



**KANNALAND**  
MUNISIPALITEIT | MUNICIPALITY

## Monthly Budget Report for January 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 January **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 January 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 120 126	R 105 566	R (14 560)	-12%
Operating Expenditure	R 218 716		R 127 583	R 98 360	R (29 223)	-23%
Capital	R 12 919		R 7 873	R 877	R (6 996)	-89%

### Operating Revenue

The year-to-date operating revenue realised 12% below the forecasted amount. The before-mentioned under-performance can be contributed to the cyclical nature of the economy and the impact of straight-line budgeting.

### Operating expenditure

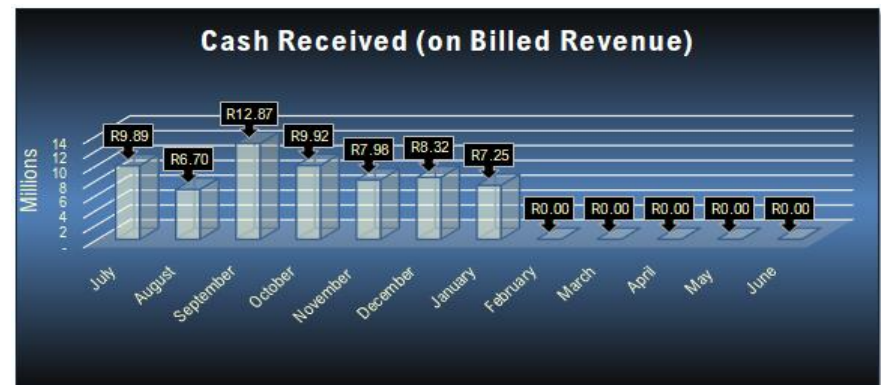
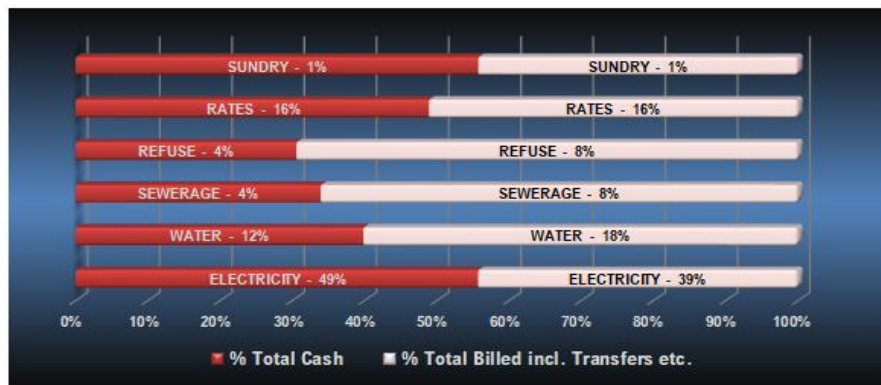
Operating expenditure realised 23% below the forecasted amount. Expenditure was only incurred in terms of revenue and the municipality has reduced expenditure to only the necessities without compromising service delivery. It should be noted that the creditors sub-system is not currently in use and that 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

There was no capital expenditure for grant funded projects during the month of January. Straight-line-budgeting did not consider the finalisation of procurement processes before expenditure will be incurred. Monthly capital expenditure will be aligned with project progress as planned and the budget will be broken down to align with the beforementioned. The municipality's capital budget is mainly funded from conditional grants.

## Collection Rate

2022/23	Financial Year	Collection Rate YTD	Collection Rate Monthly	Period	Mnth	Cash Received	Billing Incl Vat & Corrections	Annualised Cash Received	Annualised Billing	Cash %	Debt Write-OFF
Monthly Activity & Reconciliation		84.3%	84.3%	M01	July	R 9 893 854	R 11 741 270	R 9 893 854	R 11 741 270	15.72%	
		70.6%	56.9%	M02	August	R 6 696 778	R 11 773 001	R 16 590 633	R 23 514 271	10.64%	
		81.1%	100.4%	M03	September	R 12 873 587	R 12 821 122	R 29 464 219	R 36 335 393	20.46%	
		84.1%	94.5%	M04	October	R 9 917 471	R 10 494 510	R 39 381 690	R 46 829 903	15.76%	
		82.1%	73.6%	M05	November	R 7 980 307	R 10 845 059	R 47 361 997	R 57 674 962	12.68%	
		81.6%	78.7%	M06	December	R 8 322 085	R 10 579 035	R 55 684 082	R 68 253 997	13.22%	
		79.9%	68.8%	M07	January	R 7 246 029	R 10 529 476	R 62 930 111	R 78 783 473	11.51%	
		79.9%		M08	February	R -	R -	R 62 930 111	R 78 783 473	0.00%	
		79.9%		M09	March	R -	R -	R 62 930 111	R 78 783 473	0.00%	
		79.9%		M10	April	R -	R -	R 62 930 111	R 78 783 473	0.00%	
		79.9%		M11	May	R -	R -	R 62 930 111	R 78 783 473	0.00%	
		79.9%		M12	June	R -	R -	R 62 930 111	R 78 783 473	0.00%	
	<b>Year Totals</b>	<b>79.9%</b>				R 62 930 111	R 78 783 473	R 62 930 111	R 78 783 473		R -
<b>Collection % in respect of month billed</b>				<b>Period</b>	<b>ELECTRICITY</b>	<b>WATER</b>	<b>SEWERAGE</b>	<b>REFUSE</b>	<b>RATES</b>	<b>SUNDRY</b>	<b>UNALLOCATED</b>
				<b>M01</b>	R 4 064 403	R 1 026 884	R 336 545	R 318 279	R 1 163 434	R 158 473	R 2 825 836
				<b>M02</b>	R 3 326 866	R 741 756	R 374 887	R 347 404	R 1 351 270	R 61 208	R 493 386
				<b>M03</b>	R 5 082 953	R 1 123 875	R 386 766	R 347 496	R 2 050 641	R 49 673	R 3 832 182
				<b>M04</b>	R 6 369 864	R 1 240 295	R 360 414	R 309 579	R 1 252 167	R 111 016	R 274 135
				<b>M05</b>	R 4 063 123	R 1 264 776	R 462 949	R 411 619	R 1 499 586	R 36 241	R 242 013
				<b>M06</b>	R 4 183 840	R 1 154 651	R 380 375	R 324 311	R 1 292 697	R 96 730	R 889 481
				<b>M07</b>	R 3 974 725	R 976 215	R 318 435	R 295 592	R 1 240 506	R 59 995	R 380 562
				<b>M08</b>	R -	R -	R -	R -	R -	R -	R -
				<b>M09</b>	R -	R -	R -	R -	R -	R -	R -
				<b>M10</b>	R -	R -	R -	R -	R -	R -	R -
				<b>M11</b>	R -	R -	R -	R -	R -	R -	R -
				<b>M12</b>	R -	R -	R -	R -	R -	R -	R -
				<b>Collection YTD</b>	<b>101%</b>	<b>53%</b>	<b>41%</b>	<b>35%</b>	<b>77%</b>	<b>101%</b>	



