

CAPE AGULHAS MUNICIPALITY



KAAP AGULHAS MUNISIPALITEIT
CAPE AGULHAS MUNICIPALITY
U MASIPALA WASECAPE AGULHAS

2019/2020

SECTION 52 REPORT FOR THE QUARTER ENDING 30 JUNE 2020

(Section 71 report)
[Preliminary report]

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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 **30 June 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 **30 June 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.

Although the Cape Agulhas Municipality is fully compliant in respect of the monthly budget report to council, effective from March 2014, the quality of the report in terms of its completeness and usefulness for council decision making still needs improvement which will be addressed as an ongoing process.

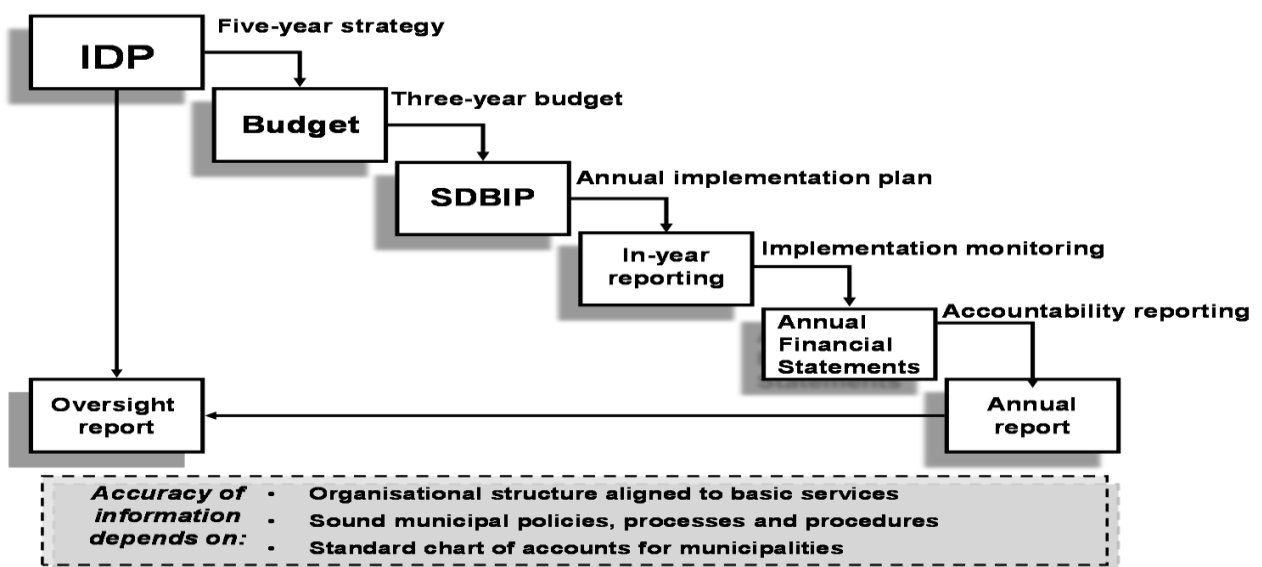
3.1 Budget Process:

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 2019. The municipality received a “clean audit” for the sixth consecutive year.

The proposed process plan with the compilation of the Draft Budget and Revised IDP plan for the 2020/21 MTREF period is as follows as per Budget and IDP implementation plan:

<u>Planned activities</u>	<u>Timeframes / Dates</u>	<u>Targets / Achieved</u>
New Budget preparation guide	20 January 2020	Achieved
Mid-year budget and performance assessment	25 January 2020	Achieved
Mid-year Budget and performance assessment to Council	28 January 2020	Achieved
Adjustment budget to Council	25 February 2020	Achieved
Budget steering committee 1	Week 1 – Feb 2020	Not achieved
BTO office finalize Draft Budget	28 February 2020	Complete
Council budget workshop	Week 1/3 March '20	Complete
Budget steering committee	Week 3 March '20	Complete
Draft Budget and IDP to Council (tabling)	26 March 2020	Complete
Publicize the Draft budget / IDP	10 April 2020	Complete
Public Participation	13-30 April 2020	Complete
Closing date – budget submissions	27 April 2020	Complete
Budget steering committee 3	8 May 2020	Complete
Finalization of the new Budget / IDP	15 May 2020	Complete
Final Budget / IDP approved by council	26 May 2020	Complete

We in the process of implementing the budget implementation plan as per the Budget and IDP process plan approved in August 2019 by Council.

