

THABA CHWEU

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PO Box 61
Lydenburg 1120
Cnr. Viljoen & Sentraal Streets

All Correspondence to be directed
to the Municipal Manager

LOCAL MUNICIPALITY

OFFICE OF THE MUNICIPAL MANAGER

Enquiries: Mr KP Mashego

DATE: 13 MAY 2022

The Executive Mayor: CLLR MF Nkadimeng
Thaba Chweu Municipality
P O Box 61
Ladenburg
1120

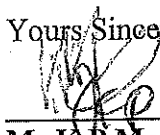
Dear Madam

SUBJECT: ACKNOWLEDGEMENT OF RECEIPT: SECTION 71 REPORT FOR APRIL 2022

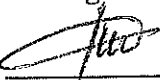
We hereby submit the Section 71 report for the month of April 2022 as stated in the MFMA that the accounting officer of a municipality must submit by no later than 10 working days after the end of each month, submit to the mayor of the municipality and relevant provincial treasury, a statement in the prescribed format on the state of the municipality's budget reflecting the following particulars for the month and for the financial year up to the end of that month.

Trust you find the above in order.

Yours Sincerely



Ms K.P. Molapo
Manager Budget and Treasury



Mr. K.K. Rakgala
Secretary of the Executive Mayor
Acknowledgement of receipt

Date: 13 MAY 2022

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LOCAL MUNICIPALITY

MEMORANDUM

TO : MR. KP MASHEGO (THE DEPUTY CHIEF FINANCIAL OFFICER)
DATE : 13 MAY 2022
SUBJECT : MFMA MONTHLY REPORT

Dear Sir

S71 of the MFMA states that;

1. The accounting officer of a municipality must by no later than 10 working days after the end of each month, submit the municipality and the relevant provincial treasury a statement in the prescribed format on the municipality's budget reflecting the following particulars for the month and the financial year up to the end of the month;

- Service Charges
- YTD Budget College Rate (year to date)
- Debtors Age Analysis by Consumer Group
- Revenue Raised from Conditional Grants.
- Capital Expenditure Performance
- Operating Expenditure Performance
- Bank Balances

Attached hereto is the report for the month of APRIL 2022.

I trust you will find the above in order.

Kind Regards


Mr. MR MNISI
THE CHIEF FINANCIAL OFFICER

Date: 13 / 05 / 2022

THABA CHWEU LOCAL MUNICIPALITY



SECTION 71 REPORT FOR THE MONTH APRIL 2021-2022 FY

FINANCE REPORT ON SECTION 71 OF THE MFMA

MONTHLY BUDGET STATEMENT FOR APRIL 2022

1. PURPOSE

- 1.1. The purpose of the item is to report to the executive mayor about the state of the municipality's budget in terms of section 71 of the MFMA.

2. LEGISLATIVE FRAMEWORK

- 2.1. Constitution of the Republic, Act 108 of 1996
- 2.2. Municipal Systems Act, Act 32 of 2000
- 2.3. Municipal Finance Management Act, Act 56 of 2003
- 2.4. Division of Revenue Act 2013

3. BACKGROUND

- 3.1. The monthly budget statement is done and compiled in a prescribed format, and it relates to the state of municipality's budget, among others reflecting the following particulars:

- Actual revenue per revenue source
- Actual expenditure per vote
- Actual capital expenditure per vote
- Amount of any allocation received, and
- Actual expenditure on those allocations...

- 3.2. It is the legislative requirement that an explanation of any material variance in terms of the income and expenditure projections as well as the service delivery and budget implementation plan (SDBIP) must be provided.

- 3.3. The mentioned explanations must be accompanied by the remedial or corrective steps taken or to be taken to ensure that projected revenue and expenditure remain within the municipality's approved budget.

4. INTRODUCTION

- 4.1. The monthly budget statement is hereby presented in terms of section 71 of the municipal finance management Act, Act 56 of 2003; its purpose is to reflect among others the general financial performance considering what has been budgeted for at the beginning of the financial year.

