



KANNALAND
MUNISIPALITEIT | MUNICIPALITY

Monthly Budget Report for August 2023/24



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

Table of Contents

GLOSSARY	3
PART 1: IN-YEAR REPORT	5
Section 1 – Mayor’s Report	5
1.1 In -Year Report – Monthly Budget Statement	5
Section 2 – Resolutions	5
Section 3 – Executive Summary	5
1.1 Introduction	5
1.2 Consolidated Performance	6
1.3 Material differences to the SDBIP	11
1.4 Remedial actions	11
Section 4 – In-year budget statement tables	12
PART 2 SUPPORTING DOCUMENTATION	17
Section 5 – Debtors' analysis	17
Section 6 – Creditors' analysis	18
Section 7 – Investment portfolio analysis	19
Section 8 – Allocation and grant receipts and expenditure	19
Section 9 – Expenditure on Councillor, Senior Managers and Other Staff	20
Section 10 – Material variances to the SDBIP	21
Section 11– Capital programme performance	22
Section 12 – Implementation of the budget funding plan	23
Section 13 – SCM Deviations	23
Section 14 – Quality certification	24

GLOSSARY

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

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

Budget - The financial plan of the Municipality.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Virement - A transfer of budget.

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

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

PART 1: IN-YEAR REPORT

Section 1 – Mayor’s Report

1.1 In -Year Report – Monthly Budget Statement

The monthly budget statement for **August 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 has been approved and will be implemented to mitigate risk.

Section 2 – Resolutions

Recommendation:

That the Executive Mayor takes cognisance of the monthly budget statement **for August 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 226 346		R 46 962	R 42 209	(4 753)	-10%
Operating Expenditure	R 241 455		R 40 276	R 26 891	R (13 385)	-33%
Capital	R 13 743		R 2 290	R 0	R (2 290)	-100%

Operating Revenue

The year-to-date operating revenue realised 10% below the forecasted amount. The before-mention under-performance can be contributed to the cyclical nature of the economy.

Operating expenditure

Operating expenditure realised 33% 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.

Capital Expenditure

There was no capital expenditure during the month of August 2023. 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.

TABLE C1 – MONTHLY BUDGET SUMMARY

WC041 Kannaland - Table C1 Monthly Budget Statement Summary - M02 August									
Description	2022/23	Budget Year 2023/24							
	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	25 562	26 915	26 915	2 582	4 819	4 486	333	7%	26 915
Service charges	101 947	117 388	117 388	9 637	18 972	19 565	(593)	-3%	117 388
Investment revenue	1 936	960	960	209	386	160	226	141%	960
Transfers and subsidies - Operational	35 172	64 252	64 252	484	15 547	19 946	(4 399)	-22%	64 252
Other own revenue	13 304	16 831	16 831	1 285	2 485	2 805	(320)	-11%	16 831
Total Revenue (excluding capital transfers and contributions)	177 923	226 346	226 346	14 197	42 209	46 962	(4 753)	-10%	226 346
Employee costs	79 559	79 933	79 933	6 858	15 354	13 322	2 032	15%	79 933
Remuneration of Councillors	4 746	3 276	3 276	311	620	546	74	14%	3 276
Depreciation and amortisation	12 904	11 762	11 762	980	1 960	1 960	0	0%	11 762
Interest	1 732	8 000	8 000	0	1	1 333	(1 333)	-100%	8 000
Inventory consumed and bulk purchases	43 070	64 991	64 991	6 742	7 015	10 832	(3 817)	-35%	64 991
Transfers and subsidies	255	920	920	–	–	153	(153)	-100%	920
Other expenditure	30 027	72 573	72 573	1 120	1 942	12 129	(10 188)	-84%	72 573
Total Expenditure	172 293	241 455	241 455	16 012	26 891	40 276	(13 385)	-33%	241 455
Surplus/(Deficit)	5 630	(15 109)	(15 109)	(1 815)	15 318	6 685	8 632	129%	(15 109)
Transfers and subsidies - capital (monetary allocations)	4 871	15 804	15 804	2 112	2 112	6 585	(4 473)	-68%	15 804
Transfers and subsidies - capital (in-kind)	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	10 501	695	695	298	17 430	13 271	4 160	31%	695
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–
Surplus/ (Deficit) for the year	10 501	695	695	298	17 430	13 271	4 160	31%	695
Capital expenditure & funds sources									
Capital expenditure	8 722	13 743	13 743	–	–	2 290	(2 290)	-100%	13 743
Capital transfers recognised	7 665	13 743	13 743	–	–	2 290	(2 290)	-100%	13 743
Borrowing	–	–	–	–	–	–	–	–	–
Internally generated funds	1 056	–	–	–	–	–	–	–	–
Total sources of capital funds	8 722	13 743	13 743	–	–	2 290	(2 290)	-100%	13 743
Financial position									
Total current assets	8 491	(23 714)	(23 714)	–	29 858	–	–	–	(23 714)
Total non current assets	320 127	1 981	1 981	–	(1 960)	–	–	–	1 981
Total current liabilities	189 424	(22 971)	(22 971)	–	10 473	–	–	–	(22 971)
Total non current liabilities	33 884	–	–	–	–	–	–	–	–
Community wealth/Equity	251 141	2 867	2 867	–	(6)	–	–	–	2 867
Cash flows									
Net cash from (used) operating	81 700	5 823	5 823	8 859	33 602	9 808	(23 795)	-243%	213 520
Net cash from (used) investing	(8 808)	(13 258)	(13 258)	–	–	2 210	2 210	100%	13 258
Net cash from (used) financing	–	–	–	–	–	–	–	–	–
Cash/cash equivalents at the month/year end	110 933	(7 435)	(7 435)	–	33 602	12 017	(21 585)	-180%	226 778
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	7 691	2 776	2 549	2 587	2 564	0	17 928	92 118	128 214
Creditors Age Analysis									
Total Creditors	10 224	8 391	316	369	62 593	–	–	–	81 893

Due to the cyclical nature of the economy and the current straight-line approach to budgeting, all deviations in excess of 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) - M02 August										
Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly Actual	YearTD Actual	YearTD Budget	YTD Variance	YTD Variance %	Full Year Forecast
R thousands										
Revenue										
Exchange Revenue		113 747	127 346	127 346	10 779	21 172	21 224	(53)	0%	127 346
Service charges - Electricity		64 073	76 101	76 101	6 601	12 897	12 683	213	2%	76 101
Service charges - Water		20 258	22 267	22 267	1 475	2 936	3 711	(776)	-21%	22 267
Service charges - Waste Water Management		8 707	9 610	9 610	778	1 563	1 602	(38)	-2%	9 610
Service charges - Waste management		8 910	9 410	9 410	782	1 576	1 568	8	0%	9 410
Sale of Goods and Rendering of Services		428	396	396	36	47	66	(19)	-29%	396
Agency services		1 215	1 350	1 350	105	206	225	(19)	-8%	1 350
Interest		—	—	—	—	—	—	—	—	—
Interest earned from Receivables		6 246	5 929	5 929	687	1 362	988	374	38%	5 929
Interest earned from Current and Non Current Assets		1 936	960	960	209	386	160	226	141%	960
Dividends		—	—	—	—	—	—	—	—	—
Rent on Land		—	—	—	—	—	—	—	—	—
Rental from Fixed Assets		611	1 098	1 098	59	115	183	(68)	-37%	1 098
Licence and permits		171	159	159	20	39	26	13	48%	159
Operational Revenue		1 192	66	66	28	45	11	33	304%	66
Non-Exchange Revenue		64 176	99 000	99 000	3 418	21 037	25 737	(4 700)	-18%	99 000
Property rates		25 562	26 915	26 915	2 582	4 819	4 486	333	7%	26 915
Surcharges and Taxes		—	—	—	—	—	—	—	—	—
Fines, penalties and forfeits		212	2 501	2 501	29	54	417	(363)	-87%	2 501
Licence and permits		0	30	30	—	—	5	(5)	-100%	30
Transfer and subsidies - Operational		35 172	64 252	64 252	484	15 547	19 946	(4 399)	-22%	64 252
Interest		2 561	2 802	2 802	265	500	467	33	7%	2 802
Fuel Levy		—	—	—	—	—	—	—	—	—
Operational Revenue		667	—	—	58	117	—	117	—	—
Gains on disposal of Assets		—	2 500	2 500	—	—	417	(417)	-100%	2 500
Other Gains		—	—	—	—	—	—	—	—	—
Discontinued Operations		—	—	—	—	—	—	—	—	—
Total Revenue (excluding capital transfers and contributions)		177 923	226 346	226 346	14 197	42 209	46 962	(4 753)	-10%	226 346

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

- **Service Charges Water Revenue** - amounted to **R1.4 million** in **August 2023**. It represents a -21% variance from the YTD figures. A drop-off in consumption was expected, due to the cyclical nature of consumption and actual revenue is still expected to meet the annual forecast.
- **Interest Earned on Investments** – (141% deviation from the year-to-date budget). The budget did not take into account the timing of the grants to be received (interest on call account - cash backed grants) when the monthly budget split was done.
- **Interest on outstanding debtors** – (38% deviation from the year-to-date budget). This revenue item considered the write-off of indigent and prescription debt and as a result of the timing, this revenue item will deviate from the monthly forecast.
- **Fines, Penalties & Forfeits** – Almost no activity, with a -87% deviation, with no vendor appointed to provide cameras and administrative support on speed fines.
- **Other Revenue Deviations** - Can be explained as incidental and cyclical in nature

