



KANNALAND
MUNISIPALITEIT | MUNICIPALITY

Monthly Budget Report for May 2022/23



Prepared in terms of the Local Government: Municipal Finance Management Act (56/2003): Municipal Budget and Reporting Regulations, Government Gazette 32141, 17 July 2009

Table of Contents

PART 1: IN-YEAR REPORT	5
Section 1 – Mayor’s Report	5
1.1 In -Year Report – Monthly Budget Statement	5
Section 2 – Resolutions.....	5
Section 3 – Executive Summary	5
1.1 Introduction	5
1.2 Consolidated Performance	6
1.3 Material differences to the SDBIP.....	13
1.4 Remedial actions.....	13
Section 4 – In-year budget statement tables.....	14
PART 2 SUPPORTING DOCUMENTATION.....	19
Section 5 – Debtors' analysis.....	19
Section 6 – Creditors' analysis.....	20
Section 7 – Investment portfolio analysis & Borrowing.....	20
Section 8 – Grants received and expenditure	21
Section 9 – Expenditure on Councillor, Senior Managers and Other Staff	22
Section 10 – Material variances to the SDBIP	23
Section 11– Capital programme performance.....	24
Section 12 – Implementation of the budget funding plan	25
Section 13 – SCM Deviations	25
Section 14 – Quality certification.....	26

GLOSSARY

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

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

Budget - The financial plan of the Municipality.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Virement - A transfer of budget.

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

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

PART 1: IN-YEAR REPORT

Section 1 – Mayor’s Report

1.1 In -Year Report – Monthly Budget Statement

The monthly budget statement for May **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 May 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

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 180 088	R 163 326	R (16 761)	-9%
Operating Expenditure	R 218 716	R 218 474	R 152 748	R 200 266	R (47 518)	-24%
Capital	R 12 919	R 14 712	R 13 501	R 2 902	R (10 599)	-79%

Operating Revenue

The year-to-date operating revenue realised 9% below the forecasted amount. The before-mention 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 24% 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 1.567 million for grant funded projects and no expenditure for own funding projects during the month of May. 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.

Collection Rate

Collection percentage for Kannaland Municipality									
Period	Levy	Payments	Journals	Total Levy, Journals & Transfers	Payments	Payment % per month	Total Levies accumulated month to month	Total Payments accumulated month to month	Average YTD
Jul-22	11 768 270,38	(9 893 854,40)	(27 000,35)	11 741 270,03	(9 893 854,40)	-84,27	11 741 270,03	(9 893 854,40)	84,27
Aug-22	11 974 381,75	(6 696 778,13)	(201 380,42)	11 773 001,33	(6 696 778,13)	-56,88	23 514 271,36	(16 590 632,53)	70,56
Sep-22	12 974 562,90	(12 873 586,77)	(153 441,32)	12 821 121,58	(12 873 586,77)	-100,41	36 335 392,94	(29 464 219,30)	81,09
Oct-22	10 708 353,74	(9 917 471,02)	(213 843,36)	10 494 510,38	(9 917 471,02)	-94,50	46 829 903,32	(39 381 690,32)	84,10
Nov-22	11 072 806,29	(7 980 306,93)	(227 747,61)	10 845 058,68	(7 980 306,93)	-73,58	57 674 962,00	(47 361 997,25)	82,12
Dec-22	10 785 260,21	(8 322 084,80)	(206 225,15)	10 579 035,06	(8 322 084,80)	-78,67	68 253 997,06	(55 684 082,05)	81,58
Jan-23	10 928 513,76	(7 246 028,97)	(399 037,89)	10 529 475,87	(7 246 028,97)	-68,82	78 783 472,93	(62 930 111,02)	79,88
Feb-23	11 226 169,59	(7 825 366,37)	(8 880,23)	11 217 289,36	(7 825 366,37)	-69,76	90 000 762,29	(70 755 477,39)	78,62
Mar-23	10 509 846,37	(8 154 118,85)	(248 038,01)	10 261 808,36	(8 154 118,85)	-79,46	100 262 570,65	(78 909 596,24)	78,70
Apr-23	11 040 780,02	(7 069 951,06)	(181 743,54)	10 859 036,48	(7 069 951,06)	-65,11	111 121 607,13	(85 979 547,30)	77,37
May-23	10 246 678,86	(7 847 137,31)	4 177,91	10 250 856,77	(7 847 137,31)	-76,55	121 372 463,90	(93 826 684,61)	77,30

