

CAPE AGULHAS MUNICIPALITY



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CAPE AGULHAS MUNICIPALITY
U MASIPALA WASECAPE AGULHAS

2020/2021

SECTION 71 REPORT FOR THE MONTH ENDING 31 AUGUST 2020

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PART A

1. COUNCIL RESOLUTION

To The Executive Mayor

In accordance with **Section 71(1)** of the Municipal Finance Management Act, I submit the required statement on the state of Cape Agulhas Municipality's budget implementation and the financial state of the municipality's affairs reflecting the particulars up until the end of **31 August 2020**.

52. The mayor of a municipality—

(d) must, within 30 days of the end of each quarter, submit a report to the council on the implementation of the budget and the financial state of affairs of the municipality;

Section 54(1) of the MFMA requires the Mayor of a municipality to take certain actions on the receipt of this report to ensure that the approved budget is implemented in accordance with the projections contained in the Service Delivery and Budget Implementation Plan.

Recommendations

- The content of the **monthly report** and supporting documentation for the consolidated period ending **31 August 2020** is noted.
- It be noted that the directors ensure that the budget is implemented in accordance with the Service Delivery and Budget Implementation Plan projections and in accordance with the approved budget;
- It be noted that any material variances will receive remedial or corrective steps.

2. INTRODUCTION

2.1 PURPOSE

The purpose of this report is to comply with section 71 of the MFMA and the requirements as promulgated in Government Gazette No 32141 of 17 April 2009 (Municipal budgeting and reporting requirements).

2.2 STRATEGIC OBJECTIVE

"To comply with MFMA priorities as well as MFMA implementation plan"

2.3 BACKGROUND

Section 71 of the MFMA and Section 28 of Government Notice 32141 dated 17 April 2009, regarding the "Local Government: Municipal Finance Management Act 2003 Municipal Budget and Reporting Regulations" necessitate that specific financial particulars be reported on and in the format prescribed, hence this report to meet legislative compliance.

"Section 52(d) of the MFMA states that, the executive mayor of a municipality must within 30 days of the end of each quarter submit a report to the council on the implementation of the budget and the financial state of affairs of the municipality.

However, section 71 of the MFMA states that, the accounting officer of a municipality must by no later than **10 working days after the end of each month** submit to the mayor of the municipality and the relevant treasury a statement in the prescribed format on the implementation of the municipality's approved budget".

"Section 28 of the Government Notice 32141, the monthly budget statement of a municipality must be in the format specified in Schedule C and include all required tables, charts and explanatory information, taking into account any guidelines issued by the Minister in terms of section 168(1) of the Act".

Section 54 of the MFMA requires the Mayor to consider the Section 71 report and take appropriate action to ensure that the approved budget is implemented in accordance with the SDBIP.

3. MAYOR'S SUMMARY

The Budget and Reporting regulations become effective during April 2009 and the municipality is obliged to report in the prescribed format to National & Provincial Treasury, the Executive Mayor and council accordingly.

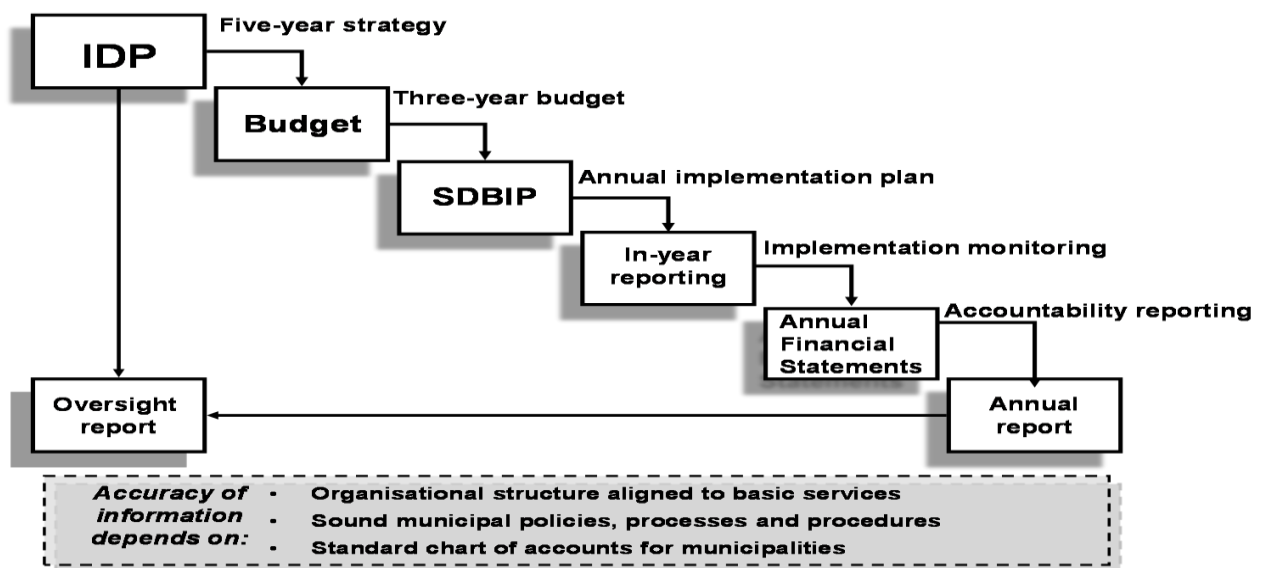
3.1 Budget Process:

Section 53(1)(a) of the MFMA stipulates that the Executive Mayor of the Municipality must provide general political guidance over the budget process and the priorities that must guide the preparation of a budget.

The flowchart on the budget process basically reflecting three different processes in the budget cycle at the same time, namely:

- Reporting on the previous year budget;
- Current year budget implementation; and
- Preparation of the new financial year's budget (including the budget estimates for the two outer financial years)

The municipal planning and budget cycle processes consist of the following:



The auditor general completed the auditing of the Annual Financial statements for the financial year 30 June 2020. The municipality received a "clean audit" for the sixth consecutive year.

4. SUMMARY FINANCIAL PERFORMANCE

Revenue performance

The financial information for the period ending 31 August 2020 total R85,2m. this equates to 22.42% of total budget. The main income sources calculated 79.9% for property rates and services charges collected.

Expenditure performance

Total expenditures of R26,09m for the ending 31 August 2020 reported. Main expenditure categories contributing to these expenses are Employee related cost and bulk purchases.

Capital performance

Capital spending of R2.5m for the period ending 31 August 2020. Slow spending recorded and numerous SCM processes still needs to be implemented to ensure spending of budget will increase over the next reporting periods. The finance department is in process of reviewing the procurement plan to ensure that the budgeted and actual performance are in line with the SCM procurement plan.

5. VARIANCE ANALYSIS BASED ON C1 BUDGET SUMMARY

Financial performance

Analyzing the variances as per C1 budget summary document we determine that property rates variance is positive compared with year to date budgets. This is mainly due to improvements in the property register compared to previous year. Review of yearly projections is required to ensure more accurate comparison is available.

Service charges is mainly on par with projections as per C1.

Investment revenues is based on the available funds, that can be invested in short-term investments over 30 days as per municipal policy.

Capital and expenditure sources

The municipal capital spending variances is in line with historic trends whereas the spending is low for the first quarter and normally improves over the second quarter. Numerous processes have been implemented to address these challenges but the impact of COVID 19 on the financial year, is a big contributing issue to this trend continuing for the 2020/21 financial year.

Financial position

The reporting of monthly financial position information still prove challenging and the municipality will address these within the next quarter. The financial software program CASEWARE is also in process of being implemented and this should address numerous reporting discrepancies with the implementation of reporting integrated financial reporting from the system.

Cash flows

Cashflow information report positive variances for the reporting period. This is due to the slow capital spending as well as the financial year only being into its second month. Numerous grants were also received for the financial year already and spending will be smooth over the reporting periods. This also contributes to the positive cash information.

Debtors age analysis

The age analysis for debtors reported that a total of **R83,5m** of debt is outstanding for the reporting period. Although a huge amount of these debt relates to the implementation of the yearly property rates valuation, care should be taken that the outstanding debt for **longer than 90 days** represents **45% of all outstanding debt**. With the current economic climate and the impact of Covid 19 on the household income levels the municipality will experience challenges with collecting of these debts if allowed to escalate to levels above 90 days. This is due to households being severely constrained with reducing income levels. Caution should be exercised, and the municipality must ensure that debts are within controllable levels.

6. COUNCIL FOCUS AREAS (CASH FLOW / LIQUIDITY)

The financial ratios need to be complete with the draft Annual Financial statements for the 30 June 2020 financial information. This will be done as soon as the information is updated and reported accordingly.

Budget implementation:

Council identified the following ratios as focus areas and these ratios will be monitored monthly and action plans developed to ensure the achievement of council's sustainability objectives.

