

# CAPE AGULHAS MUNICIPALITY



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CAPE AGULHAS MUNICIPALITY  
U MASIPALA WASECAPE AGULHAS

## 2017/2018

SECTION 52 REPORT FOR  
THE 3<sup>rd</sup> QUARTER ENDING  
31 MARCH 2018

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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 **31 March 2018** 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.

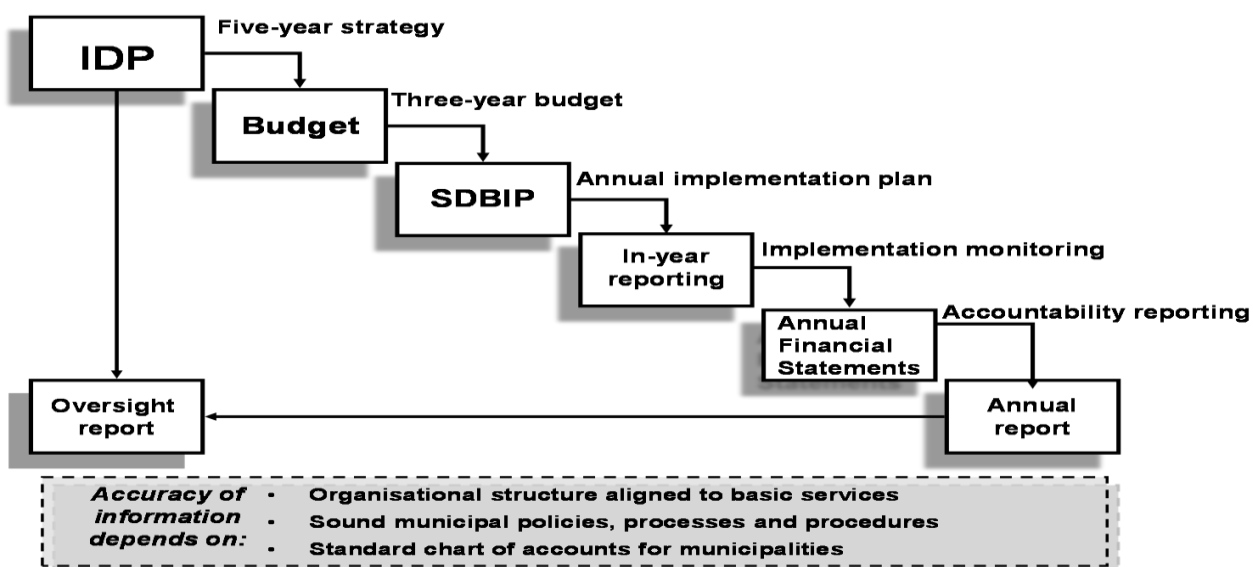
#### 3.1 Budget Process:

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:

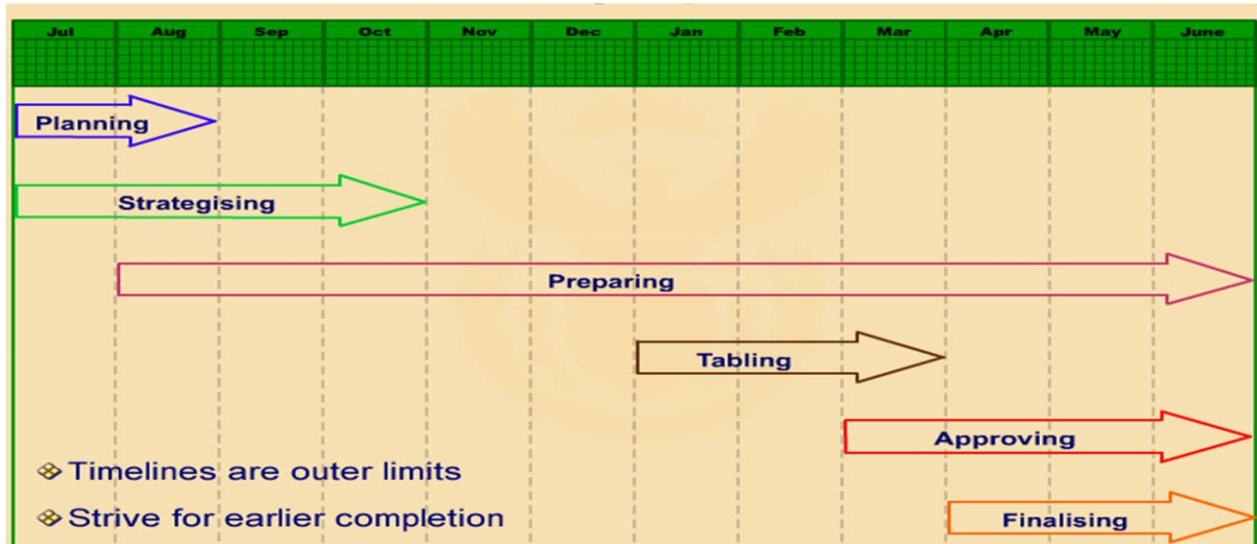
- o Reporting on the previous year budget;
- o Current year budget implementation; and
- o Preparation of the new financial year's budget (including the budget estimates for the two outer financial years)

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.

### **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 4<sup>th</sup> consecutive "Clean Audit".

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

The period ending 31 March 2018 represents the end of the 3<sup>rd</sup> quarter of the financial year. The municipality tabled a revised budget in January 2018. A report was table to council in March to address the municipal shortcomings and projects that needs rectifications, amendments and was complete to date and reflects as savings. This should improve the performance at the end of the financial year.

Performance to date reflects as follows – total revenues of R234,685m of a budget of R304,606, reflecting as 77% of budget. Operational performance totals R211,044m as a reflecting of 65.86% of budgeted expenditures.

Capital performance for the quarter ending 31 March 2018 reflects as 57% of budgeted amounts. As mentioned above a report was tabled to council to address, non-performance, and savings on projects or projects that will not be finalized by year-end. This report was tabled to ensure performance at year-end reflects a positive capital program.

Administration is continuously monitoring the liquidity and sustainability position of Council and the portfolio committee identified certain ratios that needs to be continuously monitored and addressed to ensure the liquidity and sustainability positions improves.