5. DELIBERATIONS/ DISCUSSION

The municipality's monthly budget statement for the period of April 2022 is here by summarised and presented as follows:

5.1 SERVICE CHARGES:

Type	Budgeted Revenue	Adjusted Budgeted Revenue	Monthly Billing	Monthly Collection	Collection Rate
Property Rates	R 125 000 000.00	R 125 000 000.00	R 8 202 462.05	R 4 579 755.01	56%
Water	R 59 817 541.88	R 59 817 541.88	R 1 534 119.29	R 2 794 589.08	182%
Sewerage	R 19 194 370.34	R 19 194 370.34	R 1 575 049.80	R 715 289.23	45%
Electricity	R 206 323 985.18	R 206 323 985.18	R 4 115 934.28	R 14 982 358.00	364%
Refuse	R 18 206 042.13	R 18 206 042.13	R 1 800 135.64	R 886 667.58	49%
TOTAL	R 428 541 939.52	R 428 541 939.52	R 17 227 701.06	R 23 958 658.90	139%

The collection rate for water and electricity is above 100% due to corrections made in the current month for billing errors that happened in previous months.

5.2 YTD BUDGET COLLECTION RATE (YEAR TO DATE):

Own Revenue Category	Annual Budget	Adjusted Budget	YTD Collection	YTD Rate
Rates and Service Charges	R428 541 940.00	R428 541 940.00	R267 893 864.57	63%
Other Revenue	R262 883 000.00	R267 518 000.00	R193 603 286.69	74%
Interest	R 32 500 000.00	R 32 500 000.00	R5 357 968.49	16%
TOTAL	R723 924 940.00	R728 559 940.00	R466 855 119.75	64%

The year to collection on all revenue sources are low, the municipality needs to fully implement the credit control and debt collection policy.

5.3 DEBTORS AGE ANALYSIS BY CONSUMER GROUP (R'000):

ACCOUNT_TYPE	202204 (Current)	202203 (30 Days)	202202 (60 Days)	202201 (90 Days)	202112 (120 Days)	202111 (150 Days)	202110 (180 Days)	202109-202105	202104+ (Over 1 Year)	Total
AGRICULTURAL	1 262 237.93	969 829.45	1 112 931.31	976 343.21	1 060 357.99	948 234.27	2 441 973.95	4 483 984.81	78 013 611.72	86 385 556.74
BUSINESS	6 099 681.02	1 615 249.62	914 570.76	877 980.96	605 543.87	892 691.26	690 965.25	2 946 853.38	18 625 515.69	33 269 051.81
INDUSTRIAL	1 651 256.86	710 919.38	537 673.20	542 268.72	559 577.81	439 862.00	468 043.73	1 659 050.45	10 138 881.93	16 707 534.08
MULTIPLE USE P	1 040 642.07	737 310.93	636 967.92	617 750.58	616 521.40	604 438.17	321 395.44	2 927 660.09	27 428 053.57	34 930 740.17
PUBLIC BEN ORG	307 145.36	59 687.97	58 230.11	50 854.32	42 928.13	33 256.99	15 203.06	167 758.90	1 556 510.26	2 291 575.10
PROTECTED AREA	2 062.92	2 004.00	2 004.00	1 945.05	1 945.05	1 945.05	1 886.10	9 430.50	491 357.89	514 580.56
PUBLIC SERV INFR	21 411.34	36 289.35	33 936.06	33 096.73	33 144.54	33 701.16	32 636.65	48 743.05	1 922 380.95	2 195 339.83
PUBLIC SERV PURP	1 507 225.67	361 504.60	283 191.55	278 189.28	216 927.89	194 455.96	5 519 139.40	504 372.57	761 990.01	2 420 027.01
RESIDENTIAL	11 457 003.17	7 090 611.44	6 700 212.82	6 339 898.12	6 301 275.19	6 139 865.61	5 856 628.97	27 601 510.41	217 854 779.63	295 341 785.36
RESIDENTIAL OTH	1 482 714.27	936 484.74	777 395.81	866 571.88	829 373.21	819 872.17	788 685.23	3 469 719.74	9 254 840.39	19 225 657.44
UNDEVELOPED	2 443 331.68	1 782 580.39	1 747 347.50	1 678 133.84	1 660 673.70	1 620 623.23	1 059 373.88	7 257 227.00	67 887 145.37	87 136 436.59
TOTAL	27 274 712.29	14 302 471.87	12 804 461.04	12 263 032.69	11 928 268.78	11 728 945.87	11 273 704.96	50 067 565.76	433 935 067.41	575 578 230.67

5.4 REVENUE RAISED FROM CONDITIONAL GRANTS:

Grant Description	Original Allocation	Adjusted Allocation	Grant Received to Date	Value of Condition met	Liability Balance	Expenditure in %
Equitable Share	R 165 565 000		R 163 148 000	R 163 148 000	R -	100%
Finance Management Grant (FMG)	R 3 000 000		R 3 000 000	R 1 735 586	R 1 264 414	58%
Expanded Public Works Programme (EPWP)	R 1 836 000		R 1 836 000	R 1 836 002	-R 2	100%
Municipal Infrastructural Grant (MIG)	R 49 982 000		R 49 982 000	R 45 532 574	R 4 449 426	91%
Water Service Infrastructure Grant (WSIG)	R 25 000 000	R 10 000 000	R 35 000 000	R 20 120 094	R 14 879 906	57%
GRANT TOTAL	R 246 383 000	R 10 000 000	R 252 966 000	R 232 372 257	R 20 593 743	92%

FMG grant is under performing the municipality must implement the activities that are on the FMG support plan to ensure that grant is completely spent by the end of financial year

5.5 OPERATING EXPENDITURE PERFORMANCE:

TYPE	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL APRIL 2022	YTD EXPENDITURE	%
Employee Costs	R 230 475 136.00	R230 475 136.00	R 18 512 724.20	R 181 218 258.29	79%
Councillors Remuneration	R 13 462 994.70	R13 462 994.70	R 1 005 461.41	R 9 319 100.25	69%
General Expenses	R 443 287 869.83	R420 832 534.30	R 48 427 412.10	R 394 738 312.02	89%
Repairs & Maintenance	R 61 160 000.00	R88 250 000.00	R 6 546 046.92	R 60 781 065.88	99%
TOTAL	R 748 386 000.53	R753 020 665.00	R 74 491 644.63	R 646 056 736.44	86%

5.6 CAPITAL EXPENDITURE PERFORMANCE:

The following information relates to capital expenditure incurred through Own Funding and Conditional grants:

PROJECTS BY VOTE	ORIGINAL BUDGET	ACTUAL EXPENDITURE APRIL 2022	YTD EXPENDITURE	% YTD/BUDGET
WATER PROJECTS	R 33 438 619.00	R 6 006 519.57	R23 771 771.74	71%
SANITAION PROJECTS	R 3 024 606.06	R -	R 4 145 407.23	137%
ROADS	R 36 019 675.00	R 3 776 378.70	R34 000 615.75	94%
COMMUNITY FACILITIES(STADIUM)	R 300 000.00	R -	R -	0%
FURNITURE			R 29 000.00	
MACHINERY & EQUIPMENT	R 1 190 000.00	R -	R -	0%
MINI SUBSTATIONS & TRANSFORMERS	R 10 000 000.00	R -	R 3 267 324.42	33%
TOTAL	R 83 972 900.06	R 9 782 898.27	R 65 214 119.14	78%

5.7. INVESTMENT PORTFOLIO AND BANK BALANCES:

BANK BALANCES			Amount
PRIMARY BANK ACCOUNT			R2 670 204.20
STANDARD CALL ACCOUNTS			R4 676 388.51
SUB TOTAL	R	-	R7 346 592.71
TOTAL	R	-	R7 346 592.71

IMPLICATIONS:

6.1. Legal implications

Compilation and submission of the monthly budget statement to the executive is a legislative requirement, the non-submission thereof has implications.

6.2. Financial implications

There are no financial implications since the monthly budget statement is done in house.

6. CONCLUSION:

It should be noted that monthly budget statement is prepared in terms of Section 71 of the MFMA

8.1. RECOMMENDATIONS BY THE MUNICIPAL MANAGER

It is recommended that the monthly budget statement for the month of APRIL 2022 be approved.