Summarized explanation:

Ratios will be complete as soon as the financial statements is finalized.

7. INVESTMENT PORTFOLIO

WC033 CAPE AGULHAS MUNICIPALITY

CASH FLOW INFORMATION IN TERMS OF PROVINCIAL CIRCULAR 10 & 50							
DETAILS	Balance as at 01 Aug 2020	Movements for the month			Balance as at 31 Aug 2020	Interest earned	Interest earned
		Investments matured	Investments made	Interest capitalised			
						Month	Year to date
Cape Agulhas Municipality							
<i>Interest Received YTD</i>					-		
<i>Standard Bank</i>	25 000 000	25 000 000	10 000 000		10 000 000	79 384	79 384
<i>FNB</i>	-	-			-		
<i>ABSA</i>	-	-	20 000 000		20 000 000	10 877	
<i>ABSA</i>	1 254 000		-		1 254 000	-	
<i>Nedbank</i>	-	-	-		-		
<i>Nedbank (CRR)</i>	15 000 000	15 000 000	-		-	43 397	43 397
<i>Investec</i>	-				-		-
	-				-		
BANK DEPOSITS	41 254 000	40 000 000	30 000 000	-	31 254 000	133 658	122 781

8. EXTERNAL BORROWING PORTFOLIO

CASH FLOW REPORT IN TERMS OF PROVINCIAL CIRCULAR 10 & 50

Name of municipality CAPE AGULHAS MUNICIPALITY

SUMMARY OF EXTERNAL LOANS FOR MONTH

Lending Institution	Balance 01 August 20	Interest Capitalised August 20	Repayments August 20	Balance 31 August 20	Percentage	Sinking Funds	Loan Draw Downs
					%		
DBSA 1268/B48	-		-	-			
ABSA - Sewerage Truck	337 891,00		-	337 891,00			
ABSA - Light Delivery Vehicle	84 078,00		-	84 078,00			
ABSA - Pedestrian Roller	148 256,00		-	148 256,00			
ABSA - Infrastr. (Old Nostra)	872 118,50		-	872 118,50			
ABSA - Rotary Broom	100 292,00		-	100 292,00			
ABSA - Unspecified Bank	1 903 749,00		-	1 903 749,00			
Nedbank - Asset Finance	1 666 666,00		-	1 666 666,00			
Nedbank - Infrastructure Medium Term	1 800 000,00		-	1 800 000,00			
Nedbank - Infrastructure Long Term	5 600 000,00		-	5 600 000,00			
Asset - Finance	2 304 000,00		-	2 304 000,00			
Infrastructure Long Term	9 000 000,00		-	9 000 000,00			
Infrastructure Medium Term	3 296 000,00		-	3 296 000,00			
				-			
Total	27 113 050,50	-	-	27 113 050,50	-	-	-

9. mSCOA IMPLEMENTATION

Summarised progress on the implementation of mSCOA and actions required

With the compilation of the new budget the municipality will be required to ensure that a more formal steering committee are being implemented again.

The implementation plan also needs to be reviewed and updated to ensure more focussed attention can be given to ensure compliance with the latest financial reforms introduced by National Treasury.

10. OUTSTANDING DEBT COLLECTION INTERVENTIONS

The municipality advertise a tender for the assessing of the internal debt collection capacity as well as the indigent processes and functioning. From the concluding of this process numerous gaps and actions was identified that require implementation to ensure that the efficiency of the municipal debt collection processes can be enhance and improved:

Some of these identified and being implemented at this stage is as follows:

- Capacitating of the debt collection unit.
- Informal training and workshops, and management meetings discussing these shortcomings.
- Re-evaluation of the functioning of the unit and establishing how the access capacity can be utilised.
- Contacting debtors with outstanding balances and no agreements to enforce payment.
- Improved reporting of activities to management.

11. DEBTOR MANAGEMENT

The outstanding debtors for the reporting period total **R83,178m** for the month of August 2020 compared to **R86,025m** for the period of July 2020.

This is mainly attributed to the Property rates implementation for the 2020/21 financial year. Debtors outstanding for longer than 90 days equates to R36.6m of the total debt. This amount is posing significant risk for the municipality. General debt collection practices and procedures stipulates that the risk of not collecting debt longer than 90 days is high. This means that the municipality will need to implement measures to ensure that the collecting of debt will be collected.