Expenditure by Source

WC041 Kannaland - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M02 August										
Description	Ref	2022/23	Budget Year 2023/24							
		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		79 486	79 933	79 933	6 858	15 354	13 322	2 032	15%	79 933
Remuneration of councillors		4 746	3 276	3 276	311	620	546	74	14%	3 276
Bulk purchases - electricity		39 308	56 045	56 045	6 573	6 573	9 341	(2 767)	-30%	56 045
Inventory consumed		2 678	8 946	8 946	168	441	1 491	(1 050)	-70%	8 946
Debt impairment		7 956	16 691	16 691	—	—	2 782	(2 782)	-100%	16 691
Depreciation and amortisation		12 904	11 762	11 762	980	1 960	1 960	0	0%	11 762
Interest		1 732	8 000	8 000	0	1	1 333	(1 333)	-100%	8 000
Contracted services		7 546	33 727	33 727	318	395	5 604	(5 210)	-93%	33 727
Transfers and subsidies		110	920	920	—	—	153	(153)	-100%	920
Irrecoverable debts written off		46	—	—	37	37	—	37	—	—
Operational costs		13 190	22 156	22 156	764	1 509	3 743	(2 234)	-60%	22 156
Losses on Disposal of Assets		—	—	—	—	—	—	—	—	—
Other Losses		—	—	—	—	—	—	—	—	—
Total Expenditure		169 702	241 455	241 455	16 012	26 891	40 276	(13 385)	-33%	241 455
Surplus/(Deficit)		8 221	(15 109)	(15 109)	(1 815)	15 318	6 685	8 632	0	(15 109)
Transfers and subsidies - capital (monetary allocations)		4 871	15 804	15 804	2 112	2 112	6 585	(4 473)	(0)	15 804
Transfers and subsidies - capital (in-kind)		—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after capital transfers & contributions		13 092	695	695	298	17 430	13 271			695
Income Tax		—	—	—	—	—	—	—	—	—
Surplus/(Deficit) after income tax		13 092	695	695	298	17 430	13 271			695
Share of Surplus/Deficit attributable to Joint Venture		—	—	—	—	—	—			—
Share of Surplus/Deficit attributable to Minorities		—	—	—	—	—	—			—
Surplus/(Deficit) attributable to municipality		13 092	695	695	298	17 430	13 271			695
Share of Surplus/Deficit attributable to Associate		—	—	—	—	—	—			—
Intercompany /Parent subsidiary transactions		—	—	—	—	—	—			—
Surplus/ (Deficit) for the year		13 092	695	695	298	17 430	13 271			695

- **Employee Related Costs** – The employee related costs amounted to **R6.9 million for August 2023**, exceeding the year-to-date budget with 15%. Straight-line budgeting does not account for bonuses to be paid during November and therefor the deviation.
- **Remuneration of Councillors**- The total Remuneration for Councillors amounted to **R311 thousand in August 2023**, exceeding the year-to-date budget with 14%. This was caused by incorrect allocations that will be corrected.
- **Inventory Consumed** – The total was **R 168 thousand**, this includes direct purchases for the store and inventory issued out for the reporting period.
- **Contracted Services** – amounted to **R 318 thousand in August 2023**. The expenditure is expected to pick up in the next reporting periods.
- **Other Expenditure** - amounted to **R764 thousand in August 2023**.

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

Capital Expenditure

WC041 Kannaland - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M02 August										
Vote Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly Actual	YearTD Actual	YearTD Budget	YTD Variance	YTD Variance %	Full Year Forecast
R thousands	1									
Multi-Year expenditure appropriation	2									
Vote 1 - MUNICIPAL MANAGER		61	-	-	-	-	-	-	-	-
Vote 2 - CORPORATE SERVICES		30	-	-	-	-	-	-	-	-
Vote 3 - FINANCIAL SERVICES		-	-	-	-	-	-	-	-	-
Vote 4 - TECHNICAL SERVICES		5 152	7 294	7 294	-	-	1 216	(1 216)	-100%	7 294
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	5 242	7 294	7 294	-	-	1 216	(1 216)	-100%	7 294
Single Year expenditure appropriation	2									
Vote 1 - MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-
Vote 2 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-
Vote 3 - FINANCIAL SERVICES		47	-	-	-	-	-	-	-	-
Vote 4 - TECHNICAL SERVICES		2 591	6 449	6 449	-	-	1 075	(1 075)	-100%	6 449
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	2 638	6 449	6 449	-	-	1 075	(1 075)	-100%	6 449
Total Capital Expenditure	3	7 880	13 743	13 743	-	-	2 290	(2 290)	-100%	13 743
Capital Expenditure - Functional Classification										
Governance and administration		107	-	-	-	-	-	-	-	-
Executive and council		61	-	-	-	-	-	-	-	-
Finance and administration		47	-	-	-	-	-	-	-	-
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		30	-	-	-	-	-	-	-	-
Community and social services		30	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		-	-	-	-	-	-	-	-	-
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		7 743	13 743	13 743	-	-	2 290	(2 290)	-100%	13 743
Energy sources		1 679	485	485	-	-	81	(81)	-100%	485
Water management		578	6 449	6 449	-	-	1 075	(1 075)	-100%	6 449
Waste water management		5 486	6 809	6 809	-	-	1 135	(1 135)	-100%	6 809
Waste management		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	3	7 880	13 743	13 743	-	-	2 290	(2 290)	-100%	13 743
Funded by:										
National Government		5 789	13 743	13 743	-	-	2 290	(2 290)	-100%	13 743
Provincial Government		1 100	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm		-	-	-	-	-	-	-	-	-
Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educ Institutions)		-	-	-	-	-	-	-	-	-
Transfers recognised - capital		6 889	13 743	13 743	-	-	2 290	(2 290)	-100%	13 743
Borrowing	6	-	-	-	-	-	-	-	-	-
Internally generated funds		991	-	-	-	-	-	-	-	-
Total Capital Funding	7	7 880	13 743	13 743	-	-	2 290	(2 290)	-100%	13 743

Capital Expenditure

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

1.3 Material differences to the SDBIP

Material differences to the SDBIP will be discussed under Section 10.

1.4 Remedial actions

- (a) Directorates are to ensure that the budget is implemented in accordance with the Service Delivery and Budget Implementation Plan (SDBIP) of the municipality;
- (b) Those strategic decisions /resolutions to improve the capital expenditure be implemented;
- (c) That monthly monitoring of the implementation of the Budget Funding Plan takes place;
- (d) That measures on debt collection are implemented and applied effectively;
- (e) That the 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) - M02 August										
Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly Actual	YearTD Actual	YearTD Budget	YTD Variance	YTD Variance %	Full Year Forecast
R thousands										
Revenue										
Exchange Revenue		113 747	127 346	127 346	10 779	21 172	21 224	(53)	0%	127 346
Service charges - Electricity		64 073	76 101	76 101	6 601	12 897	12 683	213	2%	76 101
Service charges - Water		20 258	22 267	22 267	1 475	2 936	3 711	(776)	-21%	22 267
Service charges - Waste Water Management		8 707	9 610	9 610	778	1 563	1 602	(38)	-2%	9 610
Service charges - Waste management		8 910	9 410	9 410	782	1 576	1 568	8	0%	9 410
Sale of Goods and Rendering of Services		428	396	396	36	47	66	(19)	-29%	396
Agency services		1 215	1 350	1 350	105	206	225	(19)	-8%	1 350
Interest		-	-	-	-	-	-	-	-	-
Interest earned from Receivables		6 246	5 929	5 929	687	1 362	988	374	38%	5 929
Interest earned from Current and Non Current Assets		1 936	960	960	209	386	160	226	141%	960
Dividends		-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		611	1 098	1 098	59	115	183	(68)	-37%	1 098
Licence and permits		171	159	159	20	39	26	13	48%	159
Operational Revenue		1 192	66	66	28	45	11	33	304%	66
Non-Exchange Revenue		64 176	99 000	99 000	3 418	21 037	25 737	(4 700)	-18%	99 000
Property rates		25 562	26 915	26 915	2 582	4 819	4 486	333	7%	26 915
Surcharges and Taxes		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		212	2 501	2 501	29	54	417	(363)	-87%	2 501
Licence and permits		0	30	30	-	-	5	(5)	-100%	30
Transfer and subsidies - Operational		35 172	64 252	64 252	484	15 547	19 946	(4 399)	-22%	64 252
Interest		2 561	2 802	2 802	265	500	467	33	7%	2 802
Fuel Levy		-	-	-	-	-	-	-	-	-
Operational Revenue		667	-	-	58	117	-	117	-	-
Gains on disposal of Assets		-	2 500	2 500	-	-	417	(417)	-100%	2 500
Other Gains		-	-	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		177 923	226 346	226 346	14 197	42 209	46 962	(4 753)	-10%	226 346
Expenditure By Type										
Employee related costs		79 486	79 933	79 933	6 858	15 354	13 322	2 032	15%	79 933
Remuneration of councillors		4 746	3 276	3 276	311	620	546	74	14%	3 276
Bulk purchases - electricity		39 308	56 045	56 045	6 573	6 573	9 341	(2 767)	-30%	56 045
Inventory consumed		2 678	8 946	8 946	168	441	1 491	(1 050)	-70%	8 946
Debt impairment		7 956	16 691	16 691	-	-	2 782	(2 782)	-100%	16 691
Depreciation and amortisation		12 904	11 762	11 762	980	1 960	1 960	0	0%	11 762
Interest		1 732	8 000	8 000	0	1	1 333	(1 333)	-100%	8 000
Contracted services		7 546	33 727	33 727	318	395	5 604	(5 210)	-93%	33 727
Transfers and subsidies		110	920	920	-	-	153	(153)	-100%	920
Irrecoverable debts written off		46	-	-	37	37	-	37	-	-
Operational costs		13 190	22 156	22 156	764	1 509	3 743	(2 234)	-60%	22 156
Losses on Disposal of Assets		-	-	-	-	-	-	-	-	-
Other Losses		-	-	-	-	-	-	-	-	-
Total Expenditure		169 702	241 455	241 455	16 012	26 891	40 276	(13 385)	-33%	241 455
Surplus/(Deficit)		8 221	(15 109)	(15 109)	(1 815)	15 318	6 685	8 632	0	(15 109)
Transfers and subsidies - capital (monetary allocations)		4 871	15 804	15 804	2 112	2 112	6 585	(4 473)	(0)	15 804
Transfers and subsidies - capital (in-kind)		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		13 092	695	695	298	17 430	13 271			695
Income Tax		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after income tax		13 092	695	695	298	17 430	13 271			695
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-			-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-			-
Surplus/(Deficit) attributable to municipality		13 092	695	695	298	17 430	13 271			695
Share of Surplus/Deficit attributable to Associate		-	-	-	-	-	-			-
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-			-
Surplus/ (Deficit) for the year		13 092	695	695	298	17 430	13 271			695

