 175,256       | 205,215       | (29,958)     | -15%           | 205,215            |
| <b>Expenditure - Functional</b>   |     |                 |                     |                 |                |               |               |              |                |                    |
| <i>Governance and administration</i>  |     | 104,246         | 72,679              | 74,991          | 5,551          | 63,393        | 74,991        | (11,598)     | -15%           | 74,991             |
| Executive and council   |     | 23,511          | 20,288              | 20,481          | 1,804          | 20,818        | 20,481        | 337          | 2%             | 20,481             |
| Finance and administration  |     | 80,735          | 52,391              | 54,510          | 3,747          | 42,575        | 54,510        | (11,935)     | -22%           | 54,510             |
| Internal audit  |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| <i>Community and public safety</i>  |     | 13,857          | 13,346              | 12,206          | 1,045          | 12,269        | 12,206        | 64           | 1%             | 12,206             |
| Community and social services   |     | 10,670          | 9,826               | 10,364          | 739            | 8,775         | 10,364        | (1,589)      | -15%           | 10,364             |
| Sport and recreation  |     | 397             | 448                 | 566             | 103            | 1,077         | 566           | 512          | 90%            | 566                |
| Public safety   |     | 1,276           | 231                 | 231             | 118            | 1,342         | 231           | 1,110        | 480%           | 231                |
| Housing   |     | 1,514           | 2,841               | 1,045           | 85             | 1,075         | 1,045         | 30           | 3%             | 1,045              |
| Health  |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| <i>Economic and environmental services</i>  |     | 9,108           | 17,823              | 18,229          | 1,015          | 12,018        | 18,229        | (6,211)      | -34%           | 18,229             |
| Planning and development  |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| Road transport  |     | 9,108           | 17,823              | 18,229          | 1,015          | 12,018        | 18,229        | (6,211)      | -34%           | 18,229             |
| Environmental protection  |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| <i>Trading services</i>   |     | 84,282          | 114,868             | 113,048         | 7,944          | 80,623        | 113,048       | (32,425)     | -29%           | 113,048            |
| Energy sources  |     | 38,407          | 68,326              | 64,388          | 5,847          | 46,451        | 64,388        | (17,936)     | -28%           | 64,388             |
| Water management  |     | 21,399          | 20,485              | 21,563          | 924            | 14,735        | 21,563        | (6,827)      | -32%           | 21,563             |
| Waste water management  |     | 9,969           | 12,251              | 12,932          | 539            | 9,105         | 12,932        | (3,828)      | -30%           | 12,932             |
| Waste management  |     | 14,507          | 13,806              | 14,165          | 635            | 10,332        | 14,165        | (3,834)      | -27%           | 14,165             |
| <i>Other</i>  |     | -               | -                   | -               | -              | -             | -             | -            | -              | -                  |
| <b>Total Expenditure - Functional</b>   | 3   | 211,494         | 218,716             | 218,474         | 15,555         | 168,303       | 218,474       | (50,171)     | -23%           | 218,474            |
| <b>Surplus/ (Deficit) for the year</b>  |     | (14,005)        | (15,405)            | (13,259)        | (3,999)        | 6,953         | (13,259)      | 20,213       | -152%          | (13,259)           |



