

# Cape Agulhas Municipality



KAAP AGULHAS MUNISIPALITEIT  
CAPE AGULHAS MUNICIPALITY  
U MASIPALA WASECAPE AGULHAS

## **2017/2018**

## **FINANCIAL MANAGEMENT**

## **REPORT FOR PERIOD ENDING**

## **30 SEPTEMBER 2017**

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## **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 September 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.

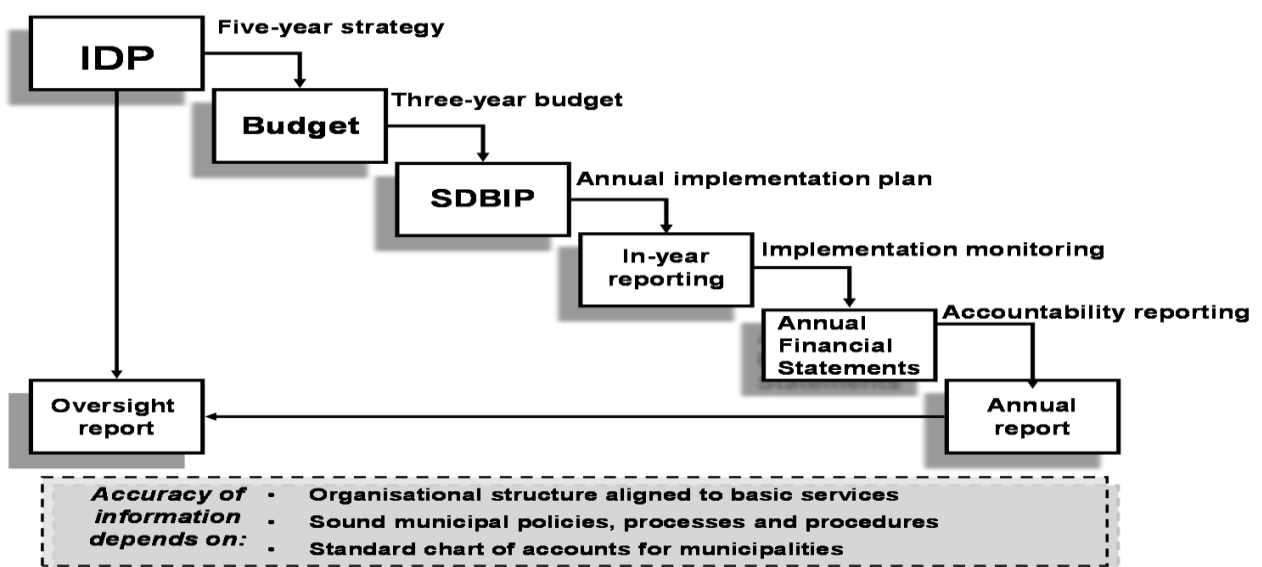
#### 3.1 Budget Process:

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:

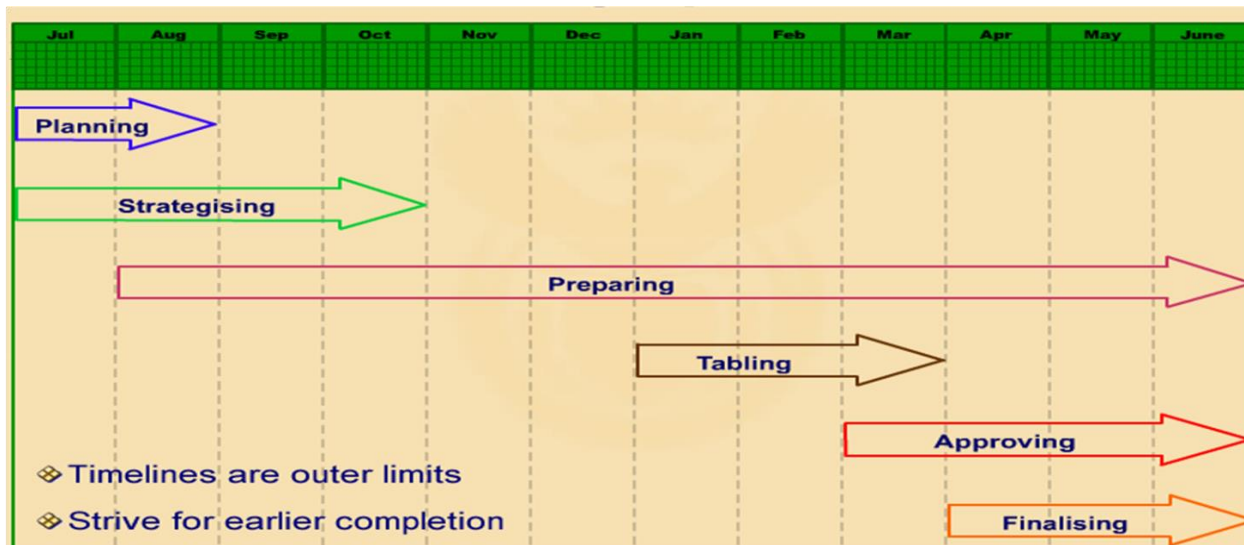
- o Reporting on the previous year budget;
- o Current year budget implementation; and
- o Preparation of the new financial year's budget (including the budget estimates for the two outer financial years)