TABLE C1 – MONTHLY BUDGET SUMMARY

WC041 Kannaland - Table C1 Monthly Budget Statement Summary - M11 May									
Description	2021/22	Budget Year 2022/23							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	25 891	24 836	24 836	2 132	23 433	22 767	666	3%	24 836
Service charges	102 394	110 480	110 480	7 538	94 578	101 274	(6 696)	-7%	110 480
Investment revenue	1 232	680	1 380	381	1 771	1 265	506	40%	1 380
Transfers and subsidies	41 701	43 164	42 854	746	32 143	42 435	(10 292)	-24%	42 854
Other own revenue	7 380	13 621	13 470	1 748	11 402	12 347	(945)	-8%	13 470
Total Revenue (excluding capital transfers and contributions)	178 600	192 782	193 021	12 545	163 326	180 088	(16 761)	-9%	193 021
Employee costs	71 597	80 239	80 836	6 464	72 681	74 099	(1 418)	-2%	80 836
Remuneration of Councillors	3 148	3 357	3 438	338	4 410	3 151	1 259	40%	3 438
Depreciation & asset impairment	16 588	13 222	13 222	1 075	11 829	12 120	(291)	-2%	13 222
Finance charges	4 244	2 072	2 008	418	1 707	1 841	(134)	-7%	2 008
Materials and bulk purchases	54 288	63 094	58 919	4 586	35 887	54 009	(18 122)	-34%	58 919
Transfers and subsidies	240	450	450	-	110	413	(303)	-73%	450
Other expenditure	61 387	56 283	59 601	1 745	26 125	54 634	(28 509)	-52%	59 601
Total Expenditure	211 493	218 716	218 474	14 626	152 748	200 266	(47 518)	-24%	218 474
Surplus/(Deficit)	(32 893)	(25 934)	(25 453)	(2 082)	10 579	(20 178)	30 757	-152%	(25 453)
Transfers and subsidies - capital (monetary allocations)	18 889	10 529	12 194	374	375	12 055	(11 681)	-97%	12 194
Contributions & Contributed assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(14 004)	(15 405)	(13 259)	(1 708)	10 953	(8 123)	19 076	-235%	(13 259)
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	(14 004)	(15 405)	(13 259)	(1 708)	10 953	(8 123)	19 076	-235%	(13 259)
Capital expenditure & funds sources									
Capital expenditure	14 052	12 919	14 712	1 567	2 902	13 501	(10 599)	-79%	14 712
Capital transfers recognised	19 138	10 529	12 800	1 567	1 911	11 733	(9 822)	-84%	12 800
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	726	2 390	1 912	-	991	1 768	(777)	-44%	1 912
Total sources of capital funds	19 864	12 919	14 712	1 567	2 902	13 501	(10 599)	-79%	14 712
Financial position									
Total current assets	(12 141)	(60 736)	(65 144)	-	44 139	-	-	-	(65 144)
Total non current assets	324 309	325 969	327 762	-	(8 926)	-	-	-	327 762
Total current liabilities	40 080	(1 894)	(7 587)	-	24 444	-	-	-	(7 587)
Total non current liabilities	33 884	44 757	45 689	-	-	-	-	-	45 689
Community wealth/Equity	252 209	237 775	237 775	-	(184)	-	-	-	237 775
Cash flows									
Net cash from (used) operating	243 197	(38 004)	(40 515)	151	71 128	(11 923)	(83 051)	697%	(40 515)
Net cash from (used) investing	2 415	(25 838)	(28 785)	-	-	(26 401)	(26 401)	100%	(28 785)
Net cash from (used) financing	(132)	(648)	(216)	19	(82)	(198)	(115)	58%	(216)
Cash/cash equivalents at the month/year end	294 280	(15 685)	(20 711)	-	71 046	10 284	(60 762)	-591%	(69 515)
Debtors & creditors analysis									
	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
Debtors Age Analysis									
Total By Income Source	4 483	2 799	2 882	2 840	2 653	2 631	14 784	84 679	117 750
Creditors Age Analysis									
Total Creditors	5 504	471	737	702	63 941	-	-	-	71 355

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) - M11 May										
Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue By Source										
Property rates		25 891	24 836	24 836	2 132	23 433	22 767	666	3%	24 836
Service charges - electricity revenue		64 750	70 503	70 503	4 469	59 132	64 628	(5 495)	-9%	70 503
Service charges - water revenue		20 355	21 841	21 841	1 598	18 902	20 021	(1 118)	-6%	21 841
Service charges - sanitation revenue		8 706	9 219	9 219	747	8 359	8 451	(91)	-1%	9 219
Service charges - refuse revenue		8 583	8 918	8 918	726	8 183	8 175	9	0%	8 918
Rental of facilities and equipment		552	607	607	50	553	557	(4)	-1%	607
Interest earned - external investments		1 232	680	1 380	381	1 771	1 265	506	40%	1 380
Interest earned - outstanding debtors		4 984	4 968	4 968	870	7 907	4 554	3 353	74%	4 968
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		39	6 007	6 031	17	168	5 528	(5 360)	-97%	6 031
Licences and permits		159	364	189	17	158	173	(15)	-9%	189
Agency services		1 098	1 200	1 200	40	1 107	1 100	7	1%	1 200
Transfers and subsidies		41 701	43 164	42 854	746	32 143	42 435	(10 292)	-24%	42 854
Other revenue		549	475	475	754	1 509	435	1 074	247%	475
Gains		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		178 600	192 782	193 021	12 545	163 326	180 088	(16 761)	-9%	193 021