**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) - M12 June |     |                 |                     |                 |                |                |                 |                 |                |                    |
|--|-----|-----------------|---------------------|-----------------|----------------|----------------|-----------------|-----------------|----------------|--------------------|
| 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 |
| <b>R thousands</b>   |     |                 |                     |                 |                |                |                 |                 |                |                    |
| <b>Revenue by Vote</b>   |     |                 |                     |                 |                |                |                 |                 |                |                    |
| Vote 1 - MUNICIPAL MANAGER   | 1   | 28,774          | 12,201              | 12,401          | 2              | 27,226         | 12,401          | 14,825          | 119.5%         | 12,401             |
| Vote 2 - CORPORATE SERVICES  |     | 15,469          | 23,672              | 22,695          | 201            | 5,177          | 22,695          | (17,518)        | -77.2%         | 22,695             |
| Vote 3 - FINANCIAL SERVICES  |     | 32,352          | 30,912              | 31,961          | 2,610          | 32,437         | 31,961          | 476             | 1.5%           | 31,961             |
| Vote 4 - TECHNICAL SERVICES  |     | 120,892         | 136,526             | 138,158         | 8,743          | 110,417        | 138,158         | (27,741)        | -20.1%         | 138,158            |
| Vote 5 - CALITZDORP SPA  |     | -               | -                   | -               | -              | -              | -               | -               | -              | -                  |
| Vote 6 - CORPORATE SERVICES (Continued)  |     | -               | -                   | -               | -              | -              | -               | -               | -              | -                  |
| Vote 7 - [NAME OF VOTE 7]  |     | -               | -                   | -               | -              | -              | -               | -               | -              | -                  |
| Vote 8 - [NAME OF VOTE 8]  |     | -               | -                   | -               | -              | -              | -               | -               | -              | -                  |
| Vote 9 - [NAME OF VOTE 9]  |     | -               | -                   | -               | -              | -              | -               | -               | -              | -                  |
| Vote 10 - [NAME OF VOTE 10]  |     | -               | -                   | -               | -              | -              | -               | -               | -              | -                  |
| Vote 11 - [NAME OF VOTE 11]  |     | -               | -                   | -               | -              | -              | -               | -               | -              | -                  |
| Vote 12 - [NAME OF VOTE 12]  |     | -               | -                   | -               | -              | -              | -               | -               | -              | -                  |
| Vote 13 - [NAME OF VOTE 13]  |     | -               | -                   | -               | -              | -              | -               | -               | -              | -                  |
| Vote 14 - [NAME OF VOTE 14]  |     | -               | -                   | -               | -              | -              | -               | -               | -              | -                  |
| Vote 15 - [NAME OF VOTE 15]  |     | -               | -                   | -               | -              | -              | -               | -               | -              | -                  |
| <b>Total Revenue by Vote</b>   | 2   | <b>197,488</b>  | <b>203,311</b>      | <b>205,215</b>  | <b>11,556</b>  | <b>175,256</b> | <b>205,215</b>  | <b>(29,958)</b> | <b>-14.6%</b>  | <b>205,215</b>     |
| <b>Expenditure by Vote</b>   |     |                 |                     |                 |                |                |                 |                 |                |                    |
| Vote 1 - MUNICIPAL MANAGER   | 1   | 23,511          | 20,288              | 20,481          | 1,804          | 20,818         | 20,481          | 337             | 1.6%           | 20,481             |
| Vote 2 - CORPORATE SERVICES  |     | 29,078          | 36,476              | 35,975          | 2,696          | 31,210         | 35,975          | (4,765)         | -13.2%         | 35,975             |
| Vote 3 - FINANCIAL SERVICES  |     | 66,518          | 35,710              | 37,083          | 2,044          | 24,972         | 37,083          | (12,111)        | -32.7%         | 37,083             |
| Vote 4 - TECHNICAL SERVICES  |     | 91,527          | 124,182             | 122,904         | 8,830          | 90,536         | 122,904         | (32,369)        | -26.3%         | 122,904            |
| Vote 5 - CALITZDORP SPA  |     | -               | -                   | -               | -              | -              | -               | -               | -              | -                  |
| Vote 6 - CORPORATE SERVICES (Continued)  |     | 860             | 2,060               | 2,030           | 180            | 767            | 2,030           | (1,263)         | -62.2%         | 2,030              |
| Vote 7 - [NAME OF VOTE 7]  |     | -               | -                   | -               | -              | -              | -               | -               | -              | -                  |
| Vote 8 - [NAME OF VOTE 8]  |     | -               | -                   | -               | -              | -              | -               | -               | -              | -                  |
| Vote 9 - [NAME OF VOTE 9]  |     | -               | -                   | -               | -              | -              | -               | -               | -              | -                  |
| Vote 10 - [NAME OF VOTE 10]  |     | -               | -                   | -               | -              | -              | -               | -               | -              | -                  |
| Vote 11 - [NAME OF VOTE 11]  |     | -               | -                   | -               | -              | -              | -               | -               | -              | -                  |
| Vote 12 - [NAME OF VOTE 12]  |     | -               | -                   | -               | -              | -              | -               | -               | -              | -                  |
| Vote 13 - [NAME OF VOTE 13]  |     | -               | -                   | -               | -              | -              | -               | -               | -              | -                  |
| Vote 14 - [NAME OF VOTE 14]  |     | -               | -                   | -               | -              | -              | -               | -               | -              | -                  |
| Vote 15 - [NAME OF VOTE 15]  |     | -               | -                   | -               | -              | -              | -               | -               | -              | -                  |
| <b>Total Expenditure by Vote</b>   | 2   | <b>211,494</b>  | <b>218,716</b>      | <b>218,474</b>  | <b>15,555</b>  | <b>168,303</b> | <b>218,474</b>  | <b>(50,171)</b> | <b>-23.0%</b>  | <b>218,474</b>     |
| <b>Surplus/ (Deficit) for the year</b>   | 2   | <b>(14,005)</b> | <b>(15,405)</b>     | <b>(13,259)</b> | <b>(3,999)</b> | <b>6,953</b>   | <b>(13,259)</b> | <b>20,213</b>   | <b>-152.4%</b> | <b>(13,259)</b>    |