## TABLE C1 – MONTHLY BUDGET SUMMARY

WC041 Kannaland - Table C1 Monthly Budget Statement Summary - M07 January									
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
<b>R thousands</b>									
<b>Financial Performance</b>									
Property rates	25 891	24 836	24 836	2 151	14 905	14 488	417	3%	24 836
Service charges	102 394	110 480	110 480	8 253	62 295	64 447	(2 152)	-3%	110 480
Investment revenue	1 232	680	680	172	1 062	397	665	168%	680
Transfers and subsidies	41 701	43 164	43 164	393	20 792	32 849	(12 058)	-37%	43 164
Other own revenue	7 380	13 621	13 621	1 764	6 513	7 945	(1 432)	-18%	13 621
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>178 600</b>	<b>192 782</b>	<b>192 782</b>	<b>12 733</b>	<b>105 566</b>	<b>120 126</b>	<b>(14 560)</b>	<b>-12%</b>	<b>192 782</b>
Employee costs	71 597	80 239	80 239	7 666	46 404	46 805	(401)	-1%	80 239
Remuneration of Councillors	3 148	3 357	3 357	559	2 544	1 958	586	30%	3 357
Depreciation & asset impairment	16 588	13 222	13 222	3 226	7 527	7 713	(185)	-2%	13 222
Finance charges	4 244	2 072	2 072	83	889	1 209	(320)	-26%	2 072
Materials and bulk purchases	54 288	63 094	62 974	9 015	23 106	36 735	(13 629)	-37%	62 974
Transfers and subsidies	240	450	450	-	-	263	(263)	-100%	450
Other expenditure	61 387	56 283	56 403	1 190	17 890	32 901	(15 011)	-46%	56 403
<b>Total Expenditure</b>	<b>211 493</b>	<b>218 716</b>	<b>218 716</b>	<b>21 739</b>	<b>98 360</b>	<b>127 583</b>	<b>(29 223)</b>	<b>-23%</b>	<b>218 716</b>
<b>Surplus/(Deficit)</b>	<b>(32 893)</b>	<b>(25 934)</b>	<b>(25 934)</b>	<b>(9 006)</b>	<b>7 207</b>	<b>(7 457)</b>	<b>14 664</b>	<b>-197%</b>	<b>(25 934)</b>
Transfers and subsidies - capital (monetary allocations)	18 889	10 529	10 529	-	0	7 897	(7 897)	-100%	10 529
Contributions & Contributed assets	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(14 004)</b>	<b>(15 405)</b>	<b>(15 405)</b>	<b>(9 006)</b>	<b>7 207</b>	<b>440</b>	<b>6 767</b>	<b>1536%</b>	<b>(15 405)</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>	<b>(14 004)</b>	<b>(15 405)</b>	<b>(15 405)</b>	<b>(9 006)</b>	<b>7 207</b>	<b>440</b>	<b>6 767</b>	<b>1536%</b>	<b>(15 405)</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	<b>14 052</b>	<b>12 919</b>	<b>12 919</b>	<b>-</b>	<b>877</b>	<b>7 873</b>	<b>(6 996)</b>	<b>-89%</b>	<b>12 919</b>
Capital transfers recognised	19 138	10 529	10 529	-	-	6 142	(6 142)	-100%	10 529
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	726	2 390	2 390	-	877	1 731	(854)	-49%	2 390
<b>Total sources of capital funds</b>	<b>19 864</b>	<b>12 919</b>	<b>12 919</b>	<b>-</b>	<b>877</b>	<b>7 873</b>	<b>(6 996)</b>	<b>-89%</b>	<b>12 919</b>
<b>Financial position</b>									
Total current assets	(12 141)	(60 736)	(61 744)	-	23 843	-	-	-	(61 744)
Total non current assets	324 309	325 969	325 969	-	(6 651)	-	-	-	325 969
Total current liabilities	40 080	(1 894)	(2 903)	-	10 057	-	-	-	(2 903)
Total non current liabilities	33 884	44 757	44 757	-	-	-	-	-	44 757
<b>Community wealth/Equity</b>	<b>252 209</b>	<b>237 775</b>	<b>237 775</b>	<b>-</b>	<b>(71)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>237 775</b>
<b>Cash flows</b>									
Net cash from (used) operating	243 197	(38 004)	(38 104)	(9 481)	49 366	(16 685)	(66 052)	396%	(38 104)
Net cash from (used) investing	2 415	(25 838)	(25 838)	-	-	(15 409)	(15 409)	100%	(25 838)
Net cash from (used) financing	(132)	(648)	(648)	0	(154)	(378)	(224)	59%	(648)
<b>Cash/cash equivalents at the month/year end</b>	<b>294 280</b>	<b>(15 685)</b>	<b>(15 785)</b>	<b>-</b>	<b>49 212</b>	<b>16 333</b>	<b>(32 879)</b>	<b>-201%</b>	<b>(64 589)</b>
<b>Debtors &amp; creditors analysis</b>	<b>0-30 Days</b>	<b>31-60 Days</b>	<b>61-90 Days</b>	<b>91-120 Days</b>	<b>121-150 Dys</b>	<b>151-180 Dys</b>	<b>181 Dys-1 Yr</b>	<b>Over 1Yr</b>	<b>Total</b>
<b>Debtors Age Analysis</b>									
Total By Income Source	3 775	2 914	2 853	2 630	2 496	2 463	15 040	73 655	105 825
<b>Creditors Age Analysis</b>									
Total Creditors	8 837	7 637	1 964	1 377	55 490	-	-	-	75 306