The outcomes of the Adjustment budget will form the basis for the preparation of the Draft annual budget for the 2020/21 MTREF period. The revised budget is legislated as per MFMA and all amendments will be processed based on the prescripts of the MFMA.

The Budget process is significantly being impacted by the National lockdown and the Covid 19 crises currently. The municipality is in the process of instituting measures to address these challenges and ensure all processes as per the MFMA can still be complete as legislated. The report for the period April will provide more detail relating to these actions and plans in operation.

4. SUMMARY FINANCIAL PERFORMANCE

Revenue performance

To date performance of the revenue budget records at 66% of adjustment budget information. The adjustment budget was tabled to Council at the end of January 2020 and numerous adjustments was processed to align actual performance to projections based on the mid-year reviewed information.

The main revenue categories of the budgeted revenues Property rated and Service charges perform above par and reflects 87 and 76% respectively. Administration will need to ensure that more expediate effort is inserted to ensure the budget for the "Sale of land" materialize given the cashflow impact this category will have on the municipal finances. Council also decided to allocate all proceeds with respect to the sale of land to bolstering the CRR and this will positively impact on overall liquidity and sustainability.

Overall the municipality is on-par to achieve plan performance related to the expenditure budget.

Expenditure performance

The performance for the expenditure budget for the period ending 30 June 2020 totals R220.9,m of a budgeted total of R395,7m. This reflect an expenditure performance of % of budgeted amounts.

The biggest spending categories related to the expense budget is performing on par and within projections of 73% for salary related expenditures and 46.8% for bulk purchases. The expenditures for bulk purchases should be course of concern due to its correlation nature with the sale of electricity.

The performance on bulk purchases got a positive correlation with the sales revenue and low reported information will also reflects in low revenues. This can have a cashflow impact and should therefor be monitored and analyze further. The effect of the Eskom load shedding also influences this figure.

Capital performance

Capital expenditures totals 40% of budgeted revenues. The municipality performance relating to the capital budget is slow and below par. the risk exist that the municipality may not achieve it targeted capital expenditures for the period. Commitments on the capital budget totals R5,365m that should enhance the capital performance for the year to date. The risk is still prevalent that capital performance will be below the actuals of the previous financial years.

Administration will need to institute measures to improve the capital performance for the remaining period ending 30 June 2020.

Cashflow performance

The municipal position related to the cash performance is positive for the period ending 30 June 2020 and the overall CCR positive reports at R35m for the period ending.

The risk of cash resource depletion remains high for all municipalities and the management of resources should be done in conjunction with cash management prudence to ensure optimal use of funds.

To date the municipality reports stable cash position of more than the recommended norm for cash resources as per the National Treasury's norms for current and liquidity ratios.

National state of disaster (lockdown) / Covid 19













The impact on the National lockdown and the Covid 19 will significantly impact the performance of the municipality operational as well as capital spending and performance for the financial year. Numerous concerns exist in terms of the municipal debt collection, ability of consumers to pay for services as well as the social impact on the Covid 19 crises on the communities. The ability to spend the capital budget will be negatively impacting on the municipal overall performance. Although this is a National disaster, each municipality will need to assess the impact on their own municipal areas.

The municipality will need to conduct a Risk assessment relating to the impact of Covid 19 on municipal operations and the overall effect this will have on the municipal functioning.

More details relating to the above will be included in the April reporting process.

5. COUNCIL FOCUS AREAS (CASH FLOW / LIQUIDITY)

As part of the oversight responsibility of Council the municipal administration is required to table a report to council with recommendations for managing the municipal ratios in terms of **Circular 71 financial ratios**.

FINANCIAL RATIO	BENCHMARK	LAST QUARTER	LAST MONTH	REPORTING MONTH
Cash / cost coverage ratio	1 - 3 months			
Current ratio	1.5 - 2.1			
Liquidity ratio	1:1			
Debtor collection rate	95%			

Budget implementation:

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

Summarized explanation:

To date all ratios reflected positively for the period ending 30 June 2020.