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:



### **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.

Financial services is in the process of implementing the mSCOA process. MSCOA is the new Standard Chart of Accounts legislated for implementation during July 2017.

Numerous information and planning sessions is required and more information will be communicated with the monthly reporting processes.

Provincial Treasury is also monitoring the Implementation plan of the municipality and numerous communication in terms of the processes is underway to ensure compliance.

### **3.3 Financial Statements for the Year-ended 30 June 2017**

The municipality is in the process of compiling the Annual Financial Statements for the year ended 30 June 2017. The Annual financial statements is legislatively required to be completed and signed-off by the Accounting officer by the 31 August yearly

#### **4. Executive Summary**

The month of September 2017, represents the end of the first quarter of the financial year. The first quarter usually corresponds with a fair amount of planning in terms of budgeting activities and processes. The spending also reflects this low activity and administrative activities.

For the period under review the total operating revenues and expenditures records as R 89,930m and R 63,605m respectively. The first stance of the National Equitable share was received and the municipal billing in terms of property rates levied also reflects in this quarter.

Operating expenditures mostly represents salary related expenditures and bulk purchases.

Numerous challenges are still experienced with the new financial system, and these needs to be solved in the coming months to ensure smooth running of operational aspects.

Implementing of the new Municipal Standard Chart of Accounts (mSCOA) regulations proved to be more challenging than municipalities foresee. Cape Agulhas is therefore no exception in terms of disruptions experienced in terms of the financial activities of the municipality.

The municipal finance team is working to ensure that all financial operational aspects and the full functioning of the mSCOA financial system can be utilized and experienced by the municipality and council. All enhancements available in the system will ensure the added benefits available in terms of improved information will be experienced by all stakeholders of the municipality.