TABLE C6 – MONTHLY BUDGETED FINANCIAL POSITION

WC041 Kannaland - Table C6 Monthly Budget Statement - Financial Position - M02 August						
Description	Ref	2022/23	Budget Year 2023/24			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD Actual	Full Year Forecast
R thousands	1					
<u>ASSETS</u>						
Current assets						
Cash and cash equivalents		20 446	(14 630)	(14 630)	51 166	(14 630)
Trade and other receivables from exchange transactions		22 858	(9 478)	(9 478)	(10 399)	(9 478)
Receivables from non-exchange transactions		2 315	(1 128)	(1 128)	1 704	(1 128)
Current portion of non-current receivables		–	–	–	–	–
Inventory		3 261	(8 946)	(8 946)	4 243	(8 946)
VAT		(40 636)	10 468	10 468	(55 465)	10 468
Other current assets		(995)	–	–	(966)	–
Total current assets		7 249	(23 714)	(23 714)	(9 717)	(23 714)
Non current assets						
Investments		186	–	–	–	–
Investment property		1 163	–	–	1 250	–
Property, plant and equipment		317 933	1 981	1 981	326 686	1 981
Biological assets		–	–	–	–	–
Living and non-living resources		–	–	–	–	–
Heritage assets		–	–	–	–	–
Intangible assets		3	–	–	(4)	–
Trade and other receivables from exchange transactions		–	–	–	–	–
Non-current receivables from non-exchange transactions		–	–	–	–	–
Other non-current assets		–	–	–	–	–
Total non current assets		319 285	1 981	1 981	327 933	1 981
TOTAL ASSETS		326 534	(21 733)	(21 733)	318 217	(21 733)
<u>LIABILITIES</u>						
Current liabilities						
Bank overdraft		–	–	–	–	–
Financial liabilities		14	–	–	(188)	–
Consumer deposits		1 365	–	–	1 227	–
Trade and other payables from exchange transactions		52 565	(19 856)	(19 856)	34 811	(19 856)
Trade and other payables from non-exchange transactions		23 751	–	–	18 485	–
Provision		8 390	–	–	7 296	–
VAT		(40 484)	(3 115)	(3 115)	(52 937)	(3 115)
Other current liabilities		–	–	–	–	–
Total current liabilities		45 601	(22 971)	(22 971)	8 694	(22 971)
Non current liabilities						
Financial liabilities		–	–	–	418	–
Provision		22 344	–	–	35 348	–
Long term portion of trade payables		–	–	–	–	–
Other non-current liabilities		11 540	–	–	10 360	–
Total non current liabilities		33 884	–	–	46 125	–
TOTAL LIABILITIES		79 485	(22 971)	(22 971)	54 819	(22 971)
NET ASSETS	2	247 049	1 238	1 238	263 397	1 238
<u>COMMUNITY WEALTH/EQUITY</u>						
Accumulated Surplus/(Deficit)		250 680	2 867	2 867	251 364	2 867
Reserves and funds		462	–	–	(222)	–
Other		–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2	251 141	2 867	2 867	251 142	2 867

TABLE C7 – MONTHLY BUDGETED CASH FLOW

WC041 Kannaland - Table C7 Monthly Budget Statement - Cash Flow - M02 August										
Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly Actual	YearTD Actual	YearTD Budget	YTD Variance	YTD Variance %	Full Year Forecast
R thousands	1									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		4 921	22 305	22 305	1 483	1 790	3 717	(1 927)	-52%	22 305
Service charges		73 390	120 923	120 923	11 759	14 194	20 154	(5 960)	-30%	120 923
Other revenue		2 794	9 067	9 067	537	925	1 511	(586)	-39%	9 067
Transfers and Subsidies - Operational		43 410	64 252	64 252	3 237	17 982	19 546	(1 564)	-8%	64 252
Transfers and Subsidies - Capital		13 170	15 804	15 804	500	8 056	2 634	5 422	206%	15 804
Interest		1	50	50	-	-	8	(8)	-100%	50
Dividends		-	-	-	-	-	-	-		-
Payments										
Suppliers and employees		(55 985)	(226 578)	(226 578)	(8 657)	(9 345)	(37 763)	(28 418)	75%	(18 881)
Interest		-	-	-	-	-	-	-		-
Transfers and Subsidies		-	-	-	-	-	-	-		-
NET CASH FROM/(USED) OPERATING ACTIVITIES		81 700	5 823	5 823	8 859	33 602	9 808	(23 795)	-243%	213 520
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		-	-	-	-	-	-	-		-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-		-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-		-
Payments										
Capital assets		(8 808)	(13 258)	(13 258)	-	-	2 210	2 210	100%	13 258
NET CASH FROM/(USED) INVESTING ACTIVITIES		(8 808)	(13 258)	(13 258)	-	-	2 210	2 210	100%	13 258
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		-	-	-	-	-	-	-		-
Borrowing long term/refinancing		-	-	-	-	-	-	-		-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-		-
Payments										
Repayment of borrowing		-	-	-	-	-	-	-		-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-		-
NET INCREASE/ (DECREASE) IN CASH HELD		72 892	(7 435)	(7 435)	8 859	33 602	12 017			226 778
Cash/cash equivalents at beginning:		38 042	-	-		35 981	-			35 981
Cash/cash equivalents at month/year end:		110 933	(7 435)	(7 435)		69 584	12 017			262 759

The total bank balance ending of **August 2023** were as follow;

- Standard Bank Main Account is **R 404 thousand**;
- The Traffic Account has **R 535 thousand**;
- Deposit Account has **R 3.238 million**; and
- Call Account has **R17 million**.