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** – (74% 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 -97% 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) - M11 May										
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										
Expenditure By Type										
Employee related costs		71 597	80 239	80 836	6 464	72 681	74 099	(1 418)	-2%	80 836
Remuneration of councillors		3 148	3 357	3 438	338	4 410	3 151	1 259	40%	3 438
Debt impairment		24 300	23 594	23 594	-	8 002	21 628	(13 626)	-63%	23 594
Depreciation & asset impairment		16 588	13 222	13 222	1 075	11 829	12 120	(291)	-2%	13 222
Finance charges		4 244	2 072	2 008	418	1 707	1 841	(134)	-7%	2 008
Bulk purchases - electricity		50 752	58 024	53 617	4 488	33 390	49 149	(15 759)	-32%	53 617
Inventory consumed		3 536	5 071	5 302	99	2 497	4 860	(2 363)	-49%	5 302
Contracted services		13 677	13 749	13 323	573	6 507	12 213	(5 705)	-47%	13 323
Transfers and subsidies		240	450	450	-	110	413	(303)	-73%	450
Other expenditure		16 573	18 939	22 684	1 172	11 615	20 793	(9 178)	-44%	22 684
Losses		6 836	-	-	-	-	-	-	-	-
Total Expenditure		211 493	218 716	218 474	14 626	152 748	200 266	(47 518)	-24%	218 474

- **Remuneration of Councillors**- The total Remuneration for Councillors was R348 thousand in May 2023, exceeding the budget with 40% on a year-to-date basis. This was caused by incorrect allocations that will be corrected.
- **Debt Impairment** – The deviation of 63% are below the year-to-date budget. There was no revenue from traffic fines to impair and not accounting for impairment during January and May 2023.
- **Finance Charges** – Expenditure deviated 7% below the year-to-date budget. The budget accounted for finances charges that relates to employee benefits and the rehabilitation of landfill sites, that were not on a year-to-date basis accounted for on SAMRAS.
- **Bulk Purchases** – Expenditure deviated 32% 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 49% 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 47% 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 44% 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) - M11 May										
Vote Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Multi-Year expenditure appropriation	2									
Vote 1 - MUNICIPAL MANAGER		-	130	130	-	61	130	(69)	-53%	130
Vote 2 - CORPORATE SERVICES		5 235	1 710	33	24	24	30	(6)	-20%	33
Vote 3 - FINANCIAL SERVICES		-	-	-	-	-	-	-	-	-
Vote 4 - TECHNICAL SERVICES		2 351	9 454	9 087	1 543	1 745	8 330	(6 584)	-79%	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]		-	-	-	-	-	-	-	-	-
Total Capital Multi-year expenditure	4,7	7 586	11 294	9 250	1 567	1 830	8 490	(6 660)	-78%	9 250
Single Year expenditure appropriation	2									
Vote 1 - MUNICIPAL MANAGER		249	-	47	-	-	43	(43)	-100%	47
Vote 2 - CORPORATE SERVICES		391	500	670	-	-	614	(614)	-100%	670
Vote 3 - FINANCIAL SERVICES		(1 219)	50	365	-	47	339	(292)	-86%	365
Vote 4 - TECHNICAL SERVICES		7 045	1 074	4 380	-	1 025	4 015	(2 990)	-74%	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]		-	-	-	-	-	-	-	-	-
Total Capital single-year expenditure	4	6 466	1 624	5 462	-	1 072	5 011	(3 939)	-79%	5 462
Total Capital Expenditure	3	14 052	12 919	14 712	1 567	2 902	13 501	(10 599)	-79%	14 712
Capital Expenditure - Functional Classification										
Governance and administration		(907)	180	542	-	107	512	(404)	-79%	542
Executive and council		249	130	177	-	61	173	(112)	-65%	177
Finance and administration		(1 155)	50	365	-	47	339	(292)	-86%	365
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		5 235	1 510	33	24	24	30	(6)	-20%	33
Community and social services		5 235	860	33	24	24	30	(6)	-20%	33
Sport and recreation		-	650	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		341	700	670	-	-	614	(614)	-100%	670
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		341	700	670	-	-	614	(614)	-100%	670
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		9 383	10 529	13 467	1 543	2 770	12 344	(9 574)	-78%	13 467
Energy sources		-	1 980	2 482	-	806	2 275	(1 469)	-65%	2 482
Water management		9 383	2 441	1 860	-	219	1 705	(1 485)	-87%	1 860
Waste water management		-	6 108	9 125	1 543	1 745	8 365	(6 619)	-79%	9 125
Waste management		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	3	14 052	12 919	14 712	1 567	2 902	13 501	(10 599)	-79%	14 712
Funded by:										
National Government		11 552	10 529	11 086	1 543	1 887	10 162	(8 275)	-81%	11 086
Provincial Government		7 586	-	1 714	24	24	1 571	(1 547)	-98%	1 714
District Municipality		-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-
Transfers recognised - capital		19 138	10 529	12 800	1 567	1 911	11 733	(9 822)	-84%	12 800
Public contributions & donations	5	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-
Internally generated funds		726	2 390	1 912	-	991	1 768	(777)	-44%	1 912
Total Capital Funding		19 864	12 919	14 712	1 567	2 902	13 501	(10 599)	-79%	14 712