A Revenue enhancement plan was compiled and below the progress of the enhancement plan:

The items as identified in the Long-term financial plan as per below table:

<u>ACTION IDENTIFIED IN REVENUE ENHANCEMENT PLAN / FINANCIAL PLAN</u>	<u>Progress</u>
<i>1. Develop land use vision</i>	<i>In process</i>
<i>2. Explore the feasibility of utilising the SANDF airport</i>	<i>Not started</i>
<i>3. Undertake a comprehensive work study</i>	<i>Complete</i>
<i>4. Revenue should be increased</i>	<i>Continuous</i>
<i>5. A collection rate of in excess of 95% and closer to 97% must be maintained</i>	<i>Continuous</i>
<i>6. Explore accessing revenue sources</i>	<i>Continuous</i>
<i>7. Investigate all grant sources</i>	<i>Continuous</i>
<i>8. Optimise the rates structure of farmland</i>	<i>Not started</i>
<i>9. Reduce cost</i>	<i>Continuous</i>
<i>10. Implement shared services</i>	<i>Not started</i>
<i>11. Avoid employing temporary workers</i>	<i>Continuous</i>
<i>12. Review terms of employment</i>	<i>Not started</i>
<i>13. Strengthen the institutional capacity</i>	<i>In process</i>
<i>14. Transfer depreciation charges to a cash backed CRR</i>	<i>Continuous</i>
<i>15. Maintain the credit score of A</i>	<i>In process</i>
<i>16. Rationalisation of the service levels</i>	<i>Not started</i>
<i>17. Do not neglect the replacement of its existing assets</i>	<i>In process</i>
<i>18. Adjust Repairs and Maintenance budget upwards</i>	<i>Continuous</i>
<i>19. Implement integrated asset management</i>	<i>In process</i>
<i>20. Assess all future office accommodation alternatives</i>	<i>Not started</i>
<i>21. Consolidated municipal infrastructure plan</i>	<i>In progress</i>
<i>22. Avoid cost overruns on projects</i>	<i>Continuous</i>

12. COST CONTAINMENT REGULATION AND CIRCULAR REQUIREMENTS

National Treasury as part of the drive for more efficient use of government resources introduced the **Local Government: Municipal Cost Containment regulation (MCCR)** promulgated on the 7 June 2019 with effective date of **1 July 2019**.

As part of the regulation municipalities is required to report as part of the in-year reporting mechanisms of the MFMA to the municipal council's relating to **COST CONTAINMENT** initiatives implemented. Numerous other requirements were also introduced that enforce reviewed of municipal policies and documentation as well as business processes. These will be implemented by the Chief Financial Officer as required.

Below the standardised report relating to **Cost containment measures** implemented by the municipality.

Total cost saving disclosure in the In-year report - 31 AUG 2020					
COST CONTAINMENT IN-YEAR REPORT					
MEASURES	APPROVED BUDGET	Q1 - 30 Sept	YTD TOTAL	SAVINGS	% Spent
Use of Consultant	6 873 460,00	379 739,29	379 739,29	6 493 720,71	5,5%
Travel and subsistence	732 050,00	80 387,14	80 387,14	651 662,86	11,0%
Domestic accomodation	473 000,00	23 992,00	23 992,00	449 008,00	5,1%
Sponserships, events and catering	247 460,00	4 603,04	4 603,04	242 856,96	1,9%
Communication	205 800,00	37 368,87	37 368,87	168 431,13	18,2%
Other related expenditures	937 140,00	56 771,06	56 771,06	880 368,94	6,1%
Total	9 468 910,00	582 861,40	582 861,40	8 886 048,60	6,2%

In order to generate value and adhere to the spirit of the Regulation with related to the cost containment reporting, management will need to interrogate each individual cost item and determine whether value for money was received when procuring or incurring the necessary expenses.

This is an ongoing process and will be re-evaluate with the adjustment and tabled budget processes.