More details further in the report.

## 5. Council focus areas.

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.**

The financial ratios cover the following areas:

### **Financial position:**

- Asset Management
- Debtors management
- Liquidity management
- Liability management
- Sustainability

### **Financial performance:**

- Efficiency
- Distribution losses
- Revenue management
- Expenditure management
- Grant dependency

### **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.

### **Liquidity management:**

<b>Financial ratios</b>	<b>National norm</b>	<b>'30 June 2017</b>	<b>Reporting month</b>
Cash / Cost coverage ratio (Excluding unspent conditional grants)	1-3 months	1 month	1,4 month
Current Ratio: Current assets / Current liabilities	1.5 – 2.1	1.27	1.65

### **Cash management / Capital replacement reserve (CRR):**

<b>Financial ratios</b>	<b>National norm</b>	<b>'30 June 2017</b>	<b>Reporting month</b>
Cash balance in the bank (actual / bank statement)	Positive balance	R24,345m	R36,852m
Capital replacement reserve (CRR)	Funded	R20,000m	R20,000m



### **More information / Details**

Administration is in the process of implementing the action plan compiled from the outcomes of the Long-term financial plan (LTFP) to address the recommendations and actions required in order to improve the liquidity / sustainability positions of council.

The action plan needs to be break-down into more manageable projects and plans to ensure successful execution and monitoring can be done to improve possibilities of successful implementation.

Liquidity – the ratio reflects that the municipality is performing below the national norm of 1-3 months. This in effect means that the municipality will not be able to respond to payment of short-term liabilities if due and payable. The current ratio improved from the 30 June result.

Cash management / CRR – the municipal bank balance totals R36m for month ending 31 March 2018. This needs to improve considering the CRR requirements of the municipality to fund capital expenditures.

## 6. In year Budget Statement Tables

WC033 Cape Agulhas - Table C1 Monthly Budget Statement Summary - Q3 Third Quarter								
Description	Budget Year 2017/18							
	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	60,143	2,953	52,480	52,379	101	0%	60,143
Service charges	152,857	152,857	13,470	120,491	120,833	(342)	-0%	152,857
Investment revenue	2,060	2,060	143	1,734	1,229	506	41%	2,060
T transfers and subsidies	55,134	64,365	2,029	45,574	45,320	255	1%	64,365
Other own revenue	23,571	25,181	1,537	14,405	14,171	234	2%	25,181
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>293,765</b>	<b>304,606</b>	<b>20,132</b>	<b>234,685</b>	<b>233,931</b>	<b>754</b>	<b>0%</b>	<b>304,606</b>
Employee costs	117,179	117,028	9,261	84,488	87,225	(2,738)	-3%	117,028
Remuneration of Councillors	5,145	5,145	447	4,085	3,919	165	4%	5,145
Depreciation & asset impairment	11,440	11,440	1,733	6,144	11,440	(5,296)	-46%	11,440
Finance charges	8,964	9,007	6	182	8,942	(8,760)	-98%	9,007
Materials and bulk purchases	115,928	126,787	7,365	86,840	87,260	(420)	-0%	126,787
T transfers and subsidies	2,763	2,763	104	1,661	1,989	(328)	-16%	2,763
Other expenditure	47,503	48,295	3,577	27,645	38,612	(10,967)	-28%	48,295
<b>Total Expenditure</b>	<b>308,922</b>	<b>320,464</b>	<b>22,494</b>	<b>211,044</b>	<b>239,388</b>	<b>(28,344)</b>	<b>-12%</b>	<b>320,464</b>
<b>Surplus/(Deficit)</b>	<b>(15,157)</b>	<b>(15,859)</b>	<b>(2,362)</b>	<b>23,641</b>	<b>(5,457)</b>	<b>29,098</b>	<b>-533%</b>	<b>(15,859)</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	12,969	12,938	4,860	6,860	9,074	(2,214)	-24%	12,938
Contributions & Contributed assets	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(2,187)</b>	<b>(2,921)</b>	<b>2,499</b>	<b>30,501</b>	<b>3,616</b>	<b>26,884</b>	<b>743%</b>	<b>(2,921)</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>	<b>(2,187)</b>	<b>(2,921)</b>	<b>2,499</b>	<b>30,501</b>	<b>3,616</b>	<b>26,884</b>	<b>743%</b>	<b>(2,921)</b>
<b>Capital expenditure &amp; funds sources</b>								
<b>Capital expenditure</b>	<b>27,665</b>	<b>27,460</b>	<b>2,811</b>	<b>15,674</b>	<b>16,263</b>	<b>(589)</b>	<b>-4%</b>	<b>27,460</b>
Capital transfers recognised	12,969	12,938	2,302	9,317	6,882	2,435	35%	12,938
Public contributions & donations	-	-	-	-	-	-	-	-
Borrowing	5,661	5,473	184	3,698	3,391	307	9%	5,473
Internally generated funds	<b>9,034</b>	<b>9,049</b>	<b>324</b>	<b>2,659</b>	<b>5,990</b>	<b>(3,331)</b>	<b>-56%</b>	<b>9,049</b>
<b>Total sources of capital funds</b>	<b>27,665</b>	<b>27,460</b>	<b>2,811</b>	<b>15,674</b>	<b>16,263</b>	<b>(589)</b>	<b>-4%</b>	<b>27,460</b>
<b>Financial position</b>								
Total current assets	44,041	48,602		95,514				48,602
Total non current assets	432,259	431,880		425,451				431,880
Total current liabilities	37,817	44,194		57,773				44,194
Total non current liabilities	135,593	129,151		122,705				129,151
<b>Community wealth/Equity</b>	<b>302,890</b>	<b>307,137</b>		<b>340,486</b>				<b>307,137</b>
<b>Cash flows</b>								
Net cash from (used) operating	13,909	11,790	(21,541)	50,599	46,884	(3,715)	-8%	11,790
Net cash from (used) investing	(27,137)	(25,729)	(2,811)	(15,672)	(8,698)	6,974	-80%	(25,729)
Net cash from (used) financing	3,609	4,096	(101)	1,426	2,202	776	35%	4,096
<b>Cash/cash equivalents at the month/year end</b>	<b>6,415</b>	<b>14,519</b>	<b>-</b>	<b>60,714</b>	<b>64,749</b>	<b>4,034</b>	<b>6%</b>	<b>14,519</b>
<b>Debtors &amp; creditors analysis</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	-	-	-	-	-	-	-	37,268
<b>Creditors Age Analysis</b>								
Total Creditors	-	-	-	-	-	-	-	17,172

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.

## **EXPLANATIONS:**

### **REVENUES**

#### **Property rates:**

The performance for property rates totals 87.25% of total budget. This is in line with projected amounts to date and the municipality should achieved the projections as per tabled budget.

#### **Service revenues (water / electricity /sanitation /refuse:**

Revenues for services totals 78.8% of a budget of R152,857m. Performance totals R120,491m to date. The biggest component of municipal service revenues consist of electricity sales. Electricity sales also corresponds with the biggest expense bulk purchases.

#### **Transfers and subsidies:**

Transfers and subsidies to date totals R45,5m or 70.8% of budget. Municipality received most of its allocation as per division of revenue bill of National and Provincial government.

#### **Other own revenues:**

The municipality in the process of addressing the challenges the performance of revenues of other own revenues. Numerous actions are in the process of being implemented to ensure additional resources are identified and accessed. Managers are instructed to compile business plans for submission to departments to access project funding. Performance to date reflects totals R14.4m of budget. This corresponds to 57.2% of budget.

### **EXPENDITURES**

#### **Employee related costs:**

Remuneration for employees is the second biggest component of the municipal expenditure budget. The performance to date totals 79.4% of budget. Numerous vacancies was also include in the budget approved in May 2017. Some of these vacancies will not be filled by 30 June and this should reflect as a positive savings on the actual employee cost.

### **Remuneration of Councilors:**

The increases as required in the Remuneration of public officers bearers act was finalized and processed in February. Information for council related information is updated. Council approved the increases in remuneration as published. The increases allowed was less than the upper limit increases as per the act.

### **Depreciation and asset impairment:**

Journals was processed for depreciation and asset impairment to date to ensure reflective information is available. The implementation of the Asset Management system is still outstanding.

### **Finance charges:**

Budgeted allocation recorded against this category consist of the finance charges in terms of the loan repayments, as well as the finance component of the post-retirement benefits (employees) as well as the landfill site restoration cost (capital). There are non-cash items of the municipal budgeted expenditures.

### **Materials and bulk purchases:**

Bulk purchases totals 66.9% of budget. This is mainly the purchases of bulk electricity and small expenditures on water purchases. The performance directly relates and impacted by electricity sales.

### **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 R1,661m to date.

### **Other expenses:**

Other operational expenditures records at 57.2% of budgeted information. These category corresponds to the non-prioritized spending of council. Numerous cost saving measurements are being implemented to ensure that the municipality can ensure decreasing trends for these cost items and expenditures.

### **Debtor's age analysis**

The outstanding debtors for the period ending 31 March 2018 totals R37.268m. The breakdown of debtors per age analysis still proofs challenging and the municipality is in the process of implementing actions to ensure this can be reported as soon as possible. To date the vendor is continuously working on

solving this issue and with the mSCOA implementation and numerous reporting requirements from National treasury in terms of mSCOA this is still outstanding.

**Creditor's age analysis**

The municipality pay creditors within 30 days of received of invoice. Creditors outstanding reflect work in progress as well as liability not finalized due to administrative procedures, for example outstanding items on the order or queries between the municipality and the suppliers.

Totals recorded for the period ending March 2018 totals 17,172m.

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

Description	Budget Year 2017/18							
	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>								
<b>Revenue - Functional</b>								
<b>Governance and administration</b>	<b>105,419</b>	<b>107,369</b>	<b>7,923</b>	<b>82,060</b>	<b>80,107</b>	1,953	2%	<b>107,369</b>
Executive and council	25,190	25,190	-	18,893	18,311	582	3%	25,190
Finance and administration	80,229	82,179	7,923	63,167	61,796	1,371	2%	82,179
Internal audit	-	-	-	-	-	-	-	-
<b>Community and public safety</b>	<b>34,571</b>	<b>42,571</b>	<b>2,591</b>	<b>33,011</b>	<b>32,305</b>	705	2%	<b>42,571</b>
Community and social services	7,023	6,023	2,074	4,074	5,942	(1,868)	-31%	6,023
Sport and recreation	7,098	7,098	517	6,541	5,156	1,385	27%	7,098
Public safety	-	-	-	-	-	-	-	-
Housing	20,450	29,450	-	22,396	21,208	1,189	6%	29,450
Health	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>	<b>12,731</b>	<b>13,140</b>	<b>685</b>	<b>5,468</b>	<b>11,685</b>	(6,217)	-53%	<b>13,140</b>
Planning and development	874	1,283	160	1,296	969	327	34%	1,283
Road transport	11,857	11,857	525	4,172	10,716	(6,544)	-61%	11,857
Environmental protection	-	-	-	-	-	-	-	-
<b>Trading services</b>	<b>154,014</b>	<b>154,464</b>	<b>13,793</b>	<b>121,006</b>	<b>117,908</b>	3,098	3%	<b>154,464</b>
Energy sources	104,438	104,438	8,944	81,700	79,940	1,760	2%	104,438
Water management	24,344	24,544	5,325	18,043	20,586	(2,542)	-12%	24,544
Waste water management	9,508	9,508	(388)	8,334	6,444	1,890	29%	9,508
Waste management	15,723	15,973	(88)	12,929	10,938	1,991	18%	15,973
<b>Other</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Revenue - Functional</b>	<b>306,734</b>	<b>317,544</b>	<b>24,992</b>	<b>241,545</b>	<b>242,005</b>	<b>(460)</b>	<b>0%</b>	<b>317,544</b>
<b>Expenditure - Functional</b>								
<b>Governance and administration</b>	<b>89,598</b>	<b>90,842</b>	<b>5,523</b>	<b>55,849</b>	<b>72,761</b>	(16,912)	-23%	<b>90,842</b>
Executive and council	14,383	14,448	1,043	10,396	10,918	(522)	-5%	14,448
Finance and administration	73,628	74,800	4,395	44,481	60,557	(16,076)	-27%	74,800
Internal audit	1,587	1,594	84	971	1,286	(315)	-24%	1,594
<b>Community and public safety</b>	<b>45,318</b>	<b>53,448</b>	<b>2,454</b>	<b>39,148</b>	<b>35,321</b>	3,827	11%	<b>53,448</b>
Community and social services	12,217	11,337	756	7,116	9,292	(2,175)	-23%	11,337
Sport and recreation	10,956	10,958	1,558	8,323	8,675	(353)	-4%	10,958
Public safety	-	-	-	-	-	-	-	-
Housing	22,145	31,152	140	23,709	17,354	6,355	37%	31,152
Health	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>	<b>39,708</b>	<b>40,113</b>	<b>3,287</b>	<b>27,577</b>	<b>33,586</b>	(6,008)	-18%	<b>40,113</b>
Planning and development	8,908	8,944	664	6,068	7,284	(1,217)	-17%	8,944
Road transport	30,800	31,169	2,622	21,509	26,301	(4,792)	-18%	31,169
Environmental protection	-	-	-	-	-	-	-	-
<b>Trading services</b>	<b>134,297</b>	<b>136,062</b>	<b>11,230</b>	<b>88,470</b>	<b>105,721</b>	(17,251)	-16%	<b>136,062</b>
Energy sources	88,085	88,063	6,454	59,316	66,164	(6,848)	-10%	88,063
Water management	16,834	18,182	1,397	12,620	14,457	(1,837)	-13%	18,182
Waste water management	10,311	10,497	1,871	7,222	8,623	(1,401)	-16%	10,497
Waste management	19,067	19,319	1,508	9,312	16,477	(7,166)	-43%	19,319
<b>Other</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditure - Functional</b>	<b>308,922</b>	<b>320,464</b>	<b>22,494</b>	<b>211,044</b>	<b>247,388</b>	<b>(36,344)</b>	<b>-15%</b>	<b>320,464</b>
<b>Surplus/ (Deficit) for the year</b>	<b>(2,187)</b>	<b>(2,921)</b>	<b>2,499</b>	<b>30,501</b>	<b>(5,384)</b>	<b>35,884</b>	<b>-667%</b>	<b>(2,921)</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 C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - Q3 Third Quarter**

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	27,796	119	20,337	20,983	(646)	-3.1%	27,796
Vote 2 - Financial Services & ICT		-	66,723	68,373	3,492	56,074	50,404	5,671	11.3%	68,373
Vote 3 - Corporate Services		-	-	-	-	-	-	-		-
Vote 4 - Management Services		-	45,214	54,214	3,094	37,189	42,736	(5,547)	-13.0%	54,214
Vote 5 - Engineering Services		-	166,301	167,161	18,287	127,946	127,882	64	0.1%	167,161
<b>Total Revenue by Vote</b>	2	-	<b>306,734</b>	<b>317,544</b>	<b>24,992</b>	<b>241,546</b>	<b>242,005</b>	<b>(458)</b>	<b>-0.2%</b>	<b>317,544</b>
<b>Expenditure by Vote</b>	1									
Vote 1 - Executive and Council		-	41,823	41,562	2,773	27,921	32,307	(4,386)	-13.6%	41,562
Vote 2 - Financial Services & ICT		-	47,136	47,669	2,484	26,838	39,158	(12,320)	-31.5%	47,669
Vote 3 - Corporate Services		-	-	-	332	1,098	-	1,098	#DIV/0!	-
Vote 4 - Management Services		-	63,866	73,347	4,178	53,451	52,088	1,362	2.6%	73,347
Vote 5 - Engineering Services		-	156,097	157,886	12,726	101,737	123,835	(22,097)	-17.8%	157,886
<b>Total Expenditure by Vote</b>	2	-	<b>308,922</b>	<b>320,464</b>	<b>22,494</b>	<b>211,045</b>	<b>247,388</b>	<b>(36,343)</b>	<b>-14.7%</b>	<b>320,464</b>
<b>Surplus/ (Deficit) for the year</b>	2	-	<b>(2,187)</b>	<b>(2,921)</b>	<b>2,499</b>	<b>30,501</b>	<b>(5,384)</b>	<b>35,884</b>	<b>-666.6%</b>	<b>(2,921)</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) - Q3 Third Quarter**

Description	Budget Year 2017/18							
	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	60,143	2,953	52,480	52,379	101	0%	60,143
Service charges - electricity revenue	103,306	103,306	8,621	81,204	81,108	97	0%	103,306
Service charges - water revenue	24,342	24,342	5,325	18,024	18,491	(467)	-3%	24,342
Service charges - sanitation revenue	9,486	9,486	(388)	8,334	8,421	(87)	-1%	9,486
Service charges - refuse revenue	15,723	15,723	(88)	12,929	12,813	116	1%	15,723
Service charges - other	-	-	-	-	-	-	-	-
Rental of facilities and equipment	2,056	2,056	52	1,197	1,312	(115)	-9%	2,056
Interest earned - external investments	2,060	2,060	143	1,734	1,229	506	41%	2,060
Interest earned - outstanding debtors	1,496	1,496	169	817	1,235	(418)	-34%	1,496
Dividends received	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	9,271	9,271	245	1,794	1,708	87	5%	9,271
Licences and permits	61	61	1	54	37	17	48%	61
Agency services	2,419	2,419	284	2,269	1,859	410	22%	2,419
Transfers and subsidies	55,134	64,365	2,029	45,574	45,320	255	1%	64,365
Other revenue	7,769	8,179	786	8,274	8,022	252	3%	8,179
Gains on disposal of PPE	500	1,700	-	-	-	-	-	1,700
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>293,765</b>	<b>304,606</b>	<b>20,132</b>	<b>234,685</b>	<b>233,931</b>	<b>754</b>	<b>0%</b>	<b>304,606</b>
<b>Expenditure By Type</b>								
Employee related costs	117,179	117,028	9,261	84,488	87,225	(2,738)	-3%	117,028
Remuneration of councillors	5,145	5,145	447	4,085	3,919	165	4%	5,145
Debt impairment	7,833	7,833	653	5,875	7,833	(1,958)	-25%	7,833
Depreciation & asset impairment	11,440	11,440	1,733	6,144	11,440	(5,296)	-46%	11,440
Finance charges	8,964	9,007	6	182	8,942	(8,760)	-98%	9,007
Bulk purchases	76,678	76,798	5,507	51,798	56,681	(4,883)	-9%	76,798
Other materials	39,250	49,989	1,859	35,042	30,579	4,463	15%	49,989
Contracted services	18,208	18,483	1,602	6,877	16,369	(9,493)	-58%	18,483
Transfers and subsidies	2,763	2,763	104	1,661	1,989	(328)	-16%	2,763
Other expenditure	21,461	21,979	1,322	14,894	14,410	484	3%	21,979
Loss on disposal of PPE	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>	<b>308,922</b>	<b>320,464</b>	<b>22,494</b>	<b>211,044</b>	<b>239,388</b>	<b>(28,344)</b>	<b>-12%</b>	<b>320,464</b>
<b>Surplus/(Deficit)</b>	<b>(15,157)</b>	<b>(15,859)</b>	<b>(2,362)</b>	<b>23,641</b>	<b>(5,457)</b>	<b>29,098</b>	<b>(0)</b>	<b>(15,859)</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	12,969	12,938	4,860	6,860	9,074	(2,214)	(0)	12,938
Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(2,187)</b>	<b>(2,921)</b>	<b>2,499</b>	<b>30,501</b>	<b>3,616</b>			<b>(2,921)</b>
Taxation	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after taxation</b>	<b>(2,187)</b>	<b>(2,921)</b>	<b>2,499</b>	<b>30,501</b>	<b>3,616</b>			<b>(2,921)</b>
Attributable to minorities	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>	<b>(2,187)</b>	<b>(2,921)</b>	<b>2,499</b>	<b>30,501</b>	<b>3,616</b>			<b>(2,921)</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>	<b>(2,187)</b>	<b>(2,921)</b>	<b>2,499</b>	<b>30,501</b>	<b>3,616</b>			<b>(2,921)</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) - Q3 Third Quarter**

Vote Description	Budget Year 2017/18							
	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>								
<b>Multi-Year expenditure appropriation</b>								
Vote 1 - Executive and Council	-	-	-	-	-	-	-	-
Vote 2 - Financial Services & ICT	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services	-	-	-	-	-	-	-	-
Vote 4 - Management Services	650	650	2	45	469	(424)	-90%	650
Vote 5 - Engineering Services	650	650	90	150	473	(323)	-68%	650
<b>Total Capital Multi-year expenditure</b>	<b>1,300</b>	<b>1,300</b>	<b>91</b>	<b>195</b>	<b>942</b>	<b>(747)</b>	<b>-79%</b>	<b>1,300</b>
<b>Single Year expenditure appropriation</b>								
Vote 1 - Executive and Council	855	346	9	181	177	4	2%	346
Vote 2 - Financial Services & ICT	2,505	2,409	905	2,106	1,479	627	42%	2,409
Vote 3 - Corporate Services	-	-	-	-	-	-	-	-
Vote 4 - Management Services	2,964	2,477	32	1,004	1,434	(431)	-30%	2,477
Vote 5 - Engineering Services	20,042	20,928	1,773	12,188	12,231	(42)	0%	20,928
<b>Total Capital single-year expenditure</b>	<b>26,365</b>	<b>26,160</b>	<b>2,720</b>	<b>15,479</b>	<b>15,322</b>	<b>158</b>	<b>1%</b>	<b>26,160</b>
<b>Total Capital Expenditure</b>	<b>27,665</b>	<b>27,460</b>	<b>2,811</b>	<b>15,674</b>	<b>16,263</b>	<b>(589)</b>	<b>-4%</b>	<b>27,460</b>
<b>Capital Expenditure - Functional Classification</b>								
<b>Governance and administration</b>	<b>2,962</b>	<b>2,871</b>	<b>905</b>	<b>2,390</b>	<b>1,691</b>	<b>699</b>	<b>41%</b>	<b>2,871</b>
Executive and council	254	254	-	150	121	29	24%	254
Finance and administration	2,708	2,616	905	2,240	1,570	670	43%	2,616
Internal audit	-	-	-	-	-	-	-	-
<b>Community and public safety</b>	<b>3,164</b>	<b>2,637</b>	<b>34</b>	<b>741</b>	<b>1,672</b>	<b>(932)</b>	<b>-56%</b>	<b>2,637</b>
Community and social services	303	390	1	28	280	(252)	-90%	390
Sport and recreation	2,861	2,247	34	713	1,393	(680)	-49%	2,247
Public safety	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>	<b>12,859</b>	<b>13,000</b>	<b>891</b>	<b>7,425</b>	<b>7,186</b>	<b>239</b>	<b>3%</b>	<b>13,000</b>
Planning and development	539	27	9	9	20	(11)	-54%	27
Road transport	12,320	12,974	882	7,416	7,166	250	3%	12,974
Environmental protection	-	-	-	-	-	-	-	-
<b>Trading services</b>	<b>8,680</b>	<b>8,952</b>	<b>981</b>	<b>5,118</b>	<b>5,713</b>	<b>(595)</b>	<b>-10%</b>	<b>8,952</b>
Energy sources	2,548	2,548	272	1,516	1,651	(134)	-8%	2,548
Water management	3,255	3,255	228	899	1,840	(941)	-51%	3,255
Waste water management	877	877	481	781	519	262	50%	877
Waste management	2,000	2,272	-	1,922	1,703	218	13%	2,272
<b>Other</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure - Functional Classification</b>	<b>27,665</b>	<b>27,460</b>	<b>2,811</b>	<b>15,674</b>	<b>16,263</b>	<b>(589)</b>	<b>-4%</b>	<b>27,460</b>
<b>Funded by:</b>								
National Government	12,108	11,990	2,297	9,061	6,276	2,785	44%	11,990
Provincial Government	862	949	6	256	606	(349)	-58%	949
District Municipality	-	-	-	-	-	-	-	-
Other transfers and grants	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>	<b>12,969</b>	<b>12,938</b>	<b>2,302</b>	<b>9,317</b>	<b>6,882</b>	<b>2,435</b>	<b>35%</b>	<b>12,938</b>
<b>Public contributions &amp; donations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Borrowing</b>	<b>5,661</b>	<b>5,473</b>	<b>184</b>	<b>3,698</b>	<b>3,391</b>	<b>307</b>	<b>9%</b>	<b>5,473</b>
<b>Internally generated funds</b>	<b>9,034</b>	<b>9,049</b>	<b>324</b>	<b>2,659</b>	<b>5,990</b>	<b>(3,331)</b>	<b>-56%</b>	<b>9,049</b>
<b>Total Capital Funding</b>	<b>27,665</b>	<b>27,460</b>	<b>2,811</b>	<b>15,674</b>	<b>16,263</b>	<b>(589)</b>	<b>-4%</b>	<b>27,460</b>

**Comments:**

Performance of capital expenditures is below par and reflects at 57% for budget. Outstanding commitments on capital projects ending March 2018, reflects at R2,294m. Including these items into the capital reporting cycle increase the performance to 65% of budget. Capital projects to a value of R2,287m of budget has not been started at the end of March 2018.

Some of these projects include the following service delivery related projects and this needs to be addressed with the managers, to ensure implementation.

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



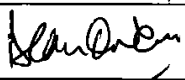
Description	Ref	2016/17	Budget Year 2017/18			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
<b>R thousands</b>	1					
<b>ASSETS</b>						
<b>Current assets</b>						
Cash		24,361	6,415	14,519	60,714	14,519
Call investment deposits		-	-	-	-	-
Consumer debtors		22,028	28,019	27,691	37,268	27,691
Other debtors		14,571	8,102	5,034	(4,033)	5,034
Current portion of long-term receivables		31	27	31	-	31
Inventory		1,326	1,478	1,326	1,564	1,326
<b>Total current assets</b>		<b>62,317</b>	<b>44,041</b>	<b>48,602</b>	<b>95,514</b>	<b>48,602</b>
<b>Non current assets</b>						
Long-term receivables		196	173	165	225	165
Investments		-	-	-	-	-
Investment property		40,870	40,232	40,862	40,864	40,862
Investments in Associate		-	-	-	-	-
Property, plant and equipment		371,253	390,091	386,389	379,306	386,389
Agricultural		-	-	-	-	-
Biological assets		-	-	-	-	-
Intangible assets		3,572	1,763	4,464	5,056	4,464
Other non-current assets		-	-	-	-	-
<b>Total non current assets</b>		<b>415,891</b>	<b>432,259</b>	<b>431,880</b>	<b>425,451</b>	<b>431,880</b>
<b>TOTAL ASSETS</b>		<b>478,209</b>	<b>476,300</b>	<b>480,482</b>	<b>520,964</b>	<b>480,482</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Bank overdraft		-	-	-	-	-
Borrowing		684	2,310	1,659	765	1,659
Consumer deposits		4,291	4,377	4,548	4,455	4,548
Trade and other payables		33,141	15,334	26,557	44,072	26,557
Provisions		10,783	15,796	11,430	8,482	11,430
<b>Total current liabilities</b>		<b>48,899</b>	<b>37,817</b>	<b>44,194</b>	<b>57,773</b>	<b>44,194</b>
<b>Non current liabilities</b>						
Borrowing		2,012	6,651	4,876	3,730	4,876
Provisions		117,240	128,942	124,274	118,975	124,274
<b>Total non current liabilities</b>		<b>119,252</b>	<b>135,593</b>	<b>129,151</b>	<b>122,705</b>	<b>129,151</b>
<b>TOTAL LIABILITIES</b>		<b>168,151</b>	<b>173,410</b>	<b>173,345</b>	<b>180,479</b>	<b>173,345</b>
<b>NET ASSETS</b>	2	<b>310,058</b>	<b>302,890</b>	<b>307,137</b>	<b>340,486</b>	<b>307,137</b>
<b>COMMUNITY WEALTH/EQUITY</b>						
Accumulated Surplus/(Deficit)		290,058	287,890	287,137	320,486	287,137
Reserves		20,000	15,000	20,000	20,000	20,000
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	<b>310,058</b>	<b>302,890</b>	<b>307,137</b>	<b>340,486</b>	<b>307,137</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 - Q3 Third Quarter								
Description	Budget Year 2017/18							
	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>								
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>								
<b>Receipts</b>								
Property rates	57,979	57,646	2,519	44,041	36,537	7,504	21%	57,646
Service charges	147,357	146,510	11,609	111,387	82,140	29,246	36%	146,510
Other revenue	15,094	17,617	1,145	13,709	10,013	3,696	37%	17,617
Government - operating	55,134	72,809	13,373	75,995	52,316	23,680	45%	72,809
Government - capital	12,269	12,238	-	11,990	5,190	6,800	131%	12,238
Interest	3,502	3,494	312	2,551	1,877	675	36%	3,494
Dividends	-	-	-	-	-	-	-	-
<b>Payments</b>								
Suppliers and employees	(273,935)	(294,990)	(50,389)	(207,231)	(139,473)	67,758	-49%	(294,990)
Finance charges	(727)	(770)	(6)	(182)	(130)	51	-39%	(770)
Transfers and Grants	(2,763)	(2,763)	(104)	(1,661)	(1,586)	75	-5%	(2,763)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>13,909</b>	<b>11,790</b>	<b>(21,541)</b>	<b>50,599</b>	<b>46,884</b>	<b>(3,715)</b>	<b>-8%</b>	<b>11,790</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
<b>Receipts</b>								
Proceeds on disposal of PPE	500	1,700	-	-	-	-	-	1,700
Decrease (Increase) in non-current debtors	27	31	-	-	3	(3)	-100%	31
Decrease (increase) other non-current receivables	-	-	0	2	-	2	#DIV/0!	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-
<b>Payments</b>								
Capital assets	(27,665)	(27,460)	(2,811)	(15,674)	(8,702)	6,972	-80%	(27,460)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(27,137)</b>	<b>(25,729)</b>	<b>(2,811)</b>	<b>(15,672)</b>	<b>(8,698)</b>	<b>6,974</b>	<b>-80%</b>	<b>(25,729)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>								
<b>Receipts</b>								
Short term loans	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	5,661	5,473	-	2,400	2,400	-	-	5,473
Increase (decrease) in consumer deposits	188	257	(86)	164	222	(58)	-26%	257
<b>Payments</b>								
Repayment of borrowing	(2,240)	(1,634)	(15)	(1,138)	(420)	718	-171%	(1,634)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>3,609</b>	<b>4,096</b>	<b>(101)</b>	<b>1,426</b>	<b>2,202</b>	<b>776</b>	<b>35%</b>	<b>4,096</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(9,619)</b>	<b>(9,842)</b>	<b>(24,453)</b>	<b>36,353</b>	<b>40,387</b>			<b>(9,842)</b>
Cash/cash equivalents at beginning:	16,035	24,361		24,361	24,361			24,361
Cash/cash equivalents at month/year end:	6,415	14,519		60,714	64,749			14,519