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) - M07 January										
Description	Ref	2021/22	Budget Year 2022/23							Full Year Forecast
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
<b>R thousands</b>										
<b>Revenue By Source</b>										
Property rates		25 891	24 836	24 836	2 151	14 905	14 488	417	3%	24 836
Service charges - electricity revenue		64 750	70 503	70 503	4 861	39 307	41 127	(1 820)	-4%	70 503
Service charges - water revenue		20 355	21 841	21 841	1 909	12 338	12 740	(402)	-3%	21 841
Service charges - sanitation revenue		8 706	9 219	9 219	750	5 377	5 378	(0)	0%	9 219
Service charges - refuse revenue		8 583	8 918	8 918	732	5 273	5 202	71	1%	8 918
Rental of facilities and equipment		552	607	607	48	344	354	(10)	-3%	607
Interest earned - external investments		1 232	680	680	172	1 062	397	665	168%	680
Interest earned - outstanding debtors		4 984	4 968	4 968	1 484	4 644	2 898	1 746	60%	4 968
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		39	6 007	6 007	24	55	3 504	(3 448)	-98%	6 007
Licences and permits		159	364	364	11	101	212	(112)	-53%	364
Agency services		1 098	1 200	1 200	161	778	700	78	11%	1 200
Transfers and subsidies		41 701	43 164	43 164	393	20 792	32 849	(12 058)	-37%	43 164
Other revenue		549	475	475	36	590	277	314	113%	475
Gains		-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>178 600</b>	<b>192 782</b>	<b>192 782</b>	<b>12 733</b>	<b>105 566</b>	<b>120 126</b>	<b>(14 560)</b>	<b>-12%</b>	<b>192 782</b>

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

- **Interest Earned on Investments** – (168% 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** – (60% 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 -98% deviation, with no vendor appointed to provide cameras and administrative support on speed fines.
- **Other Revenue Deviations** - Can be explained as incidental and cyclical in nature. 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) - M07 January										
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>Expenditure By Type</b>										
Employee related costs		71 597	80 239	80 239	7 666	46 404	46 805	(401)	-1%	80 239
Remuneration of councillors		3 148	3 357	3 357	559	2 544	1 958	586	30%	3 357
Debt impairment		24 300	23 594	23 594	-	7 993	13 763	(5 771)	-42%	23 594
Depreciation & asset impairment		16 588	13 222	13 222	3 226	7 527	7 713	(185)	-2%	13 222
Finance charges		4 244	2 072	2 072	83	889	1 209	(320)	-26%	2 072
Bulk purchases - electricity		50 752	58 024	58 024	8 939	21 741	33 847	(12 106)	-36%	58 024
Inventory consumed		3 536	5 071	4 951	76	1 365	2 888	(1 523)	-53%	4 951
Contracted services		13 677	13 749	14 434	249	2 899	8 420	(5 521)	-66%	14 434
Transfers and subsidies		240	450	450	-	-	263	(263)	-100%	450
Other expenditure		16 573	18 939	18 374	941	6 998	10 718	(3 720)	-35%	18 374
Losses		6 836	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>211 493</b>	<b>218 716</b>	<b>218 716</b>	<b>21 739</b>	<b>98 360</b>	<b>127 583</b>	<b>(29 223)</b>	<b>-23%</b>	<b>218 716</b>