PART B

13. LEGISLATED INFORMATION

WC033 Cape Agulhas - Table C1 Monthly Budget Statement Summary - M02 August								
Description	Budget Year 2020/21							
	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands								
Financial Performance								
Property rates	74 061	–	4 247	34 673	26 931	7 742	29%	74 061
Service charges	198 345	–	16 965	33 442	33 284	158	0%	198 345
Investment revenue	3 300	–	244	449	314	135	43%	3 300
Transfers and subsidies	75 102	–	14 470	14 470	20 637	(6 167)	-30%	75 102
Other own revenue	29 236	–	1 273	2 184	4 786	(2 602)	-54%	29 236
Total Revenue (excluding capital transfers and contributions)	380 044	–	37 199	85 219	85 953	(734)	-1%	380 044
Employee costs	149 348	–	10 715	21 469	24 891	(3 422)	-14%	149 348
Remuneration of Councillors	6 034	–	471	942	1 006	(64)	-6%	6 034
Depreciation & asset impairment	11 369	–	947	1 895	1 895	0	0%	11 369
Finance charges	13 963	–	–	–	2 327	(2 327)	-100%	13 963
Materials and bulk purchases	147 587	–	12 294	12 441	22 641	(10 200)	-45%	147 587
Transfers and subsidies	4 071	–	110	359	659	(300)	-45%	4 071
Other expenditure	53 251	–	1 559	4 309	6 517	(2 207)	-34%	53 251
Total Expenditure	385 623	–	26 097	41 415	59 936	(18 521)	-31%	385 623
Surplus/(Deficit)	(5 579)	–	11 103	43 803	26 017	17 786	68%	(5 579)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	14 389	–	2 128	2 128	745	1 382	185%	14 389
Surplus/(Deficit) after capital transfers & contributions	8 810	–	13 231	45 931	26 762	19 169	72%	8 810
Surplus/ (Deficit) for the year	8 810	–	13 231	45 931	26 762	19 169	72%	8 810
Capital expenditure & funds sources								
Capital expenditure	62 490	–	2 578	2 780	3 237	(458)	-14%	62 490
Capital transfers recognised	14 389	–	2 005	2 152	745	1 407	189%	14 389
Borrowing	36 183	–	573	628	1 875	(1 247)	-67%	36 183
Internally generated funds	11 917	–	–	–	617	(617)	-100%	11 917
Total sources of capital funds	62 490	–	2 578	2 780	3 237	(458)	-14%	62 490
Financial position								
Total current assets	99 218	–		160 441				99 218
Total non current assets	503 116	–		450 388				503 116
Total current liabilities	66 108	–		57 102				66 108
Total non current liabilities	125 295	–		85 204				125 295
Community wealth/Equity	410 931	–		468 524				410 931
Cash flows								
Net cash from (used) operating	2 579	–	7 570	13 177	15 166	1 989	13%	2 579
Net cash from (used) investing	(62 482)	–	(2 578)	(2 780)	(3 236)	(456)	14%	(62 482)
Net cash from (used) financing	22 239	–	42	82	50	(33)	-66%	22 239
Cash/cash equivalents at the month/year end	26 332	–	–	83 528	75 975	(7 552)	-10%	35 385
Debtors & creditors analysis	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	18 720	26 881	3 416	2 880	1 962	1 712	27 607	83 178
Creditors Age Analysis								
Total Creditors	–	–	–	–	–	–	–	–

WC033 Cape Agulhas - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M02 August