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

TABLE C2 – MONTHLY BUDGETED FINANCIAL PERFORMANCE (Functional Classification)

WC041 Kannaland - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M02 August										
Description	Ref	2022/23	Budget Year 2023/24							
		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>		62 837	50 659	50 659	3 220	20 742	14 080	6 662	47%	50 659
Executive and council		27 536	12 961	12 961	–	14 728	5 353	9 375	175%	12 961
Finance and administration		35 301	37 698	37 698	3 220	6 014	8 726	(2 713)	-31%	37 698
Internal audit		–	–	–	–	–	–	–	–	–
<i>Community and public safety</i>		9 029	36 120	36 120	2 517	2 756	6 223	(3 468)	-56%	36 120
Community and social services		8 991	15 750	15 750	2 517	2 756	6 223	(3 467)	-56%	15 750
Sport and recreation		0	–	–	–	–	–	–	–	–
Public safety		37	–	–	–	(0)	–	(0)	–	–
Housing		–	20 370	20 370	–	–	–	–	–	20 370
Health		–	–	–	–	–	–	–	–	–
<i>Economic and environmental services</i>		2 112	4 604	4 604	201	393	1 241	(848)	-68%	4 604
Planning and development		–	–	–	–	–	–	–	–	–
Road transport		2 112	4 604	4 604	201	393	1 241	(848)	-68%	4 604
Environmental protection		–	–	–	–	–	–	–	–	–
<i>Trading services</i>		108 816	150 767	150 767	10 372	20 430	32 003	(11 572)	-36%	150 767
Energy sources		64 274	81 032	81 032	6 618	12 932	14 738	(1 806)	-12%	81 032
Water management		23 004	37 355	37 355	1 774	3 529	9 413	(5 884)	-63%	37 355
Waste water management		10 774	16 612	16 612	994	1 990	4 104	(2 114)	-51%	16 612
Waste management		10 764	15 769	15 769	985	1 979	3 748	(1 769)	-47%	15 769
<i>Other</i>	4	–	–	–	–	–	–	–	–	–
Total Revenue - Functional	2	182 794	242 150	242 150	16 309	44 321	53 547	(9 226)	-17%	242 150
Expenditure - Functional										
<i>Governance and administration</i>		63 712	86 605	86 605	4 966	10 421	14 417	(3 997)	-28%	86 605
Executive and council		20 906	24 748	24 748	1 668	3 212	4 125	(913)	-22%	24 748
Finance and administration		42 806	61 858	61 858	3 297	7 209	10 293	(3 083)	-30%	61 858
Internal audit		–	–	–	–	–	–	–	–	–
<i>Community and public safety</i>		12 145	31 175	31 175	951	2 138	5 247	(3 109)	-59%	31 175
Community and social services		8 650	8 894	8 894	691	1 516	1 533	(17)	-1%	8 894
Sport and recreation		1 077	532	532	55	186	89	98	110%	532
Public safety		1 342	280	280	117	259	47	212	456%	280
Housing		1 075	21 469	21 469	89	177	3 578	(3 402)	-95%	21 469
Health		–	–	–	–	–	–	–	–	–
<i>Economic and environmental services</i>		12 113	17 691	17 691	974	2 182	2 948	(767)	-26%	17 691
Planning and development		–	–	–	–	–	–	–	–	–
Road transport		12 113	17 691	17 691	974	2 182	2 948	(767)	-26%	17 691
Environmental protection		–	–	–	–	–	–	–	–	–
<i>Trading services</i>		81 733	105 983	105 983	9 120	12 150	17 664	(5 514)	-31%	105 983
Energy sources		47 381	70 336	70 336	7 059	7 678	11 723	(4 044)	-35%	70 336
Water management		14 829	14 006	14 006	908	2 075	2 334	(260)	-11%	14 006
Waste water management		9 182	10 984	10 984	470	942	1 831	(889)	-49%	10 984
Waste management		10 341	10 657	10 657	683	1 455	1 776	(321)	-18%	10 657
<i>Other</i>		–	–	–	–	–	–	–	–	–
Total Expenditure - Functional	3	169 702	241 455	241 455	16 012	26 891	40 276	(13 385)	-33%	241 455
Surplus/ (Deficit) for the year		13 092	695	695	298	17 430	13 271	4 160	31%	695

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

WC041 Kannaland - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M02 August											
Vote Description		Ref	2022/23	Budget Year 2023/24							
			Audited Outcome	Original Budget	Adjusted Budget	Monthly Actual	YearTD Actual	YearTD Budget	YTD Variance	YTD Variance %	Full Year Forecast
R thousands											
Revenue by Vote		1									
Vote 1 - MUNICIPAL MANAGER			27 536	12 961	12 961	–	14 728	5 353	9 375	175,1%	12 961
Vote 2 - CORPORATE SERVICES			10 090	41 883	41 883	2 559	2 972	6 879	(3 907)	-56,8%	41 883
Vote 3 - FINANCIAL SERVICES			34 727	34 750	34 750	3 174	5 939	8 235	(2 296)	-27,9%	34 750
Vote 4 - TECHNICAL SERVICES			110 440	152 556	152 556	10 576	20 682	33 079	(12 397)	-37,5%	152 556
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	182 794	242 150	242 150	16 309	44 321	53 547	(9 226)	-17,2%	242 150
Expenditure by Vote		1									
Vote 1 - MUNICIPAL MANAGER			20 906	24 748	24 748	1 668	3 212	4 125	(913)	-22,1%	24 748
Vote 2 - CORPORATE SERVICES			31 475	55 025	55 025	2 545	6 151	9 171	(3 020)	-32,9%	55 025
Vote 3 - FINANCIAL SERVICES			25 082	38 044	38 044	1 774	3 455	6 324	(2 868)	-45,4%	38 044
Vote 4 - TECHNICAL SERVICES			91 461	121 333	121 333	9 938	13 988	20 273	(6 285)	-31,0%	121 333
Vote 5 - CALITZDORP SPA			–	–	–	–	–	–	–	–	–
Vote 6 - CORPORATE SERVICES (Continued)			778	2 305	2 305	85	85	384	(299)	-77,8%	2 305
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	169 702	241 455	241 455	16 012	26 891	40 276	(13 385)	-33,2%	241 455
Surplus/ (Deficit) for the year		2	13 092	695	695	298	17 430	13 271	4 160	31,3%	695

PART 2 SUPPORTING DOCUMENTATION

Section 5 – Debtors' analysis

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

Description	NT Code	Budget Year 2023/24										Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts I.t.o Council Policy
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total	Total over 90 days		
R thousands													
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200	1 694	792	725	842	833	–	5 994	20 113	30 992	27 782	–	–
Trade and Other Receivables from Exchange Transactions - Electricity	1300	1 348	132	83	83	83	–	451	750	2 931	1 368	–	–
Receivables from Non-exchange Transactions - Property Rates	1400	3 654	757	659	571	543	0	3 334	20 561	30 079	25 009	–	–
Receivables from Exchange Transactions - Waste Water Management	1500	747	324	320	318	318	–	2 244	10 908	15 178	13 787	–	–
Receivables from Exchange Transactions - Waste Management	1600	1 488	544	530	519	518	–	3 590	16 166	23 356	20 794	–	–
Receivables from Exchange Transactions - Property Rental Debtors	1700	–	–	–	–	–	–	–	0	0	0	–	–
Interest on Arrear Debtor Accounts	1810	31	52	71	94	114	0	1 325	20 287	21 974	21 820	–	–
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	–	–	–	–	–	–	–	–	–	–	–	–
Other	1900	(1 272)	175	163	160	155	–	990	3 334	3 704	4 639	–	–
Total By Income Source	2000	7 691	2 776	2 549	2 587	2 564	0	17 928	92 118	128 214	115 198	–	–
2022/23 - totals only										–	–		
Debtors Age Analysis By Customer Group													
Organs of State	2200	646	132	88	39	27	–	75	498	1 506	639	–	–
Commercial	2300	1 201	243	196	196	197	–	1 230	4 505	7 768	6 128	–	–
Households	2400	5 674	2 193	2 075	2 164	2 148	–	15 337	74 360	103 951	94 010	–	–
Other	2500	169	207	190	188	193	0	1 286	12 755	14 988	14 422	–	–
Total By Customer Group	2600	7 691	2 776	2 549	2 587	2 564	0	17 928	92 118	128 214	115 198	–	–

- The total amount owed to Kannaland Municipality amounts to **R128 million**.
- **R92 million or 72%** of the total outstanding debtors are older than one year.
- **R115 million or 90%** of the outstanding debtors are outstanding for more than 90 days and are less likely to be recoverable debt.

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

Section 6 – Creditors' analysis

WC041 Kannaland - Supporting Table SC4 Monthly Budget Statement - aged creditors - M02 August

Description		NT Code	Budget Year 2023/24								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	9 588	7 806	7	-	40 069	-	-	-	57 470	
Bulk Water	0200	22	-	-	-	-	-	-	-	22	
PAYE deductions	0300	-	-	-	-	-	-	-	-	-	
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-	
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-	
Loan repayments	0600	-	-	-	-	-	-	-	-	-	
Trade Creditors	0700	337	264	198	87	1 031	-	-	-	1 916	
Auditor General	0800	153	76	73	126	7 650	-	-	-	8 079	
Other	0900	125	245	38	156	13 842	-	-	-	14 406	
Total By Customer Type		1000	10 224	8 391	316	369	62 593	-	-	81 893	

The total outstanding creditors amounts to **R81 893 million**.