- The expenditure for the month of May amounted to **R1.567 million** for Grant Funded Projects. The year-to-date actual expenditure amounts to R1.9 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) - M11 May										
Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue By Source										
Property rates		25 891	24 836	24 836	2 132	23 433	22 767	666	3%	24 836
Service charges - electricity revenue		64 750	70 503	70 503	4 469	59 132	64 628	(5 495)	-9%	70 503
Service charges - water revenue		20 355	21 841	21 841	1 598	18 902	20 021	(1 118)	-6%	21 841
Service charges - sanitation revenue		8 706	9 219	9 219	747	8 359	8 451	(91)	-1%	9 219
Service charges - refuse revenue		8 583	8 918	8 918	726	8 183	8 175	9	0%	8 918
Rental of facilities and equipment		552	607	607	50	553	557	(4)	-1%	607
Interest earned - external investments		1 232	680	1 380	381	1 771	1 265	506	40%	1 380
Interest earned - outstanding debtors		4 984	4 968	4 968	870	7 907	4 554	3 353	74%	4 968
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		39	6 007	6 031	17	168	5 528	(5 360)	-97%	6 031
Licences and permits		159	364	189	17	158	173	(15)	-9%	189
Agency services		1 098	1 200	1 200	40	1 107	1 100	7	1%	1 200
Transfers and subsidies		41 701	43 164	42 854	746	32 143	42 435	(10 292)	-24%	42 854
Other revenue		549	475	475	754	1 509	435	1 074	247%	475
Gains		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		178 600	192 782	193 021	12 545	163 326	180 088	(16 761)	-9%	193 021
Expenditure By Type										
Employee related costs		71 597	80 239	80 836	6 464	72 681	74 099	(1 418)	-2%	80 836
Remuneration of councillors		3 148	3 357	3 438	338	4 410	3 151	1 259	40%	3 438
Debt impairment		24 300	23 594	23 594	-	8 002	21 628	(13 626)	-63%	23 594
Depreciation & asset impairment		16 588	13 222	13 222	1 075	11 829	12 120	(291)	-2%	13 222
Finance charges		4 244	2 072	2 008	418	1 707	1 841	(134)	-7%	2 008
Bulk purchases - electricity		50 752	58 024	53 617	4 488	33 390	49 149	(15 759)	-32%	53 617
Inventory consumed		3 536	5 071	5 302	99	2 497	4 860	(2 363)	-49%	5 302
Contracted services		13 677	13 749	13 323	573	6 507	12 213	(5 705)	-47%	13 323
Transfers and subsidies		240	450	450	-	110	413	(303)	-73%	450
Other expenditure		16 573	18 939	22 684	1 172	11 615	20 793	(9 178)	-44%	22 684
Losses		6 836	-	-	-	-	-	-	-	-
Total Expenditure		211 493	218 716	218 474	14 626	152 748	200 266	(47 518)	-24%	218 474
Surplus/(Deficit)										
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		(32 893)	(25 934)	(25 453)	(2 082)	10 579	(20 178)	30 757	(0)	(25 453)
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		18 889	10 529	12 194	374	375	12 055	(11 681)	(0)	12 194
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(14 004)	(15 405)	(13 259)	(1 708)	10 953	(8 123)			(13 259)
Taxation		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		(14 004)	(15 405)	(13 259)	(1 708)	10 953	(8 123)			(13 259)
Attributable to minorities		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		(14 004)	(15 405)	(13 259)	(1 708)	10 953	(8 123)			(13 259)
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year		(14 004)	(15 405)	(13 259)	(1 708)	10 953	(8 123)			(13 259)