## 5. In year Budget Statement Tables

WC033 Cape Agulhas - Table C1 Monthly Budget Statement Summary - M03 September

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
<b>R thousands</b>									
<b>Financial Performance</b>									
Property rates	-	60,143	-	2,614	34,935	25,697	9,237	36%	60,143
Service charges	-	152,857	-	13,147	39,904	39,132	772	2%	152,857
Investment revenue	-	2,060	-	228	569	365	204	56%	2,060
Transfers and subsidies	-	55,134	-	-	10,497	17,209	(6,712)	-39%	55,134
Other own revenue	-	23,571	-	2,399	4,025	5,786	(1,761)	-30%	23,571
<b>Total Revenue (excluding capital transfers and contributions)</b>	-	<b>293,765</b>	-	<b>18,387</b>	<b>89,930</b>	<b>88,189</b>	<b>1,740</b>	<b>2%</b>	<b>293,765</b>
Employee costs	-	117,179	-	8,327	26,656	26,128	527	2%	117,179
Remuneration of Councillors	-	5,145	-	453	1,393	1,203	190	16%	5,145
Depreciation & asset impairment	-	11,440	-	-	-	2,860	(2,860)	-100%	11,440
Finance charges	-	8,964	-	-	43	1,090	(1,046)	-96%	8,964
Materials and bulk purchases	-	115,928	-	17,565	28,014	26,852	1,162	4%	115,928
Transfers and subsidies	-	2,763	-	-	-	-	-	-	2,763
Other expenditure	-	47,503	-	3,458	7,499	9,117	(1,618)	-18%	47,503
<b>Total Expenditure</b>	-	<b>308,922</b>	-	<b>29,803</b>	<b>63,605</b>	<b>67,249</b>	<b>(3,644)</b>	<b>-5%</b>	<b>308,922</b>
<b>Surplus/(Deficit)</b>	-	<b>(15,157)</b>	-	<b>(11,416)</b>	<b>26,325</b>	<b>20,940</b>	<b>5,384</b>	<b>26%</b>	<b>(15,157)</b>
Transfers and subsidies - capital (monetary alloc	-	12,969	-	-	-	-	-	-	12,969
Contributions & Contributed assets	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	-	<b>(2,187)</b>	-	<b>(11,416)</b>	<b>26,325</b>	<b>20,940</b>	<b>5,384</b>	<b>26%</b>	<b>(2,187)</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>	-	<b>(2,187)</b>	-	<b>(11,416)</b>	<b>26,325</b>	<b>20,940</b>	<b>5,384</b>	<b>26%</b>	<b>(2,187)</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	-	<b>27,665</b>	-	<b>821</b>	<b>886</b>	<b>199</b>	<b>687</b>	<b>345%</b>	<b>27,665</b>
Capital transfers recognised	-	12,969	-	428	465	93	372	398%	12,969
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	5,661	-	165	165	41	125	306%	5,661
Internally generated funds	-	9,034	-	227	256	65	191	293%	9,034
<b>Total sources of capital funds</b>	-	<b>27,665</b>	-	<b>821</b>	<b>886</b>	<b>199</b>	<b>687</b>	<b>345%</b>	<b>27,665</b>
<b>Financial position</b>									
Total current assets	55,577	44,041	-	-	109,091	-	-	-	44,041
Total non current assets	417,517	432,259	-	-	417,517	-	-	-	432,259
Total current liabilities	34,271	37,817	-	-	43,387	-	-	-	37,817
Total non current liabilities	126,713	135,593	-	-	129,113	-	-	-	135,593
<b>Community wealth/Equity</b>	<b>312,111</b>	<b>302,890</b>	-	-	<b>354,108</b>	-	-	-	<b>302,890</b>
<b>Cash flows</b>									
Net cash from (used) operating	-	13,909	-	(16,588)	60,428	19,346	(41,082)	-212%	13,909
Net cash from (used) investing	-	(27,137)	-	821	886	(197)	(1,083)	550%	(27,137)
Net cash from (used) financing	-	3,609	-	-	2,370	16	(2,354)	-14988%	3,609
<b>Cash/cash equivalents at the month/year end</b>	-	<b>6,415</b>	-	-	<b>88,394</b>	<b>35,199</b>	<b>(53,195)</b>	<b>-151%</b>	<b>15,090</b>
<b>Debtors &amp; creditors analysis</b>	<b>0-30 Days</b>	<b>31-60 Days</b>	<b>61-90 Days</b>	<b>91-120 Days</b>	<b>121-150 Dys</b>	<b>151-180 Dys</b>	<b>181 Dys-1 Yr</b>	<b>Over 1Yr</b>	<b>Total</b>
<b>Debtors Age Analysis</b>									
Total By Income Source	-	-	-	-	-	-	-	-	-
<b>Creditors Age Analysis</b>									
Total Creditors	16,228	-	-	-	-	-	-	-	16,228

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.



WC033 Cape Agulhas - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M03 September

