

Quarterly Report: July 2020 – March 2021

Purpose:

To inform council of the following schedules that relates to the revenue and expenditure implementation of the current budget.

Background:

In accordance to Section 52 (d) of the MFMA no 56 of 2003, the mayor of a municipality must within 30 days of the end of each quarter, submit a report to council on the implementation of the budget and the financial affairs of the municipality.

Karoo Hoogland Revenue and Expenditure as at 31 March 2021						
Description	Budget Year 2020/21					Comments
	Original Budget	Adjusted Budget	Year TD actual	Year TD Budget	YTD variance	
R thousands						
Revenue by Source	000	000	000	000	%	
Property Rates	7,468	7,348	7,115	5,511	27%	Yearly Levy
Service Charges - electricity revenue	12,124	11,324	8,396	8,493	-1%	Not Material Variance
Service Charges - water revenue	3,564	4,064	2,995	3,048	-2%	Not Material Variance
Service Charges - sanitation revenue	3,367	3,437	2,499	2,578	-3%	Not Material Variance
Service Charges - refuse revenue	2,539	2,694	1,973	2,021	-2%	Not Material Variance
Rental of facilities and equipment	788	588	216	441	-49%	Not Material Amount
Internal Interest - external investments	297	237	195	178	10%	Not Material Amount
Internal Interest - outstanding debtors	1,961	2,561	1,839	1,921	-4%	Interest will increase as outstanding debtors increases
Fines	27	7	3	5	-57%	Not Material Amount
Agency services	28	28	21	21	0%	
Transfers recognised - operational	30,001	32,761	31,094	24,571	33%	All Grants Received except for Libraries
Other Revenue	1,132	532	405	399	1%	Not Material Variance
Total Revenue (excluding Capital Grants)	63,296	65,581	56,751	49,186		
Revenue collection %	86.54%					
Description	Budget Year 2020/21					Comments
	Original Budget	Adjusted Budget	Year TD actual	Year TD Budget	YTD variance	
R thousands						
Expenditure by type	000	000	000	000	%	
Employee related cost	26,969	28,028	20,501	21,021	-2%	Not Material Variance
Remuneration of councillors	2,763	2,763	1,983	2,072	-4%	Upper limits
Debt impairment	3,739	3,739	2,804	2,804	0%	Journals at year end
Depreciation & asset impairment	7,500	7,500	5,625	5,625	0%	Journals at year end
Finance charges	134	134	102	101	0%	No Variance
Bulk purchases	10,800	10,100	7,441	7,575	-2%	Not Material Variance
Other materials	1,320	1,320	1,105	990	12%	mSCOA classification
Contracted services	5,758	7,483	6,685	5,612	19%	mSCOA classification.
Other expenditure	11,003	10,448	6,148	7,836	-27%	mSCOA classification.
Total Expenditure(excluding Capital Grants)	69,986	71,515	52,394	53,636		
Surplus/(Deficit)	- 6,690	- 5,934	4,357	- 4,451		

Description	Budget Year 2020/21					Comments
	Original Budget	Adjusted Budget	Year TD actual	Year TD Budget	YTD variance	
R thousands						
Revenue Capital						
MIG	8,065	8,065	8,065	6,049	33%	Total Allocation received
Own Capital	251	251	177	188	-6%	
Transfers recognised - Capital	8,316	8,316	8,242	6,237		
Expenditure Capital						
MIG	8,065	8,065	8,065	6,049	33%	Total Allocation received
Own Capital	251	251	177	188	-6%	
Contributed - Capital	8,316	8,316	8,242	6,237		

Legal Implications:

Municipal Finance Management Act no 56 of 2003.

Financial Implications:

None

Recommendations to Council:

- (a) That council take note of the actual revenue and expenditure amounts in relation to the 2020/2021 budget operational and capital budget.
- (b) That council take note that the municipality do not owe Eskom any monies.
- (c) That council take note that a ring-fenced agreement was signed with the AG for down-payment of arrears. Currently up to date.
- (d) That council take note that the municipality do owe Salga R 1.2 Mil due to non-payment of Salga fees during 2011/2012, 2012/2013 and 2013/2014. The invoices for 2014/2015, 2015/2016, 2016/2017, 2018/2019 and 2019/2020 was paid in full.
- (e) That council take note that the municipality have a positive bank balance and that all grant monies are ring-fenced and only used according to the conditions of the grants as per the DORA.
- (f) That council take note of the implementation fees for mSCOA to the estimated amount of R 9.5 Mil. Expenses to the value of R 8.0 Mil have already been paid by the municipality. Unfortunately, no grants were made available from national treasury to finance the implementation of mSCOA and all expenses must be financed out of own income. This will have the effect that the municipality will not be able to honour these expenditure payments from July 2020 and will need to negotiate with the service provider to only be invoiced in the 2020/2021 financial year when the municipality can partially use the FMG for payment.
- (g) That the municipality are still experiencing various issues with the EMS system which are currently addressed.
- (h) That the municipality will need to appoint a system administrator for mSCOA implementation and operational processes. It will be recommended that the system administrator be appointed on a contract basis for a period of two years. (Adri Cronje's position was never filled)
- (i) That council take note that the credit control and debt collection policy will be strictly enforced to ensure that monies due to the municipality, is timeously paid.