TABLE C6 – MONTHLY BUDGETED FINANCIAL POSITION

WC041 Kannaland - Table C6 Monthly Budget Statement - Financial Position - M11 May						
Description	Ref	2021/22	Budget Year 2022/23			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash		3 642	(31 478)	(35 656)	8 208	(35 656)
Call investment deposits		27 292	40 236	40 236	6 350	40 236
Consumer debtors		6 207	3 919	3 919	19 515	3 919
Other debtors		(51 539)	(72 689)	(72 689)	9 178	(72 689)
Current portion of long-term receivables		-	-	-	-	-
Inventory		2 257	(724)	(954)	888	(954)
Total current assets		(12 141)	(60 736)	(65 144)	44 139	(65 144)
Non current assets						
Long-term receivables		-	-	-	-	-
Investments		186	-	-	-	-
Investment property		1 163	1 250	1 250	-	1 250
Investments in Associate		-	-	-	-	-
Property, plant and equipment		322 957	324 691	326 484	(8 926)	326 484
Agricultural		-	-	-	-	-
Biological assets		-	-	-	-	-
Intangible assets		3	28	28	-	28
Other non-current assets		-	-	-	-	-
Total non current assets		324 309	325 969	327 762	(8 926)	327 762
TOTAL ASSETS		312 168	265 233	262 618	35 213	262 618
LIABILITIES						
Current liabilities						
Bank overdraft		-	-	-	-	-
Borrowing		229	459	459	(216)	459
Consumer deposits		1 217	1 119	1 119	133	1 119
Trade and other payables		30 245	(10 769)	(16 461)	24 527	(16 461)
Provisions		8 390	7 296	7 296	-	7 296
Total current liabilities		40 080	(1 894)	(7 587)	24 444	(7 587)
Non current liabilities						
Borrowing		-	(950)	(19)	-	(19)
Provisions		33 884	45 708	45 708	-	45 708
Total non current liabilities		33 884	44 757	45 689	-	45 689
TOTAL LIABILITIES		73 964	42 863	38 102	24 444	38 102
NET ASSETS	2	238 204	222 370	224 516	10 769	224 516
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		251 739	237 306	237 306	(176)	237 306
Reserves		470	470	470	(8)	470
TOTAL COMMUNITY WEALTH/EQUITY	2	252 209	237 775	237 775	(184)	237 775

TABLE C7 – MONTHLY BUDGETED CASH FLOW

WC041 Kannaland - Table C7 Monthly Budget Statement - Cash Flow - M11 May										
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										
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		15 132	20 366	20 366	510	4 578	18 669	(14 091)	-75%	20 366
Service charges		74 810	100 478	100 534	5 811	67 857	92 156	(24 299)	-26%	100 534
Other revenue		1 343	10 583	11 132	874	2 654	10 204	(7 550)	-74%	11 132
Transfers and Subsidies - Operational		31 684	43 164	42 854	219	43 104	42 054	1 050	2%	42 854
Transfers and Subsidies - Capital		23 701	10 529	12 194	-	13 170	11 178	1 993	18%	12 194
Interest		18	3 664	3 664	0	1	3 358	(3 358)	-100%	3 664
Dividends		-	-	-	-	-	-	-	-	-
Payments										
Suppliers and employees		96 510	(226 787)	(231 259)	(7 263)	(60 236)	(189 543)	(129 307)	68%	(231 259)
Finance charges		-	-	-	-	-	-	-	-	-
Transfers and Grants		-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		243 197	(38 004)	(40 515)	151	71 128	(11 923)	(83 051)	697%	(40 515)
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		(186)	-	-	-	-	-	-	-	-
Payments										
Capital assets		2 600	(25 838)	(28 785)	-	-	(26 401)	(26 401)	100%	(28 785)
NET CASH FROM/(USED) INVESTING ACTIVITIES		2 415	(25 838)	(28 785)	-	-	(26 401)	(26 401)	100%	(28 785)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		98	-	-	19	133	-	133	0%	-
Payments										
Repayment of borrowing		(230)	(648)	(216)	-	(216)	(198)	18	-9%	(216)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(132)	(648)	(216)	19	(82)	(198)	(115)	58%	(216)
NET INCREASE/ (DECREASE) IN CASH HELD		245 479	(64 489)	(69 515)	170	71 046	(38 521)			(69 515)
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)		71 046	10 284			(69 515)

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

- Standard Bank Main Account Balance **R 1.49 million;**
- The Traffic Account Balance **R 461 thousand;**
- Deposit Account Balance **R 988 thousand;** and
- Call Account Balance **R19 million.**

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

TABLE C2 – MONTHLY BUDGETED FINANCIAL PERFORMANCE (Functional Classification)