## PART 2 SUPPORTING DOCUMENTATION

### Section 5 – Debtors' analysis

WC041 Kannaland - Supporting Table SC3 Monthly Budget Statement - aged debtors - M12 June

| Description   | NT Code     | Budget Year 2022/23 |              |              |              |              |              |               |               |                |                    | Actual Bad Debts Written Off against Debtors | Impairment - Bad Debts i.t.o Council Policy |
|---|-------------|---------------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|----------------|--------------------|--|---|
|   |             | 0-30 Days           | 31-60 Days   | 61-90 Days   | 91-120 Days  | 121-150 Dys  | 151-180 Dys  | 181 Dys-1 Yr  | Over 1Yr      | Total          | Total over 90 days |  |   |
| <b>R thousands</b>  |             |                     |              |              |              |              |              |               |               |                |                    |  |   |
| <b>Debtors Age Analysis By Income Source</b>                            |             |                     |              |              |              |              |              |               |               |                |                    |  |   |
| Trade and Other Receivables from Exchange Transactions - Water          | 1200        | 1 916               | 883          | 862          | 1 002        | 996          | 882          | 4 633         | 18 808        | 29 982         | 26 321             | -  | -   |
| Trade and Other Receivables from Exchange Transactions - Electricity    | 1300        | 1 120               | 151          | 110          | 117          | 96           | 76           | 328           | 735           | 2 735          | 1 354              | -  | -   |
| Receivables from Non-exchange Transactions - Property Rates             | 1400        | 2 615               | 664          | 608          | 548          | 527          | 511          | 2 903         | 19 846        | 28 220         | 24 333             | -  | -   |
| Receivables from Exchange Transactions - Waste Water Management         | 1500        | 691                 | 323          | 321          | 321          | 321          | 321          | 1 922         | 10 308        | 14 528         | 13 193             | -  | -   |
| Receivables from Exchange Transactions - Waste Management               | 1600        | 1 374               | 545          | 536          | 530          | 525          | 521          | 3 074         | 15 261        | 22 365         | 19 910             | -  | -   |
| Receivables from Exchange Transactions - Property Rental Debtors        | 1700        | -                   | -            | -            | -            | -            | -            | -             | 0             | 0              | 0                  | -  | -   |
| Interest on Arrear Debtor Accounts                                      | 1810        | 29                  | 51           | 72           | 97           | 118          | 132          | 1 120         | 18 681        | 20 300         | 20 148             | -  | -   |
| Recoverable unauthorised, irregular, fruitless and wasteful expenditure | 1820        | -                   | -            | -            | -            | -            | -            | -             | -             | -              | -                  | -  | -   |
| Other   | 1900        | (1 539)             | 175          | 167          | 157          | 151          | 151          | 837           | 3 127         | 3 227          | 4 424              | -  | -   |
| <b>Total By Income Source</b>   | <b>2000</b> | <b>6 205</b>        | <b>2 793</b> | <b>2 677</b> | <b>2 772</b> | <b>2 735</b> | <b>2 595</b> | <b>14 817</b> | <b>86 766</b> | <b>121 358</b> | <b>109 684</b>     | <b>-</b>                                     | <b>-</b>                                    |
| <b>2021/22 - totals only</b>  |             |                     |              |              |              |              |              |               |               |                |                    |  |   |
| <b>Debtors Age Analysis By Customer Group</b>                           |             |                     |              |              |              |              |              |               |               |                |                    |  |   |
| Organs of State   | 2200        | (396)               | 42           | 30           | 14           | 15           | 13           | 89            | 495           | 302            | 627                | -  | -   |
| Commercial  | 2300        | 1 056               | 292          | 247          | 215          | 200          | 194          | 1 037         | 4 256         | 7 497          | 5 902              | -  | -   |
| Households  | 2400        | 5 224               | 2 265        | 2 204        | 2 351        | 2 323        | 2 204        | 12 628        | 69 659        | 98 858         | 89 165             | -  | -   |
| Other   | 2500        | 320                 | 195          | 196          | 191          | 198          | 183          | 1 062         | 12 356        | 14 701         | 13 990             | -  | -   |
| <b>Total By Customer Group</b>  | <b>2600</b> | <b>6 205</b>        | <b>2 793</b> | <b>2 677</b> | <b>2 772</b> | <b>2 735</b> | <b>2 595</b> | <b>14 817</b> | <b>86 766</b> | <b>121 358</b> | <b>109 684</b>     | <b>-</b>                                     | <b>-</b>                                    |

- The total amount owed to Kannaland Municipality amounts to **R121 million**.
- **R84 million or 72%** of the total outstanding debtors are older than one year.
- **R108 million 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. Pre-paid electricity remains the most effective form of credit control.

There is a need to clean up the debtor's book and isolate collectable debts. The writing off of indigent debt is pending and the write-off of prescribed debt will be considered.

## Section 6 – Creditors' analysis

WC041 Kannaland - Supporting Table SC4 Monthly Budget Statement - aged creditors - M12 June