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
<b>R thousands</b>	1									
<b>Revenue - Functional</b>										
<b>Governance and administration</b>		-	105,419	-	3,086	46,501	36,149	10,352	29%	105,419
Executive and council		-	25,190	-	-	10,497	7,113	3,384	48%	25,190
Finance and administration		-	80,229	-	3,086	36,004	29,036	6,968	24%	80,229
Internal audit		-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		-	34,571	-	1,571	2,193	9,568	(7,375)	-77%	34,571
Community and social services		-	7,023	-	23	94	1,945	(1,852)	-95%	7,023
Sport and recreation		-	7,098	-	1,549	2,100	1,848	251	14%	7,098
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	20,450	-	-	-	5,774	(5,774)	-100%	20,450
Health		-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		-	12,731	-	576	1,282	3,171	(1,889)	-60%	12,731
Planning and development		-	874	-	109	312	238	74	31%	874
Road transport		-	11,857	-	467	970	2,933	(1,964)	-67%	11,857
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		-	154,014	-	13,154	39,954	39,302	652	2%	154,014
Energy sources		-	104,438	-	8,904	27,550	27,330	220	1%	104,438
Water management		-	24,344	-	1,558	4,370	5,699	(1,329)	-23%	24,344
Waste water management		-	9,508	-	1,078	3,173	2,361	812	34%	9,508
Waste management		-	15,723	-	1,614	4,860	3,912	949	24%	15,723
<b>Other</b>	4	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Functional</b>	2	-	306,734	-	18,387	89,930	88,189	1,740	2%	306,734
<b>Expenditure - Functional</b>										
<b>Governance and administration</b>		-	89,598	-	6,430	18,105	16,972	1,133	7%	89,598
Executive and council		-	14,383	-	1,063	4,135	3,171	965	30%	14,383
Finance and administration		-	73,628	-	5,259	13,649	13,477	172	1%	73,628
Internal audit		-	1,587	-	108	321	325	(4)	-1%	1,587
<b>Community and public safety</b>		-	45,318	-	8,911	12,833	9,620	3,214	33%	45,318
Community and social services		-	12,217	-	765	2,311	2,810	(498)	-18%	12,217
Sport and recreation		-	10,956	-	737	2,144	2,417	(273)	-11%	10,956
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	22,145	-	7,409	8,378	4,393	3,985	91%	22,145
Health		-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		-	39,708	-	2,261	6,546	8,775	(2,229)	-25%	39,708
Planning and development		-	8,908	-	592	1,892	1,925	(33)	-2%	8,908
Road transport		-	30,800	-	1,669	4,654	6,850	(2,196)	-32%	30,800
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		-	134,297	-	12,201	26,121	31,884	(5,763)	-18%	134,297
Energy sources		-	88,085	-	9,421	18,928	21,685	(2,757)	-13%	88,085
Water management		-	16,834	-	1,203	3,231	3,752	(521)	-14%	16,834
Waste water management		-	10,311	-	622	1,653	2,322	(669)	-29%	10,311
Waste management		-	19,067	-	954	2,309	4,125	(1,815)	-44%	19,067
<b>Other</b>		-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Functional</b>	3	-	308,922	-	29,803	63,605	67,250	(3,645)	-5%	308,922
<b>Surplus/ (Deficit) for the year</b>		-	(2,187)	-	(11,416)	26,325	20,939	5,385	26%	(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) - M03 September

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
<b>R thousands</b>										
<b>Revenue by Vote</b>	1									
Vote 1 - Executive and Council		-	28,496	-	146	10,764	7,950	2,814	35.4%	28,496
Vote 2 - Financial Services & ICT		-	66,723	-	2,952	35,800	26,800	9,000	33.6%	66,723
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-
Vote 4 - Management Services		-	45,214	-	2,049	3,184	12,164	(8,980)	-73.8%	45,214
Vote 5 - Engineering Services		-	166,301	-	13,240	40,181	41,284	(1,103)	-2.7%	166,301
Vote 6 - Electricity		-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	2	-	<b>306,734</b>	-	<b>18,387</b>	<b>89,930</b>	<b>88,198</b>	<b>1,732</b>	<b>2.0%</b>	<b>306,734</b>
<b>Expenditure by Vote</b>	1									
Vote 1 - Executive and Council		-	41,823	-	2,840	9,981	9,247	734	7.9%	41,823
Vote 2 - Financial Services & ICT		-	47,136	-	3,721	8,474	8,363	111	1.3%	47,136
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-
Vote 4 - Management Services		-	63,866	-	9,930	15,984	13,613	2,372	17.4%	63,866
Vote 5 - Engineering Services		-	156,097	-	13,313	29,166	36,026	(6,860)	-19.0%	156,097
Vote 6 - Electricity		-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	2	-	<b>308,922</b>	-	<b>29,803</b>	<b>63,605</b>	<b>67,249</b>	<b>(3,644)</b>	<b>-5.4%</b>	<b>308,922</b>
<b>Surplus/ (Deficit) for the year</b>	2	-	<b>(2,187)</b>	-	<b>(11,416)</b>	<b>26,325</b>	<b>20,949</b>	<b>5,376</b>	<b>25.7%</b>	<b>(2,187)</b>