WC041 Kannaland - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M11 May										
Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Revenue - Functional										
<i>Governance and administration</i>		61 563	43 561	45 417	3 982	57 584	42 884	14 700	34%	45 417
Executive and council		28 774	12 201	12 401	-	27 224	12 375	14 849	120%	12 401
Finance and administration		32 789	31 360	33 016	3 982	30 360	30 509	(149)	0%	33 016
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		15 179	16 689	15 256	707	4 122	14 948	(10 826)	-72%	15 256
Community and social services		14 567	14 889	15 256	707	4 085	14 948	(10 863)	-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	75	1 909	7 401	(5 492)	-74%	8 019
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		1 756	8 170	8 019	75	1 909	7 401	(5 492)	-74%	8 019
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		118 991	134 891	136 522	8 154	100 086	126 910	(26 824)	-21%	136 522
Energy sources		71 371	75 292	76 924	4 488	59 310	70 901	(11 590)	-16%	76 924
Water management		28 376	30 332	30 332	1 849	21 108	28 412	(7 304)	-26%	30 332
Waste water management		9 618	15 135	15 135	908	9 826	14 292	(4 467)	-31%	15 135
Waste management		9 627	14 131	14 131	909	9 843	13 304	(3 462)	-26%	14 131
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	197 488	203 311	205 215	12 919	163 701	192 143	(28 442)	-15%	205 215
Expenditure - Functional										
<i>Governance and administration</i>		104 246	72 679	74 991	5 131	57 843	68 741	(10 898)	-16%	74 991
Executive and council		23 511	20 288	20 481	1 410	19 014	18 774	240	1%	20 481
Finance and administration		80 735	52 391	54 510	3 721	38 828	49 967	(11 139)	-22%	54 510
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		13 857	13 346	12 206	1 092	11 224	11 188	36	0%	12 206
Community and social services		10 670	9 826	10 364	840	8 036	9 500	(1 464)	-15%	10 364
Sport and recreation		397	448	566	52	975	518	456	88%	566
Public safety		1 276	231	231	110	1 224	212	1 012	477%	231
Housing		1 514	2 841	1 045	90	990	958	32	3%	1 045
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		9 108	17 823	18 229	927	11 003	16 710	(5 707)	-34%	18 229
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		9 108	17 823	18 229	927	11 003	16 710	(5 707)	-34%	18 229
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		84 282	114 868	113 048	7 476	72 678	103 627	(30 948)	-30%	113 048
Energy sources		38 407	68 326	64 388	5 060	40 604	59 022	(18 418)	-31%	64 388
Water management		21 399	20 485	21 563	974	13 811	19 766	(5 954)	-30%	21 563
Waste water management		9 969	12 251	12 932	727	8 566	11 855	(3 289)	-28%	12 932
Waste management		14 507	13 806	14 165	715	9 697	12 985	(3 288)	-25%	14 165
<i>Other</i>		-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	211 494	218 716	218 474	14 626	152 748	200 266	(47 517)	-24%	218 474
Surplus/ (Deficit) for the year		(14 005)	(15 405)	(13 259)	(1 708)	10 952	(8 123)	19 075	-235%	(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) - M11 May										
Vote Description	Ref	2021/22		Budget Year 2022/23						
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue by Vote										
Vote 1 - MUNICIPAL MANAGER	1	28 774	12 201	12 401	-	27 224	12 375	14 849	120,0%	12 401
Vote 2 - CORPORATE SERVICES		15 469	23 672	22 695	799	4 976	21 681	(16 705)	-77,1%	22 695
Vote 3 - FINANCIAL SERVICES		32 352	30 912	31 962	3 864	29 827	29 542	285	1,0%	31 962
Vote 4 - TECHNICAL SERVICES		120 892	136 526	138 158	8 256	101 674	128 545	(26 871)	-20,9%	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]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	197 488	203 311	205 215	12 919	163 701	192 143	(28 442)	-14,8%	205 215
Expenditure by Vote										
Vote 1 - MUNICIPAL MANAGER	1	23 511	20 288	20 481	1 410	19 014	18 774	240	1,3%	20 481
Vote 2 - CORPORATE SERVICES		29 078	36 476	35 975	2 802	28 514	32 976	(4 463)	-13,5%	35 975
Vote 3 - FINANCIAL SERVICES		66 518	35 710	37 083	2 078	22 928	33 993	(11 065)	-32,6%	37 083
Vote 4 - TECHNICAL SERVICES		91 527	124 182	122 904	8 284	81 705	112 662	(30 956)	-27,5%	122 904
Vote 5 - CALITZDORP SPA		-	-	-	-	-	-	-	-	-
Vote 6 - CORPORATE SERVICES (Continued)		860	2 060	2 030	53	587	1 861	(1 274)	-68,5%	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]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	211 494	218 716	218 474	14 626	152 748	200 266	(47 517)	-23,7%	218 474
Surplus/ (Deficit) for the year	2	(14 005)	(15 405)	(13 259)	(1 708)	10 952	(8 123)	19 075	-234,8%	(13 259)

