

THABA CHWEU

Lydenburg Head Office:

Tel: 013 235 7300
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24 Hours 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

LOCAL MUNICIPALITY

OFFICE OF THE MUNICIPAL MANAGER

Enquiries: Mr KP Mashego

DATE: 13 JUNE 2022

The Executive Mayor: CLLR MF Nkadimeng

Thaba Chweu Municipality

P O Box 61

Lydenburg

1120

Dear Madam

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

We hereby submit the Section 71 report for the month of May 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: 30 JUNE 2022

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LOCAL MUNICIPALITY MEMORANDUM

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

I trust you will find the above in order.

Kind Regards



Mr. KP MASHEGO
THE DEPUTY CHIEF FINANCIAL OFFICER

Date: 14 / 06 / 2022

THABA CHWEU LOCAL MUNICIPALITY



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

FINANCE REPORT ON SECTION 71 OF THE MFMA

MONTHLY BUDGET STATEMENT FOR MAY 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 May 2022 is here by summarised and presented as follows:

5.1 SERVICE CHARGES:

Type	Budgeted Revenue	Adjusted Budgeted Revenue	Monthly Billing	Monthly Collection
Property Rates	R 125,000,000.00	R 125,000,000.00	R 8,536,709.26	R 5,375,117.59
Water	R 59,817,541.88	R 59,817,541.88	R 4,815,564.54	R 2,716,471.70
Sewerage	R 19,194,370.34	R 19,194,370.34	R 1,520,164.43	R 813,521.48
Electricity	R 206,323,985.18	R 206,323,985.18	R 16,964,780.98	R 15,610,656.98
Refuse	R 18,206,042.13	R 18,206,042.13	R 1,854,109.08	R 1,023,456.75
TOTAL	R 428,541,939.52	R 428,541,939.52	R 33,691,328.29	R 25,539,224.50

- The monthly collection rate for services is less than the norm (95%) of the billed revenue. This indicates that the consumers are not paying for their services and municipal control measures were on hold due to COVID-19 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	Adjusted Budget	YTD Collection
Rates and Service Charges	R 428,541,940.00	R 428,541,940.00	R 293,433,089.07
Other Revenue	R 262,883,000.00	R 267,518,000.00	R 250,736,231.85
Interest	R 32,500,000.00	R 32,500,000.00	R 5,596,313.12
TOTAL	R 723,924,940.00	R 728,559,940.00	R 549,765,634.04

- Other revenue excludes grants.

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

ACCOUNT_TYPE	202205 (Current)	202204 (30 Days)	202203 (60 Days)	202202 (90 Days)	202201 (120 Days)	202112 (150 Days)	202111 (180 Days)	202110-202106	202105+ (Over 1 Year)	Total
AGRICULTURAL	1,034,947.34	1,018,015.89	1,062,634.51	1,033,846.72	976,236.68	953,292.81	942,169.44	1,112,455.30	78,816,414.57	86,950,013.26
BUSINESS	3,307,404.14	1,054,499.05	929,337.57	872,892.93	833,119.60	615,908.67	839,365.30	2,984,176.07	18,434,268.95	29,870,972.28
INDUSTRIAL	1,177,777.57	509,580.58	494,488.71	407,787.46	436,456.35	448,095.86	422,580.77	1,626,048.95	10,420,774.12	15,943,590.37
MULTIPLE USE P	646,621.83	660,641.41	717,587.98	627,690.70	612,619.43	608,214.66	603,697.16	3,032,795.20	27,808,403.65	35,318,272.02
PUBLIC BEN ORG	202,675.88	68,003.76	59,130.69	57,503.62	50,913.72	42,565.77	33,071.03	158,924.37	1,592,493.97	2,265,282.81
PROTECTED AREA	2,062.92	2,062.92	2,004.00	2,004.00	1,945.05	1,945.05	1,945.05	9,430.50	493,243.99	516,643.48
PUBLIC SERV INFR	38,387.67	35,891.40	35,389.20	33,335.59	33,096.43	33,144.24	33,700.86	51,953.10	1,950,223.30	2,245,121.79
PUBLIC SERV PURP	499,252.94	375,568.17	278,745.18	210,622.97	167,437.59	175,714.54	173,190.77	5,469,863.13	1,444,093.12	2,145,237.85
RESIDENTIAL	9,289,121.92	7,245,514.19	6,743,887.85	6,581,614.59	6,170,906.76	6,029,598.02	6,056,242.38	28,237,923.26	221,636,586.83	297,991,395.80
RESIDENTIAL OTH	1,225,208.02	643,913.13	867,342.78	782,161.74	620,981.13	457,404.92	434,033.92	1,975,802.64	9,477,409.21	16,484,257.49
UNDEVELOPED	1,858,123.58	1,788,640.28	1,741,756.60	1,711,476.31	1,653,538.19	1,632,995.29	1,591,736.23	6,843,225.88	68,970,808.32	87,792,300.68
TOTAL	19,281,583.81	13,402,330.78	12,932,305.07	12,320,936.63	11,557,250.93	10,998,879.83	11,131,732.91	40,562,872.14	441,044,720.03	573,232,612.13

- The municipality debtor's book increased with R 10 Million from the previous month credit control policy need to be implemented in order to minimize it.

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 1,776,180	R 1,223,820	59%
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 49,595,705	R 386,295	99%
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	40%
GRANT TOTAL	R 245,383,000	R 10,000,000	R 252,966,000	R 232,372,257	R 20,593,743	92%

- Expenditure incurred on WSIG due to that procurement processes to appoint service providers is finalized.

5.5 OPERATING EXPENDITURE PERFORMANCE:

TYPE	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL MAY 2022	YTD EXPENDITURE
Employee Costs	R 230,475,136.00	R230,475,136.00	R 18,613,290.55	R 199,831,548.84
Councillors Remuneration	R 13,462,994.70	R13,462,994.70	R 953,561.85	R 10,272,662.10
General Expenses	R 443,287,869.83	R420,832,534.30	R 18,637,906.78	R 413,376,218.80
Repairs & Maintenance	R 61,160,000.00	R88,250,000.00	R 6,287,763.82	R 67,068,829.70
TOTAL	R 748,386,000.53	R753,020,665.00	R 44,492,523.00	R 690,549,259.44

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 MAY 2022	YTD EXPENDITURE	% YTD/BUDGET
WATER PROJECTS	R 33,438,619.00		R23,771,771.74	71%
SANITATION PROJECTS	R 3,024,606.06	R -	R 4,145,407.23	137%
ROADS	R 36,019,675.00	R 4,063,130.50	R38,063,746.25	106%
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 143,791.00	R 3,411,115.42	34%
TOTAL	R 83,972,900.06	R 4,206,921.50	R 69,421,040.64	83%

5.7. INVESTMENT PORTFOLIO AND BANK BALANCES:

BANK BALANCES			Amount
PRIMARY BANK ACCOUNT			R1,436,839.49
STANDARD CALL ACCOUNTS			R52,936,013.44
SUB TOTAL	R -	R -	R54,372,852.93
TOTAL	R -	R -	R54,372,852.93

No funds invested in the reporting period.

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 MAY 2022 be approved.