| 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 |               |
| <b>R thousands</b>                             |             |                     |              |              |               |                |                |                   |             |               |
| <b>Creditors Age Analysis By Customer Type</b> |             |                     |              |              |               |                |                |                   |             |               |
| Bulk Electricity                               | 0100        | 5 527               | 70           | 54           | 5             | 42 356         | -              | -                 | -           | 48 013        |
| Bulk Water                                     | 0200        | 33                  | -            | -            | -             | -              | -              | -                 | -           | 33            |
| PAYE deductions                                | 0300        | -                   | -            | -            | -             | -              | -              | -                 | -           | -             |
| VAT (output less input)                        | 0400        | -                   | -            | -            | -             | -              | -              | -                 | -           | -             |
| Pensions / Retirement deductions               | 0500        | -                   | -            | -            | -             | -              | -              | -                 | -           | -             |
| Loan repayments                                | 0600        | -                   | -            | -            | -             | -              | -              | -                 | -           | -             |
| Trade Creditors                                | 0700        | 430                 | 460          | 84           | 268           | 8 182          | -              | -                 | -           | 9 424         |
| Auditor General                                | 0800        | 150                 | 73           | 126          | 526           | 7 124          | -              | -                 | -           | 7 999         |
| Other  | 0900        | 1 504               | 105          | 40           | 66            | 5 871          | -              | -                 | -           | 7 586         |
| <b>Total By Customer Type</b>                  | <b>1000</b> | <b>7 643</b>        | <b>708</b>   | <b>304</b>   | <b>865</b>    | <b>63 534</b>  | <b>-</b>       | <b>-</b>          | <b>-</b>    | <b>73 054</b> |

The total outstanding creditors amounts to **R73 054 million**.

The biggest outstanding creditors are Eskom (**R48 million**), the Auditor-General of South Africa (**R8 million**). Combined, the before-mentioned represents **77%** 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 & Borrowing

- The municipality has no long-term debt obligations and any investments other than call account investments.

## Section 8 – Grants received and expenditure

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

Operational:

National Grants

↳ **Expanded Public Works Programme (EPWP) Grant** amounts to **R 115 million.**

Provincial Government Grants

↳ **Library** amounts to **R 405 thousand.**

Capital:

National Grants

↳ **Municipal Infrastructure Grant** amounts to **R 7.3 million.**

Provincial Grants

↳ **Municipal Replacement Fund (Library)** amounts to **R 33 thousand.**

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

| WC041 Kannaland - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M11 May |     |                 |                 |                 |                     |               |               |                |                |                    |
|---|-----|-----------------|-----------------|-----------------|---------------------|---------------|---------------|----------------|----------------|--------------------|
| Summary of Employee and Councillor remuneration   | Ref | 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   |     | A               | B               | C               |                     |               |               |                |                | D                  |
| <b>Councillors (Political Office Bearers plus Other)</b>  |     |                 |                 |                 |                     |               |               |                |                |                    |
| Basic Salaries and Wages  |     | 2 560           | 3 046           | 3 046           | 298                 | 4 005         | 2 792         | 1 213          | 43%            | 3 046              |
| Pension and UIF Contributions   |     | 26              | -               | -               | 3                   | 33            | -             | 33             | #DIV/0!        | -                  |
| Medical Aid Contributions   |     | 124             | -               | 81              | 9                   | 57            | 75            | (17)           | -23%           | 81                 |
| Motor Vehicle Allowance   |     | 131             | -               | -               | 3                   | 49            | -             | 49             | #DIV/0!        | -                  |
| Cellphone Allowance   |     | 307             | 311             | 311             | 25                  | 267           | 285           | (18)           | -6%            | 311                |
| Housing Allowances  |     | -               | -               | -               | -                   | -             | -             | -              | -              | -                  |
| Other benefits and allowances   |     | -               | -               | -               | -                   | -             | -             | -              | -              | -                  |
| <b>Sub Total - Councillors</b>  |     | <b>3 148</b>    | <b>3 357</b>    | <b>3 438</b>    | <b>338</b>          | <b>4 410</b>  | <b>3 151</b>  | <b>1 259</b>   | <b>40%</b>     | <b>3 438</b>       |
| % increase  | 4   |                 | 6,6%            | 9,2%            |                     |               |               |                |                | 9,2%               |
| <b>Senior Managers of the Municipality</b>  |     |                 |                 |                 |                     |               |               |                |                |                    |
| Basic Salaries and Wages  |     | 1 854           | 4 994           | 4 994           | 3                   | 1 475         | 4 578         | (3 103)        | -68%           | 4 994              |
| Pension and UIF Contributions   |     | 1               | 9               | 9               | -                   | 2             | 8             | (6)            | -70%           | 9                  |
| Medical Aid Contributions   |     | -               | -               | -               | -                   | -             | -             | -              | -              | -                  |
| Overtime  |     | -               | -               | -               | -                   | -             | -             | -              | -              | -                  |
| Performance Bonus   |     | -               | -               | -               | -                   | -             | -             | -              | -              | -                  |
| Motor Vehicle Allowance   |     | 130             | -               | -               | 14                  | 165           | -             | 165            | #DIV/0!        | -                  |
| Cellphone Allowance   |     | 37              | 115             | 115             | -                   | 24            | 106           | (81)           | -77%           | 115                |
| Housing Allowances  |     | -               | -               | -               | -                   | -             | -             | -              | -              | -                  |
| Other benefits and allowances   |     | 12              | 210             | 210             | -                   | 96            | 192           | (96)           | -50%           | 210                |
| Payments in lieu of leave   |     | -               | -               | -               | -                   | -             | -             | -              | -              | -                  |
| Long service awards   |     | -               | -               | -               | -                   | -             | -             | -              | -              | -                  |
| Post-retirement benefit obligations   |     | -               | -               | -               | -                   | -             | -             | -              | -              | -                  |
| <b>Sub Total - Senior Managers of Municipality</b>  |     | <b>2 033</b>    | <b>5 328</b>    | <b>5 328</b>    | <b>18</b>           | <b>1 763</b>  | <b>4 884</b>  | <b>(3 121)</b> | <b>-64%</b>    | <b>5 328</b>       |
| % increase  | 4   |                 | 162,0%          | 162,0%          |                     |               |               |                |                | 162,0%             |
| <b>Other Municipal Staff</b>  |     |                 |                 |                 |                     |               |               |                |                |                    |
| Basic Salaries and Wages  |     | 45 593          | 49 327          | 51 910          | 4 600               | 45 826        | 47 584        | (1 758)        | -4%            | 51 910             |
| Pension and UIF Contributions   |     | 6 740           | 8 520           | 8 520           | 587                 | 6 516         | 7 810         | (1 294)        | -17%           | 8 520              |
| Medical Aid Contributions   |     | 2 434           | 2 899           | 2 899           | 184                 | 1 961         | 2 657         | (696)          | -26%           | 2 899              |
| Overtime  |     | 4 001           | 4 442           | 4 405           | 631                 | 5 991         | 4 038         | 1 953          | 48%            | 4 405              |
| Performance Bonus   |     | 1 564           | 652             | 641             | -                   | 1 274         | 587           | 686            | 117%           | 641                |
| Motor Vehicle Allowance   |     | 2 393           | 2 391           | 2 391           | 247                 | 2 409         | 2 191         | 218            | 10%            | 2 391              |
| Cellphone Allowance   |     | 165             | 172             | 172             | 10                  | 143           | 157           | (15)           | -9%            | 172                |
| Housing Allowances  |     | 315             | 349             | 349             | 34                  | 307           | 320           | (13)           | -4%            | 349                |
| Other benefits and allowances   |     | 4 420           | 4 639           | 3 703           | 147                 | 5 980         | 3 394         | 2 587          | 76%            | 3 703              |
| Payments in lieu of leave   |     | (243)           | 1 520           | 520             | 7                   | 511           | 477           | 34             | 7%             | 520                |
| Long service awards   |     | 249             | -               | -               | -                   | -             | -             | -              | -              | -                  |
| Post-retirement benefit obligations   |     | 1 934           | -               | -               | -                   | -             | -             | -              | -              | -                  |
| <b>Sub Total - Other Municipal Staff</b>  |     | <b>69 564</b>   | <b>74 911</b>   | <b>75 508</b>   | <b>6 446</b>        | <b>70 918</b> | <b>69 215</b> | <b>1 703</b>   | <b>2%</b>      | <b>75 508</b>      |
| % increase  | 4   |                 | 7,7%            | 8,5%            |                     |               |               |                |                | 8,5%               |
| <b>Total Parent Municipality</b>  |     | <b>74 745</b>   | <b>83 595</b>   | <b>84 274</b>   | <b>6 802</b>        | <b>77 091</b> | <b>77 250</b> | <b>(159)</b>   | <b>0%</b>      | <b>84 274</b>      |
| <b>Unpaid salary, allowances &amp; benefits in arrears:</b>   |     |                 |                 |                 |                     |               |               |                |                |                    |
| <b>Total Municipal Entities</b>   |     | <b>1</b>        | <b>-</b>        | <b>-</b>        | <b>0</b>            | <b>1</b>      | <b>-</b>      | <b>1</b>       | <b>#DIV/0!</b> | <b>-</b>           |
| <b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>  |     | <b>74 746</b>   | <b>83 595</b>   | <b>84 274</b>   | <b>6 802</b>        | <b>77 092</b> | <b>77 250</b> | <b>(158)</b>   | <b>0%</b>      | <b>84 274</b>      |
| % increase  | 4   |                 | 11,8%           | 12,7%           |                     |               |               |                |                | 12,7%              |
| <b>TOTAL MANAGERS AND STAFF</b>   |     | <b>71 597</b>   | <b>80 239</b>   | <b>80 836</b>   | <b>6 464</b>        | <b>72 681</b> | <b>74 099</b> | <b>(1 418)</b> | <b>-2%</b>     | <b>80 836</b>      |

## **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 - M12 June |                 |                     |                 |                |               |               |              |                |                            |
|---|-----------------|---------------------|-----------------|----------------|---------------|---------------|--------------|----------------|----------------------------|
| 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   |                 |                     |                 |                |               |               |              |                |                            |
| <b>Monthly expenditure performance trend</b>  |                 |                     |                 |                |               |               |              |                |                            |
| July  | –               | 1,387               | 1,211           | –              | –             | 1,211         | –            | 0.0%           | 0%                         |
| August  | 1,453           | 1,602               | 1,286           | 7              | 7             | 2,497         | 2,490        | 99.7%          | 0%                         |
| September   | 802             | 1,077               | 1,211           | –              | 7             | 3,708         | 3,701        | 99.8%          | 0%                         |
| October   | 2,338           | 1,177               | 1,211           | –              | 7             | 4,919         | 4,912        | 99.9%          | 0%                         |
| November  | 696             | 1,302               | 1,286           | 17             | 24            | 6,205         | 6,181        | 99.6%          | 0%                         |
| December  | 4,280           | 977                 | 1,211           | 852            | 877           | 7,416         | 6,539        | 88.2%          | 7%                         |
| January   | 175             | 977                 | 1,211           | –              | 877           | 8,627         | 7,750        | 89.8%          | 7%                         |
| February  | 185             | 907                 | 1,241           | 10             | 887           | 9,868         | 8,981        | 91.0%          | 7%                         |
| March   | 1,190           | 877                 | 1,211           | 78             | 965           | 11,079        | 10,114       | 91.3%          | 7%                         |
| April   | 72              | 877                 | 1,211           | 370            | 1,335         | 12,290        | 10,955       | 89.1%          | 10%                        |
| May   | 589             | 877                 | 1,211           | 1,567          | 2,902         | 13,501        | 10,599       | 78.5%          | 22%                        |
| June  | 2,273           | 877                 | 1,211           | 4,978          | 7,880         | 14,712        | 6,832        | 46.4%          | 61%                        |
| <b>Total Capital expenditure</b>  | <b>14,052</b>   | <b>12,919</b>       | <b>14,712</b>   | <b>7,880</b>   |               |               |              |                |                            |

## Section 12 – Implementation of the budget funding plan

The implementation of the funding plan is taking place on monthly basis and will be reported 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