PART 2 SUPPORTING DOCUMENTATION

Section 5 – Debtors' analysis

WC041 Kannaland - Supporting Table SC3 Monthly Budget Statement - aged debtors - M11 May													
Description	NT Code	Budget Year 2022/23										Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts I.L.o Council Policy
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total	Total over 90 days		
R thousands													
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200	1 901	878	1 015	1 010	892	872	4 495	18 162	29 225	25 430	–	–
Trade and Other Receivables from Exchange Transactions - Electricity	1300	827	163	176	154	106	116	379	680	2 602	1 436	–	–
Receivables from Non-exchange Transactions - Property Rates	1400	2 325	657	585	960	527	510	3 036	19 822	28 022	24 454	–	–
Receivables from Exchange Transactions - Waste Water Management	1500	681	324	322	323	323	322	1 904	10 017	14 215	12 888	–	–
Receivables from Exchange Transactions - Waste Management	1600	1 324	547	538	532	527	523	3 041	14 825	21 856	19 447	–	–
Receivables from Exchange Transactions - Property Rental Debtors	1700	–	–	–	–	–	–	–	0	0	0	–	–
Interest on Arrear Debtor Accounts	1810	27	50	75	97	112	131	1 094	18 154	19 740	19 588	–	–
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	–	–	–	–	–	–	–	–	–	–	–	–
Other	1900	(2 602)	180	170	166	167	157	834	3 018	2 091	4 342	–	–
Total By Income Source	2000	4 483	2 799	2 882	2 840	2 653	2 631	14 784	84 679	117 750	107 586	–	–
2021/22 - totals only													
Debtors Age Analysis By Customer Group													
Organs of State	2200	(818)	80	61	60	54	70	171	457	134	811	–	–
Commercial	2300	910	272	256	238	194	190	1 076	4 036	7 171	5 734	–	–
Households	2400	4 946	2 246	2 370	2 340	2 221	2 186	12 492	67 318	96 120	86 558	–	–
Other	2500	(555)	201	195	201	184	185	1 044	12 869	14 325	14 483	–	–
Total By Customer Group	2600	4 483	2 799	2 882	2 840	2 653	2 631	14 784	84 679	117 750	107 586	–	–

- The total amount owed to Kannaland Municipality amounts to **R118 million**.
- **R84 million or 72%** of the total outstanding debtors are older than one year.
- **R108 million or 91%** of the outstanding debtors are outstanding for more than 90 days and are less likely to be recoverable debt.

The biggest concern regarding debt collection in Kannaland Municipality is the ability to collect service charges for water, refuse and sewerage in areas where electricity is not supplied by the municipality. Pre-paid electricity remains the most effective form of credit control.

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 - M11 May										
Description	NT Code	Budget Year 2022/23								Total
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	
R thousands										
Creditors Age Analysis By Customer Type										
Bulk Electricity	0100	4 724	-	-	-	42 356	-	-	-	47 079
Bulk Water	0200	33	-	-	-	-	-	-	-	33
PAYE deductions	0300	-	-	-	-	-	-	-	-	-
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-
Loan repayments	0600	-	-	-	-	-	-	-	-	-
Trade Creditors	0700	401	197	107	264	8 744	-	-	-	9 714
Auditor General	0800	149	126	526	304	6 971	-	-	-	8 076
Other	0900	197	147	104	134	5 871	-	-	-	6 453
Total By Customer Type	1000	5 504	471	737	702	63 941	-	-	-	71 355

The total outstanding creditors amounts to **R71 355 million**.

The biggest outstanding creditors are Eskom (**R47 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

- ↳ **Financial Management Grant** amounts to **R 451 thousand**.
- ↳ **Expanded Public Works Programme (EPWP) Grant** amounts to **R 101 thousand**.

Provincial Government Grants

- ↳ **Library** amounts to **R 229 thousand**.

Capital:

National Grants

- ↳ **Municipal Infrastructure Grant** amounts to **R 2 551 million**.

Provincial Grants

- ↳ **Municipal Replacement Fund (Library)** amounts to **R 24 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										
Councillors (Political Office Bearers plus Other)										
	1	A	B	C						D
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		-	-	-	-	-	-	-	-	-
Sub Total - Councillors		3 148	3 357	3 438	338	4 410	3 151	1 259	40%	3 438
% increase	4		6,6%	9,2%						9,2%
Senior Managers of the Municipality										
Basic Salaries and Wages	3	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	2	-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality		2 033	5 328	5 328	18	1 763	4 884	(3 121)	-64%	5 328
% increase	4		162,0%	162,0%						162,0%
Other Municipal Staff										
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	2	1 934	-	-	-	-	-	-	-	-
Sub Total - Other Municipal Staff		69 564	74 911	75 508	6 446	70 918	69 215	1 703	2%	75 508
% increase	4		7,7%	8,5%						8,5%
Total Parent Municipality		74 745	83 595	84 274	6 802	77 091	77 250	(159)	0%	84 274
Unpaid salary, allowances & benefits in arrears:										
Total Municipal Entities		1	-	-	0	1	-	1	#DIV/0!	-
TOTAL SALARY, ALLOWANCES & BENEFITS		74 746	83 595	84 274	6 802	77 092	77 250	(158)	0%	84 274
% increase	4		11,8%	12,7%						12,7%
TOTAL MANAGERS AND STAFF		71 597	80 239	80 836	6 464	72 681	74 099	(1 418)	-2%	80 836

