

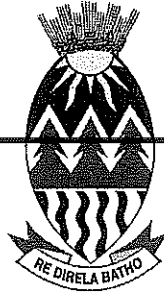
THABA CHWEU

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PO Box 61
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Cnr. Viljoen & Sentraal Streets

All Correspondence to be directed
to the Municipal Manager

LOCAL MUNICIPALITY MEMORANDUM

TO : MS. SS MATSI (THE ACTING MUNICIPAL MANAGER)
FROM : MR. KP MASHEGO (THE DEPUTY CHIEF FINANCIAL OFFICER)
DATE : 13 JANUARY 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 DECEMBER 2021.

I trust you will find the above in order.

Kind Regards


Mr. KP MASHEGO
THE DEPUTY CHIEF FINANCIAL

Date: 13/01/2022

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LOCAL MUNICIPALITY

OFFICE OF THE MUNICIPAL MANAGER

Enquiries: Mr KP Mashego

DATE: 13 JANUARY 2022

The Executive Mayor: CLLR MF Nkadineng
Thaba Chweu Municipality
P O Box 61
Lydenburg
1120

Dear Madam

SUBJECT: ACKNOWLEDGEMENT OF RECEIPT: SECTION 71 REPORT FOR DECEMBER 2021

We hereby submit the Section 71 report for the month of December 2021 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 the 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

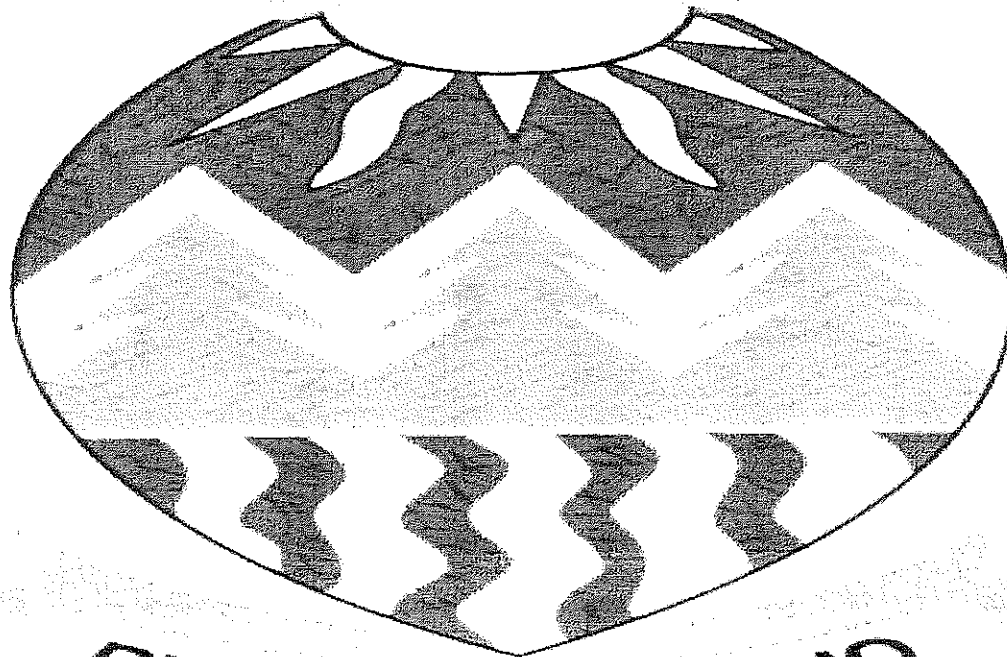


MR K.K Rakgatla
Secretary of the Executive Mayor

Acknowledgement of receipt

Date: 13/01/22

THABA CHWEU LOCAL MUNICIPALITY



RE DIRELA BATHO

SECTION 71 REPORT FOR THE MONTH DECEMBER 2021-2022 FY

FINANCE REPORT ON SECTION 71 OF THE MFMA

MONTHLY BUDGET STATEMENT FOR DECEMBER 2021

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 December 2021 is here by summarised and presented as follows:

5.1 SERVICE CHARGES:

Type	Budgeted Revenue	Monthly Billing	Monthly Collection	Collection Rate
Property Rates	R 125 000 000,00	R 8 614 801,38	R 5 406 460,13	63%
Water	R 59 817 541,88	R 4 529 098,42	R 2 985 521,99	66%
Sewerage	R 19 194 370,34	R 1 559 253,34	R 835 337,30	54%
Electricity	R 206 323 985,18	R 16 615 940,67	R 15 532 999,83	93%
Refuse	R 18 206 042,13	R 1 860 019,68	R 1 038 158,26	56%
TOTAL	R 428 541 939,52	R 33 179 113,49	R 25 798 477,51	78%

The monthly collection rate for all services charges are below than the norm (95%) of the billed revenue. This indicate that the consumers are not paying for their services, and this will have a negative impact on the municipal revenue.

5.2 YTD BUDGET COLLECTION RATE (YEAR TO DATE):

Own Revenue Category	Annual Budget	YTD Collection	YTD Rate
Rates and Service Charges	R 428 541 940,00	R 148 797 818,53	35%
Other Revenue	R 262 883 000,00	R 166 188 208,20	63%
Interest	R 32 500 000,00	R 5 887 299,73	18%
TOTAL	R 723 924 940,00	R 320 873 326,46	44%

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

Other revenue excludes grants.