### Annexure B

| VOORSIENINGSKANAAL AFWYKINGS: ART 36- SCM REGULASIES |            |               |                                  |                |  |
|--|------------|---------------|----------------------------------|----------------|--|
| NUMMER   | DATUM      | DEPARTEMENT   | VERSKAFFER                       | BEDRAG         | REDE   |
| 8/1/4/R  | 05/06/2023 | ADMINISTRATIE | ROY STEELLE AND ASSOCIATES       | R 103 500,00   | COUNCIL RESOLVED ON 21 NOVEMBER 2022 TO ADVERTISE THE POST OF MUNICIPAL MANAGER AND CHIEF FINANCIAL OFFICER, ONLINE WITH THE REGULATION ON THE APPOINTMENT AND CONDITIONS OF SENIOR MANAGERS, 2014   |
| 8/1/4/R  | 05/06/2023 | TECHNICAL     | PHAMBILI CIVILS CC               | R 447 198,25   | THE PURPOSE OF THIS DEVIATION IS FOR THE ACTING MUNICIPAL MANAGER TO APPROVE THIS DEVIATION IN TERMS OF SECTION 36 (1)(A)(V) OF THE MUNICIPAL SUPPLY CHAIN REGULATION. THE VAN WYKSDORP WWTW PROJECT WAS APPROVED THROUGH THE MIG PROGRAMME ON 01 DECEMBER 2022, PLEASE SEE ATTACHED APPROVAL LETTER.  |
| 8/1/4/R  | 05/06/2023 | TECHNICAL     | IMBRIOLO CONSTRUCTION            | R 1 096 055,90 | THE PURPOSE OF THIS DEVIATION IS FOR THE ACTING MUNICIPAL MANAGER TO APPROVE THIS DEVIATION IN TERMS OF SECTION 36 (1)(A)(V) OF THE MUNICIPAL SUPPLY CHAIN REGULATION. THE ZOAR WWTW PROJECT WAS APPROVED THROUGH THE MIG PROGRAMME ON 01 DECEMBER 2022, PLEASE SEE ATTACHED APPROVAL LETTER.  |
| 8/1/4/R  | 01/06/2023 | TECHNICAL     | AMANDLA GCF CONSTRUCTION         | R 180 147,79   | THE PURPOSE OF THIS DEVIATION IS FOR THE ACTING MUNICIPAL MANAGER TO APPROVE THIS DEVIATION IN TERMS OF SECTION 36 (1)(A)(V) OF THE MUNICIPAL SUPPLY CHAIN REGULATION. THE LADISMITH WWTW PROJECT WAS APPROVED THROUGH THE MIG PROGRAMME ON 01 DECEMBER 2022, PLEASE SEE ATTACHED APPROVAL LETTER.   |
| 8/1/4/R  | 1306/2023  | FINANCE       | RED AND METER READING/LUCROMSOFT | R 38 640,00    | THE MUNICIPALITY DOES NOT HAVE FACILITIES TO PERFORM THESE METER READINGS THEMSELVES. THE APPOINTED SERVICE PROVIDER CAN CURRENTLY NOT SUPPLY THE INFORMATION DUE TO THE URGENCY OF THIS SERVICE THAT MUST BE DELIVERED IN INFORMATION IS OBTAINED FROM THE PREVIOUS SERVICE PROVIDER. NO REVENUE I.R.O SERVICES RENDERED CAN BE GENERATED IF THE MONTHLY METER READINGS ARE NOT PERFORMED AND INVOICES RENDERED TO USERS FOR PAYMENT.   |
| 8/1/4/R  | 12/06/2023 | FINANCE       | UJM BRAAF TRUST                  | R 36 352,97    | KANNALAND MUNISIPALITEIT ONDERWIND DIE AFGELOPE PAAR JAAR N TE KORT AAN KANTOOR SPASIE. HIERDIE BEHOEFTE HET ONTSTAAN AS GEVOLG VAN DIE FEIT DAT DIE PERSONEEL AANGESTEL MOES WORD OM DIE MUNISIPALITEIT IN STAAT TE STEL OM SY DAAGLIKSE FUNKSIE DOELTREFFEND UIT TE VOER. GEDURENDE 2013-2015, HET DIE MUNISIPALITEIT REEDS VIR HIERDIE DOEL KANTOOR BY MNR ELLIS (MOUNTAIN VIEW B&B) GERUJUR.   |
| 8/1/4/R  | 09/06/2023 | FINANCE       | SA POST OFFICE                   | R 44 922,50    | SAPO IS CURRENTLY THE SOLE SERVICE PROVIDER FOR THE POSTING OF THE MUNICIPALITY'S MONTHLY SERVICE ACCOUNTS. IN THE EVENT THAT THE SERVICE ACCOUNTS ARE NOT DELIVERED TO THE CONSUMERS, THE MUNICIPALITY CANNOT GENERATE REVENUE FOR SERVICE DELIVERED.   |
| 8/1/4/R  | 14/06/2023 | ADMINISTRATIE | BIDVEST STEINER                  | R 33 804,44    | THE ORIGINAL AGREEMENTS WITH THE SERVICE PROVIDER TO PROVIDE CLEANING SERVICES HAS LAPSED AND THUS RESULTED IN THE MUNICIPALITY HAVING TO START THE PROCUREMENT PROCESS FOR THE APPOINTMENT OF NEW SERVICE PROVIDER ON A LONG TERM BASIS. THE MUNICIPALITY HAS NO OTHER CHOICE BUT TO APPOINT THE CURRENT SERVICE PROVIDERS UP UNTIL THE PROCUREMENT AND TENDER PROCESS FOR A SERVICE PROVIDER HAS BEEN FINALIZED.   |
| 8/1/4/R  | 14/06/2023 | ADMINISTRATIE | TELKOM SA LIMITED                | R 26 064,10    | THE MUNICIPALITY DURING THE PREVIOUS AND CURRENT FINANCIAL YEAR STARTED ENGAGEMENT WITH THE BUSINESS SIDE OF TELKOM, BUT COULD NOT FINALIZE THE PROCESS DUE TO A LACK OF CONTINUITY IN NEGOTIATIONS AND PERSONNEL. MR RUDI FORTUIN IS STILL IN EVENTUAL PROCUREMENT. TELKOM ARE A GOVERNMENT PARASTATAL. THE CONTRACTS THAT LAPSED MAKES PROVISION FOR A MONTH- TO-MONTH AGREEMENT THAT SHALL BE TERMINATED UPON PRIOR NOTICE BY ANY OF THE PARTIES.   |
| 8/1/4/R  | 14/06/2023 | ADMINISTRATIE | CONTAINERS 4 LESS                | R 30 360,00    | THE MUNICIPALITY HAS NO OTHER CHOICE BUT TO APPOINT THE CURRENT SERVICE PROVIDER UP UNTIL A PROCUREMENT AND TENDER PROCESS FOR A MORE PERMANENT SERVICE PROVIDER HAS BEEN FINALIZED. THE AIM OF THIS PROJECT IS TO PROVIDER CONTAINERS FOR STORAGE AND OFFICE IN VARIOUS AREAS WITHIN THE KANNALAND MUNICIPALITY.  |