- **Remuneration of Councillors**- The total Remuneration for Councillors was R559 thousand in January 2023, exceeding the budget with 30% on a year-to-date basis. This was caused by incorrect allocations that will be corrected.
- **Debt Impairment** – The deviation of -42% from the year-to-date, originate from there being no revenue from traffic fines to impair and not accounting for impairment during January.
- **Finance Charges** – Expenditure deviated 26% 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 36% 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 53% 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 66% 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 35% 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) - M07 January										
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	-	24	100	(76)	-76%	130
Vote 2 - CORPORATE SERVICES		5 235	1 710	693	-	-	488	(488)	-100%	693
Vote 3 - FINANCIAL SERVICES		-	-	-	-	-	-	-	-	-
Vote 4 - TECHNICAL SERVICES		2 351	9 454	9 454	-	-	5 515	(5 515)	-100%	9 454
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	<b>7 586</b>	<b>11 294</b>	<b>10 277</b>	<b>-</b>	<b>24</b>	<b>6 103</b>	<b>(6 078)</b>	<b>-100%</b>	<b>10 277</b>
<b>Single Year expenditure appropriation</b>	2									
Vote 1 - MUNICIPAL MANAGER		249	-	17	-	-	10	(10)	-100%	17
Vote 2 - CORPORATE SERVICES		391	500	500	-	-	500	(500)	-100%	500
Vote 3 - FINANCIAL SERVICES		(1 219)	50	50	-	47	50	(3)	-7%	50
Vote 4 - TECHNICAL SERVICES		7 045	1 074	2 074	-	806	1 210	(404)	-33%	2 074
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	<b>6 466</b>	<b>1 624</b>	<b>2 641</b>	<b>-</b>	<b>852</b>	<b>1 770</b>	<b>(918)</b>	<b>-52%</b>	<b>2 641</b>
<b>Total Capital Expenditure</b>	3	<b>14 052</b>	<b>12 919</b>	<b>12 919</b>	<b>-</b>	<b>877</b>	<b>7 873</b>	<b>(6 996)</b>	<b>-89%</b>	<b>12 919</b>
<b>Capital Expenditure - Functional Classification</b>										
<b>Governance and administration</b>		(907)	180	197	-	71	160	(89)	-56%	197
Executive and council		249	130	147	-	24	110	(86)	-78%	147
Finance and administration		(1 155)	50	50	-	47	50	(3)	-7%	50
Internal audit		-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		<b>5 235</b>	<b>1 510</b>	<b>493</b>	<b>-</b>	<b>-</b>	<b>288</b>	<b>(288)</b>	<b>-100%</b>	<b>493</b>
Community and social services		5 235	860	343	-	-	200	(200)	-100%	343
Sport and recreation		-	650	150	-	-	88	(88)	-100%	150
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		<b>341</b>	<b>700</b>	<b>700</b>	<b>-</b>	<b>-</b>	<b>700</b>	<b>(700)</b>	<b>-100%</b>	<b>700</b>
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		341	700	700	-	-	700	(700)	-100%	700
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		<b>9 383</b>	<b>10 529</b>	<b>11 529</b>	<b>-</b>	<b>806</b>	<b>6 725</b>	<b>(5 919)</b>	<b>-88%</b>	<b>11 529</b>
Energy sources		-	1 980	2 980	-	806	1 739	(933)	-54%	2 980
Water management		9 383	2 441	2 441	-	-	1 424	(1 424)	-100%	2 441
Waste water management		-	6 108	6 108	-	-	3 563	(3 563)	-100%	6 108
Waste management		-	-	-	-	-	-	-	-	-
<b>Other</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure - Functional Classification</b>	3	<b>14 052</b>	<b>12 919</b>	<b>12 919</b>	<b>-</b>	<b>877</b>	<b>7 873</b>	<b>(6 996)</b>	<b>-89%</b>	<b>12 919</b>
<b>Funded by:</b>										
National Government		11 552	10 529	10 529	-	-	6 142	(6 142)	-100%	10 529
Provincial Government		7 586	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>		<b>19 138</b>	<b>10 529</b>	<b>10 529</b>	<b>-</b>	<b>-</b>	<b>6 142</b>	<b>(6 142)</b>	<b>-100%</b>	<b>10 529</b>
Public contributions & donations	5	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-
Internally generated funds		726	2 390	2 390	-	877	1 731	(854)	-49%	2 390
<b>Total Capital Funding</b>		<b>19 864</b>	<b>12 919</b>	<b>12 919</b>	<b>-</b>	<b>877</b>	<b>7 873</b>	<b>(6 996)</b>	<b>-89%</b>	<b>12 919</b>