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

ACCOUNT_TYPE	202112 (Current)	202111 (30 Days)	202110 (60 Days)	202109 (90 Days)	202108 (120 Days)	202107 (150 Days)	202106 (180 Days)	202105-202101 (210 Days to 1 Year)	202012+ (Over 1 Year)	Total
AGRICULTURAL	1 545 262,94	1 185 209,06	2 304 786,07	1 039 406,20	1 087 994,56	1 067 033,65	960 487,65	4 755 873,31	75 651 260,04	84 987 741,34
BUSINESS	5 630 895,54	1 715 856,89	899 452,08	919 242,91	703 383,87	818 529,45	693 758,62	2 730 003,70	18 513 264,45	32 624 387,51
INDUSTRIAL	1 627 760,13	522 173,64	497 105,76	308 773,12	458 899,29	477 793,38	475 623,08	923 532,80	9 598 176,58	14 889 837,78
MULTIPLE USE P	1 196 383,01	830 705,02	72 905,12	806 940,86	373 021,54	666 495,74	998 644,00	2 380 206,58	25 926 018,79	33 251 320,66
PUBLIC BEN ORG	319 093,13	65 589,78	32 968,66	49 155,01	35 819,72	33 184,08	20 722,97	170 922,53	1 438 514,70	2 165 970,58
PROTECTED AREA	1 945,05	1 945,05	1 886,10	1 886,10	1 886,10	1 886,10	1 886,10	9 430,50	483 813,49	506 564,59
PUBLIC SERWINFR	40 693,82	36 228,43	34 221,06	33 524,87	31 676,45	33 721,99	76 655,39	151 357,47	1 838 755,95	2 123 524,65
PUBLIC SERVPURP	1 013 517,72	823 811,00	5 840 344,09	359 712,29	1 343 426,89	225 974,89	308 876,48	1 056 081,50	821 104,50	2 574 692,60
RESIDENTIAL	11 607 147,01	7 831 433,84	6 805 197,10	7 042 694,50	6 615 286,64	6 875 681,05	5 902 845,07	26 603 663,30	208 200 007,15	287 483 955,66
RESIDENTIAL OTH	1 789 399,98	983 993,80	812 144,20	938 149,44	853 775,21	787 508,39	929 368,73	1 384 335,35	8 792 397,51	17 271 072,61
UNDEVELOPED	2 359 291,03	1 740 526,56	1 049 048,59	1 614 623,56	1 372 756,08	1 586 131,41	1 462 570,56	7 009 179,65	63 314 057,43	81 508 184,87
TOTAL	27 131 389,36	15 737 473,07	2 059 798,51	13 114 108,86	10 191 072,57	12 573 940,13	11 678 127,87	47 174 586,69	414 577 370,59	554 237 867,65

5.4 REVENUE RAISED FROM CONDITIONAL GRANTS:

Grant Source	Total Allocation	Grant received to date	Value of Condition met	Liability Balance	Expenditure in %
FMG	R 3 000 000,00	R 3 000 000,00	R 394 999,00	R 2 605 001,00	13%
EPWP	R 1 836 000,00	R 1 285 000,00	R 1 480 570,00	-R 195 570,00	115%
MIG	R 49 982 000,00	R 37 204 000,00	R 32 126 996,39	R 5 077 003,61	86%
WSIG	R 25 000 000,00	R 15 000 000,00	R 9 232 754,92	R 5 767 245,08	62%
TOTAL	R 79 818 000,00	R 56 489 000,00	R 43 235 320,31	R 13 253 679,69	77%

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	ACTUAL DECEMBER 2021	YTD EXPENDITURE	%
Employee Costs	R 230 475 136,00	R 19 951 787,19	R 108 909 044,50	47,25%
Councillors Remuneration	R 13 462 994,70	R 951 141,31	R 5 538 520,92	41,14%
General Expenses	R 443 287 869,83	R 45 549 876,03	R 221 248 966,57	49,91%
Repairs & Maintenance	R 61 160 000,00	R 2 595 587,58	R 30 310 617,58	49,56%
TOTAL	R 748 386 000,53	R 69 048 392,11	R 366 007 149,57	48,91%

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 DECEMBER 2021	YTD EXPENDITURE	% YTD/BUDGET
WATER PROJECTS	R 33 438 619,00	R 4 790 501,89	R13 772 211,59	41%
SANITATION PROJECTS	R 3 024 606,06	R 207 356,67	R3 925 987,23	130%
ROADS	R 36 019 675,00	R 896 194,86	R22 455 032,06	62%
COMMUNITY FACILITIES(STADIUM)	R 300 000,00	R -	R -	0%
MACHINERY & EQUIPMENT	R 1 190 000,00	R -	R -	0%
MINI SUBSTATIONS & TRANSFORMERS	R 10 000 000,00	R 99 999,00	R1 802 309,12	18%
TOTAL	R 83 972 900,06	R 5 994 052,42	R 41 955 540,00	50%

5.7. INVESTMENT PORTFOLIO AND BANK BALANCES:

				Amount	
BANK BALANCES				R7 487 684,79	
PRIMARY BANK ACCOUNTS				R655 085,84	
STANDARD & ABSA BANK CALL ACC					
SUB TOTAL	R	-	R	-	R8 142 770,63
TOTAL	R	-	R	-	R8 142 770,63

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.

7. CONCLUSION:

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

7.1. RECOMMENDATIONS BY THE MUNICIPAL MANAGER

It is recommended that the monthly budget statement for the month of December 2021 be approved.