Description	Budget Year 2020/21							
	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands							%	
Revenue - Functional								
<i>Governance and administration</i>	127 465	–	21 608	52 811	39 952	12 859	32%	127 465
Executive and council	32 185	–	14 470	14 470	10 724	3 746	35%	32 185
Finance and administration	95 280	–	7 138	38 341	29 229	9 113	31%	95 280
Internal audit	–	–	–	–	–	–		–
<i>Community and public safety</i>	58 298	–	107	194	12 210	(12 016)	-98%	58 298
Community and social services	6 734	–	9	19	1 534	(1 515)	-99%	6 734
Sport and recreation	8 040	–	81	66	1 505	(1 439)	-96%	8 040
Public safety	12 460	–	17	109	1 997	(1 888)	-95%	12 460
Housing	31 064	–	–	–	7 175	(7 175)	-100%	31 064
Health	–	–	–	–	–	–		–
<i>Economic and environmental services</i>	7 231	–	632	875	1 016	(141)	-14%	7 231
Planning and development	4 110	–	197	407	494	(87)	-18%	4 110
Road transport	3 121	–	435	468	522	(54)	-10%	3 121
Environmental protection	–	–	–	–	–	–		–
<i>Trading services</i>	201 439	–	16 980	33 466	33 520	(54)	0%	201 439
Energy sources	139 038	–	11 441	22 753	23 609	(856)	-4%	139 038
Water management	30 682	–	2 606	4 898	4 685	213	5%	30 682
Waste water management	12 679	–	1 161	2 268	2 068	200	10%	12 679
Waste management	19 041	–	1 772	3 547	3 158	389	12%	19 041
<i>Other</i>	–	–	–	–	–	–		–
Total Revenue - Functional	394 433	–	39 327	87 347	86 698	648	1%	394 433
Expenditure - Functional								
<i>Governance and administration</i>	107 460	–	6 353	13 958	16 603	(2 645)	-16%	107 460
Executive and council	16 955	–	1 020	2 153	2 656	(503)	-19%	16 955
Finance and administration	88 977	–	5 220	11 589	13 706	(2 117)	-15%	88 977
Internal audit	1 528	–	113	216	241	(25)	-10%	1 528
<i>Community and public safety</i>	77 983	–	2 392	4 626	11 470	(6 844)	-60%	77 983
Community and social services	11 385	–	844	1 658	1 814	(156)	-9%	11 385
Sport and recreation	13 496	–	707	1 341	2 142	(801)	-37%	13 496
Public safety	19 089	–	636	1 217	2 912	(1 694)	-58%	19 089
Housing	34 014	–	206	409	4 601	(4 192)	-91%	34 014
Health	–	–	–	–	–	–		–
<i>Economic and environmental services</i>	32 395	–	1 842	3 713	4 966	(1 253)	-25%	32 395
Planning and development	11 342	–	636	1 244	1 641	(396)	-24%	11 342
Road transport	20 976	–	1 206	2 469	3 315	(846)	-26%	20 976
Environmental protection	77	–	–	–	10	(10)	-100%	77
<i>Trading services</i>	164 610	–	15 293	18 720	26 392	(7 672)	-29%	164 610
Energy sources	106 613	–	11 804	12 620	17 569	(4 949)	-28%	106 613
Water management	22 604	–	1 583	2 744	3 466	(722)	-21%	22 604
Waste water management	11 960	–	853	1 596	1 856	(260)	-14%	11 960
Waste management	23 433	–	1 053	1 760	3 501	(1 741)	-50%	23 433
<i>Other</i>	3 176	–	216	398	506	(108)	-21%	3 176
Total Expenditure - Functional	385 623	–	26 097	41 415	59 936	(18 521)	-31%	385 623
Surplus/ (Deficit) for the year	8 810	–	13 231	45 931	26 762	19 169	72%	8 810

WC033 Cape Agulhas - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M02 August

Vote Description	Budget Year 2020/21							
	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands								
<u>Revenue by Vote</u>								
Vote 1 - Executive and Council	36 384	–	14 569	14 770	11 176	3 593	32,2%	36 384
Vote 2 - Financial Services & ICT	81 968	–	4 940	35 979	27 998	7 981	28,5%	81 968
Vote 3 - Corporate Services	–	–	–	–	–	–	–	–
Vote 4 - Management Services	61 415	–	552	684	12 709	(12 025)	-94,6%	61 415
Vote 5 - Engineering Services	214 666	–	19 267	35 914	34 815	1 099	3,2%	214 666
Total Revenue by Vote	394 433	–	39 327	87 347	86 698	648	0,7%	394 433
<u>Expenditure by Vote</u>								
Vote 1 - Executive and Council	47 891	–	3 026	5 980	7 349	(1 369)	-18,6%	47 891
Vote 2 - Financial Services & ICT	61 788	–	3 237	7 800	9 415	(1 614)	-17,1%	61 788
Vote 3 - Corporate Services	–	–	–	–	–	–	–	–
Vote 4 - Management Services	87 802	–	3 138	6 025	13 041	(7 016)	-53,8%	87 802
Vote 5 - Engineering Services	188 143	–	16 695	21 610	30 131	(8 521)	-28,3%	188 143
Total Expenditure by Vote	385 623	–	26 097	41 415	59 936	(18 521)	-30,9%	385 623
Surplus/ (Deficit) for the year	8 810	–	13 231	45 931	26 762	19 169	71,6%	8 810

WC033 Cape Agulhas - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M02 August