- There was no actual capital expenditure year-to-date for Grant Funded Projects
- The year-to-date actual expenditure for own funding capital amounts to R877 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) - M07 January										
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	2 151	14 905	14 488	417	3%	24 836
Service charges - electricity revenue		64 750	70 503	70 503	4 861	39 307	41 127	(1 820)	-4%	70 503
Service charges - water revenue		20 355	21 841	21 841	1 909	12 338	12 740	(402)	-3%	21 841
Service charges - sanitation revenue		8 706	9 219	9 219	750	5 377	5 378	(0)	0%	9 219
Service charges - refuse revenue		8 583	8 918	8 918	732	5 273	5 202	71	1%	8 918
Rental of facilities and equipment		552	607	607	48	344	354	(10)	-3%	607
Interest earned - external investments		1 232	680	680	172	1 062	397	665	168%	680
Interest earned - outstanding debtors		4 984	4 968	4 968	1 484	4 644	2 898	1 746	60%	4 968
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		39	6 007	6 007	24	55	3 504	(3 448)	-98%	6 007
Licences and permits		159	364	364	11	101	212	(112)	-53%	364
Agency services		1 098	1 200	1 200	161	778	700	78	11%	1 200
Transfers and subsidies		41 701	43 164	43 164	393	20 792	32 849	(12 058)	-37%	43 164
Other revenue		549	475	475	36	590	277	314	113%	475
Gains		-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>178 600</b>	<b>192 782</b>	<b>192 782</b>	<b>12 733</b>	<b>105 566</b>	<b>120 126</b>	<b>(14 560)</b>	<b>-12%</b>	<b>192 782</b>
<b>Expenditure By Type</b>										
Employee related costs		71 597	80 239	80 239	7 666	46 404	46 805	(401)	-1%	80 239
Remuneration of councillors		3 148	3 357	3 357	559	2 544	1 958	586	30%	3 357
Debt impairment		24 300	23 594	23 594	-	7 993	13 763	(5 771)	-42%	23 594
Depreciation & asset impairment		16 588	13 222	13 222	3 226	7 527	7 713	(185)	-2%	13 222
Finance charges		4 244	2 072	2 072	83	889	1 209	(320)	-26%	2 072
Bulk purchases - electricity		50 752	58 024	58 024	8 939	21 741	33 847	(12 106)	-36%	58 024
Inventory consumed		3 536	5 071	4 951	76	1 365	2 888	(1 523)	-53%	4 951
Contracted services		13 677	13 749	14 434	249	2 899	8 420	(5 521)	-66%	14 434
Transfers and subsidies		240	450	450	-	-	263	(263)	-100%	450
Other expenditure		16 573	18 939	18 374	941	6 998	10 718	(3 720)	-35%	18 374
Losses		6 836	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>211 493</b>	<b>218 716</b>	<b>218 716</b>	<b>21 739</b>	<b>98 360</b>	<b>127 583</b>	<b>(29 223)</b>	<b>-23%</b>	<b>218 716</b>
<b>Surplus/(Deficit)</b>		<b>(32 893)</b>	<b>(25 934)</b>	<b>(25 934)</b>	<b>(9 006)</b>	<b>7 207</b>	<b>(7 457)</b>	<b>14 664</b>	<b>(0)</b>	<b>(25 934)</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		18 889	10 529	10 529	-	0	7 897	(7 897)	(0)	10 529
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>(15 405)</b>	<b>(9 006)</b>	<b>7 207</b>	<b>440</b>			<b>(15 405)</b>
Taxation		-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after taxation</b>		<b>(14 004)</b>	<b>(15 405)</b>	<b>(15 405)</b>	<b>(9 006)</b>	<b>7 207</b>	<b>440</b>			<b>(15 405)</b>
Attributable to minorities		-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>		<b>(14 004)</b>	<b>(15 405)</b>	<b>(15 405)</b>	<b>(9 006)</b>	<b>7 207</b>	<b>440</b>			<b>(15 405)</b>
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>		<b>(14 004)</b>	<b>(15 405)</b>	<b>(15 405)</b>	<b>(9 006)</b>	<b>7 207</b>	<b>440</b>			<b>(15 405)</b>

**TABLE C6 – MONTHLY BUDGETED FINANCIAL POSITION**

<b>WC041 Kannaland - Table C6 Monthly Budget Statement - Financial Position - M07 January</b>						
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)	(32 578)	3 468	(32 578)
Call investment deposits		27 292	40 236	40 236	5 451	40 236
Consumer debtors		6 207	3 919	3 919	8 986	3 919
Other debtors		(51 539)	(72 689)	(72 689)	6 133	(72 689)
Current portion of long-term receivables		-	-	-	-	-
Inventory		2 257	(724)	(632)	(195)	(632)
<b>Total current assets</b>		<b>(12 141)</b>	<b>(60 736)</b>	<b>(61 744)</b>	<b>23 843</b>	<b>(61 744)</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	324 691	(6 651)	324 691
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>325 969</b>	<b>(6 651)</b>	<b>325 969</b>
<b>TOTAL ASSETS</b>		<b>312 168</b>	<b>265 233</b>	<b>264 225</b>	<b>17 192</b>	<b>264 225</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Bank overdraft		-	-	-	-	-
Borrowing		229	459	459	(216)	459
Consumer deposits		1 217	1 119	1 119	61	1 119
Trade and other payables		30 245	(10 769)	(11 777)	10 211	(11 777)
Provisions		8 390	7 296	7 296	-	7 296
<b>Total current liabilities</b>		<b>40 080</b>	<b>(1 894)</b>	<b>(2 903)</b>	<b>10 057</b>	<b>(2 903)</b>
<b>Non current liabilities</b>						
Borrowing		-	(950)	(950)	-	(950)
Provisions		33 884	45 708	45 708	-	45 708
<b>Total non current liabilities</b>		<b>33 884</b>	<b>44 757</b>	<b>44 757</b>	<b>-</b>	<b>44 757</b>
<b>TOTAL LIABILITIES</b>		<b>73 964</b>	<b>42 863</b>	<b>41 854</b>	<b>10 057</b>	<b>41 854</b>
<b>NET ASSETS</b>	2	<b>238 204</b>	<b>222 370</b>	<b>222 370</b>	<b>7 135</b>	<b>222 370</b>
<b>COMMUNITY WEALTH/EQUITY</b>						
Accumulated Surplus/(Deficit)		251 739	237 306	237 306	(63)	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>(71)</b>	<b>237 775</b>