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 - M11 May									
Month	2021/22	Budget Year 2022/23							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	% spend of Original Budget
R thousands									
Monthly expenditure performance trend									
July	–	1 387	1 211	–	–	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	–	2 902	14 712	11 810	80,3%	22%
Total Capital expenditure	14 052	12 919	14 712	2 902					

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

MEI 2023					
VOORSIENINGSKANAAL AFWYKINGS: ART 36- SCM REGULASIES					
NOMMER	DATUM	DEPARTEMENT	VERSKAFFER	BEDRAG	REDE
8/1/4/R	03/05/2023	FINANCE	SA POST OFFICE	R 45 344,95	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	08/05/2023	FINANCE	LIBM BRAAF TRUST	R 28 466,73	KANNALAND MUNISIPALITEIT ONDERVIND 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 FUNKSIES DOELTREFFEND UIT TE VOER. GEDURENDE 2013-2015, HET DIE MUNISIPALITEIT REEDS VIR HIERDIE DOEL KANTORE BY MNR ELLIS (MOUNTAIN VIEW B&B) GEHUUR.
8/1/4/R	02/05/2023	MUNICIPAL MANAGER	DIERGAARDT MARC ANTHONY	R 15 200,00	DIE DISSIPLINERE VERHOOR VAN MNR ROY DE JONGH VIND PLAAS OP 5&6 APRIL 2023 TE LADISMITH. DIE GETUIENIS VAN MNR MARC DIERGAARDT IS VAN KRITIESE BELANG IN VERHOOR.
8/1/4/R	11/05/2023	MUNICIPAL MANAGER	WILLIAMS C (VERHOOR)	R 18 788,00	EKSTERNE VOORSITTENDE BEAMPTTE VIR DIE DISSIPLINERE VERHORE VAN MNR R DE JONGH, MEV. J ANDREWS.
8/1/4/R	21/04/2023	TECHNICAL SERVICES	SANITECH	R 82 329,07	THE PROVISIONING OF SANITATION IS A BASIC SERVICE.WITHOUT THE CHEMICAL TOILETS, NO OTHER MEAN OF SANITATION SERVICES EXISTS. IT IS THEREFORE NECESSARY TO PROVIDE THESE MOBILE CHEMICAL TOILETS TO THE RESIDENTS IN THESE INFOMAL SETTLEMENTS. (FEBRUARY 2023)
8/1/4/R	21/04/2023	TECHNICAL SERVICES	SANITECH	R 82 329,07	THE PROVISIONING OF SANITATION IS A BASIC SERVICE.WITHOUT THE CHEMICAL TOILETS, NO OTHER MEAN OF SANITATION SERVICES EXISTS. IT IS THEREFORE NECESSARY TO PROVIDE THESE MOBILE CHEMICAL TOILETS TO THE RESIDENTS IN THESE INFOMAL SETTLEMENTS.(JANUARY 2023)
8/1/4/R	16/05/2023	FINANCE	ICT WIZE GROUP (PTY) LTD	R 28 319,00	ICT WOULD HAVE GONE OUT ON TENDER BUT THE PREVIOUS DIRECTOR FINANCE FORGOT TO FORWARD THE INPUTS OF ICT THE BUDGET AND TREASURY OFFICES. CURRENTLY KANNALANDMUNICIPALITY HAS NO APPOINTED NETWORK ADMINISTRATOR. THEREFORE THE APPOINTMENT OF ICT WYSE GROUP HAS THE ABILITY TO HELP KANNALAND WITH THE ROUTING OF THE NETWORK FROM CALITZDORP AND ZOAR TO LADISMITH.
8/1/4/R	18/05/2023	TECHNICAL SERVICES	SANITECH	R 82 329,07	THE PROVISIONING OF SANITATION IS A BASIC SERVICE.WITHOUT THE CHEMICAL TOILETS, NO OTHER MEAN OF SANITATION SERVICES EXISTS. IT IS THEREFORE NECESSARY TO PROVIDE THESE MOBILE CHEMICAL TOILETS TO THE RESIDENTS IN THESE INFOMAL SETTLEMENTS.(MARCH 2023)
8/1/4/R	11/05/2023	TECHNICAL SERVICES	DEKLIN CC	R 50 715,00	DEKLIN IS APPOINTED AS THE CONTRACTOR FOR THE INSTALLATION OF KANNALAND WATERMETERS PROJECT. THE PROJECT IS FUNDED THROUGH KANNALAND MUNICIPALITY.
				R 433 820,89	

Section 14 – Quality certification

I, **Morne Marshall Hoogbaard**, the Acting Accounting Officer of **Kannaland Municipality WC041**, hereby certify that the Monthly Budget Statement for **May 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: