

Lydenburg Head Office:

Tel: 013 235 7300
Fax: 013 235 1108

Sabie Unit:

Tel: 013 235 7444
Fax: 013 764 1077

Graskop Unit:

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**THABA CHWEU
LOCAL MUNICIPALITY**

24 Hors Emergency no:

Tel: 013 235 1788
013 235 7370
Toll free: 0800 007 222

PO Box 61

Lydenburg 1120
Cnr. Viljoen & Sentraal Streets

All Correspondence to be directed
To the Municipal Manager

OFFICE OF THE MUNICIPAL MANAGER

Enquiries: Mr KP Mashego

DATE: 14 SEPTEMBER 2022

The Executive Mayor: CLLR MF Nkadimeng

Thaba Chweu Municipality

P O Box 61

Lydenburg

1120

Dear Madam

SUBJECT: ACKNOWLEDGEMENT OF RECIEPT: SECTION 71 REPORT FOR AUGUST 2022

We hereby submit the Section 71 report for the month of August 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 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: 14/09/2022

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MEMORANDUM

TO : MS. SS MATSI (THE MUNICIPAL MANAGER)
FROM : MR. KP MASHEGO (THE DEPUTY CHIEF FINANCIAL OFFICER)
DATE : 14 SEPTEMBER 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 AUGUST 2022.

I trust you will find the above in order.

Kind Regards


Mr. KP MASHEGO
THE DEPUTY CHIEF FINANCIAL OFFICER

Date: 14 / 09 / 2022

THABA CHWEU LOCAL MUNICIPALITY



SECTION 71 REPORT FOR THE MONTH OF AUGUST 2022-2023 FY

FINANCE REPORT ON SECTION 71 OF THE MFMA

MFMA SECTION 71 REPORT AUGUST 2022

MONTHLY BUDGET STATEMENT FOR AUGUST 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 FRAME WORK

- 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 AUGUST 2022 is here by summarised and presented as follows:

5.1 SERVICE CHARGES:

Type	Budgeted Revenue	Monthly Billing	Monthly Collection	Collection Rate
Property Rates	R 116 112 863.00	R 8 958 109.89	R 5 581 621.84	62%
Water	R 59 721 324.00	R 4 738 029.42	R 2 632 976.70	56%
Sewerage	R 21 978 044.00	R 1 650 879.35	R 827 274.94	50%
Electricity	R 235 879 021.00	R 18 350 742.30	R 17 440 467.48	95%
Refuse	R 25 791 150.00	R 1 973 824.53	R 991 597.67	50%
TOTAL	R 459 482 402.00	R 35 671 585.49	R 27 473 938.63	77%

- The monthly collection rate for services is less than the norm (95%) of the billed revenue.

5.2 YTD BUDGET COLLECTION RATE (YEAR TO DATE):

Own Revenue Category	Annual Budget	YTD Collection	YTD Rate
Rates and Service Charges	R 459 482 402.00	R 49 850 803.32	11%
Other Revenue	R 35 821 154.00	R 4 880 172.96	14%
Transfers and subsidies (grants)	R 308 773 000.00	R 99 777 000.00	32%
Interest on outstanding debtors	R 24 215 752.00	R 350 602.28	1%
Interest earned on external investment	R 491 694.00	R 90 183.68	18%
TOTAL	R 828 784 002.00	R 154 948 762.24	19%