6. INVESTMENT PORTFOLIO

WC033 CAPE AGULHAS MUNICIPALITY						
CASH FLOW INFORMATION IN TERMS OF PROVINCIAL CIRCULAR 10 & 50						
DETAILS	Balance as at 01 June 2020	Movements for the month		Balance as at 30 June 2020	Interest earned	Interest earned
		Investments matured	Investments made			
					Month	Year to date
Cape Agulhas Municipality						
<i>Interest Received YTD</i>	-			-		
<i>Standard Bank</i>	30 000 000	30 000 000	-	-	16 932	16 932
<i>FNB</i>	-	-		-		-
<i>ABSA</i>	-	-		-	-	-
<i>ABSA</i>	1 254 000		-	1 254 000		-
<i>Nedbank</i>	-	-	-	-	-	-
<i>Nedbank (CRR)</i>	15 000 000	15 000 000	-	-	8 301	8 301
<i>Investec</i>	-			-		-
	-			-		
BANK DEPOSITS	46 254 000	45 000 000	-	1 254 000	25 233	25 233

7. EXTERNAL BORROWING PORTFOLIO

<u>SUMMARY OF EXTERNAL LOANS FOR MONTH</u>							
Lending Institution	Balance 01 June 20	Interest Capitalised June 20	Repayments June 20	Balance 30 June 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)	922 452,00		50 333,50	872 118,50			
ABSA - Rotary Broom	100 292,00		-	100 292,00			
ABSA - Unspecified Bank	1 996 425,00		92 676,00	1 903 749,00			
Nedbank - Asset Finance	2 500 000,00		833 334,00	1 666 666,00			
Nedbank - Infrastructure Medium Term	2 100 000,00		300 000,00	1 800 000,00			
Nedbank - Infrastructure Long Term	5 950 000,00		350 000,00	5 600 000,00			
Asset - Finance	2 592 000,00		288 000,00	2 304 000,00			
Infrastructure Long Term	9 500 000,00		500 000,00	9 000 000,00			
Infrastructure Medium Term	3 708 000,00		412 000,00	3 296 000,00			
				-			
Total	29 939 394,00	-	2 826 343,50	27 113 050,50	-	-	-

8. 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.

9. 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.

10. REVENUE ENHANCEMENT PLAN / LONG-TERM FINANCIAL PLAN

Summarised progress on the Revenue Enhancement plan / Long-term financial plan and actions required

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

11. SECTION 11 (4) MFMA WITHDRAWALS

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 - 30 JUNE 2020

COST CONTAINMENT IN-YEAR REPORT								
MEASURES	REVISED BUDGET	Q1 - 30 Sept	Q2 - 31 Dec	Q3 - 31 Mrch	Q4 - June	YTD TOTAL	SAVINGS	% Spent
Use of Consultant	8 111 300,00	528 778,62	1 257 938,04	1 582 308,50	1 816 260,43	5 185 285,59	2 926 014,41	64%
Travel and subsistence	1 031 100,00	271 377,78	292 245,88	93 108,81	190 894,87	847 627,34	183 472,66	82%
Domestic accomodation	462 200,00	140 187,38	61 177,82	28 870,35	58 079,00	288 314,55	173 885,45	62%
Sponsorships, events and catering	278 550,00	40 918,21	81 928,80	32 472,75	53 341,61	208 661,37	69 888,63	75%
Communication	450 600,00	48 517,87	49 005,26	67 655,95	53 424,36	218 603,44	231 996,56	49%
Other related expenditures	961 400,00	118 210,38	207 022,41	177 406,14	176 728,15	679 367,08	282 032,92	71%
Total	11 295 150,00	1 147 990,24	1 949 318,21	1 981 822,50	2 348 728,42	7 427 859,37	3 867 290,63	66%