## TABLE C7 – MONTHLY BUDGETED CASH FLOW

WC041 Kannaland - Table C7 Monthly Budget Statement - Cash Flow - M07 January										
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	367	2 961	11 880	(8 919)	-75%	20 366
Service charges		74 810	100 478	100 378	5 939	44 438	58 554	(14 116)	-24%	100 378
Other revenue		1 343	10 583	10 583	109	1 249	6 173	(4 924)	-80%	10 583
Transfers and Subsidies - Operational		31 684	43 164	43 164	588	30 184	30 721	(537)	-2%	43 164
Transfers and Subsidies - Capital		23 701	10 529	10 529	-	5 899	6 142	(242)	-4%	10 529
Interest		18	3 664	3 664	-	0	2 137	(2 137)	-100%	3 664
Dividends		-	-	-	-	-	-	-	-	-
<b>Payments</b>										
Suppliers and employees		96 510	(226 787)	(226 787)	(16 485)	(35 365)	(132 293)	(96 927)	73%	(226 787)
Finance charges		-	-	-	-	-	-	-	-	-
Transfers and Grants		-	-	-	-	-	-	-	-	-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>243 197</b>	<b>(38 004)</b>	<b>(38 104)</b>	<b>(9 481)</b>	<b>49 366</b>	<b>(16 685)</b>	<b>(66 052)</b>	<b>396%</b>	<b>(38 104)</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)	(25 838)	-	-	(15 409)	(15 409)	100%	(25 838)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>2 415</b>	<b>(25 838)</b>	<b>(25 838)</b>	<b>-</b>	<b>-</b>	<b>(15 409)</b>	<b>(15 409)</b>	<b>100%</b>	<b>(25 838)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Short term loans		-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		98	-	-	0	61	-	61	0%	-
<b>Payments</b>										
Repayment of borrowing		(230)	(648)	(648)	-	(216)	(378)	(163)	43%	(648)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>(132)</b>	<b>(648)</b>	<b>(648)</b>	<b>0</b>	<b>(154)</b>	<b>(378)</b>	<b>(224)</b>	<b>59%</b>	<b>(648)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>245 479</b>	<b>(64 489)</b>	<b>(64 589)</b>	<b>(9 481)</b>	<b>49 212</b>	<b>(32 472)</b>			<b>(64 589)</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)	(15 785)		49 212	16 333			(64 589)

References

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

- Standard Bank Main Account Balance **R 1 million**;
- The Traffic Account Balance **R 400 thousand**;
- Deposit Account Balance **R 2.8 million**; and
- Call Account Balance **R18 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) - M07 January										
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	43 561	2 900	36 481	28 694	7 787	27%	43 561
Executive and council		28 774	12 201	12 201	-	17 910	9 179	8 731	95%	12 201
Finance and administration		32 789	31 360	31 360	2 900	18 571	19 515	(944)	-5%	31 360
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		15 179	16 689	16 689	332	2 315	12 237	(9 922)	-81%	16 689
Community and social services		14 567	14 889	14 889	323	2 301	10 887	(8 586)	-79%	14 889
Sport and recreation		-	-	-	-	0	-	0	#DIV/0!	-
Public safety		80	-	-	9	14	-	14	#DIV/0!	-
Housing		532	1 800	1 800	-	-	1 350	(1 350)	-100%	1 800
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		1 756	8 170	8 170	235	1 291	4 879	(3 588)	-74%	8 170
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		1 756	8 170	8 170	235	1 291	4 879	(3 588)	-74%	8 170
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		118 991	134 891	134 891	9 267	65 480	82 213	(16 733)	-20%	134 891
Energy sources		71 371	75 292	75 292	4 890	39 416	44 694	(5 278)	-12%	75 292
Water management		28 376	30 332	30 332	2 315	13 597	18 908	(5 312)	-28%	30 332
Waste water management		9 618	15 135	15 135	1 022	6 230	9 666	(3 436)	-36%	15 135
Waste management		9 627	14 131	14 131	1 040	6 237	8 944	(2 708)	-30%	14 131
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Functional</b>	2	197 488	203 311	203 311	12 733	105 567	128 023	(22 457)	-18%	203 311
<b>Expenditure - Functional</b>										
<i>Governance and administration</i>		104 246	72 679	72 679	5 606	36 112	42 396	(6 284)	-15%	72 679
Executive and council		23 511	20 288	20 288	1 946	12 001	11 834	166	1%	20 288
Finance and administration		80 735	52 391	52 391	3 660	24 111	30 561	(6 450)	-21%	52 391
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		13 857	13 346	13 346	1 153	7 332	7 785	(453)	-6%	13 346
Community and social services		10 670	9 826	9 826	806	5 279	5 731	(452)	-8%	9 826
Sport and recreation		397	448	448	160	585	261	323	124%	448
Public safety		1 276	231	231	104	823	135	688	510%	231
Housing		1 514	2 841	2 841	83	645	1 657	(1 012)	-61%	2 841
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		9 108	17 823	17 823	1 629	6 752	10 396	(3 645)	-35%	17 823
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		9 108	17 823	17 823	1 629	6 752	10 396	(3 645)	-35%	17 823
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		84 282	114 868	114 868	13 351	48 165	67 006	(18 841)	-28%	114 868
Energy sources		38 407	68 326	68 326	9 887	26 138	39 857	(13 719)	-34%	68 326
Water management		21 399	20 485	20 485	1 772	9 822	11 950	(2 128)	-18%	20 485
Waste water management		9 969	12 251	12 251	990	5 376	7 146	(1 770)	-25%	12 251
Waste management		14 507	13 806	13 806	703	6 830	8 053	(1 224)	-15%	13 806
<i>Other</i>		-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Functional</b>	3	211 494	218 716	218 716	21 739	98 360	127 583	(29 223)	-23%	218 716
<b>Surplus/ (Deficit) for the year</b>		(14 005)	(15 405)	(15 405)	(9 006)	7 207	440	6 766	1536%	(15 405)