The cash position of Council is **positive** at the end of the reporting period ending **31 March 2018**. The positive position is a result of outstanding cash balance items needed to be processed. The process of completing bank reconciliations is still outstanding, and the cash position differs under the liquidity ratios reported is as a result of processed transactions that still needs to be done to ensure accurate recordkeeping.

## 7. MFMA Section 11 withdrawals

 <b>PROVINCIAL TREASURY</b> <b>Withdrawals from Municipal Bank Accounts</b> <b>In accordance with Section 11, Sub-section 1 (b) to (j)</b> 		
<b>NAME OF MUNICIPALITY:</b>		CAPE AGULHAS MUNICIPALITY
<b>MUNICIPAL DEMARCATION CODE:</b>		WC033
<b>QUARTER ENDED:</b>		31 MARCH 2018
<b>MFMA section 11.</b> (1) Only the <i>accounting officer</i> or the <i>chief financial officer</i> of a <i>municipality</i> , or any other senior financial <i>official</i> of the <i>municipality</i> acting on the written authority of the <i>accounting officer</i> may withdraw money or authorise the withdrawal of money from any of the <i>municipality's</i> bank accounts, and may do so only -	<b>Amount</b>	<b>Reason for withdrawal</b>
	Not available. System challenges with information	Payment of Operational and Capital expenditures
(b) to defray expenditure authorised in terms of section 26(4);	Not Applicable	
(c) to defray unforeseeable and unavoidable expenditure authorised in terms of section 29(1);	None	None
(d) in the case of a bank account opened in terms of section 12. to make payments from the account in accordance with subsection (4) of that section;	None	None
(e) to pay over to a person or organ of state money received by the <i>municipality</i> on behalf of that person or organ of state, including -	None	None
(i) money collected by the <i>municipality</i> on behalf of that person or organ of state by agreement; or	None	None
(ii) any insurance or other payments received by the <i>municipality</i> for that person or organ of state;	None	None
(f) to refund money incorrectly paid into a bank account;	None	None
(g) to refund guarantees, sureties and <i>security</i> deposits;	None	None
(h) for cash management and <i>investment</i> purposes in accordance with section 13;	R 60,000,000.00	Cumulative Q3 investments - shortterm
(i) to defray increased expenditure in terms of section 31; or	None	None
(j) for such other purposes as may be <i>prescribed</i> .	None	None
(4) The <i>accounting officer</i> must within 30 days after the end of each <i>quarter</i> -	<b>Name and Surname:</b> D O' Neill	
(a) table in the <i>municipal council</i> a consolidated report of all withdrawals made in terms of subsection (1)(b) to (j) during that <i>quarter</i> ; and	<b>Rank/Position:</b> Municipal Manager	
(b) submit a copy of the report to the relevant <i>provincial treasury</i> and the <i>Auditor-General</i> .	<b>Signature:</b> 	
<b>Tel number</b>	<b>Fax number</b>	<b>Email Address</b>
028 425 5500		shauns@capeagulhas.gov.za
<b>The completed form must reach Mr Edwin Nkuna at the Provincial Treasury, Private Bag x 9165, 7 Wale Street, Cape Town, 8000, Tel: 021 483 8662, Fax 021 483 8623, Email: enkuna@pgwc.gov.za on or before the 15th of the month following the end of each quarter.</b>		

The municipality is still experiencing challenges with regards to bank reconciliations and this information will be reported as soon as finalized.

## 8. Supporting Documents

WC033 Cape Agulhas - Supporting Table SC1 Material variance explanations - Q3 Third Quarter				
Ref	Description	Variance	Reasons for material deviations	Remedial or corrective steps/remarks
	R thousands			
1	<b>Revenue By Source</b>			
	None required		None	Revised Budget in implementation phase
2	<b>Expenditure By Type</b>			
	None required		None	Revised Budget in implementation phase
3	<b>Capital Expenditure</b>			
	None required		None	Revised Budget in implementation phase
4	<b>Financial Position</b>			
	None required		None	Revised Budget in implementation phase
5	<b>Cash Flow</b>			
	None required		None	Revised Budget in implementation phase
6	<b>Measureable performance</b>			
	None required		None	Revised Budget in implementation phase
7	<b>Municipal Entities</b>			
	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.

### **EXPLANTION:**

None required. Adjustment budget approved and all rectifications processed as required.

WC033 Cape Agulhas - Supporting Table SC2 Monthly Budget Statement - performance indicators - Q3 Third Quarter

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%	6.4%	0.1%	4.4%
Borrowed funding of 'own' capital expenditure	Borrowings/Capital expenditure excl. transfers and grants		0.0%	20.5%	19.9%	23.6%	19.9%
<b>Safety of Capital</b>							
Debt to Equity	Loans, Accounts Payable, Overdraft & Tax Provision/ Funds & Reserves		11.6%	8.0%	10.8%	14.3%	10.8%
Gearing	Long Term Borrowing/ Funds & Reserves		10.1%	44.3%	24.4%	18.6%	24.4%
<b>Liquidity</b>							
Current Ratio	Current assets/current liabilities	1	127.4%	116.5%	110.0%	165.3%	110.0%
Liquidity Ratio	Monetary Assets/Current Liabilities		49.8%	17.0%	32.9%	105.1%	32.9%
<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%	10.8%	14.3%	10.8%
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))			100.0%	100.0%	100.0%	100.0%
<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%	38.4%	36.0%	38.4%
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%	6.7%	0.1%	4.6%
<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 36% which is within budgeted projections. The monitoring of employee related cost effectively should be maintain to ensure it stay within the set norm of between 35% and 40%.