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 - Q3 Third Quarter

Description	Budget Year 2019/20							
	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands								
Financial Performance								
Property rates	69 193	69 193	3 885	59 987	55 983	4 004	7%	69 193
Service charges	178 098	184 074	14 804	139 860	134 887	4 972	4%	184 074
Investment revenue	2 446	3 201	350	4 853	1 642	3 211	195%	3 201
Transfers and subsidies	98 670	100 680	664	33 912	83 584	(49 672)	-59%	100 680
Other own revenue	33 108	33 309	2 344	20 326	21 652	(1 326)	-6%	33 309
Total Revenue (excluding capital transfers and contributions)	381 515	390 457	22 047	258 939	297 750	(38 811)	-13%	390 457
Employee costs	134 136	135 052	10 450	98 819	102 500	(3 681)	-4%	135 052
Remuneration of Councillors	5 764	5 764	458	4 124	4 323	(199)	-5%	5 764
Depreciation & asset impairment	11 025	11 025	782	8 621	8 269	352	4%	11 025
Finance charges	12 763	13 157	(5)	1 588	9 572	(7 984)	-83%	13 157
Materials and bulk purchases	160 950	163 625	16 450	76 890	115 093	(38 203)	-33%	163 625
Transfers and subsidies	2 026	2 540	101	1 632	1 468	165	11%	2 540
Other expenditure	67 671	64 593	2 326	29 315	48 813	(19 498)	-40%	64 593
Total Expenditure	394 335	395 755	30 563	220 989	290 039	(69 049)	-24%	395 755
Surplus/(Deficit)	(12 820)	(5 298)	(8 516)	37 949	7 711	30 238	392%	(5 298)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	12 941	19 767	(0)	5 085	8 134	(3 049)	-37%	19 767
Contributions & Contributed assets	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	121	14 469	(8 516)	43 034	15 845	27 189	172%	14 469
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	121	14 469	(8 516)	43 034	15 845	27 189	172%	14 469
Capital expenditure & funds sources								
Capital expenditure	47 209	47 624	3 366	19 251	29 674	(10 423)	-35%	47 624
Capital transfers recognised	12 941	19 767	2 779	9 829	8 134	1 694	21%	19 767
Borrowing	19 988	13 038	73	3 753	12 564	(8 811)	-70%	13 038
Internally generated funds	14 279	14 818	514	5 669	8 975	(3 306)	-37%	14 818
Total sources of capital funds	47 209	47 624	3 366	19 251	29 674	(10 423)	-35%	47 624
Financial position								
Total current assets	66 089	105 212		172 023				105 212
Total non current assets	488 722	456 968		431 745				456 968
Total current liabilities	56 176	64 946		81 840				64 946
Total non current liabilities	160 960	94 613		90 523				94 613
Community wealth/Equity	337 676	402 621		431 439				402 621
Cash flows								
Net cash from (used) operating	12 172	23 030	2 084	38 546	17 023	(21 524)	-126%	23 030
Net cash from (used) investing	(42 201)	(42 616)	(3 366)	(13 545)	(19 940)	(6 395)	32%	(42 616)
Net cash from (used) financing	11 820	(5 122)	38	(2 697)	(2 439)	258	-11%	(5 122)
Cash/cash equivalents at the month/year end	22 192	59 031	-	106 043	78 382	(27 660)	-35%	59 031
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	-	-	-	-	-	-	-	-
Creditors Age Analysis								
Total Creditors	-	-	-	-	-	-	-	-

WC033 Cape Agulhas - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - Q3 Third Quarter