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) - M03 September

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
<b>R thousands</b>										
<b>Revenue By Source</b>										
Property rates			60,143	-	2,614	34,935	25,697	9,237	36%	60,143
Service charges - electricity revenue			103,306	-	8,898	27,516	27,167	349	1%	103,306
Service charges - water revenue			24,342	-	1,557	4,354	5,698	(1,344)	-24%	24,342
Service charges - sanitation revenue			9,486	-	1,078	3,173	2,355	818	35%	9,486
Service charges - refuse revenue			15,723	-	1,614	4,860	3,912	949	24%	15,723
Service charges - other			-	-	-	-	-	-	-	-
Rental of facilities and equipment			2,056	-	137	236	482	(246)	-51%	2,056
Interest earned - external investments			2,060	-	228	569	365	204	56%	2,060
Interest earned - outstanding debtors			1,496	-	-	(0)	274	(274)	-100%	1,496
Dividends received			-	-	-	-	-	-	-	-
Fines, penalties and forfeits			9,271	-	274	585	2,274	(1,689)	-74%	9,271
Licences and permits			61	-	1	4	14	(10)	-73%	61
Agency services			2,419	-	195	394	607	(213)	-35%	2,419
Transfers and subsidies			55,134	-	-	10,497	17,209	(6,712)	-39%	55,134
Other revenue			7,769	-	1,791	2,807	2,135	672	31%	7,769
Gains on disposal of PPE			500	-	-	-	-	-	-	500
<b>Total Revenue (excluding capital transfers and contributions)</b>			<b>293,765</b>	<b>-</b>	<b>18,387</b>	<b>89,930</b>	<b>88,189</b>	<b>1,740</b>	<b>2%</b>	<b>293,765</b>
<b>Expenditure By Type</b>										
Employee related costs			117,179	-	8,327	26,656	26,128	527	2%	117,179
Remuneration of councillors			5,145	-	453	1,393	1,203	190	16%	5,145
Debt impairment			7,833	-	-	-	1,958	(1,958)	-100%	7,833
Depreciation & asset impairment			11,440	-	-	-	2,860	(2,860)	-100%	11,440
Finance charges			8,964	-	-	43	1,090	(1,046)	-96%	8,964
Bulk purchases			76,678	-	8,726	17,381	19,165	(1,784)	-9%	76,678
Other materials			39,250	-	8,840	10,634	7,687	2,947	38%	39,250
Contracted services			18,208	-	801	1,596	2,910	(1,314)	-45%	18,208
Transfers and subsidies			2,763	-	-	-	-	-	-	2,763
Other expenditure			21,461	-	2,656	5,903	4,249	1,655	39%	21,461
Loss on disposal of PPE			-	-	-	-	-	-	-	-
<b>Total Expenditure</b>			<b>308,922</b>	<b>-</b>	<b>29,803</b>	<b>63,605</b>	<b>67,249</b>	<b>(3,644)</b>	<b>-5%</b>	<b>308,922</b>
<b>Surplus/(Deficit)</b>			<b>-(15,157)</b>	<b>-</b>	<b>-(11,416)</b>	<b>26,325</b>	<b>20,940</b>	<b>5,384</b>	<b>0</b>	<b>-(15,157)</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)			12,969	-	-	-	-	-	-	12,969
(National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)			-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)			-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>			<b>-(2,187)</b>	<b>-</b>	<b>-(11,416)</b>	<b>26,325</b>	<b>20,940</b>			<b>-(2,187)</b>
Taxation			-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after taxation</b>			<b>-(2,187)</b>	<b>-</b>	<b>-(11,416)</b>	<b>26,325</b>	<b>20,940</b>			<b>-(2,187)</b>
Attributable to minorities			-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>			<b>-(2,187)</b>	<b>-</b>	<b>-(11,416)</b>	<b>26,325</b>	<b>20,940</b>			<b>-(2,187)</b>
Share of surplus/ (deficit) of associate			-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>			<b>-(2,187)</b>	<b>-</b>	<b>-(11,416)</b>	<b>26,325</b>	<b>20,940</b>			<b>-(2,187)</b>