The biggest outstanding creditors are Eskom (**R57 million**), the Auditor-General of South Africa (**R8 079 million**). Combined the before mentioned represents **80%** 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

The Following Grants were received:

National Government Grants:

- **Expended Public Works Program** amounts to **R 305 thousand.**
- **Financial Management Grant** amounted to **R 2.93 thousand**

The following were expenditure for the month under review:

National Government Grants:

- **Municipal Infrastructure Grant** amounted to **2.112 million**
- **Municipal Infrastructure Grant Project Management Unit** amounted to **R47 thousand**
- **Financial Management Grant** amounted to **R 40 thousand**
- **Expended Public Works Program** amounts to **R 157 200 thousand**

Provincial Government Grant:

- **Municipal Replacement Fund (Library)** amounted to **R 231 thousand**

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

WC041 Kannaland - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M02 August									
Summary of Employee and Councillor remuneration	Ref	2023/24	Budget Year 2024/25						
		Audited Outcome	Original Budget	Adjusted Budget	Monthly Actual	YearTD Actual	YearTD Budget	YTD Variance	YTD Variance %
R thousands		A	B	C					D
Councillors (Political Office Bearers plus Other)									
Basic Salaries and Wages		4 300	2 990	2 990	270	538	498	40	8%
Pension and UIF Contributions		36	—	—	3	7	—	7	—
Medical Aid Contributions		67	—	—	9	19	—	19	—
Motor Vehicle Allowance		52	—	—	3	6	—	6	—
Cellphone Allowance		292	286	286	25	50	48	2	5%
Housing Allowances		—	—	—	—	—	—	—	—
Other benefits and allowances		—	—	—	—	—	—	—	—
Sub Total - Councillors		4 746	3 276	3 276	311	620	546	74	14%
% increase	4		-31,0%	-31,0%					-31,0%
Senior Managers of the Municipality	3								
Basic Salaries and Wages		2 650	4 449	4 449	39	118	742	(624)	-84%
Pension and UIF Contributions		5	9	9	0	1	1	(1)	-63%
Medical Aid Contributions		—	—	—	—	—	—	—	—
Overtime		—	—	—	—	—	—	—	—
Performance Bonus		—	—	—	—	—	—	—	—
Motor Vehicle Allowance		80	509	509	—	20	85	(64)	-76%
Cellphone Allowance		50	113	113	—	1	19	(18)	-97%
Housing Allowances		—	—	—	—	—	—	—	—
Other benefits and allowances		98	88	88	—	—	15	(15)	-100%
Payments in lieu of leave		—	—	—	—	—	—	—	—
Long service awards		—	—	—	—	—	—	—	—
Post-retirement benefit obligations		—	—	—	—	—	—	—	—
Entertainment		—	—	—	—	—	—	—	—
Scarcity		—	—	—	—	—	—	—	—
Acting and post related allowance		—	—	—	—	—	—	—	—
In kind benefits		—	—	—	—	—	—	—	—
Sub Total - Senior Managers of Municipality		2 884	5 167	5 167	39	139	861	(722)	-84%
% increase	4		79,2%	79,2%					79,2%
Other Municipal Staff									
Basic Salaries and Wages		49 463	52 793	52 793	4 735	10 738	8 799	1 939	22%
Pension and UIF Contributions		7 132	8 568	8 568	664	1 330	1 428	(98)	-7%
Medical Aid Contributions		2 168	1 687	1 687	185	377	281	96	34%
Overtime		6 572	4 876	4 876	548	1 305	813	492	61%
Performance Bonus		961	752	752	—	12	125	(113)	-90%
Motor Vehicle Allowance		2 790	2 359	2 359	298	613	393	220	56%
Cellphone Allowance		127	100	100	11	23	17	6	36%
Housing Allowances		337	173	173	29	58	29	29	102%
Other benefits and allowances		6 514	2 851	2 851	335	629	475	154	32%
Payments in lieu of leave		537	150	150	15	129	25	104	417%
Long service awards		—	—	—	—	—	—	—	—
Post-retirement benefit obligations		—	—	—	—	—	—	—	—
Entertainment		—	—	—	—	—	—	—	—
Scarcity		—	—	—	—	—	—	—	—
Acting and post related allowance		—	—	—	—	—	—	—	—
In kind benefits		—	—	—	—	—	—	—	—
Sub Total - Other Municipal Staff		76 602	74 309	74 309	6 820	15 215	12 385	2 830	23%
% increase	4		-3,0%	-3,0%					-3,0%
Total Parent Municipality		84 232	82 752	82 752	7 169	15 974	13 792	2 182	16%
Unpaid salary, allowances & benefits in arrears:									
Total Municipal Entities		—	457	457	0	0	76	(76)	-100%
TOTAL SALARY, ALLOWANCES & BENEFITS		84 232	83 209	83 209	7 170	15 974	13 868	2 106	15%
% increase	4		-1,2%	-1,2%					-1,2%
TOTAL MANAGERS AND STAFF		79 486	79 476	79 476	6 858	15 354	13 246	2 108	16%

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 TRENDS

WC041 Kannaland - Supporting Table SC12 Monthly Budget Statement - capital expenditure trend - M02 August									
Month	2022/23	Budget Year 2023/24							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly Actual	YearTD Actual	YearTD Budget	YTD Variance	YTD Variance	% spend of Original Budget
R thousands									
<u>Monthly expenditure performance trend</u>									
July	–	1 145	1 145	–	–	1 145	–	0,0%	0%
August	7	1 145	1 145	–	–	2 290	–	0,0%	0%
September	–	1 145	1 145	–	–	3 436	–	0,0%	0%
October	–	1 145	1 145	–	–	4 581	–	0,0%	0%
November	17	1 145	1 145	–	–	5 726	–	0,0%	0%
December	852	1 145	1 145	–	–	6 871	–	0,0%	0%
January	–	1 145	1 145	–	–	8 017	–	0,0%	0%
February	10	1 145	1 145	–	–	9 162	–	0,0%	0%
March	78	1 145	1 145	–	–	10 307	–	0,0%	0%
April	370	1 145	1 145	–	–	11 452	–	0,0%	0%
May	1 567	1 145	1 145	–	–	12 598	–	0,0%	0%
June	4 978	1 145	1 145	–	–	13 743	–	0,0%	0%
Total Capital expenditure	7 880	13 743	13 743	–					

Section 12 – Implementation of the budget funding plan

The implementation of the funding plan is taking place on monthly basis and will be reported on a monthly basis for any material issues that may arise and that will need attention. A report covering the implementation of the Budget Funding Plan, will be included as from September.

Section 13 – SCM Deviations

Section 14 – Quality certification

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

Print name: Mornè Marshall Hoogbaard

Signature:

Date:



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

Private Bag X115, Pretoria, 0001 • 40 Church Square, PRETORIA, 0002 • Tel: +27 12 315 5111, Fax: +27 12 466 9055 • www.treasury.gov.za

Ref No. WC041/13

Mr Morne Hoogbaard
Municipal Manager
Kannaland Local Municipality
PO Box 32
LADISMITH
6655

Email: morneh@kannaland.gov.za

Dear Mr Hoogbaard

MUNICIPAL DEBT RELIEF APPLICATION OF WC041 KANNALAND LOCAL MUNICIPALITY

The municipality's application for municipal debt relief on 21 July 2023, refers.

Our review confirmed that the municipality's application meets the minimum information requirements for applications set out in MFMA Circular No. 124 (paragraph 3). The municipality's application for municipal debt relief is therefore approved with effect 01 August 2023 (hereinafter referred to as "the effective date"). The approval is subject to the Kannaland LM complying with all the conditions of municipal Debt relief for municipalities as contained in MFMA Circular No. 124 for a consecutive period of 36 months. Nothing in this approval should be construed as implying less / otherwise. The following is noted in relation to the approval –

Eskom municipal debt write-off¹

1. Eskom, in consultation with the National Treasury (NT) and only after the municipality, to the satisfaction of NT, has met the conditions applicable to municipalities in accordance with the applicable MFMA Circular/s regarding municipal debt relief issued by the NT – to write-off a third of all the municipality's arrears owed to Eskom at 31 March 2023 (including interest and penalties, but excluding the March current account 2023) annually over three municipal financial years.

¹ This not to be interpreted as compromising in any way the full benefit of debt write-off for any municipality that maintained its existing payment arrangement with Eskom (relating to its arrears as of 31 March 2023) until the date NT approves the municipality's debt relief application ('the effective date'). **For example**, if the municipality during April and May 2023 already repaid R2000 of its R3 million 31 March 2023 arrears, interest and penalties - Eskom to write off the full R3 million value of the arrears, interest and penalties despite the municipality's R2000 repayment since 01 April 2023 prior to NT's approval of the municipality's debt relief application.



“New” municipal arrears from 01 April 2023

2. In the event that the municipality since 01 April 2023 up to the date of this letter owes Eskom for any current account payment (including for the March 2023 current account) and the municipality's cashflow position does not facilitate settling this once-off – the municipality must conclude a payment arrangement with Eskom within five (5) weeks of the date of this letter to facilitate the repayment thereof, including for any related interest and/ or penalties. A copy of the council approved and signed payment arrangement must be emailed to RevenueManagement@treasury.gov.za for the attention of Mr. Sadesh Ramjathan – Director: Local Government Budget Analysis: Revenue Management and also parallel uploaded to the GoMuni revenue portal. If the repayment arrangement facilitates payment within 12 months from its signature, Eskom agreed that the payment arrangement be suppressed for interest for the payment period of 12 months, subject to Kannaland LM honoring of the payment arrangement.

Current account for purposes of municipal debt relief

3. In terms of MFMA Circular No. 124: condition 6.3 (Maintaining the Eskom bulk current account) – current account for purposes of the Kannaland municipal debt relief approval means the total Eskom charges for the billing period plus VAT plus any component that may be due in terms of a payment arrangement envisaged in paragraph 2 above.