Description	Ref	Budget Year 2019/20							
		Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1								
Revenue - Functional									
Governance and administration		126 340	129 273	6 076	107 571	97 185	10 386	11%	129 273
Executive and council		29 940	29 940	—	29 909	25 359	4 550	18%	29 940
Finance and administration		96 400	99 159	6 076	77 662	71 825	5 837	8%	99 159
Internal audit		—	174	—	—	—	—		174
Community and public safety		76 339	82 175	732	10 057	63 137	(53 080)	-84%	82 175
Community and social services		6 653	6 695	127	322	5 635	(5 313)	-94%	6 695
Sport and recreation		7 329	7 539	410	7 030	5 679	1 351	24%	7 539
Public safety		11 655	11 655	195	2 526	8 873	(6 348)	-72%	11 655
Housing		50 702	56 286	—	179	42 950	(42 771)	-100%	56 286
Health		—	—	—	—	—	—		—
Economic and environmental services		7 077	8 614	431	4 829	5 198	(370)	-7%	8 614
Planning and development		4 160	5 698	127	2 377	2 975	(598)	-20%	5 698
Road transport		2 917	2 917	305	2 451	2 223	228	10%	2 917
Environmental protection		—	—	—	—	—	—		—
Trading services		184 701	190 162	14 809	141 567	140 363	1 203	1%	190 162
Energy sources		126 860	132 307	9 717	95 367	96 709	(1 342)	-1%	132 307
Water management		28 707	28 207	2 218	21 281	21 823	(542)	-2%	28 207
Waste water management		11 335	11 850	1 246	10 017	8 491	1 526	18%	11 850
Waste management		17 798	17 798	1 627	14 901	13 340	1 561	12%	17 798
Other	4	—	—	—	—	—	—		—
Total Revenue - Functional	2	394 456	410 224	22 047	264 023	305 884	(41 860)	-14%	410 224
Expenditure - Functional									
Governance and administration		104 515	108 001	6 209	66 160	77 304	(11 144)	-14%	108 001
Executive and council		15 500	16 138	980	11 215	11 421	(206)	-2%	16 138
Finance and administration		87 666	90 291	5 116	53 982	64 862	(10 879)	-17%	90 291
Internal audit		1 349	1 571	113	962	1 021	(69)	-6%	1 571
Community and public safety		92 739	98 585	10 585	27 184	65 661	(38 478)	-59%	98 585
Community and social services		11 094	11 268	859	9 395	8 328	1 067	13%	11 268
Sport and recreation		12 398	12 402	1 188	9 132	9 245	(112)	-1%	12 402
Public safety		16 197	16 503	654	6 779	12 195	(5 416)	-44%	16 503
Housing		53 050	58 412	7 885	1 878	35 894	(34 016)	-95%	58 412
Health		—	—	—	—	—	—		—
Economic and environmental services		31 240	32 220	2 408	21 609	23 423	(1 814)	-8%	32 220
Planning and development		11 814	12 178	992	7 558	8 957	(1 399)	-16%	12 178
Road transport		19 352	19 968	1 412	14 042	14 416	(375)	-3%	19 968
Environmental protection		74	74	3	9	50	(40)	-81%	74
Trading services		164 064	155 172	11 183	104 554	122 336	(17 782)	-15%	155 172
Energy sources		111 310	102 298	7 919	71 779	83 448	(11 669)	-14%	102 298
Water management		20 186	20 096	1 429	13 786	14 856	(1 070)	-7%	20 096
Waste water management		11 878	11 915	788	8 373	8 748	(374)	-4%	11 915
Waste management		20 690	20 863	1 048	10 616	15 284	(4 668)	-31%	20 863
Other		1 778	1 778	178	1 484	1 315	169	13%	1 778
Total Expenditure - Functional	3	394 335	395 755	30 563	220 989	290 039	(69 049)	-24%	395 755
Surplus/ (Deficit) for the year		121	14 469	(8 516)	43 034	15 845	27 189	172%	14 469

WC033 Cape Agulhas - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - Q3 Third Quarter

Vote Description	Ref	Budget Year 2019/20							
		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 - Executive and Council		34 903	36 627	675	33 062	29 184	3 878	13,3%	36 627
Vote 2 - Financial Services & ICT		82 867	85 048	4 991	70 604	62 308	8 296	13,3%	85 048
Vote 3 - Corporate Services		—	—	—	—	—	—		—
Vote 4 - Management Services		78 926	84 750	943	12 504	65 074	(52 570)	-80,8%	84 750
Vote 5 - Engineering Services		197 760	203 799	15 438	147 853	149 318	(1 465)	-1,0%	203 799
Total Revenue by Vote	2	394 456	410 224	22 047	264 023	305 884	(41 860)	-13,7%	410 224
Expenditure by Vote	1								
Vote 1 - Executive and Council		47 238	48 740	3 237	32 792	35 117	(2 325)	-6,6%	48 740
Vote 2 - Financial Services & ICT		59 117	61 591	3 244	34 965	43 598	(8 633)	-19,8%	61 591
Vote 3 - Corporate Services		—	—	0	—	—	—		—
Vote 4 - Management Services		101 227	107 243	11 407	33 044	72 031	(38 987)	-54,1%	107 243
Vote 5 - Engineering Services		186 752	178 181	12 675	120 189	139 292	(19 103)	-13,7%	178 181
Total Expenditure by Vote	2	394 335	395 755	30 563	220 989	290 039	(69 049)	-23,8%	395 755
Surplus/ (Deficit) for the year	2	121	14 469	(8 516)	43 034	15 845	27 189	171,6%	14 469

WC033 Cape Agulhas - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - Q3 Third Quarter