Description	Budget Year 2020/21							
	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands								
Revenue By Source								
Property rates	74 061	–	4 247	34 673	26 931	7 742	29%	74 061
Service charges - electricity revenue	136 457	–	11 428	22 732	23 402	(670)	-3%	136 457
Service charges - water revenue	30 178	–	2 604	4 896	4 658	237	5%	30 178
Service charges - sanitation revenue	12 669	–	1 161	2 268	2 066	202	10%	12 669
Service charges - refuse revenue	19 041	–	1 772	3 547	3 158	389	12%	19 041
	–	–	–	–	–	–		–
Rental of facilities and equipment	1 200	–	66	227	111	116	105%	1 200
Interest earned - external investments	3 300	–	244	449	314	135	43%	3 300
Interest earned - outstanding debtors	1 839	–	(5)	(5)	201	(206)	-103%	1 839
Dividends received	–	–	–	–	–	–		–
Fines, penalties and forfeits	12 419	–	17	109	1 979	(1 870)	-94%	12 419
Licences and permits	25	–	–	–	4	(4)	-100%	25
Agency services	3 121	–	435	468	522	(54)	-10%	3 121
Transfers and subsidies	75 102	–	14 470	14 470	20 637	(6 167)	-30%	75 102
Other revenue	10 633	–	671	1 296	1 969	(673)	-34%	10 633
Gains	–	–	89	89	–	89	#DIV/0!	–
Total Revenue (excluding capital transfers and contributions)	380 044	–	37 199	85 219	85 953	(734)	-1%	380 044
Expenditure By Type								
Employee related costs	149 348	–	10 715	21 469	24 891	(3 422)	-14%	149 348
Remuneration of councillors	6 034	–	471	942	1 006	(64)	-6%	6 034
Debt impairment	9 904	–	–	–	1 651	(1 651)	-100%	9 904
Depreciation & asset impairment	11 369	–	947	1 895	1 895	0	0%	11 369
Finance charges	13 963	–	–	–	2 327	(2 327)	-100%	13 963
Bulk purchases	91 250	–	10 667	10 667	15 196	(4 529)	-30%	91 250
Other materials	56 336	–	1 628	1 774	7 445	(5 671)	-76%	56 336
Contracted services	14 955	–	570	869	1 114	(246)	-22%	14 955
Transfers and subsidies	4 071	–	110	359	659	(300)	-45%	4 071
Other expenditure	28 392	–	988	3 441	3 752	(311)	-8%	28 392
Losses	–	–	–	–	–	–		–
Total Expenditure	385 623	–	26 097	41 415	59 936	(18 521)	-31%	385 623
Surplus/(Deficit)	(5 579)	–	11 103	43 803	26 017	17 786	68,4%	(5 579)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	14 389	14 389	2 128	2 128	745	1 382	185%	14 389
Transfers and subsidies - capital (in-kind - all)	–	–	–	–	–	–		–
Surplus/(Deficit) after capital transfers & contributions	8 810	8 810	13 231	45 931	26 762			8 810
Taxation	–	–	–	–	–	–		–
Surplus/(Deficit) after taxation	8 810	8 810	13 231	45 931	26 762			8 810
Attributable to minorities	–	–	–	–	–			–
Surplus/(Deficit) attributable to municipality	8 810	8 810	13 231	45 931	26 762			8 810
Surplus/ (Deficit) for the year	8 810	8 810	13 231	45 931	26 762			8 810

WC033 Cape Agulhas - Table C6 Monthly Budget Statement - Financial Position - M02 August

Description	2019/20	Budget Year 2020/21			
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands					
<u>ASSETS</u>					
Current assets					
Cash	49 259	16 332	—	49 739	16 332
Call investment deposits	23 789	10 000	—	33 789	10 000
Consumer debtors	44 215	61 735	—	69 410	61 735
Other debtors	5 796	9 481	—	5 748	9 481
Current portion of long-term receivables	—	8	—	—	8
Inventory	1 882	1 662	—	1 756	1 662
Total current assets	124 941	99 218	—	160 441	99 218
Non current assets					
Long-term receivables	168	169	—	168	169
Investments	—	—	—	—	—
Investment property	40 504	40 182	—	40 502	40 182
Investments in Associate	—	—	—	—	—
Property, plant and equipment	404 126	458 559	—	405 012	458 559
—	—	—	—	—	—
Biological	—	—	—	—	—
Intangible	4 705	4 206	—	4 705	4 206
Other non-current assets	—	—	—	—	—
Total non current assets	449 503	503 116	—	450 388	503 116
TOTAL ASSETS	574 444	602 334	—	610 829	602 334
<u>LIABILITIES</u>					
Current liabilities					
Bank overdraft	—	—	—	—	—
Borrowing	6 027	6 750	—	6 027	6 750
Consumer deposits	5 028	5 277	—	5 110	5 277
Trade and other payables	45 170	39 989	—	35 979	39 989
Provisions	10 316	14 093	—	9 986	14 093
Total current liabilities	66 541	66 108	—	57 102	66 108
Non current liabilities					
Borrowing	20 763	42 539	—	20 763	42 539
Provisions	64 548	82 755	—	64 441	82 755
Total non current liabilities	85 311	125 295	—	85 204	125 295
TOTAL LIABILITIES	151 851	191 403	—	142 306	191 403
NET ASSETS	422 592	410 931	—	468 524	410 931
<u>COMMUNITY WEALTH/EQUITY</u>					
Accumulated Surplus/(Deficit)	387 592	390 931	—	433 524	390 931
Reserves	35 000	20 000	—	35 000	20 000
TOTAL COMMUNITY WEALTH/EQUITY	422 592	410 931	—	468 524	410 931