Stay of legal proceedings and court orders

4. In terms of municipal debt relief, Eskom to stay any legal proceedings where Eskom is the applicant, relating to the municipality's arrears as at 31 March 2023 (excluding the March 2023 current account); and
 - i. If Eskom, as the applicant, already obtained an order of court for direct payment prior to 'the effective date', *Eskom to fully cease enforcing any such order of court parallel to Eskom writing-off the last third of the municipality's debt after the municipality complied with the conditions of municipal debt relief for 36 consecutive months from the effective date* – for the duration of debt relief, Eskom to apply such collections to the municipality's current account;
 - ii. If Eskom, as the applicant, already obtained an order of court for a payment arrangement relating to municipal arrears as at 31 March 2023 (excluding the March 2023 current account) prior to the effective date, Eskom to continue enforcing any such order of court but only to the extent necessary to settle any current account of the municipality following the effective date – *Eskom to fully cease enforcing any such order of court parallel to Eskom writing-off the last third*



of the municipality's debt after the municipality complied with the conditions of municipal debt relief for 36 consecutive months from the effective date; and

- iii. The stay of any other court order relating to municipal arrears as at 31 March 2023 to be agreed on in writing between NT and Eskom on a case-by-case basis and the municipality to make a request to NT in writing together with a copy of such order of court for consideration.

The termination of any existing payment arrangement(s) with Eskom

5. Subject to paragraph 4 above (*Stay of legal proceedings and court orders*), any existing payment arrangement between Eskom and the municipality relating to any municipal arrears owed to Eskom as at 31 March 2023 (excluding the March 2023 current account) is terminated as part of municipal debt relief from the effective date.

Eskom suppression of interest on the 31 March 2023 arrears

6. Eskom to permanently suppress any interest on the municipality's arrears that are the subject of Municipal Debt Relief retrospectively from 01 April 2023 – Eskom to align its accounting records and the municipality's Eskom statement(s) / invoice(s). Eskom estimates to effect this suppression within approximately three (3) calendar months from the effective date.

Consequences - failure to meet the conditions for municipalities

7. Except for Condition 6.3 (Maintaining the Eskom bulk current account), if the municipality subsequent the date of this letter, fails to meet any of the conditions, the municipality will have 30 days to rectify any non-compliance from the date the National Treasury and / or Provincial Treasury issued a non-compliance letter and / or a non-compliance certificate as envisaged in MFMA Circular No. 124 (Annexure A).
8. If the municipality fails to address its non-compliance as per paragraph 7, the consequences set forth in MFMA Circular No. 124, particularly paragraph 5 should be noted, including that the municipality will need to make a voluntary application to NERSA to revoke the electricity license based on the municipality's preferred ground as allowed in terms of section 17 of the Electricity Regulation Act, 2006 (as amended). Any such application must be preceded by the relevant processes for appointing an external mechanism as envisaged in Chapter 8 of the Municipal Systems Act, 2000, including the necessary service delivery agreement aligning with the Municipal Systems Act, 2000 and Electricity Regulation Act, 2006. In terms of the conditions of government's wider support to Eskom, Eskom will once again have to enforce its credit control and debt collection policies also in relation to the municipality's arrears that are the subject of municipal debt relief, etc.
9. **Additional Kannaland LM specific conditions of approval –**



- i. Re-submission of the application duly signed on every page thereof by the Municipal Manager, CFO, MMC Finance, Speaker and Mayor as per the email guidance provided;
- ii. Thank you for the indigent information – it needs to be strengthened to fully align to MFMA Circular No. 124 (paragraph 3). Further guidance was already shared with the municipality via email. The information needs to be duly signed and re-submitted to NT and relevant Provincial Treasury with 15 days of this letter. From the information provided, it is concerning that the supply of some free basic services are not restricted to the national policy limits. Providing an unlimited supply of free basic services does not facilitate the economic or efficient use of scarce resources, impacts distribution losses and represents a significant drain on the municipality's monthly cash generation ability to maintain Eskom and other creditors. The municipality needs to address this with a sense of urgency;
- iii. The municipality's challenges as a rural demarcation with a declining working force, aging population, growing unemployment and an increased demand for free basic services are noted. The municipality's revenue enhancement strategy needs to outline a clear process to improve its indigent awareness campaign(s) – if not, it needs to be strengthened and submitted to NT and the provincial treasury within 45 days of this letter;
- iv. Completeness of the revenue base - The high-level property rates reconciliation included as part of the application is indicative that Kannaland is billing property owners on approximately R3.5 million higher property value compared to what the registered valuer valued these properties. The reconciliation also points to the incorrect application of tariffs across categories. Both these practices are illegal and / or could be indicative of fraud and must be addressed as soon as possible. If not already done, the municipality must submit the approved action plan to address these variances to the National Treasury within 30 days of this letter. The monthly MFMA s.71 statement to track the municipality's progress against this planned corrective action; and
- v. The Municipal Manager is required to counter-sign this letter of approval acknowledging also the specific conditions of the approval – the counter-signed letter to reach NT within 15 days of this letter.

If at the date of this letter –

- vi. The municipality's approved 2023/24 MTREF does not already meet MFMA Circular No. 124: Condition 6.4 (A funded MTREF), council must adopt a credible budget funding plan (integrated within the FRP) and submit such to the National Treasury within 30 days of this letter;



- vii. The municipality does not comply with MFMA Circular No. 124: Condition 6.5 (Cost reflective tariffs), the municipality must complete the tariff tool and submit such to the National Treasury with 30 days of this letter in respect of its approved 2023/24 MTREF budget;
 - viii. The municipality does not comply with MFMA Circular No. 124: Condition 6.6 (Electricity and water as collection tools), the municipality must update / strengthen all relevant bylaws and budget policies to give effect to this conditions and submit proof to the National Treasury and relevant Provincial Treasury with 45 days of this letter;
 - ix. From the effective date, the municipality must monthly submit a report to NT and relevant Provincial Treasury reporting on its compliance with the conditions for Municipal Debt Relief by no later than 10 working days after the end of each month. The report to include the municipality's self-assessment in the format of the compliance certificate issued in MFMA Circular No. 124: Annexure A (signed by the Municipal Manager / (Acting) together with supporting information substantiating its compliance with conditions 6.1 – 6.14. The compliance report must be submitted as part of the municipality's monthly MFMA s.71 statement (narratives and mSCOA datastrings). The monthly MFMA s.71 narratives must explicitly reflect the municipality's progress towards restricting free basic services (condition 6.6) and achieving a minimum average quarterly collection of 80 per cent (condition 6.7) in the same format this information was included in the municipality's Municipal Debt Relief application/ supplementary as required above; and
 - x. The monthly MFMA s.71 statement to track the municipality's progress against the planned corrective action to address any variances evident from the property rates reconciliation (refer (iv) above).
10. NT confirms that MFMA Circular No. 124: condition 6.11 (Limitation on municipality borrowing powers) will only be enforced in relation to new long term loans (entered into after the effective date of this approval) as envisaged in MFMA section 46. Short term borrowing, including making use of an overdraft for in-year bridging purposes are not considered within the ambit of this condition.
 11. The municipality is alluded to typing error(s). MFMA Circular No. 124: condition 6.9.2 must read as referring to 6.9.1 (not 6.8.3) and condition 6.14 as referring to section 17 (not 18) of the Electricity Regulation Act, 2006 (as amended).
 12. Eskom's MFMA s.41 statement includes that the municipality as of 31 March 2023 owed Eskom **R44 513 356.00**, including interest and penalties (*excluding the March 2023 current account*). This amount may include a component of the municipality's



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6 of 7

existing payment arrangement with Eskom. Consequently it is important to note that the exact Rand value that is the subject of municipal debt relief is to be confirmed by Eskom in writing to the National Treasury and municipality once Eskom affected the necessary adjustment for any payment arrangement. The National Treasury notes that the municipality's application for debt relief and the related approval thereof constitute an acknowledgement of liability to Eskom as envisaged in s. 14 of the Prescription Act, 1969 in relation to the amount owed to Eskom that is the subject of debt relief.

Municipal debt relief is an extraordinary support – in this context the municipality's patience is requested for possible growing pains towards aligning any Eskom reconciliations that may be required in the monthly statements Eskom will be issuing the municipality.

Lastly, we applaud the municipality for committing towards enforcing basic best practise financial management as envisaged in the MFMA and Municipal Systems Act and look forward to a positive behavioural change culminating in the full debt relief benefit to Kannaland LM over the next 36 consecutive months. During this process it is critical to proactively partner with the Provincial Treasury and Provincial Department of Cooperative Governance and Traditional affairs to ensure the municipality successfully maintains the conditions.