Description	Ref	Budget Year 2019/20							
		Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Revenue By Source									
Property rates		69 193	69 193	3 885	59 987	55 983	4 004	7%	69 193
Service charges - electricity revenue		120 786	126 232	9 713	93 666	91 569	2 097	2%	126 232
Service charges - water revenue		28 204	28 204	2 218	21 275	21 506	(231)	-1%	28 204
Service charges - sanitation revenue		11 310	11 840	1 246	10 017	8 472	1 545	18%	11 840
Service charges - refuse revenue		17 798	17 798	1 627	14 901	13 340	1 561	12%	17 798
Rental of facilities and equipment		1 961	1 961	530	1 699	1 713	(14)	-1%	1 961
Interest earned - external investments		2 446	3 201	350	4 853	1 642	3 211	195%	3 201
Interest earned - outstanding debtors		1 719	1 719	265	1 380	1 263	118	9%	1 719
Dividends received		–	–	–	–	–	–	–	–
Fines, penalties and forfeits		11 640	11 590	197	2 402	8 849	(6 447)	-73%	11 590
Licences and permits		67	67	–	9	51	(42)	-82%	67
Agency services		2 917	2 917	305	2 451	2 223	228	10%	2 917
Transfers and subsidies		98 670	100 680	664	33 912	83 584	(49 672)	-59%	100 680
Other revenue		9 805	10 056	1 047	12 384	7 553	4 831	64%	10 056
Gains on disposal of PPE		5 000	5 000	–	–	–	–	–	5 000
Total Revenue (excluding capital transfers and contributions)		381 515	390 457	22 047	258 939	297 750	(38 811)	-13%	390 457
Expenditure By Type									
Employee related costs		134 136	135 052	10 450	98 819	102 500	(3 681)	-4%	135 052
Remuneration of councillors		5 764	5 764	458	4 124	4 323	(199)	-5%	5 764
Debt impairment		11 267	11 267	–	–	8 451	(8 451)	-100%	11 267
Depreciation & asset impairment		11 025	11 025	782	8 621	8 269	352	4%	11 025
Finance charges		12 763	13 157	(5)	1 588	9 572	(7 984)	-83%	13 157
Bulk purchases		88 404	84 404	6 812	62 312	66 300	(3 989)	-6%	84 404
Other materials		72 546	79 221	9 638	14 578	48 793	(34 214)	-70%	79 221
Contracted services		28 210	24 630	781	9 478	21 400	(11 922)	-56%	24 630
Transfers and subsidies		2 026	2 540	101	1 632	1 468	165	11%	2 540
Other expenditure		28 194	28 696	1 545	19 837	18 962	874	5%	28 696
Loss on disposal of PPE		–	–	–	–	–	–	–	–
Total Expenditure		394 335	395 755	30 563	220 989	290 039	(69 049)	-24%	395 755
Surplus/(Deficit)		(12 820)	(5 298)	(8 516)	37 949	7 711	30 238	0	(5 298)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		12 941	19 767	(0)	5 085	8 134	(3 049)	(0)	19 767
Transfers and subsidies - capital (in-kind - all)		–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		121	14 469	(8 516)	43 034	15 845			14 469
Taxation		–	–	–	–	–	–	–	–
Surplus/(Deficit) after taxation		121	14 469	(8 516)	43 034	15 845			14 469
Attributable to minorities		–	–	–	–	–			–
Surplus/(Deficit) attributable to municipality		121	14 469	(8 516)	43 034	15 845			14 469
Share of surplus/ (deficit) of associate		–	–	–	–	–			–
Surplus/ (Deficit) for the year		121	14 469	(8 516)	43 034	15 845			14 469

WC033 Cape Agulhas - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - Q3 Third Quarter

Vote Description	Ref	Budget Year 2019/20							
		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 - Executive and Council		—	—	—	—	—	—	—	—
Vote 2 - Financial Services & ICT		2 450	1 380	0	80	1 540	(1 460)	-95%	1 380
Vote 3 - Corporate Services		—	—	0	—	—	—	—	—
Vote 4 - Management Services		50	100	3	35	31	3	11%	100
Vote 5 - Engineering Services		9 555	15 215	2 363	8 903	6 006	2 897	48%	15 215
Total Capital Multi-year expenditure	4,7	12 055	16 695	2 366	9 018	7 577	1 441	19%	16 695
Single Year expenditure appropriation	2								
Vote 1 - Executive and Council		1 940	3 255	20	815	1 219	(404)	-33%	3 255
Vote 2 - Financial Services & ICT		239	1 485	61	1 382	150	1 232	820%	1 485
Vote 3 - Corporate Services		—	—	0	—	—	—	—	—
Vote 4 - Management Services		5 246	5 231	344	2 194	3 297	(1 103)	-33%	5 231
Vote 5 - Engineering Services		27 729	20 959	575	5 841	17 430	(11 589)	-66%	20 959
Total Capital single-year expenditure	4	35 154	30 929	1 000	10 233	22 097	(11 864)	-54%	30 929
Total Capital Expenditure		47 209	47 624	3 366	19 251	29 674	(10 423)	-35%	47 624
Capital Expenditure - Functional Classification									
Governance and administration		4 081	4 243	407	1 973	2 565	(592)	-23%	4 243
Executive and council		10	12	—	9	6	3	49%	12
Finance and administration		4 071	4 080	407	1 964	2 559	(595)	-23%	4 080
Internal audit		—	151	—	—	—	—	—	151
Community and public safety		3 662	3 861	1	1 738	2 302	(564)	-24%	3 861
Community and social services		50	50	0	45	31	14	44%	50
Sport and recreation		3 142	3 343	1	1 223	1 975	(752)	-38%	3 343
Public safety		465	465	0	466	292	174	59%	465
Housing		5	3	—	3	3	0	10%	3
Health		—	—	—	—	—	—	—	—
Economic and environmental services		13 340	11 421	970	6 856	8 385	(1 529)	-18%	11 421
Planning and development		1 857	1 553	20	765	1 167	(403)	-34%	1 553
Road transport		11 304	9 688	950	6 092	7 105	(1 013)	-14%	9 688
Environmental protection		180	180	—	—	113	(113)	-100%	180
Trading services		26 055	26 563	1 988	8 644	16 378	(7 734)	-47%	26 563
Energy sources		5 838	10 996	1 592	5 212	3 670	1 542	42%	10 996
Water management		3 030	4 958	0	1 300	1 905	(605)	-32%	4 958
Waste water management		15 637	9 059	396	1 216	9 829	(8 613)	-88%	9 059
Waste management		1 550	1 550	—	916	974	(58)	-6%	1 550
Other		70	1 535	—	39	44	(5)	-11%	1 535
Total Capital Expenditure - Functional Classification	3	47 209	47 624	3 366	19 251	29 674	(10 423)	-35%	47 624
Funded by:									
National Government		10 641	14 251	2 759	7 889	6 689	1 201	18%	14 251
Provincial Government		2 300	5 516	20	1 939	1 446	493	34%	5 516
District Municipality		—	—	—	—	—	—	—	—
Other transfers and grants		—	—	—	—	—	—	—	—
Transfers recognised - capital		12 941	19 767	2 779	9 829	8 134	1 694	21%	19 767
Borrowing	6	19 988	13 038	73	3 753	12 564	(8 811)	-70%	13 038
Internally generated funds		14 279	14 818	514	5 669	8 975	(3 306)	-37%	14 818
Total Capital Funding		47 209	47 624	3 366	19 251	29 674	(10 423)	-35%	47 624

WC033 Cape Agulhas - Table C6 Monthly Budget Statement - Financial Position - Q3 Third Quarter

Description	Ref	2018/19	Budget Year 2019/20			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
<u>ASSETS</u>						
Current assets						
Cash		25 485	12 192	9 031	60 198	9 031
Call investment deposits		58 254	10 000	50 000	68 254	50 000
Consumer debtors		29 194	35 990	36 731	38 475	36 731
Other debtors		4 208	6 593	7 780	3 437	7 780
Current portion of long-term receivables		8	7	8	8	8
Inventory		1 662	1 308	1 662	1 650	1 662
Total current assets		118 811	66 089	105 212	172 023	105 212
Non current assets						
Long-term receivables		184	197	177	160	177
Investments		–	–	–	–	–
Investment property		40 200	40 536	40 191	40 193	40 191
Investments in Associate		–	–	–	–	–
Property, plant and equipment		375 287	443 188	412 069	386 687	412 069
Biological		–	–	–	–	–
Intangible		4 705	4 801	4 531	4 705	4 531
Other non-current assets		–	–	–	–	–
Total non current assets		420 377	488 722	456 968	431 745	456 968
TOTAL ASSETS		539 188	554 811	562 180	603 767	562 180
<u>LIABILITIES</u>						
Current liabilities						
Bank overdraft		–	–	–	–	–
Borrowing		5 963	5 300	6 559	5 963	6 559
Consumer deposits		4 696	5 019	4 978	5 026	4 978
Trade and other payables		35 380	32 883	40 114	60 536	40 114
Provisions		12 543	12 973	13 295	10 316	13 295
Total current liabilities		58 582	56 176	64 946	81 840	64 946
Non current liabilities						
Borrowing		26 790	22 031	20 790	23 807	20 790
Provisions		65 664	138 928	73 823	66 716	73 823
Total non current liabilities		92 454	160 960	94 613	90 523	94 613
TOTAL LIABILITIES		151 036	217 135	159 559	172 363	159 559
NET ASSETS	2	388 152	337 676	402 621	431 404	402 621
<u>COMMUNITY WEALTH/EQUITY</u>						
Accumulated Surplus/(Deficit)		353 152	315 676	367 621	396 439	367 621
Reserves		35 000	22 000	35 000	35 000	35 000
TOTAL COMMUNITY WEALTH/EQUITY	2	388 152	337 676	402 621	431 439	402 621