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

WC041 Kannaland - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M07 January										
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	12 201	-	17 910	9 179	8 731	95,1%	12 201
Vote 2 - CORPORATE SERVICES		15 469	23 672	23 672	433	2 988	16 138	(13 151)	-81,5%	23 672
Vote 3 - FINANCIAL SERVICES		32 352	30 912	30 912	2 876	18 306	19 253	(947)	-4,9%	30 912
Vote 4 - TECHNICAL SERVICES		120 892	136 526	136 526	9 424	66 363	83 453	(17 089)	-20,5%	136 526
Vote 5 - CALITZDORP SPA		-	-	-	-	-	-	-	-	-
Vote 6 - CORPORATE SERVICES (Continued)		-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	2	<b>197 488</b>	<b>203 311</b>	<b>203 311</b>	<b>12 733</b>	<b>105 567</b>	<b>128 023</b>	<b>(22 457)</b>	<b>-17,5%</b>	<b>203 311</b>
<b>Expenditure by Vote</b>										
Vote 1 - MUNICIPAL MANAGER	1	23 511	20 288	20 288	1 946	12 001	11 834	166	1,4%	20 288
Vote 2 - CORPORATE SERVICES		29 078	36 476	36 476	3 353	17 877	21 277	(3 400)	-16,0%	36 476
Vote 3 - FINANCIAL SERVICES		66 518	35 710	35 710	1 646	14 480	20 830	(6 351)	-30,5%	35 710
Vote 4 - TECHNICAL SERVICES		91 527	124 182	124 182	14 788	53 617	72 439	(18 822)	-26,0%	124 182
Vote 5 - CALITZDORP SPA		-	-	-	-	-	-	-	-	-
Vote 6 - CORPORATE SERVICES (Continued)		860	2 060	2 060	5	386	1 202	(816)	-67,9%	2 060
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	2	<b>211 494</b>	<b>218 716</b>	<b>218 716</b>	<b>21 739</b>	<b>98 360</b>	<b>127 583</b>	<b>(29 223)</b>	<b>-22,9%</b>	<b>218 716</b>
<b>Surplus/ (Deficit) for the year</b>	2	<b>(14 005)</b>	<b>(15 405)</b>	<b>(15 405)</b>	<b>(9 006)</b>	<b>7 207</b>	<b>440</b>	<b>6 766</b>	<b>1536,1%</b>	<b>(15 405)</b>

## PART 2 SUPPORTING DOCUMENTATION

### Section 5 – Debtors' analysis

WC041 Kannaland - Supporting Table SC3 Monthly Budget Statement - aged debtors -													
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		
<b>R thousands</b>													
<b>Debtors Age Analysis By Income Source</b>													
Trade and Other Receivables from Exchange Transactions - Water	1200	2,421	951	992	802	695	711	4,815	15,028	26,416	22,051	-	-
Trade and Other Receivables from Exchange Transactions - Electricity	1300	931	168	133	136	115	72	379	520	2,456	1,223	-	-
Receivables from Non-exchange Transactions - Property Rates	1400	2,264	647	600	966	540	519	3,383	18,243	26,762	23,251	-	-
Receivables from Exchange Transactions - Waste Water Management	1500	692	334	330	330	333	336	1,816	8,850	13,021	11,664	-	-
Receivables from Exchange Transactions - Waste Management	1600	1,370	571	551	541	546	549	2,850	13,101	20,080	17,587	-	-
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	-	0	0	0	-	-
Interest on Arrear Debtor Accounts	1810	27	48	71	85	99	115	1,027	15,285	16,758	16,612	-	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-
Other	1900	(3,930)	193	175	169	166	160	770	2,628	332	3,893	-	-
<b>Total By Income Source</b>	<b>2000</b>	<b>3,775</b>	<b>2,914</b>	<b>2,853</b>	<b>2,630</b>	<b>2,496</b>	<b>2,463</b>	<b>15,040</b>	<b>73,655</b>	<b>105,825</b>	<b>96,282</b>	-	-
<b>2021/22 - totals only</b>													
<b>Debtors Age Analysis By Customer Group</b>													
Organs of State	2200	(1,973)	86	78	86	63	28	142	375	(1,115)	694	-	-
Commercial	2300	927	212	215	183	176	187	1,038	3,412	6,350	4,996	-	-
Households	2400	5,567	2,417	2,365	2,167	2,066	2,069	12,879	57,754	87,284	76,935	-	-
Other	2500	(746)	198	196	193	192	178	990	12,114	13,306	13,658	-	-
<b>Total By Customer Group</b>	<b>2600</b>	<b>3,775</b>	<b>2,914</b>	<b>2,853</b>	<b>2,630</b>	<b>2,496</b>	<b>2,463</b>	<b>15,040</b>	<b>73,655</b>	<b>105,825</b>	<b>96,282</b>	-	-

- The total amount owed to Kannaland Municipality amounts to **R106 million**.
- **R74 million or 70%** of the total outstanding debtors are older than one year.
- **R96 million or 91%** of the outstanding debtors are outstanding for more than 90 days and are less likely to be recoverable debt.

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

## Section 6 – Creditors' analysis

WC041 Kannaland - Supporting Table SC4 Monthly Budget Statement - aged creditors - M07 January										
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	4 579	6 643	1 549	927	31 600	-	-	-	45 298
Bulk Water	0200	25	-	-	-	-	-	-	-	25
PAYE deductions	0300	-	-	-	-	-	-	-	-	-
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-
Loan repayments	0600	-	-	-	-	-	-	-	-	-
Trade Creditors	0700	172	538	171	309	9 254	-	-	-	10 443
Auditor General	0800	3 928	297	141	71	8 231	-	-	-	12 668
Other	0900	133	160	104	70	6 405	-	-	-	6 872
<b>Total By Customer Type</b>	<b>1000</b>	<b>8 837</b>	<b>7 637</b>	<b>1 964</b>	<b>1 377</b>	<b>55 490</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>75 306</b>

The total outstanding creditors amounts to **R75 306 million**.