Care should be taken as to the parameters used in the calculation of % employee related cost in this diagram versus Council proposal in terms of the long term financial plan.

The calculation in the diagram based employee related cost against the **total revenues**, whereas the % reported and monitored in terms of the Long-term financial plan (LTFP) is comparing employee related cost against **total expenditures**. This will result in different results and ratios being calculated.

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 - Q3 Third Quarter								
Description	Budget Year 2017/18							
	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands								
<b>RECEIPTS:</b>								
<b>Operating Transfers and Grants</b>								
<b>National Government:</b>	<b>27,881</b>	<b>27,999</b>	<b>7,857</b>	<b>27,999</b>	<b>27,881</b>	<b>-</b>		<b>27,881</b>
Local Government Equitable Share	25,190	25,190	6,297	25,190	25,190	-		25,190
Energy Efficiency and Demand-side [Schedule 5B]	-	-	-	-	-	-		-
Expanded Public Works Programme Integrated Grant for Municipalities [Schedule 5B]	1,131	1,131	-	1,131	1,131	-		1,131
Local Government Financial Management Grant [Schedule 5B]	-	118	-	118	-	-		-
Municipal Infrastructure Grant [Schedule 5B]	1,560	1,560	1,560	1,560	1,560	-		1,560
Municipal Systems Improvement Grant [Schedule 5B]	-	-	-	-	-	-		-
Other transfers and grants [insert description]	-	-	-	-	-	-		-
<b>Provincial Government:</b>	<b>27,253</b>	<b>44,810</b>	<b>7,249</b>	<b>43,958</b>	<b>41,556</b>	<b>2,191</b>	<b>5.3%</b>	<b>27,253</b>
Human Settlement Development	20,450	38,764	7,249	37,748	35,300	2,448	6.9%	20,450
Library Service Conditional Grant	5,423	5,336	-	5,584	5,336	-		5,423
Maintenance of Main Roads	84	84	-	-	56	-		84
Community Development Workers	56	56	-	56	37	-		56
Financial Management Support (WC_FMGS)	240	570	-	570	160	410	256.3%	240
Greenest Municipality (Violence Protection)	1,000	-	-	-	667	(667)	-100.0%	1,000
Thusong Centre	-	-	-	-	-	-		-
Other transfers and grants [insert description]	-	-	-	-	-	-		-
<b>District Municipality:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>
N/A	-	-	-	-	-	-		-
<b>Other grant providers:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,038</b>	<b>-</b>	<b>4,038</b>	<b>#DIV/0!</b>	<b>-</b>
National Skills Fund	-	-	-	4,038	-	4,038	#DIV/0!	-
<b>Total Operating Transfers and Grants</b>	<b>55,134</b>	<b>72,809</b>	<b>15,106</b>	<b>75,995</b>	<b>69,437</b>	<b>6,229</b>	<b>9.0%</b>	<b>55,134</b>
<b>Capital Transfers and Grants</b>								
<b>National Government:</b>	<b>12,108</b>	<b>11,990</b>	<b>2,486</b>	<b>11,990</b>	<b>8,072</b>	<b>3,186</b>	<b>39.5%</b>	<b>12,108</b>
Municipal Infrastructure Grant [Schedule 5B]	9,558	9,558	2,486	9,558	6,372	3,186	50.0%	9,558
Integrated National Electrification Programme (Municipal Grant) [Schedule 5B]	1,000	1,000	-	1,000	667	-		1,000
Local Government Financial Management Grant [Schedule 5B]	1,550	1,432	-	1,432	1,033	-		1,550
Municipal Systems Improvement Grant [Schedule 5B]	-	-	-	-	-	-		-
Other capital transfers [insert description]	-	-	-	-	-	-		-
<b>Provincial Government:</b>	<b>162</b>	<b>249</b>	<b>-</b>	<b>-</b>	<b>108</b>	<b>(108)</b>	<b>-100.0%</b>	<b>162</b>
Library Service	162	249	-	-	108	(108)	-100.0%	162
Development of Sport and Recreation Facilities	-	-	-	-	-	-		-
Thusong Centre	-	-	-	-	-	-		-
<b>District Municipality:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>
N/A	-	-	-	-	-	-		-
<b>Other grant providers:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>
N/A	-	-	-	-	-	-		-
<b>Total Capital Transfers and Grants</b>	<b>12,269</b>	<b>12,238</b>	<b>2,486</b>	<b>11,990</b>	<b>8,180</b>	<b>3,078</b>	<b>37.6%</b>	<b>12,269</b>
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	<b>67,403</b>	<b>85,047</b>	<b>17,592</b>	<b>87,985</b>	<b>77,617</b>	<b>9,307</b>	<b>12.0%</b>	<b>67,403</b>

Municipality received all allocation as per the grant conditions from National and Provincial departments.

## **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 manager Revenue services will table a report to Council as part of the report of the section.



## 9. Municipal Quality Certificate

NAVRAE: S Stanley  
ENQUIRIES:  
KONTAKNR: 028 425 5798  
CONTACT NO  
VERW: 5/3/2017-18(M09 & Q3)  
REF:  
KANTOOR: Bredasdorp  
OFFICES:  
DATUM: 05 April 2018  
DATE



KAAP AGULHAS MUNISIPALITEIT  
CAPE AGULHAS MUNICIPALITY  
U MASPALA WASECAPE AGULHAS

### QUALITY CERTIFICATE

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

(mark as appropriate)

- The monthly budget statement**
- Quarterly report on the implementation of the budget and financial state affairs of the municipality**
- Mid- year budget and performance assessment

For the month ending **31 March 2018** (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 11/04/18