WC033 Cape Agulhas - Table C7 Monthly Budget Statement - Cash Flow - Q3 Third Quarter

Description	Ref	Budget Year 2019/20							
		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		67 809	65 445	4 037	55 766	48 435	7 331	15%	65 445
Service charges		174 536	174 104	15 839	118 583	116 357	2 226	2%	174 104
Other revenue		17 854	18 025	1 608	13 536	11 903	1 633	14%	18 025
Government - operating		98 670	100 614	3 750	82 081	65 780	16 301	25%	100 614
Government - capital		12 441	19 116	(720)	12 219	8 294	3 925	47%	19 116
Interest		4 130	4 826	490	5 003	2 753	2 250	82%	4 826
Dividends		-	-	-	-	-	-		-
Payments									
Suppliers and employees		(358 379)	(353 174)	(22 823)	(245 578)	(233 444)	12 134	-5%	(353 174)
Finance charges		(2 864)	(3 356)	5	(1 588)	(1 790)	(202)	11%	(3 356)
Transfers and Grants		(2 026)	(2 571)	(101)	(1 476)	(1 266)	210	-17%	(2 571)
NET CASH FROM/(USED) OPERATING ACTIVITIES		12 172	23 030	2 084	38 546	17 023	(21 524)	-126%	23 030
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE		5 000	5 000	-	-	-	-		5 000
Decrease (Increase) in non-current debtors		7	8	(0)	25	5	20	420%	8
Decrease (increase) other non-current receivables		-	-	-	-	-	-		-
Decrease (increase) in non-current investments		-	-	-	-	-	-		-
Payments									
Capital assets		(47 209)	(47 624)	(3 366)	(13 571)	(19 945)	(6 374)	32%	(47 624)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(42 201)	(42 616)	(3 366)	(13 545)	(19 940)	(6 395)	32%	(42 616)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans		-	-	-	-	-	-		-
Borrowing long term/refinancing		16 779	-	-	-	-	-		-
Increase (decrease) in consumer deposits		241	282	53	286	161	125	78%	282
Payments									
Repayment of borrowing		(5 200)	(5 404)	(15)	(2 983)	(2 600)	383	-15%	(5 404)
NET CASH FROM/(USED) FINANCING ACTIVITIES		11 820	(5 122)	38	(2 697)	(2 439)	258	-11%	(5 122)
NET INCREASE/ (DECREASE) IN CASH HELD		(18 210)	(24 708)	(1 244)	22 304	(5 357)			(24 708)
Cash/cash equivalents at beginning:		40 402	83 739		83 739	83 739			83 739
Cash/cash equivalents at month/year end:		22 192	59 031		106 043	78 382			59 031

14. QUALITY CERTIFICATE

NAVRAE: S Stanley
ENQUIRIES:

KONTAKNR: 028 425 5798
CONTACT NO

VERW: 5/3/2019-20 (S71 / Q4)
REF:

KANTOOR: Bredasdorp
OFFICES:

DATUM: 8 July 2020
DATE



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 **30 JUNE 2020** (month/year) has been prepared in accordance with the Municipal Finance Management Act and regulations made under the Act.

Print name DEAN O NEILL

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

Signature: Dean O'Neill

Date: 8 July 2020