| 8/1/4/R  | 15/06/2023 | FINANCE       | WINDEED SYSTEMS                  | R 1 855,90     | KANNALAND NEEDS TO UPDATE THEIR DEBTOR RECORDS OF PROPERTIES SOLD TO ENSURE THAT PROPERTY RATES INVOICES ARE DELIVERED TO THE CORRECT OWNERS   |
| 8/1/4/R  | 15/06/2023 | FINANCE       | WINDEED SYSTEMS                  | R 2 591,81     | KANNALAND NEEDS TO UPDATE THEIR DEBTOR RECORDS OF PROPERTIES SOLD TO ENSURE THAT PROPERTY RATES INVOICES ARE DELIVERED TO THE CORRECT OWNERS   |
| 8/1/4/R  | 15/06/2023 | FINANCE       | RED AND METER READING/LUCROMSOFT | R 38 640,00    | THE MUNICIPALITY DOES NOT HAVE FACILITIES TO PERFORM THESE METER READINGS THEMSELVES. THE APPOINTED SERVICE PROVIDER CAN CURRENTLY NOT SUPPLY THE INFORMATION DUE TO THE URGENCY OF THIS SERVICE THAT MUST BE DELIVERED IN INFORMATION IS OBTAINED FROM THE PREVIOUS SERVICE PROVIDER. NO REVENUE I.R.O SERVICES RENDERED CAN BE GENERATED IF THE MONTHLY METER READINGS ARE NOT PERFORMED AND INVOICES RENDERED TO USERS FOR PAYMENT.   |
| 8/1/4/R  | 07/06/2023 | ADMINISTRATIE | CW IR SOLUTION (PTY) LTD         | R 22 288,00    | EKSTERNE VOORSITENDE BEAMPTTE VIR DIE DISSIPLERE VERHOORE VAN MNR R DE JONGH, MEV. J. ANDREWS, MNR N PASKWALLI EN MNR A. DEBORT.   |
| 8/1/4/R  | 20/06/2023 | ADMINISTRATIE | KONICA MINOLTA SOUTH AFRICA      | R 58 657,87    | THE MUNICIPALITY HAS NO OTHER CHOICE BUT TO APPOINT THE CURRENT SERVICE PROVIDERS UP UNTIL THE END OF THE FINANCIAL YEAR TO ALLOW THE SECTION TO COMPLETE PROCUREMENT AND TENDER PROCESS FOR A SERVICE PROVIDER TO BE APPOINTED ON 36 MONTHS CONTRACT  |
| 8/1/4/R  | 27/06/2023 | TECHNICAL     | PHAMBILI CIVILS CC               | R 783 233,06   | THE PURPOSE OF THIS DEVIATION IS FOR THE ACTING MUNICIPAL MANAGER TO APPROVE THIS DEVIATION IN TERMS OF SECTION 36 (1)(A)(V) OF THE MUNICIPAL SUPPLY CHAIN REGULATION. THE VAN WYKSDORP WWTW PROJECT WAS APPROVED THROUGH THE MIG PROGRAMME ON 01 DECEMBER 2022, PLEASE SEE ATTACHED APPROVAL LETTER.  |
| 8/1/4/R  | 27/06/2023 | TECHNICAL     | IMBRIOLO CONSTRUCTION            | R 1 638 296,24 | THE PURPOSE OF THIS DEVIATION IS FOR THE ACTING MUNICIPAL MANAGER TO APPROVE THIS DEVIATION IN TERMS OF SECTION 36 (1)(A)(V) OF THE MUNICIPAL SUPPLY CHAIN REGULATION. THE ZOAR WWTW PROJECT WAS APPROVED THROUGH THE MIG PROGRAMME ON 01 DECEMBER 2022.   |
| 8/1/4/R  | 27/06/2023 | TECHNICAL     | URHWEBO E-TRANSAND               | R 993 983,77   | THE PURPOSE OF THIS DEVIATION IS FOR THE ACTING MUNICIPAL MANAGER TO APPROVE THIS DEVIATION IN TERMS OF SECTION 36 (1)(A)(V) OF THE MUNICIPAL SUPPLY CHAIN REGULATION. THE VAN WYKSDORP WWTW PROJECT WAS APPROVED THROUGH THE MIG PROGRAMME ON 01 DECEMBER 2022.   |
| 8/1/4/R  | 27/06/2023 | TECHNICAL     | EXEO KHOKELA CIVIL ENGINEERING   | R 371 852,47   | THE LADISMITH WWTW PROJECT WAS IMPLEMENTED DURING THE 2021/2022 FINANCIAL YEAR THROUGH AN OPEN TENDER. PROCESS. EXEO KHOKELA CIVIL ENGINEERING CONSTRUCTION (PTY) LTD WAS APPOINTED AS THE CONTRACTOR UNDER BID NO. KANNA 04/2021 FOR THE FULL SCOPE OF WORKS AS ADVERTISED IN THE TENDER DOCUMENT. A FINAL APPOINTMENT LETTER WAS ISSUES TO EXEO FOR THE FULL SCOPE OF WORKS TO AN AMOUNT OF R16 547 923.03. THE AVAILABLE BUDGET FOR THE 2021/2022 FY WAS R6422209 AND THEREFORE THE SCOPE OF WORKS WAS REDUCED TO FIT THE BUDGET. |
| 8/1/4/R  | 27/06/2023 | TECHNICAL     | SANITECH                         | R 82 329,07    | THE PROVISIONING OF SANITATION IS A BASIC SERVICE. WITHOUT THE CHEMICAL TOILETS, NO OTHER MEANS OF SANITATION SERVICES EXISTS. IT IS THEREFORE NECESSARY TO PROVIDE THESE MOBILE CHEMICAL TOILETS TO THE RESIDENTS IN THESE INFORMAL SETTLEMENTS.  |
| 8/1/4/R  | 27/06/2023 | TECHNICAL     | LOYISO CIVIL CONSTRUCTION        | R 1 004 065,00 | GENERATORS AND FUEL TRANSFER PUMPS   |
|  |            |               |                                  | R 7 034 839,14 |  |



## Section 14 – Quality certification

I, **Morne Marshall Hoogbaard**, the Acting Accounting Officer of **Kannaland Municipality WC041**, hereby certify that the Monthly Budget Statement for **June 2023**, has been prepared in accordance with the Municipal Finance Management Act and regulations made under the Act.

**Print name: Morne Marshall Hoogbaard**

**Signature:** .....

**Date:** .....