Yours faithfully

MALIJENG NGQALENI
DEPUTY DIRECTOR-GENERAL: INTERGOVERNMENTAL RELATIONS
DATE: 30 August 2023

CC: The Mayor
Mr Jeffrey Donson - mayor@kannaland.gov.za; jeffrey@kannaland.gov.za

CFO
Mrs R Saptoe - cfo@kannaland.gov.za



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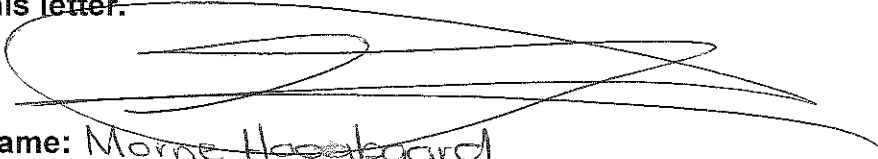
7 of 7

The Interim Group CEO - ESKOM Holdings
Calib Cassim – naidoogo@eskom.co.za

MFMA Coordinator
Steven Kenyon – Steven.Kenyon@westerncape.gov.za

The Director-General: Department of Cooperative Governance
Mr Mbulelo Tshangana – Zandilez@cogta.gov.za
The CEO: SALGA
Sithole Mbanga – hmazibuko@salga.org.za

The Municipal Manager acknowledges the specific conditions of the approval as set-out above by counter-signing the letter – to be returned to NT within 15 days of this letter.


Name: Morne Haasikaard
Municipal Manager: Kannaland LM
Date: 15 September 2003



National Treasury
Municipal Debt Relief
MFMA Circular No. 124
Municipal Finance Management Act No. 56 of 2003

Select Assessor

Certificate of Compliance: Municipal Debt Relief Conditions for Application

Period

National Financial Year

Demarcation Code of Municipality being assessed

District

Demarcation Description

Search

Search

Search

Complete the search boxes above

Complete the search boxes above

I, name and surname of HOD _____, hereby certify that the provincial treasury monitored the compliance against the conditions of Municipal Debt Relief as set-out in MFMA Circular No. 124 and that the Provincial Treasury is satisfied and certifies that the said municipality fully complies with the conditions as set-out in the table below:

Municipal Debt Relief Conditions (Monthly reporting)

Choose from drop down list

Condition 6.12		Maintaining the Eskom and bulk water current account – (current account in the name of the assessor and the account for a specific municipality)	
6.12.1	- Has the municipality paid its bulk water current account within 30 days of receiving the relevant invoice (this applies to all municipalities, including metros)? <i>Note - refer condition 6.12.2</i>	No	The invoice is still outstanding and will be paid, please see attached invoice
6.12.2	- Has the municipality submitted the supporting evidence of the bulk water current account payment to the National Treasury, the Water Board and/ or Water Trading Entity within 1 day of making any such payment (in PDF format) via the GoMuni Upload Portal https://epuploadportal.treasury.gov.za ?	No	The municipality is currently incorporating these requirements in its monthly reporting processes. A detailed retrospective reconciliation will be performed in September 2023
6.12.2	- Does the amount of the bulk water current account payment as per the proof of payment reconcile to the amount recorded on the financial system as per the MSCOA data string and the section 41(2) MFMA statement of the Water Board and/ or Water Trading Entity?	No	No payment processed yet, will be submitted as part of September 2023 reporting
6.3.1	- Has the municipality paid its Eskom bulk current account within 30 days of receiving the relevant invoice (this applies to all municipalities, including metros)? <i>Note - current account in terms of municipal debt relief approval means the total Eskom charges for the billing period plus VAT plus any component that may be due in terms of a payment arrangement of "New arrears" (March 2023 and / or subsequent current accounts) up to the date of NT approval of the application.</i>	Yes	See Eskom POP
6.3.2	- Has the municipality submitted the supporting evidence of the bulk Eskom current account payment to the National Treasury and Eskom within 1 day of making any such payment (in PDF format) via the GoMuni Upload Portal https://epuploadportal.treasury.gov.za ?	Yes	
6.3.4	- Does the amount as per the proof of payment reconcile to the amount recorded on the financial system as per the MSCOA data string and the section 41(2) MFMA statement of Eskom?	No	The municipality is currently incorporating these requirements in its monthly reporting processes. A detailed retrospective reconciliation will be performed in September 2023
5.4	Compliance with a funded MTRRF – (choose from drop down list the MTRRF assessed)		

Notes/Comments

6.4.1	- Is the municipality's MTRRF funded and aligning to the National Treasury's Budget Funding Guidelines - http://mtrrf.treasury.gov.za/Guidelines/Pages/Funding.aspx ?	Yes	This has been submitted to PT & NT
6.4.1	- Has the municipality budgeted for any operating surplus on the A1 Schedule (Table A4 - Budgeted Financial Performance) of the Municipal Budget- and Reporting Regulations?	No	
6.4.1	- Has the municipality made adequate provision for debt impairment (considering the actual collection of revenue and property rates during the 12 months immediately preceding the tabling of the budget) on the A1 Schedule (Table A4 - Budgeted Financial Performance) of the Municipal Budget- and Reporting Regulations?	Yes	
6.4.1	<small>Note - For example, if the municipality during the preceding 12 months was required to collect additional rates (or additional property rates) to fund its operations, for debt impairment, aligning with the national Treasury's guidelines, the budget must provide for the additional rates (or additional property rates) to fund its operations. If the municipality property rates for the preceding 12 months were lower than the rates for the preceding 12 months, the budget must provide for the additional rates (or additional property rates) to fund its operations. If the municipality property rates for the preceding 12 months were higher than the rates for the preceding 12 months, the budget must provide for the additional rates (or additional property rates) to fund its operations.</small>	Yes	
6.4.1	- Has the municipality made adequate provision for depreciation and asset impairment (considering its asset register and physical state of assets) on the A1 Schedule (Table A4 - Budgeted Financial Performance) of the Municipal Budget- and Reporting Regulations?	Yes	
6.4.2	<small>Note - If the municipality merely used the depreciation and asset impairment table in the budget, the budget must provide for the depreciation and asset impairment table in the budget. If the municipality used the depreciation and asset impairment table in the budget, the budget must provide for the depreciation and asset impairment table in the budget.</small>	Yes	This has been submitted to PT & NT
6.4.2	- If the municipality's MTRRF is not funded, has it tabled and adopted a credible Budget Funding Plan as part of the MTRRF budget (refer item 9.3 of MFMA Budget Circular no. 122, 09 December 2022)?	Yes	
6.4.2	<small>Note - If the municipality has an FRP, a separate budget funding plan is not required. However, the FRP/MTF must consider whether the existing FRP is acceptable, will give effect to the MTRRF, if not, the FRP must be replaced with a new one.</small>	N/A	The municipality doesn't have a Financial Recovery Plan
6.4.2	- If the municipality's MTRRF is not funded and it has an FRP per the legislative framework, does the existing FRP incorporate a credible Budget Funding Plan (will the FRP give effect to a funded MTRRF over the period of the FRP) - aligning with the principles of a budget funding plan as envisaged in item 9.3 of MFMA Budget Circular no. 122, 09 December 2022)? <small>Note - only if the municipality does not have an FRP may "N/A" be selected from the dropdown list.</small>	Yes	
6.5	- Does the municipality's annual and monthly cashflow projections included on the A1 Schedule (Table A7 - Budgeted Cash Flows and Supporting Table SA 30 - Budgeted Monthly Cash Flows) of the Municipal Budget and Reporting Regulations align with and gives effect to the municipality's Budget Funding Plan strategy (or the FRP strategy) and related seasonal trends (for example higher winter Eskom tariffs, lower January collection rates, etc.)?	Yes	This has been submitted to PT & NT
6.5	- Cost reflective tariffs - (excluding metros) has the municipality included its completed tariff tool (refer MFMA Circular no. 98 and item 5.2 of MFMA Budget Circular no. 122) as part of the municipality's annual tabled and adopted MTRRF submissions with effect the tabling of the 2023/24 MTRRF?	Yes	
6.5	- Electricity and water as collection tools - Has the municipality, with effect from the tabling of the 2023/24 MTRRF, demonstrated through its by-laws and budget related policies that:		
6.6.1	- the municipality issues a consolidated monthly bill to all consumers/property owners in terms of which all partial payments received are allocated in the following order of priority: firstly, to property rates, thereafter to water, wastewater, refuse removal and lastly to electricity?	Yes	Billing is done monthly
6.6.2	- the municipality disconnects electricity services and/or block the purchasing of pre-paid electricity of any defaulting consumer/property owner unless the defaulter already registered as an indigent consumer with the municipality?	Yes	
6.6.3	- the municipality is restricting and/or interrupting the supply of water of any defaulting consumer/property owner unless the defaulter already registered as an indigent consumer with the municipality? <small>Note: In terms of this condition the municipality must undertake such restriction/ interruption of water together with the municipal engineer(s) to ensure a minimum supply of waste water.</small>	No	The Municipality does not currently have this process in place, this can be attributed to infrastructure limitations