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) - M03  
September

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
<b>R thousands</b>	1									
<b>Multi-Year expenditure appropriation</b>	2									
Vote 1 - Executive and Council		-	-	-	-	-	-	-	-	-
Vote 2 - Financial Services & ICT		-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-
Vote 4 - Management Services		-	650	-	-	-	5	(5)	-100%	650
Vote 5 - Engineering Services		-	650	-	-	-	5	(5)	-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]		-	-	-	-	-	-	-	-	-
<b>Total Capital Multi-year expenditure</b>	4,7	-	1,300	-	-	-	9	(9)	-100%	1,300
<b>Single Year expenditure appropriation</b>	2									
Vote 1 - Executive and Council		-	855	-	9	9	6	3	51%	855
Vote 2 - Financial Services & ICT		-	2,505	-	508	547	18	529	2934%	2,505
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-
Vote 4 - Management Services		-	2,964	-	176	202	21	181	847%	2,964
Vote 5 - Engineering Services		-	20,042	-	128	128	144	(16)	-11%	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]		-	-	-	-	-	-	-	-	-
<b>Total Capital single-year expenditure</b>	4	-	26,365	-	821	886	190	696	367%	26,365
<b>Total Capital Expenditure</b>		-	27,665	-	821	886	199	687	345%	27,665
<b>Capital Expenditure - Functional Classification</b>										
<b>Governance and administration</b>		-	2,962	-	-	-	21	(21)	-100%	2,962
Executive and council		-	254	-	-	-	2	(2)	-100%	254
Finance and administration		-	2,708	-	-	-	19	(19)	-100%	2,708
Internal audit		-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		-	3,164	-	-	-	23	(23)	-100%	3,164
Community and social services		-	303	-	-	-	2	(2)	-100%	303
Sport and recreation		-	2,861	-	-	-	21	(21)	-100%	2,861
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		-	12,859	-	-	-	93	(93)	-100%	12,859
Planning and development		-	539	-	-	-	4	(4)	-100%	539
Road transport		-	12,320	-	-	-	89	(89)	-100%	12,320
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		-	8,680	-	-	-	62	(62)	-100%	8,680
Energy sources		-	2,548	-	-	-	18	(18)	-100%	2,548
Water management		-	3,255	-	-	-	23	(23)	-100%	3,255
Waste water management		-	877	-	-	-	6	(6)	-100%	877
Waste management		-	2,000	-	-	-	14	(14)	-100%	2,000
<b>Other</b>		-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Functional Classification</b>	3	-	27,665	-	-	-	199	(199)	-100%	27,665
<b>Funded by:</b>										
National Government		-	12,108	-	426	463	87	376	432%	12,108
Provincial Government		-	862	-	2	2	6	(5)	-73%	862
District Municipality		-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>		-	12,969	-	428	465	93	372	398%	12,969
<b>Public contributions &amp; donations</b>	5	-	-	-	-	-	-	-	-	-
<b>Borrowing</b>	6	-	5,661	-	165	165	41	125	306%	5,661
<b>Internally generated funds</b>		-	9,034	-	227	256	65	191	293%	9,034
<b>Total Capital Funding</b>		-	27,665	-	821	886	199	687	345%	27,665

**WC033 Cape Agulhas - Table C6 Monthly Budget Statement - Financial Position - M03 September**

Description	Ref	2016/17	Budget Year 2017/18			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
<b>R thousands</b>	1					
<b>ASSETS</b>						
<b>Current assets</b>						
Cash		24,709	6,415	-	49,357	6,415
Call investment deposits		-	-	-	-	-
Consumer debtors		23,325	28,019	-	52,217	28,019
Other debtors		6,212	8,102	-	6,195	8,102
Current portion of long-term receivables		-	27	-	-	27
Inventory		1,331	1,478	-	1,322	1,478
<b>Total current assets</b>		<b>55,577</b>	<b>44,041</b>	<b>-</b>	<b>109,091</b>	<b>44,041</b>
<b>Non current assets</b>						
Long-term receivables		227	173	-	227	173
Investments		-	-	-	-	-
Investment property		40,240	40,232	-	40,240	40,232
Investments in Associate		-	-	-	-	-
Property, plant and equipment		373,950	390,091	-	373,950	390,091
Agricultural		-	-	-	-	-
Biological assets		-	-	-	-	-
Intangible assets		3,100	1,763	-	3,100	1,763
Other non-current assets		-	-	-	-	-
<b>Total non current assets</b>		<b>417,517</b>	<b>432,259</b>	<b>-</b>	<b>417,517</b>	<b>432,259</b>
<b>TOTAL ASSETS</b>		<b>473,094</b>	<b>476,300</b>	<b>-</b>	<b>526,608</b>	<b>476,300</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Bank overdraft		-	-	-	-	-
Borrowing		684	2,310	-	654	2,310
Consumer deposits		4,291	4,377	-	4,291	4,377
Trade and other payables		22,490	15,334	-	31,651	15,334
Provisions		6,805	15,796	-	6,792	15,796
<b>Total current liabilities</b>		<b>34,271</b>	<b>37,817</b>	<b>-</b>	<b>43,387</b>	<b>37,817</b>
<b>Non current liabilities</b>						
Borrowing		2,548	6,651	-	4,948	6,651
Provisions		124,165	128,942	-	124,165	128,942
<b>Total non current liabilities</b>		<b>126,713</b>	<b>135,593</b>	<b>-</b>	<b>129,113</b>	<b>135,593</b>
<b>TOTAL LIABILITIES</b>		<b>160,983</b>	<b>173,410</b>	<b>-</b>	<b>172,500</b>	<b>173,410</b>
<b>NET ASSETS</b>	2	<b>312,111</b>	<b>302,890</b>	<b>-</b>	<b>354,108</b>	<b>302,890</b>
<b>COMMUNITY WEALTH/EQUITY</b>						
Accumulated Surplus/(Deficit)		298,611	287,890	-	340,608	287,890
Reserves		13,500	15,000	-	13,500	15,000
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	<b>312,111</b>	<b>302,890</b>	<b>-</b>	<b>354,108</b>	<b>302,890</b>