WC033 Cape Agulhas - Table C7 Monthly Budget Statement - Cash Flow - M02 August								
Description	Budget Year 2020/21							
	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands								
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Property rates	66 655	–	8 301	13 249	8 483	4 766	56%	66 655
Service charges	178 510	–	15 378	29 870	29 752	118	0%	178 510
Other revenue	18 213	–	1 165	1 953	3 036	(1 082)	-36%	18 213
Transfers and Subsidies - Operational	75 102	–	6 122	18 705	25 034	(6 329)	-25%	75 102
Transfers and Subsidies - Capital	13 889	–	2 443	8 236	4 630	3 606	78%	13 889
Interest	4 955	–	312	560	826	(266)	-32%	4 955
Dividends	–	–	–	–	–	–		–
Payments								
Suppliers and employees	(347 027)	–	(26 042)	(59 036)	(55 916)	3 120	-6%	(347 027)
Finance charges	(3 648)	–	–	–	–	–		(3 648)
Transfers and Grants	(4 071)	–	(110)	(359)	(678)	(319)	47%	(4 071)
NET CASH FROM/(USED) OPERATING ACTIVITIES	2 579	–	7 570	13 177	15 166	1 989	13%	2 579
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE	–	–	–	–	–	–		–
Decrease (increase) in non-current receivables	8	–	(0)	(0)	1	(2)	-129%	8
Decrease (increase) in non-current investments	–	–	–	–	–	–		–
Payments								
Capital assets	(62 490)	–	(2 578)	(2 780)	(3 237)	(458)	14%	(62 490)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(62 482)	–	(2 578)	(2 780)	(3 236)	(456)	14%	(62 482)
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Short term loans	–	–	–	–	–	–		–
Borrowing long term/refinancing	28 440	–	–	–	–	–		28 440
Increase (decrease) in consumer deposits	299	–	42	82	50	33	66%	299
Payments								
Repayment of borrowing	(6 500)	–	–	–	–	–		(6 500)
NET CASH FROM/(USED) FINANCING ACTIVITIES	22 239	–	42	82	50	(33)	-66%	22 239
NET INCREASE/ (DECREASE) IN CASH HELD	(37 664)	–	5 033	10 479	11 980			(37 664)
Cash/cash equivalents at beginning:	63 996	–		73 048	63 996			73 048
Cash/cash equivalents at month/year end:	26 332	–		83 528	75 975			35 385

14. QUALITY CERTIFICATE

NAVRAE:
ENQUIRIES: S Stanley

KONTAKNR:
CONTACT NO 028 425 5798

VERW:
REF: 5/3/2020-21 (M02)

KANTOOR:
OFFICES: Bredasdorp

DATUM:
DATE 7 September 2020



KAAP AGULHAS MUNISIPALITEIT
CAPE AGULHAS MUNICIPALITY
U MASIPALA WASECAPE AGULHAS

QUALITY CERTIFICATE

I, **DEAN O NEILL**, the accounting officer / chief financial officer of **CAPE AGULHAS MUNICIPALITY WC033** (name of municipality), hereby certify that –

(mark as appropriate)

☒ **The monthly budget statement**

- ☐ Quarterly report on the implementation of the budget and financial state affairs of the municipality
- ☐ Mid- year budget and performance assessment

For the month ending **31 August 2020** (month/year) has been prepared in accordance with the Municipal Finance Management Act and regulations made under the Act.

Print name P.J. van der Merwe

Accounting Officer / Chief Financial Officer of **CAPE AGULHAS MUNICIPALITY WC033** (name and demarcation of municipality)

(21) Signature: [Signature]

Date: 7 September 2020