6.6.4	- If the defaulting consumer/property owner is registered as an indigent consumer with the municipality, is the monthly supply of electricity and water to that consumer/property owner physically restricted to the monthly national basic free electricity and water limits of 50 KiloWatt electricity and 6 KiloLitres water, respectively? <i>Note – the municipality's monthly MfMA s.71 statement must include as part of the narratives the indigent information in the required MfM format</i>	Yes <input checked="" type="checkbox"/>	
6.6	<i>Supporting evidence: The National Treasury and/or provincial treasury's annual budget assessment confirms the municipality's relevant MfMR's reported budget policies and financial performance compliance with paragraph 6.6</i>		
6.7	<i>Minimum a minimum average quarterly collection of property rates and services charges –</i> - Has the municipality achieved a minimum of 80 per cent average quarterly collection of property rates and service charges with effect from 01 April 2023 and 85 per cent average quarterly collection with effect from 01 April 2024 during any quarter - demonstrated in the MfMA's 7.1 monthly and quarterly statement(s) and MSCOA data strings uploaded via the GoWuni Upload Portal?	Not yet end of quarter <input checked="" type="checkbox"/>	
6.7.2	<i>Note – should the score and standard for collection (MfMA s. 7.1) is 95 per cent threshold, municipalities with the score/slip submitted will be awarded for the first two years from adhering to the score</i> If the response in 6.7.1 is "No" and the municipality is unable to achieve the minimum average quarterly collection as per paragraph 6.7.1, has the municipality demonstrated to the satisfaction of the National Treasury that: * the underperformance directly relates to Eskom supplied areas where the municipality does not have electricity as a collection tool and that the average quarterly collection of the municipality (excluding Eskom supplied areas) equals the required quarterly average collection set-out in paragraph 6.7.1; * the municipality for technical engineering reasons is unable to physically restrict and/or limit the supply of water in the Eskom supplied area(s)?	No <input checked="" type="checkbox"/> Yes <input checked="" type="checkbox"/>	
6.7.2.3	* the municipality before 01 February 2024 attempted to enter into a service delivery agreement with Eskom for purposes of municipal revenue collection in the Eskom supplied area(s) as envisaged in sections 76 to 78 of the Municipal Systems Act, 2000 and that such failed and the reason(s) for the failure?	Yes <input checked="" type="checkbox"/>	
6.7.3	- The municipality has progressively installed smart pre-paid meters in the municipality supplied areas to improve its collection and only then, on an individual case-by-case basis, considered writing off the debt of its customers, within its normal credit control process?	No <input checked="" type="checkbox"/>	The municipality is busy enlisting financial support to install smart pre-paid meters
6.7.4	- Has the municipality adopted a policy to install any new electricity connection in the demarcated area with effect the 2023/24 MfMR with a smart pre-paid meter?	No <input checked="" type="checkbox"/>	
6.7.5	- Has the municipality's 2023/24, 2024/25 and 2025/26 tabled and adopted capital budgets and MfMA section 7.1 statements reflected the approach set-out in 6.7.3 and 6.7.4?	Yes <input checked="" type="checkbox"/>	This has been submitted to PT & NT
6.8	<i>Municipality's compliance of the revenue base –</i>		
6.8.1	- Has the municipality demonstrated through the National Treasury property rates reconciliation tool that the municipality's billing system perfectly aligns to its Council approved General Valuation Roll (GVR) and/ or any subsequent supplementary GVR compiled by the registered municipal valuer? - If the response in 6.8.1 is "No", has the municipality demonstrated the steps taken to correct the variances identified? <i>Note – monthly progress against the action plan to address variances to be included as part of the municipality's debt relief compliance reporting in the MfMA s.71 statement</i>	Yes <input checked="" type="checkbox"/> No <input checked="" type="checkbox"/>	This has been submitted to PT & NT
6.8.2	- Has the municipality submitted its completed billing system, GVR and/or interim GVR reconciliations required in terms of paragraph 6.8.1 to the National Treasury quarterly (refer MfMA Circulars no. 99, 98, 107 and 108) to the upload portal on https://uploadportal.treasury.gov.za/ ?	Yes <input checked="" type="checkbox"/>	This has been submitted to PT & NT
6.9	<i>Monitor and report on implementation –</i>		
6.9.1	- MfMA section 7.1 reporting – has the municipal council and senior management team instituted processes to monitor and enforce accountability for the implementation of the municipality's funded budget and Budget Funding Plan where relevant?	Yes <input checked="" type="checkbox"/>	

20	6.9.2	- if progress is slow in terms of paragraph 6.9.1, is the active intervention evident from the narratives supporting the municipality's monthly MFMA section 71 reporting and recorded on the financial system as per the mSCOA data string?	Yes	
21	6.9.3	Note - condition 6.9.2 has a typing error and must refer to 6.9.1. - Municipalities with financial recovery plans (FRP) – if the municipality has a FRP as envisaged in the prevailing local government legislative framework, is the municipality reporting monthly its progress in implementing its FRP to the Provincial Executive?	No FRP	
22	6.9.4	- if the municipality has an FRP, with effect from 01 April 2023, parallel to submitting its monthly FRP progress report to the Provincial Executive, has the municipality also submitted the FRP progress report to the National Treasury: Municipal Financial Recovery Service (MFRS) timeously via the GoMuni Upload Portal https://uploadportal.treasury.gov.za ?	No FRP	
23	6.10	Note - if the municipality has a FRP, it must also submit the FRP progress report to the Provincial Executive, with effect from 01 April 2023, in addition to the FRP progress report submitted to the National Treasury: Municipal Financial Recovery Service (MFRS) timeously via the GoMuni Upload Portal https://uploadportal.treasury.gov.za .		
33	6.10.1	- has the relevant Provincial Treasury (delegated) / National Treasury (non-delegated) monthly monitored the municipality's compliance in terms of these conditions?	No	This is the first report therefore no historical monitoring has been done by PT
34	6.10.2	- has the Head of the relevant Provincial Treasury (delegated) monthly certified the municipality's compliance to these conditions, to the National Treasury's satisfaction as envisaged in the conditions for provincial treasuries (refer paragraph 4.1.1 to 4.1.5 of MFMA Circular no. 124) and timeously uploaded the compliance certificate via the GoMuni Upload Portal https://uploadportal.treasury.gov.za ?	No	This is the first report therefore no historical monitoring has been done by PT
35	6.10.3	- has the Provincial Treasury failed to rectify any provincial treasury non-compliance with any of the conditions for provincial treasuries (refer paragraph 4.1.1 to 4.1.6 of MFMA Circular no. 124) within one month of the non-compliance occurring?	No	This is the first report therefore no historical monitoring has been done by PT
36	6.11	Limitation on municipality borrowing powers - has the municipality borrowed since its initial or any subsequent benefit in terms of this municipal debt support programme?	No	
37	6.12	Note - if the municipality has borrowed since its initial or any subsequent benefit in terms of this municipal debt support programme, it must also submit the FRP progress report to the Provincial Executive, with effect from 01 April 2023, in addition to the FRP progress report submitted to the National Treasury: Municipal Financial Recovery Service (MFRS) timeously via the GoMuni Upload Portal https://uploadportal.treasury.gov.za .		
38	6.12.1	For the duration of the Municipal Debt Relief (to ensure proper management of resources): - has the municipality apportioned and ring-fenced in a sub-account to its primary bank account – (a) all electricity, water and sanitation revenue the municipality collects in any month; and (b) the component of the Local Government Equitable Share (LGES) the municipality earmarked to provide free basic electricity, water and sanitation?	No	The Municipality is in the process of opening the ring-fenced sub-account to comply with all these conditions
39	6.12.2	- has the municipality during the month first applied the revenue in the sub-account (required per paragraph 6.12.1) to pay its current Eskom account and then secondly its bulk water current account before it applied the revenue in the sub-account for any other purpose?	No	Once the account is active will the Municipality comply with this condition
40	6.13	Note - if the municipality has a FRP, it must also submit the FRP progress report to the Provincial Executive, with effect from 01 April 2023, in addition to the FRP progress report submitted to the National Treasury: Municipal Financial Recovery Service (MFRS) timeously via the GoMuni Upload Portal https://uploadportal.treasury.gov.za .		
41	6.14	Supporting evidence: Has the municipality submitted a copy of the monthly bank statement of its ring-fenced bank account to the National Treasury and provincial treasury aligning to its MFMA 5.71 statement collected revenue.	No	The bank account is still not active
42	6.15	Accounting Treatment - has the municipality fully accounted for and correctly reported on the write-off of its Eskom arrears debt (debt existing as on 31 March 2023) as per any written instruction of the National Treasury: Office of the Accountant General issued for Municipal Debt Relief to date?	No	The accounting treatment will be corrected once the interest offset and write backs has been finalised. The true liability must be confirmed before the accounting can be done.

No

Note: By the end of the 1990s, the Department of Health and Human Services (HHS) had established the National Center for Human Genome Research (NCHGR) as a part of the National Institutes of Health (NIH). The NCHGR was established to coordinate and promote research in the field of human genetics and genomics. The NCHGR was also responsible for the development and implementation of the Human Genome Project (HGP). The HGP was a large-scale scientific project that aimed to map and sequence the entire human genome. The HGP was completed in 2003 and has since provided a wealth of information about the human genome. The NCHGR continues to be an important part of HHS, focusing on research in the field of human genetics and genomics.

Signature of HOD/NT/WM:

Date:

⁴⁴ Note – if the official is signing on behalf of the Head of the Provincial Treasury (HOD) / Municipal Manager, the written procurement of the HOD / MM must be attached as an Annexure to this Certificate of Compliance.

Certificate of Compliance.