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 - M03 September

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	
<b>R thousands</b>	1										
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
<b>Receipts</b>											
Property rates			57,979	-	2,614	34,935	3,690	31,245	847%	57,979	
Service charges			147,357	-	13,147	39,904	12,116	27,788	229%	147,357	
Other revenue			15,094	-	2,399	4,025	809	3,216	397%	15,094	
Government - operating			55,134	-	-	10,780	18,378	(7,598)	-41%	55,134	
Government - capital			12,269	-	-	5,190	4,090	1,100	27%	12,269	
Interest			3,502	-	228	569	172	396	230%	3,502	
Dividends			-	-	-	-	-	-	-	-	
<b>Payments</b>											
Suppliers and employees			(273,935)	-	(34,975)	(34,975)	(19,686)	15,288	-78%	(273,935)	
Finance charges			(727)	-	-	-	-	-	-	(727)	
Transfers and Grants			(2,763)	-	-	-	(222)	(222)	100%	(2,763)	
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>			-	13,909	-	(16,588)	60,428	19,346	(41,082)	-212%	13,909
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
<b>Receipts</b>											
Proceeds on disposal of PPE			500	-	-	-	-	-	-	500	
Decrease (Increase) in non-current debtors			27	-	0	0	2	(2)	-92%	27	
Decrease (increase) other non-current receivables			-	-	-	-	-	-	-	-	
Decrease (increase) in non-current investments			-	-	-	-	-	-	-	-	
<b>Payments</b>											
Capital assets			(27,665)	-	821	886	(199)	(1,085)	545%	(27,665)	
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>			-	(27,137)	-	821	886	(197)	(1,083)	550%	(27,137)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
<b>Receipts</b>											
Short term loans			-	-	-	-	-	-	-	-	
Borrowing long term/refinancing			5,661	-	-	2,400	-	2,400	#DIV/0!	5,661	
Increase (decrease) in consumer deposits			188	-	-	-	16	(16)	-100%	188	
<b>Payments</b>											
Repayment of borrowing			(2,240)	-	-	(30)	-	30	#DIV/0!	(2,240)	
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>			-	3,609	-	-	2,370	16	(2,354)	-14988%	3,609
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>			-	(9,619)	-	(15,767)	63,684	19,165		(9,619)	
Cash/cash equivalents at beginning:			16,035	-	-	24,709	16,035			24,709	
Cash/cash equivalents at month/year end:			-	6,415	-	-	88,394	35,199		15,090	

Year to date Cash flow information reports a positive balance. Council's cash resources will be closely monitored to ensure that the liquidity status of council is maintained.

## 6. Supporting Documents

WC033 Cape Agulhas - Supporting Table SC1 Material variance explanations - M03 September

Ref	Description R thousands	Variance	Reasons for material deviations	Remedial or corrective steps/remarks
1	<u>Revenue By Source</u>		None required	
2	<u>Expenditure By Type</u> Non-required		None required	
3	<u>Capital Expenditure</u> Non-required		None required	
4	<u>Financial Position</u> Non-required		None required	
5	<u>Cash Flow</u> Non-required		None required	
6	<u>Measureable performance</u> Non-required		None required	
7	<u>Municipal Entities</u> Not applicable		Not applicable	

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.