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

ACCOUNT_TYPE	202209 (Current)	202208 (30 Days)	202207 (60 Days)	202206 (90 Days)	202205 (120 Days)	202204 (150 Days)	202203 (180 Days)	202202-202110 (210 Days)	202109+	Total
AGRICULTURAL	23649.53	1407024.55	1182958.46	-4214.6	1062368.75	961510.25	1011403.35	3245062.17	81804832	90694594
BUSINESS	-286178.01	4186376.47	1440292.98	1229872.03	461297.72	702728.92	683494.87	3089097.42	18780078	30287060
INDUSTRIAL	-9513.65	1347743.54	-33491.03	318089.39	363810.86	471146.71	359430.74	2110019.16	11487231	16414466
MINING	0	672.21	883.2	842.88	842.88	842.88	842.88	4214.4	24214.5	33355.83
MULTIPLE USE P	12314.63	1027276.73	749681.72	580262.88	648632.78	625848.96	614787.92	2781999.56	30070619	37111424
PUBLIC BEN ORG	-920.06	223520.31	62671.68	41969.25	32884.07	55734.37	38034.15	117675.05	1411399.9	1982968.3
PROTECTED AREA	0	2357.63	2357.63	2180.82	2062.92	2062.92	2004	9725.25	500788.39	523539.56
PUBLIC SERV INFR	-599.75	47800.54	41304.83	39788.59	36719.25	33823.09	34819.69	165038.88	1965900.7	2364595.9
PUBLIC SERV PURP	-196066.37	936408.88	503490.75	-1640603.61	168873.08	101889.18	90365.79	-3765011.47	550084.79	-3250569.
RESIDENTIAL	-1410431.88	10858105.5	8389038.95	7074228.65	6969321.58	6165669.11	6234264.78	29193292.11	24132948	31480297
RESIDENTIAL OTH	-16671.37	1318020.78	734929.84	552256.98	513070.74	447791.98	364550.34	1711151.89	10225587	15850688
UNDEVELOPED	-1461736.23	1915979.15	1660274.42	1557295.21	1699033.83	1633796.19	1597860.64	7270167.79	70824505	86697176
TOTAL	-3346153.16	23271286.29	14734393.43	9751968.47	11958918.46	11202844.56	11031859.15	45932432.21	46897473	59351227

- The municipality debtor's book decreased with R 1 Million when compared to previous months.

5.4 REVENUE RAISED FROM CONDITIONAL GRANTS:

Grant Description	Original Allocation	Grant Received to Date	Value of Condition met	Liability Balance	Expenditure in %
Equitable Share	R 187,934,000	R 73,294,000	R 73,294,000	R -	100%
Finance Management Grant (FMG)	R 3,000,000	R 3,000,000	R 132,332	R 2,867,668	0%
Expanded Public Works Programme (EPW)	R 1,932,000	R 483,000	R 533,126	R 50,126	0%
Municipal Infrastructural Grant (MIG)	R 53,907,000	R 18,000,000	R 1,089,361	R 16,810,639	4%
Water Service Infrastructure Grant (WSIG)	R 40,000,000	R 3,000,000	R -	R 3,000,000	0%
Regional Bulk Infrastructure	R 2,000,000		R -		0%
Integrated National Electrification	R 20,000,000	R 2,000,000	R -		0%
GRANT TOTAL	R 308,773,000	R 99,777,000	R 75,046,819	R 22,728,181	100%

- The municipality realized 100% spending on Equitable Share.

5.5 OPERATING EXPENDITURE PERFORMANCE:

TYPE	ORIGINAL BUDGET	ACTUAL EXPENDITURE	ACTUAL EXPENDITURE	%
Employee Costs	R 254,915,983.00	R 18,615,455.48	R 37,725,974.00	15%
Councillors Remuneration	R 14,122,691.00	R 981,872.99	R 1,949,182.86	14%
General Expenses	R 535,642,525.00	R 49,142,172.63	R 108,623,555.15	20%
Repairs & Maintenance	R 80,370,000.00	R 3,668,867.90	R 8,982,756.02	11%
TOTAL	R 885,051,199.00	R 72,408,369.00	R 157,281,468.03	18%

5.6 CAPITAL EXPENDITURE PERFORMANCE:

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

DESCRIPTION	ORIGINAL BUDGET	ACTUAL EXPENDITURE	ACTUAL EXPENDITURE	%
WATER PROJECTS	R 31,119,857.00		R 0.00	0%
ELECTRICITY	R 20,000,000.00		R 0.00	0%
SANITATION PROJECTS	R 61,313,114.00		R 0.00	0%
ROADS	R 778,729.00	R 113,109.22	R 554,108.33	71%
VEHICLE	R 1,000,000.00		R 0.00	0%
MACHINERY & EQUIPMENT	R 4,450,000.00		R 0.00	0%
MINI SUBSTATIONS & TRANSFORMERS	R 7,200,000.00		R 213,073.15	3%
TOTAL	R 125,861,700.00	R 113,109.22	R 767,181.48	1%

5.7. INVESTMENT PORTFOLIO AND BANK BALANCES:

			Amount
BANK BALANCES			
PRIMARY BANK ACCOUNT			R9,684,571.68
STANDARD CALL ACCOUNTS			R17,805,270.58
SUB TOTAL	R	-	R27,489,842.26
TOTAL	R	-	R27,489,842.26

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 AUGUST 2022 be approved.