

Cape Agulhas Municipality



KAAP AGULHAS MUNISIPALITEIT
CAPE AGULHAS MUNICIPALITY
U MASIPALA WASECAPE AGULHAS

2017/2018

FINANCIAL MANAGEMENT

REPORT FOR PERIOD ENDING

30 NOVEMBER 2017

TABLE OF CONTENTS

1. Council Resolution..... 4

2. Introduction..... 5

3. Mayor’s Report 6

4. Executive Summary.....8

5. In-Year Budget Statement Tables.....9

6. Supporting tables.....19

7. Other information.....22

8. Quality certificate.....23

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 April 2017.

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 report and supporting documentation for period ending **30 November 2017** 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 REPORT

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.

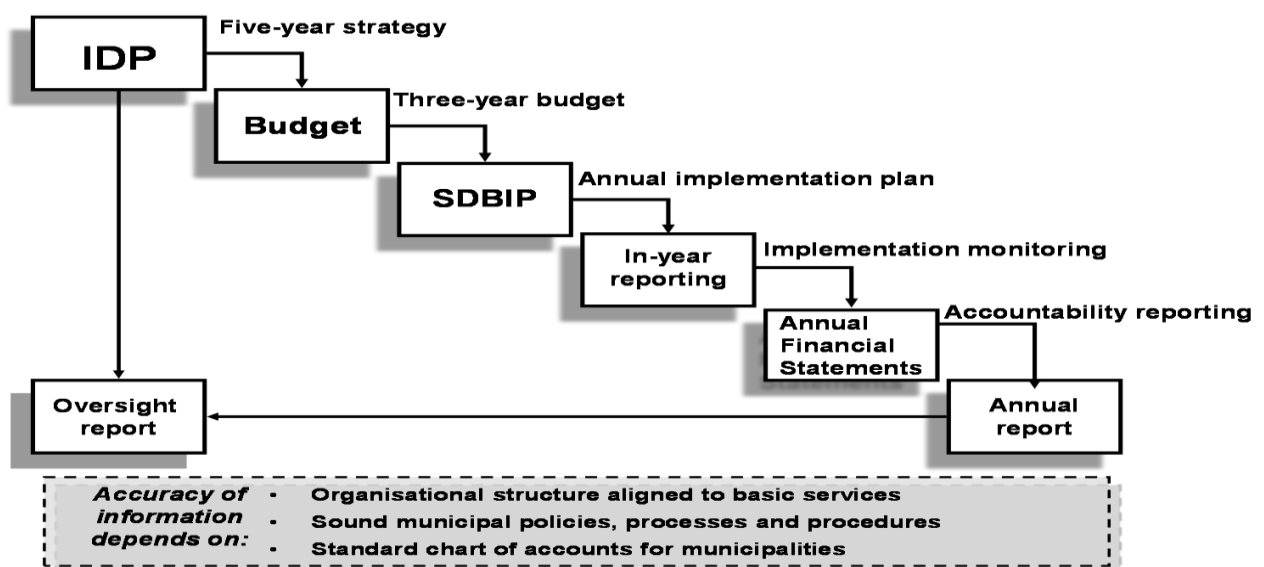
3.1 Budget Process:

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:

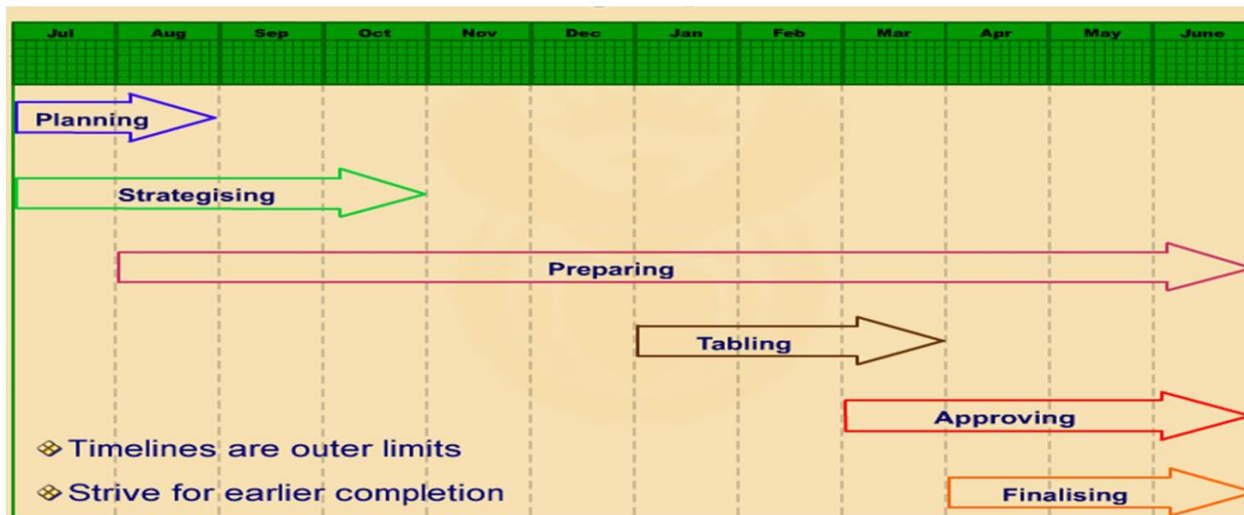
- o Reporting on the previous year budget;
- o Current year budget implementation; and
- o Preparation of the new financial year's budget (including the budget estimates for the two outer financial years)

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



Budget planning process 2018/2019

The municipality is in the process of compiling the budget process plan for submission to Council as per the MFMA legislation. Budget timetable follows the below mentioned timeframes and activities:



The proposed process plan with the compilation of the Draft Budget 2018/19 is as follows:

<u>Activity</u>	<u>Planned date</u>	<u>Actual date</u>
Strategic Session (Councilors and managers)	13/14 November 2017	13/14 November 2017
Distribute Budget guide documents	22 nd November 2017	5 December 2018
National Treasury budget circular issued	2 nd week December 2017	8 th December 2017
Revised Budget guide document	14 December 2017	18 December 2017
Proposed budget workshop (1 st discussion)	9 January 2018	
Budget steering committee	11 January 2018	
Submission of information to BTO	19 January 2018	
Budget refinements / discussions	29 Jan 2018 – 9 Feb 2018	
First Draft budget 2018/19 MTREF	22 February 2018	
Budget workshop on Draft budget	01-02 March 2018	
Budget steering committee	22 March 2018	
Final Budget submission	27 March 2018	

3.2 Monthly Reporting:

Monthly financial reporting as per DoRA and MFMA requirements to Council, National & Provincial Departments and other stakeholders have been adequately adhered to for the month under review.

3.3 Financial Statements for the Year-ended 30 June 2017

The auditing of the annual Financial Statements was concluded in November 2017. The municipality received a 4th consecutive "Clean Audit".

4. Executive Summary

For the period ending 30 November the municipal performance in terms of revenue and expenditures is as follows. Total actual revenues totals R152,361m and expenditures R124,314m.

The municipality processed the Revenue recognition of grant revenues for the period July to October 2017 in November. This significantly contributes to the performance for the reporting month.

Capital expenditures totals 21.88% of budget of R27,665m. This is a significantly improvement from previous months reporting. Spending of MIG capital projects is mostly responsible for these improved figures.

5. In year Budget Statement Tables

WC033 Cape Agulhas - Table C1 Monthly Budget Statement Summary - M05 November

Description	2016/17	Budget Year 2017/18							
	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	-	60,143	-	2,927	40,743	39,352	1,391	4%	60,143
Service charges	-	152,857	-	12,999	67,379	65,780	1,599	2%	152,857
Investment revenue	-	2,060	-	188	966	958	8	1%	2,060
Transfers and subsidies	-	55,134	-	22,869	33,366	28,302	5,065	18%	55,134
Other own revenue	-	23,571	-	3,906	9,907	9,005	902	10%	23,571
Total Revenue (excluding capital transfers and contributions)	-	293,765	-	42,890	152,361	143,397	8,964	6%	293,765
Employee costs	-	117,179	-	13,793	48,873	50,966	(2,093)	-4%	117,179
Remuneration of Councillors	-	5,145	-	446	2,291	2,004	287	14%	5,145
Depreciation & asset impairment	-	11,440	-	-	-	4,767	(4,767)	-100%	11,440
Finance charges	-	8,964	-	5	56	3,735	(3,679)	-99%	8,964
Materials and bulk purchases	-	115,928	-	7,062	58,304	60,813	(2,509)	-4%	115,928
Transfers and subsidies	-	2,763	-	517	1,270	1,112	158	14%	2,763
Other expenditure	-	47,503	-	2,838	13,252	16,501	(3,249)	-20%	47,503
Total Expenditure	-	308,922	-	24,660	124,047	139,899	(15,852)	-11%	308,922
Surplus/(Deficit)	-	(15,157)	-	18,229	28,314	3,498	24,816	709%	(15,157)
Transfers and subsidies - capital (monetary alloc	-	12,969	-	1,999	1,999	2,837	(838)	-30%	12,969
Contributions & Contributed assets	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	-	(2,187)	-	20,228	30,314	6,335	23,979	378%	(2,187)
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	-	(2,187)	-	20,228	30,314	6,335	23,979	378%	(2,187)
Capital expenditure & funds sources									
Capital expenditure	-	27,665	-	3,308	6,054	5,340	714	13%	27,665
Capital transfers recognised	-	12,969	-	2,835	4,814	2,504	2,311	92%	12,969
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	5,661	-	0	167	1,093	(925)	-85%	5,661
Internally generated funds	-	9,034	-	473	1,073	1,744	(671)	-38%	9,034
Total sources of capital funds	-	27,665	-	3,308	6,054	5,340	714	13%	27,665
Financial position									
Total current assets	55,749	44,041	-	-	97,679	-	-	-	52,716
Total non current assets	417,517	432,259	-	-	423,570	-	-	-	432,259
Total current liabilities	34,442	37,817	-	-	49,785	-	-	-	37,817
Total non current liabilities	126,713	135,593	-	-	129,113	-	-	-	135,593
Community wealth/Equity	312,111	302,890	-	-	342,352	-	-	-	311,564
Cash flows									
Net cash from (used) operating	-	13,909	-	16,100	36,098	32,454	(3,645)	-11%	13,909
Net cash from (used) investing	-	(27,137)	-	(3,308)	(6,053)	(4,766)	1,287	-27%	(27,137)
Net cash from (used) financing	-	3,609	-	29	2,394	79	(2,315)	-2948%	3,609
Cash/cash equivalents at the month/year end	-	6,415	-	-	57,148	43,800	(13,348)	-30%	15,090
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	38,714	-	-	-	-	-	-	-	38,714
Creditors Age Analysis									
Total Creditors	20,552	-	-	-	-	-	-	-	20,552

The table provides a high level summary of council's financial performance – operating & capital, financial position, cash flows, debtors and creditors age analysis which reflecting in more detail as from table C2 onwards.

Additional comments:

REVENUES

Property rates:

The majority of the yearly property rates payments is due by the end of October 2017. Reflection on past practices most of the yearly property rates income is settled in November and December. Performance to date reflects a R40,743m of a total approved budget of R60,143m. This represents a 67.74% performance to date.

Services charges:

Service charges consist of electricity, water, refuse and sanitation services. This category represents the biggest municipal revenue component. Year to date performance totals 44% of a total budget of R152,857m. Continuous monitoring of service charge revenues is required to ensure that municipality collect all income due. This category significantly impact the municipal liquidity and sustainability of council.

Transfers and subsidies:

All transfers to date was received. Roll-over grants was also approved. Transactions in terms of grant revenues processed and updated on the financial system. During the month of November the allocation of Housing grant revenues was also processed. This contributes to the positive variance for transfers and subsidies to date.

Other own revenues:

Other own revenues represents the municipal revenues for amongst other the approval of building plans, income from resorts, traffic fines and agency functions performed to other organs of state. Revenues of R9.907m is recorded for the period ending 30 November 2017.

EXPENDITURES

Employee costs:

Salary related expenditures totals R48,873m of a total budget of R117,179m. This represents a 43.75% of budget. Expenditures is on par with year to date projections. The implementation of the Financial Management programs and tools for example the Kronos time and attendance system, Payday payroll administration program will significantly assist management in improved expenditure management in futures once implemented.

Remuneration of Councilors:

Councilor remuneration is based on the published yearly Government Gazette that is promulgated. Corrections of allocations needs to be processed to ensure expenditure align with projected budgets.

The gazette is published yearly in December for backdated implementation from 1 July yearly.

Depreciation and asset impairment:

Transaction for depreciation will be processed during December 2017. This will ensure that more complete information is available with the mid-year performance assessment in January 2018. Finance will implement the Demand Management application in terms of assets management in 2018.

Finance charges:

Finance charges is based on the loan repayment schedule and other financial obligations of council. Repayments is normally based on loan balances. Loan repayment is due in December and June and will be reported in the next reporting cycle.

Materials and bulk purchases:

Bulk purchases totals R58,302m that represents a total of 50.29% of budget. Bulk purchases is mostly electricity purchases from Eskom. Performance to date in terms of bulk purchases is on par.

Transfers and expenditures:

Transfer expenditures relates to the allocation the municipality make towards outside organization. The municipal budget for this category of expenditures totals R2,763m with a spending of R1,270m to date.

Other expenses:

Most of the other expenditures not specifically excluded above are reported under other expenses total budget of R21,461m against a actuals of R13,252m for the period ending 30 November 2017.

WC033 Cape Agulhas - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M05 November

Description	Ref	2016/17	Budget Year 2017/18							
		Audited Outcome	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		-	105,419	105,419	5,541	55,342	58,852	(3,509)	-6%	105,419
Executive and council		-	25,190	25,190	-	10,497	12,931	(2,434)	-19%	25,190
Finance and administration		-	80,229	80,229	5,541	44,845	45,921	(1,076)	-2%	80,229
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		-	34,571	34,571	24,944	28,449	17,224	11,225	65%	34,571
Community and social services		-	7,023	7,023	1,822	1,937	3,547	(1,610)	-45%	7,023
Sport and recreation		-	7,098	7,098	726	4,116	3,180	936	29%	7,098
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	20,450	20,450	22,396	22,396	10,498	11,899	113%	20,450
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		-	12,731	12,731	1,281	3,009	4,886	(1,877)	-38%	12,731
Planning and development		-	874	874	215	671	408	263	64%	874
Road transport		-	11,857	11,857	1,066	2,337	4,477	(2,140)	-48%	11,857
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		-	154,014	-	13,123	67,561	65,273	2,288	4%	154,014
Energy sources		-	104,438	-	9,034	46,702	45,142	1,560	3%	104,438
Water management		-	24,344	-	1,410	7,366	9,624	(2,258)	-23%	24,344
Waste water management		-	9,508	-	1,071	5,302	3,988	1,313	33%	9,508
Waste management		-	15,723	-	1,607	8,191	6,519	1,673	26%	15,723
Other	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	-	306,734	152,720	44,889	154,361	146,234	8,126	6%	306,734
Expenditure - Functional										
Governance and administration		-	89,598	-	8,254	32,738	36,313	(3,575)	-10%	89,598
Executive and council		-	14,383	-	1,467	6,412	5,642	770	14%	14,383
Finance and administration		-	73,628	-	6,621	25,723	30,024	(4,301)	-14%	73,628
Internal audit		-	1,587	-	165	603	647	(44)	-7%	1,587
Community and public safety		-	45,318	-	2,522	31,447	31,759	(312)	-1%	45,318
Community and social services		-	12,217	-	1,105	4,125	5,264	(1,139)	-22%	12,217
Sport and recreation		-	10,956	-	1,269	4,237	4,546	(309)	-7%	10,956
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	22,145	-	147	23,085	21,949	1,136	5%	22,145
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		-	39,708	-	3,595	12,698	16,431	(3,733)	-23%	39,708
Planning and development		-	8,908	-	947	3,460	3,720	(260)	-7%	8,908
Road transport		-	30,800	-	2,648	9,238	12,711	(3,473)	-27%	30,800
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		-	134,297	-	10,290	47,164	55,396	(8,233)	-15%	134,297
Energy sources		-	88,085	-	6,202	33,133	36,680	(3,547)	-10%	88,085
Water management		-	16,834	-	1,651	6,132	6,891	(759)	-11%	16,834
Waste water management		-	10,311	-	954	3,166	4,224	(1,058)	-25%	10,311
Waste management		-	19,067	-	1,483	4,732	7,602	(2,870)	-38%	19,067
Other		-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	-	308,922	-	24,660	124,047	139,899	(15,852)	-11%	308,922
Surplus/ (Deficit) for the year		-	(2,187)	152,720	20,228	30,314	6,335	23,979	378%	(2,187)

Explanation for any deviation in excess of 10% will be provided as part of an ongoing process to ensure that information is relevant and useful for council's decision making. (Table SC 1 have reference)

WC033 Cape Agulhas - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M05 November

Vote Description	Ref	2016/17	Budget Year 2017/18							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue by Vote										
Vote 1 - Executive and Council	1	-	28,496	-	98	10,995	14,585	(3,590)	-24.6%	28,496
Vote 2 - Financial Services & ICT		-	66,723	-	3,902	42,896	41,830	1,066	2.5%	66,723
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-
Vote 4 - Management Services		-	45,214	-	25,999	30,808	21,080	9,729	46.2%	45,214
Vote 5 - Engineering Services		-	166,301	-	14,890	69,661	68,739	921	1.3%	166,301
Vote 6 - Electricity		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	-	306,734	-	44,889	154,361	146,234	8,126	5.6%	306,734
Expenditure by Vote										
Vote 1 - Executive and Council	1	-	41,823	-	4,322	17,014	17,142	(129)	-0.8%	41,823
Vote 2 - Financial Services & ICT		-	47,136	-	3,911	15,307	19,135	(3,827)	-20.0%	47,136
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-
Vote 4 - Management Services		-	63,866	-	4,222	37,551	39,264	(1,713)	-4.4%	63,866
Vote 5 - Engineering Services		-	156,097	-	12,204	54,175	64,358	(10,184)	-15.8%	156,097
Vote 6 - Electricity		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	-	308,922	-	24,660	124,047	139,899	(15,852)	-11.3%	308,922
Surplus/ (Deficit) for the year	2	-	(2,187)	-	20,228	30,314	6,335	23,979	378.5%	(2,187)

Explanation for any deviation in excess of 10% will be provided as part of an ongoing process to ensure that information is relevant and useful for council's decision making.

Section 71(1)(g) of the MFMA requires that the Accounting Officer must, when necessary, provide explanation of –

- Any material variances from the municipality's projected revenue by source, and from the municipality's expenditure projections per vote;
- Any material variances from the service delivery and budget implementation plan; and
- Any remedial or corrective steps taken or to be taken to ensure that the projected revenue and expenditure remain within the municipality's approved budget.

WC033 Cape Agulhas - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M05 November

Description	Ref	Budget Year 2017/18								
		2016/17 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue By Source										
Property rates			60,143	-	2,927	40,743	39,352	1,391	4%	60,143
Service charges - electricity revenue			103,306	-	8,912	46,539	44,861	1,678	4%	103,306
Service charges - water revenue			24,342	-	1,409	7,347	7,623	(276)	-4%	24,342
Service charges - sanitation revenue			9,486	-	1,071	5,302	5,278	24	0%	9,486
Service charges - refuse revenue			15,723	-	1,607	8,191	8,019	173	2%	15,723
Service charges - other			-	-	-	-	-	-	-	-
Rental of facilities and equipment			2,056	-	58	409	426	(17)	-4%	2,056
Interest earned - external investments			2,060	-	188	966	958	8	1%	2,060
Interest earned - outstanding debtors			1,496	-	226	226	524	(298)	-57%	1,496
Dividends received			-	-	-	-	-	-	-	-
Fines, penalties and forfeits			9,271	-	2,020	2,804	3,315	(510)	-15%	9,271
Licences and permits			61	-	19	24	25	(1)	-4%	61
Agency services			2,419	-	691	1,191	1,057	134	13%	2,419
Transfers and subsidies			55,134	-	22,869	33,366	28,302	5,065	18%	55,134
Other revenue			7,769	-	892	5,252	3,659	1,593	44%	7,769
Gains on disposal of PPE			500	-	-	-	-	-	-	500
Total Revenue (excluding capital transfers and contributions)			293,765	-	42,890	152,361	143,397	8,964	6%	293,765
Expenditure By Type										
Employee related costs			117,179	-	13,793	48,873	50,966	(2,093)	-4%	117,179
Remuneration of councillors			5,145	-	446	2,291	2,004	287	14%	5,145
Debt impairment			7,833	-	-	-	3,264	(3,264)	-100%	7,833
Depreciation & asset impairment			11,440	-	-	-	4,767	(4,767)	-100%	11,440
Finance charges			8,964	-	5	56	3,735	(3,679)	-99%	8,964
Bulk purchases			76,678	-	5,285	29,989	31,946	(1,957)	-6%	76,678
Other materials			39,250	-	1,777	28,315	28,867	(552)	-2%	39,250
Contracted services			18,208	-	870	3,322	3,655	(333)	-9%	18,208
Transfers and subsidies			2,763	-	517	1,270	1,112	158	14%	2,763
Other expenditure			21,461	-	1,968	9,930	9,583	348	4%	21,461
Loss on disposal of PPE			-	-	-	-	-	-	-	-
Total Expenditure			308,922	-	24,660	124,047	139,899	(15,852)	-11%	308,922
Surplus/(Deficit)			(15,157)	-	18,229	28,314	3,498	24,816	0	(15,157)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)			12,969	-	1,999	1,999	2,837	(838)	(0)	12,969
(National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)			-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)			-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions			(2,187)	-	20,228	30,314	6,335			(2,187)
Taxation			-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation			(2,187)	-	20,228	30,314	6,335			(2,187)
Attributable to minorities			-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality			(2,187)	-	20,228	30,314	6,335			(2,187)
Share of surplus/ (deficit) of associate			-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year			(2,187)	-	20,228	30,314	6,335			(2,187)

Explanation for any deviation in excess of 10% will be provided as part of an ongoing process to ensure that information is relevant and useful for council's decision making. (Table SC 1 have reference)

WC033 Cape Agulhas - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M05
November

Vote Description	Ref	2016/17	Budget Year 2017/18							
		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 - Executive and Council		-	-	-	-	-	-	-	-	-
Vote 2 - Financial Services & ICT		-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-
Vote 4 - Management Services		-	650	-	8	20	125	(105)	-84%	650
Vote 5 - Engineering Services		-	650	-	-	-	125	(125)	-100%	650
Vote 6 - Electricity		-	-	-	-	-	-	-	-	-
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	-	1,300	-	8	20	251	(231)	-92%	1,300
Single Year expenditure appropriation	2									
Vote 1 - Executive and Council		-	855	-	1	14	165	(151)	-92%	855
Vote 2 - Financial Services & ICT		-	2,505	-	14	597	483	114	24%	2,505
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-
Vote 4 - Management Services		-	2,964	-	179	701	572	129	23%	2,964
Vote 5 - Engineering Services		-	20,042	-	3,106	4,721	3,869	853	22%	20,042
Vote 6 - Electricity		-	-	-	-	-	-	-	-	-
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	-	26,365	-	3,300	6,034	5,089	945	19%	26,365
Total Capital Expenditure		-	27,665	-	3,308	6,054	5,340	714	13%	27,665
Capital Expenditure - Functional Classification										
Governance and administration		-	2,962	-	24	696	572	124	22%	2,962
Executive and council		-	254	-	0	7	49	(42)	-85%	254
Finance and administration		-	2,708	-	23	688	523	166	32%	2,708
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		-	3,164	-	179	472	611	(139)	-23%	3,164
Community and social services		-	303	-	1	8	58	(50)	-86%	303
Sport and recreation		-	2,861	-	178	464	552	(89)	-16%	2,861
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		-	12,859	-	2,893	4,163	2,482	1,681	68%	12,859
Planning and development		-	539	-	-	-	104	(104)	-100%	539
Road transport		-	12,320	-	2,893	4,163	2,378	1,785	75%	12,320
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		-	8,680	-	213	724	1,676	(952)	-57%	8,680
Energy sources		-	2,548	-	183	304	492	(188)	-38%	2,548
Water management		-	3,255	-	-	120	628	(508)	-81%	3,255
Waste water management		-	877	-	30	300	169	131	77%	877
Waste management		-	2,000	-	-	-	386	(386)	-100%	2,000
Other		-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	3	-	27,665	-	3,308	6,054	5,340	714	13%	27,665
Funded by:										
National Government		-	12,108	-	2,709	4,671	2,337	2,334	100%	12,108
Provincial Government		-	862	-	126	143	166	(23)	-14%	862
District Municipality		-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-
Transfers recognised - capital		-	12,969	-	2,835	4,814	2,504	2,311	92%	12,969
Public contributions & donations	5	-	-	-	-	-	-	-	-	-
Borrowing	6	-	5,661	-	0	167	1,093	(925)	-85%	5,661
Internally generated funds		-	9,034	-	473	1,073	1,744	(671)	-38%	9,034
Total Capital Funding		-	27,665	-	3,308	6,054	5,340	714	13%	27,665

Comments:

Municipal capital budget performance records low spending for the period ending 30 November 2017 as communicated above.

The performance target for MIG spending at the end of December 2017 totals 40% of grant allocation. The technical department gave assurance that this target will be achieved as required.

Based on outstanding payments in terms of the MIG capital projects it is projected that municipality will achieved the target as required.

Most of the external funded capital projects was implemented to ensure achievement of the targets for the financial year.

WC033 Cape Agulhas - Table C6 Monthly Budget Statement - Financial Position - M05 November

Description	Ref	2016/17	Budget Year 2017/18			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash		24,709	6,415	-	57,148	15,090
Call investment deposits		-	-	-	-	-
Consumer debtors		23,325	28,019	-	38,714	28,019
Other debtors		6,383	8,102	-	493	8,102
Current portion of long-term receivables		-	27	-	-	27
Inventory		1,331	1,478	-	1,324	1,478
Total current assets		55,749	44,041	-	97,679	52,716
Non current assets						
Long-term receivables		227	173	-	226	173
Investments		-	-	-	-	-
Investment property		40,240	40,232	-	40,240	40,232
Investments in Associate		-	-	-	-	-
Property, plant and equipment		373,950	390,091	-	379,530	390,091
Agricultural		-	-	-	-	-
Biological assets		-	-	-	-	-
Intangible assets		3,100	1,763	-	3,574	1,763
Other non-current assets		-	-	-	-	-
Total non current assets		417,517	432,259	-	423,570	432,259
TOTAL ASSETS		473,266	476,300	-	521,249	484,975
LIABILITIES						
Current liabilities						
Bank overdraft		-	-	-	-	-
Borrowing		684	2,310	-	512	2,310
Consumer deposits		4,291	4,377	-	4,457	4,377
Trade and other payables		22,662	15,334	-	38,420	15,334
Provisions		6,805	15,796	-	6,396	15,796
Total current liabilities		34,442	37,817	-	49,785	37,817
Non current liabilities						
Borrowing		2,548	6,651	-	4,948	6,651
Provisions		124,165	128,942	-	124,165	128,942
Total non current liabilities		126,713	135,593	-	129,113	135,593
TOTAL LIABILITIES		161,155	173,410	-	178,897	173,410
NET ASSETS	2	312,111	302,890	-	342,352	311,564
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		298,611	287,890	-	328,852	296,564
Reserves		13,500	15,000	-	13,500	15,000
TOTAL COMMUNITY WEALTH/EQUITY	2	312,111	302,890	-	342,352	311,564

With the implementation of the new financial systems the administration is experiencing various small challenges related to extracting information from the system. These challenges will be finalized within the next reporting cycle and improved information submitted for discussions.

WC033 Cape Agulhas - Table C7 Monthly Budget Statement - Cash Flow - M05 November

Description	Ref	Budget Year 2017/18									
		2016/17 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			57,979	-	4,621	29,861	31,508	(1,647)	-5%	57,979	
Service charges			147,357	-	13,011	59,720	60,325	(606)	-1%	147,357	
Other revenue			15,094	-	3,448	9,827	6,754	3,073	45%	15,094	
Government - operating			55,134	-	4,685	42,136	37,071	5,065	14%	55,134	
Government - capital			12,269	-	-	5,190	8,873	(3,683)	-42%	12,269	
Interest			3,502	-	414	1,192	1,309	(117)	-9%	3,502	
Dividends			-	-	-	-	-	-		-	
Payments											
Suppliers and employees			(273,935)	-	(9,556)	(110,500)	(112,499)	(1,998)	2%	(273,935)	
Finance charges			(727)	-	(5)	(56)	-	56	#DIV/0!	(727)	
Transfers and Grants			(2,763)	-	(517)	(1,270)	(887)	383	-43%	(2,763)	
NET CASH FROM/(USED) OPERATING ACTIVITIES			-	13,909	-	16,100	36,098	32,454	(3,645)	-11%	13,909
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE			500	-	-	-	-	-		500	
Decrease (Increase) in non-current debtors			27	-	-	-	11	(11)	-100%	27	
Decrease (increase) other non-current receivables			-	-	0	1	-	1	#DIV/0!	-	
Decrease (increase) in non-current investments			-	-	-	-	-	-		-	
Payments											
Capital assets			(27,665)	-	(3,308)	(6,054)	(4,778)	1,277	-27%	(27,665)	
NET CASH FROM/(USED) INVESTING ACTIVITIES			-	(27,137)	-	(3,308)	(6,053)	(4,766)	1,287	-27%	(27,137)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans			-	-	-	-	-	-		-	
Borrowing long term/refinancing			5,661	-	-	-	-	-		5,661	
Increase (decrease) in consumer deposits			188	-	29	166	79	88	112%	188	
Payments											
Repayment of borrowing			(2,240)	-	-	2,227	-	(2,227)	#DIV/0!	(2,240)	
NET CASH FROM/(USED) FINANCING ACTIVITIES			-	3,609	-	29	2,394	79	(2,315)	-2948%	3,609
NET INCREASE/ (DECREASE) IN CASH HELD											
Cash/cash equivalents at beginning:			16,035	-	-	24,709	16,035			24,709	
Cash/cash equivalents at month/year end:			-	6,415	-	12,821	32,439	27,766		15,090	

The cash position of Council is positive at the end of the reporting period ending 30 November 2017.

6. Supporting Documents

WC033 Cape Agulhas - Supporting Table SC1 Material variance explanations - M05 November

Ref	Description	Variance	Reasons for material deviations	Remedial or corrective steps/remarks
1	Revenue By Source None			
2	Expenditure By Type Depreciation & asset impairment Finance charges		Transactions needs to be processed Based on loan repayments - December	Processed in December Processed in December
3	Capital Expenditure Own funded projects MIG funded projects		Projects not implemented Implementation phase	None required None required
4	Financial Position None			
5	Cash Flow None			
6	Measureable performance N/A			
7	Municipal Entities			

Tale C1 – Monthly Budget Statement Summary have reference.

The finance department will distribute a memorandum during April to address various issues in terms of the implementation of the budget. This should improve performance over the last quarter of the financial year.

EXPLANTION:

Depreciation and asset impairment:

Transactions will be processed during the month of November 2017. The municipal asset management module – Demand Management was still being implemented. This delayed the processing of transactions.

Fines:

This is being implemented and based on the municipal fine revenues. Traffic department needs to provide the information to enable processing of the information.

Capital spending:

MIG projects will achieved the target as required of 40% by end December 2017. Other capital projects will be implemented as per the procurement plan tabled to Council.

WC033 Cape Agulhas - Supporting Table SC2 Monthly Budget Statement - performance indicators - M05 November

Description of financial indicator	Basis of calculation	Ref	2016/17	Budget Year 2017/18			
			Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
Borrowing Management							
Capital Charges to Operating Expenditure	Interest & principal paid/Operating Expenditure		0.0%	6.6%	0.0%	0.0%	4.6%
Borrowed funding of 'own n' capital expenditure	Borrowings/Capital expenditure excl. transfers and grants		0.0%	20.5%	0.0%	2.8%	20.5%
Safety of Capital							
Debt to Equity	Loans, Accounts Payable, Overdraft & Tax Provision/ Funds & Reserves		8.3%	5.8%	0.0%	12.8%	5.7%
Gearing	Long Term Borrowing/ Funds & Reserves		18.9%	0.0%	0.0%	36.7%	0.0%
Liquidity							
Current Ratio	Current assets/current liabilities	1	161.9%	116.5%	0.0%	196.2%	116.5%
Liquidity Ratio	Monetary Assets/Current Liabilities		71.7%	17.0%	0.0%	114.8%	17.0%
Revenue Management							
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/ Last 12 Mths Billing						
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue		0.0%	12.4%	0.0%	25.9%	12.4%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old		0.0%	0.0%	0.0%	0.0%	0.0%
Creditors Management							
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA s 65(e))						
Funding of Provisions							
Percentage Of Provisions Not Funded	Unfunded Provisions/Total Provisions						
Other Indicators							
Electricity Distribution Losses	% Volume (units purchased and generated less units sold)/units purchased and generated	2					
Water Distribution Losses	% Volume (units purchased and own source less units sold)/Total units purchased and own source	2					
Employee costs	Employee costs/Total Revenue - capital revenue		0.0%	39.9%	0.0%	32.1%	39.9%
Repairs & Maintenance	R&M/Total Revenue - capital revenue		0.0%	0.0%	0.0%	0.0%	0.0%
Interest & Depreciation	I&D/Total Revenue - capital revenue		0.0%	6.9%	0.0%	0.0%	4.8%
IDP regulation financial viability indicators							
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year						
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services						
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure						

The above ratios indicate that the municipality is financially stable and adequately funded to continue with its operations.

The level of employee's actual costs for the year to date is 38.1% which is slightly higher than the budgeted percentage of 37.6%. It is therefore important for council to monitor and managed the employee related cost effectively within the set norm between 35% and 40%.

The Capital Replacement Reserve will require minor adjustments at year end in order to ensure that it is cash backed. The "Cash & Cash Equivalents" are sufficient to cover outstanding debt with specific reference to any unspent grant funding.

Transfers and Grants

WC033 Cape Agulhas - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M05 November

Description	Ref	2016/17	Budget Year 2017/18							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
RECEIPTS:										
Operating Transfers and Grants										
National Government:		-	27,881	-	-	10,780	18,587	(6,296)	-33.9%	27,881
Local Government Equitable Share			25,190	-	-	10,497	16,793	(6,296)	-37.5%	25,190
Energy Efficiency and Demand-side [Schedule 5B]			-	-	-	-	-	-	-	-
Expanded Public Works Programme Integrated Grant for Municipalities [Schedule 5B]			1,131	-	-	283	754	-	-	1,131
Local Government Financial Management Grant [Schedule 5B]			-	-	-	-	-	-	-	-
Municipal Infrastructure Grant [Schedule 5B]			1,560	-	-	-	1,040	-	-	1,560
Municipal Systems Improvement Grant [Schedule 5B]			-	-	-	-	-	-	-	-
Provincial Government:		-	27,253	-	3,594	28,527	18,168	10,344	56.9%	27,253
Human Settlement Development			20,450	-	1,733	24,804	13,633	11,171	81.9%	20,450
Library Service Conditional Grant			5,423	-	1,861	3,723	3,615	-	-	5,423
Maintenance of Main Roads			84	-	-	-	56	-	-	84
Community Development Workers			56	-	-	-	37	-	-	56
Financial Management Support (WC_FMGS)			240	-	-	-	160	(160)	-100.0%	240
Greenest Municipality (Violence Protection)			1,000	-	-	-	667	(667)	-100.0%	1,000
Thusong Centre			-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
N/A			-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	1,090	1,090	-	1,090	#DIV/0!	-
National Skills Fund			-	-	1,090	1,090	-	1,090	#DIV/0!	-
Total Operating Transfers and Grants	5	-	55,134	-	4,685	40,397	36,756	5,138	14.0%	55,134
Capital Transfers and Grants										
National Government:		-	12,108	-	-	5,190	8,072	(3,732)	-46.2%	12,108
Municipal Infrastructure Grant [Schedule 5B]			9,558	-	-	2,640	6,372	(3,732)	-58.6%	9,558
Integrated National Electrification Programme (Municipal Grant) [Schedule 5B]			1,000	-	-	1,000	667	-	-	1,000
Local Government Financial Management Grant [Schedule 5B]			1,550	-	-	1,550	1,033	-	-	1,550
Municipal Systems Improvement Grant [Schedule 5B]			-	-	-	-	-	-	-	-
Provincial Government:		-	162	-	-	-	108	(108)	-100.0%	162
Library Service			162	-	-	-	108	(108)	-100.0%	162
Development of Sport and Recreation Facilities			-	-	-	-	-	-	-	-
Thusong Centre			-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
N/A			-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
N/A			-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	5	-	12,269	-	-	5,190	8,180	(3,840)	-46.9%	12,269
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	-	67,403	-	4,685	45,587	44,935	1,298	2.9%	67,403

Reporting of grants is on a monthly basis reported to the relevant national and provincial departments. Grant funding is implemented as per specific conditions per stipulations in the agreements.

Other Information

7.1 SCOA Implementation

The key objectives of the Regulations on a Standard Chart of Accounts (SCOA) is to enable the alignment of budget information with information captured in the course of the implementation of the budget; improve data quality and credibility; achieve a greater level of standardization; improve transparency, accountability and governance through uniform recording of transactions at posting account level; enable deeper data analysis and sector comparisons to improve financial performance and the standardization of the account classification to facilitate mobility in financial skills within local government in order to enhance the ability to attract and retain skilled personnel.

A detailed progress report will be submitted to the Steering committee and Council reflecting the municipal mSCOA implementation performance.

7.2 Long-Term Financial Plan

The municipality reviewed and updated the Long-term financial plan. The plan was updated by INCA the service provider.

A detailed report needs to be compiled for submission to the portfolio and council. Some of the remarks as per the report is as follows:

- The Capital replacement reserve is not entire cash-backed.
- The financial position of the municipality remains stable.
- A continuous deteriorating liquidity ratio needs to be addressed.
- The cash generated at year-end was not as a result of improvements in the operational efficiencies, but rather as a result of the movement of working capital items (cash and creditors).
- Municipality needs to focus its efforts on decreasing its operational expenditures that will translate to cash.
- The low level of grant reliance of the municipality is positive and should assist the municipality to return to a positive financial position.
- The debtors book needs to be closely monitored and outstanding debt collection ratio should be maintained and improved.
- The municipality are considered financially stable but should improve the liquidity position.

7. Municipal Quality Certificate

NAVRAE:
ENQUIRIES: S Stanley

KONTAKNR
CONTACT NO 028 425 5798

VERW:
REF: 5/3/2017-18(M05)

KANTOOR:
OFFICES: Bredasdorp

DATUM
DATE 8 December 2017



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 November 2017** (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 12/12/17