WC033 Cape Agulhas - Supporting Table SC2 Monthly Budget Statement - performance indicators - M03 September

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
<b>Borrowing Management</b>							
Capital Charges to Operating Expenditure	Interest & principal paid/Operating Expenditure		0.0%	6.6%	0.0%	0.1%	4.6%
Borrowed funding of 'own n' capital expenditure	Borrowings/Capital expenditure excl. transfers and grants		0.0%	20.5%	0.0%	18.7%	20.5%
<b>Safety of Capital</b>							
Debt to Equity	Loans, Accounts Payable, Overdraft & Tax Provision/ Funds & Reserves		8.2%	8.0%	0.0%	10.5%	8.0%
Gearing	Long Term Borrowing/ Funds & Reserves		18.9%	44.3%	0.0%	36.7%	44.3%
<b>Liquidity</b>							
Current Ratio	Current assets/current liabilities	1	162.2%	116.5%	0.0%	251.4%	116.5%
Liquidity Ratio	Monetary Assets/Current Liabilities		72.1%	17.0%	0.0%	113.8%	17.0%
<b>Revenue Management</b>							
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%	65.2%	12.4%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old		0.0%	0.0%	0.0%	0.0%	0.0%
<b>Creditors Management</b>							
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA s 65(e))						
<b>Funding of Provisions</b>							
Percentage Of Provisions Not Funded	Unfunded Provisions/Total Provisions						
<b>Other Indicators</b>							
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%	29.6%	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%
<b>IDP regulation financial viability indicators</b>							
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 - M03 September

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
<b>R thousands</b>										
<b>RECEIPTS:</b>										
<b>Operating Transfers and Grants</b>										
<b>National Government:</b>		-	27,881	-	10,497	10,780	9,294	2,100	22.6%	27,881
Local Government Equitable Share			25,190	-	10,497	10,497	8,397	2,100	25.0%	25,190
Energy Efficiency and Demand-side [Schedule 5B]			-	-	-	-	-	-	-	-
Expanded Public Works Programme Integrated Grant for Municipalities [Schedule 5B]			1,131	-	-	283	377	-	-	1,131
Local Government Financial Management Grant [Schedule 5B]			-	-	-	-	-	-	-	-
Municipal Infrastructure Grant [Schedule 5B]			1,560	-	-	-	520	-	-	1,560
Municipal Systems Improvement Grant [Schedule 5B]			-	-	-	-	-	-	-	-
<b>Provincial Government:</b>		-	27,253	-	-	9,137	9,084	1,907	21.0%	27,253
Human Settlement Development			20,450	-	-	9,137	6,817	2,321	34.0%	20,450
Library Service Conditional Grant			5,423	-	-	-	1,808	-	-	5,423
Maintenance of Main Roads			84	-	-	-	28	-	-	84
Community Development Workers			56	-	-	-	19	-	-	56
Financial Management Support (WC_FMGS)			240	-	-	-	80	(80)	-100.0%	240
Greenest Municipality (Violence Protection)			1,000	-	-	-	333	(333)	-100.0%	1,000
Thusong Centre			-	-	-	-	-	-	-	-
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
N/A			-	-	-	-	-	-	-	-
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
National Skills Fund			-	-	-	-	-	-	-	-
<b>Total Operating Transfers and Grants</b>	5	-	55,134	-	10,497	19,917	18,378	4,008	21.8%	55,134
<b>Capital Transfers and Grants</b>										
<b>National Government:</b>		-	12,108	-	-	5,190	4,036	(546)	-13.5%	12,108
Municipal Infrastructure Grant [Schedule 5B]			9,558	-	-	2,640	3,186	(546)	-17.1%	9,558
Integrated National Electrification Programme (Municipal Grant) [Schedule 5B]			1,000	-	-	1,000	333	-	-	1,000
Local Government Financial Management Grant [Schedule 5B]			1,550	-	-	1,550	517	-	-	1,550
Municipal Systems Improvement Grant [Schedule 5B]			-	-	-	-	-	-	-	-
<b>Provincial Government:</b>		-	162	-	-	-	54	(54)	-100.0%	162
Library Service			162	-	-	-	54	(54)	-100.0%	162
Development of Sport and Recreation Facilities			-	-	-	-	-	-	-	-
Thusong Centre			-	-	-	-	-	-	-	-
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
N/A			-	-	-	-	-	-	-	-
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
N/A			-	-	-	-	-	-	-	-
<b>Total Capital Transfers and Grants</b>	5	-	12,269	-	-	5,190	4,090	(600)	-14.7%	12,269
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	5	-	67,403	-	10,497	25,107	22,468	3,408	15.2%	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 long-term policy needs to be reviewed and updated. This will be done as per Treasury recommendations and requirements.

The municipality is currently in process of updating the Long-term Financial plan, this is done by the service provider INCA.

7. Municipal Quality Certificate