The biggest outstanding creditors are Eskom (**R45 million**), the Auditor-General of South Africa (**R13 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

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

## **Section 8 – Allocation and grant receipts and expenditure**

**Grant receipts for the month under review were as follow:**

### **Provincial**

- ↪ **Community Development Workers** to the amount of **R 112 thousand**
- ↪ **LGSETA** to the amount of **R 60 thousand**

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

Operational:

- ↪ **Financial Management Grant** amounts to **R 24 thousand.**
- ↪ **Municipal Infrastructure Grant** operational amounts to **R 47 thousand.**
- ↪ **Expanded Public Works Programme (EPWP) Grant** amounts to **R 110 thousand.**

Provincial Government Grants

- ↪ **Library** amounts to **R 212 thousand.**

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

WC041 Kannaland - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M07 January										
Summary of Employee and Councillor remuneration	Ref	Budget Year 2022/23								
		2021/22 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands		A	B	C						D
<b>Councillors (Political Office Bearers plus Other)</b>										
Basic Salaries and Wages		2 560	3 046	3 046	523	2 286	1 777	510	29%	3 046
Pension and UIF Contributions		26	-	-	3	21	-	21	#DIV/0!	-
Medical Aid Contributions		124	-	-	5	33	-	33	#DIV/0!	-
Motor Vehicle Allowance		131	-	-	3	37	-	37	#DIV/0!	-
Cellphone Allowance		307	311	311	25	166	181	(15)	-8%	311
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		-	-	-	-	-	-	-	-	-
<b>Sub Total - Councillors</b>		<b>3 148</b>	<b>3 357</b>	<b>3 357</b>	<b>559</b>	<b>2 544</b>	<b>1 958</b>	<b>586</b>	<b>30%</b>	<b>3 357</b>
% increase	4		6,6%	6,6%						6,6%
<b>Senior Managers of the Municipality</b>										
Basic Salaries and Wages		1 854	4 994	4 994	242	1 201	2 913	(1 712)	-59%	4 994
Pension and UIF Contributions		1	9	9	0	2	5	(3)	-66%	9
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		130	-	-	17	95	-	95	#DIV/0!	-
Cellphone Allowance		37	115	115	3	20	67	(47)	-70%	115
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		12	210	210	4	92	122	(30)	-25%	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>267</b>	<b>1 409</b>	<b>3 108</b>	<b>(1 699)</b>	<b>-55%</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	49 327	4 794	28 192	28 774	(582)	-2%	49 327
Pension and UIF Contributions		6 740	8 520	8 520	612	4 253	4 970	(717)	-14%	8 520
Medical Aid Contributions		2 434	2 899	2 899	186	1 212	1 691	(478)	-28%	2 899
Overtime		4 001	4 442	4 442	709	3 578	2 591	987	38%	4 442
Performance Bonus		1 564	652	652	-	1 274	380	893	235%	652
Motor Vehicle Allowance		2 393	2 391	2 391	328	1 418	1 395	24	2%	2 391
Cellphone Allowance		165	172	172	16	90	100	(11)	-11%	172
Housing Allowances		315	349	349	27	176	204	(27)	-13%	349
Other benefits and allowances		4 420	4 639	4 639	457	4 488	2 706	1 782	66%	4 639
Payments in lieu of leave		(243)	1 520	1 520	269	315	887	(572)	-64%	1 520
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>74 911</b>	<b>7 399</b>	<b>44 995</b>	<b>43 697</b>	<b>1 298</b>	<b>3%</b>	<b>74 911</b>
% increase	4		7,7%	7,7%						7,7%
<b>Total Parent Municipality</b>		<b>74 745</b>	<b>83 595</b>	<b>83 595</b>	<b>8 226</b>	<b>48 948</b>	<b>48 763</b>	<b>185</b>	<b>0%</b>	<b>83 595</b>
<b>Unpaid salary, allowances &amp; benefits in arrears:</b>										
% increase	4									
<b>Total Municipal Entities</b>		<b>1</b>	<b>-</b>	<b>-</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>#DIV/0!</b>	<b>-</b>
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>		<b>74 746</b>	<b>83 595</b>	<b>83 595</b>	<b>8 226</b>	<b>48 948</b>	<b>48 763</b>	<b>185</b>	<b>0%</b>	<b>83 595</b>
% increase	4		11,8%	11,8%						11,8%
<b>TOTAL MANAGERS AND STAFF</b>		<b>71 597</b>	<b>80 239</b>	<b>80 239</b>	<b>7 666</b>	<b>46 404</b>	<b>46 805</b>	<b>(401)</b>	<b>-1%</b>	<b>80 239</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 - M07 January									
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	1 003	–	–	1 003	–	0,0%	0%
August	1 453	1 602	1 428	7	7	2 431	2 424	99,7%	0%
September	802	1 077	1 003	–	7	3 435	3 428	99,8%	0%
October	2 338	1 177	1 103	–	7	4 538	4 531	99,8%	0%
November	696	1 302	1 328	17	24	5 866	5 842	99,6%	0%
December	4 280	977	1 003	852	877	6 869	5 993	87,2%	7%
January	175	977	1 003	–	877	7 873	6 996	88,9%	7%
February	185	907	1 033	–	877	8 906	8 029	90,2%	7%
March	1 190	877	1 003	–	877	9 909	9 033	91,2%	7%
April	72	877	1 003	–	877	10 912	10 036	92,0%	7%
May	589	877	1 003	–	877	11 916	11 039	92,6%	7%
June	2 273	877	1 003	–	877	12 919	12 042	93,2%	7%
<b>Total Capital expenditure</b>	<b>14 052</b>	<b>12 919</b>	<b>12 919</b>	<b>877</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**

Attached Annexure B



## Section 14 – Quality certification

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

**Print name: Hendrik Barnard**

**Signature:** .....

**Date:** .....