

THABA CHWEU

Lydenburg Head Office:

Tel: 013 235 7300

Fax: 013 235 1108

Sabie Unit:

Tel: 013 235 7444

Fax: 013 764 1077

Graskop Unit:

Tel: 013 767 7448

Fax: 013 767 1611

www.thabachweu.gov.za



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 MEMORANDUM

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

I trust you will find the above in order.

Kind Regards


Mr. KP MASHEGO
THE DEPUTY CHIEF FINANCIAL

Date: 14 March 2022

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LOCAL MUNICIPALITY

OFFICE OF THE MUNICIPAL MANAGER

Enquiries: Mr KP Mashego

DATE: 14 MARCH 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 FEBRUARY 2022

We hereby submit the Section 71 report for the month of August 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: 14/03/2022

THABA CHWEU LOCAL MUNICIPALITY



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

MFMA SECTION 71 REPORT FEBRUARY
2022

FINANCE REPORT ON SECTION 71 OF THE MFMA

MONTHLY BUDGET STATEMENT FOR FEBRUARY 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 February 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 125 000 000,00	R 8 461 327,44	R 5 302 239,50	63%
Water	R 59 817 541,88	R 4 372 825,32	R 2 184 827,14	50%
Sewerage	R 19 194 370,34	R 1 535 530,95	R 726 474,34	47%
Electricity	R 206 323 985,18	R 16 052 164,64	R 13 700 156,05	85%
Refuse	R 18 206 042,13	R 1 877 235,77	R 903 892,77	48%
TOTAL	R 428 541 939,52	R 32 299 084,12	R 22 817 589,80	71%

- 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	YTD Collection	YTD Rate
Rates and Service Charges	R 428 541 940,00	R 219 022 476,57	51%
Other Revenue	R 262 883 000,00	R 166 336 554,95	63%
Interest	R 32 500 000,00	R 8 724 225,05	27%
TOTAL	R 723 924 940,00	R 373 070 140,31	52%

- Other revenue excludes grants.

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

ACCOUNT TYPE	202202 (Current)	202201 (30 Days)	202112 (60 Days)	202111 (90 Days)	202110 (120 Days)	202109 (150 Days)	202108 (180 Days)	202107-202103	202102+ (Over 1 Year)	Total
AGRICULTURAL	1302508,85	898994,9	1071624,73	964067,06	-2489740,18	883360,96	921830,97	4416728,13	76671020,86	84640396,28
BUSINESS	5812472,04	1281586,56	753231,87	1035692,03	762861,41	753799,39	684575,58	3153062,05	19324146,66	33561427,59
INDUSTRIAL	1506758,67	603009,83	565342	439756,57	468043,73	307334,31	456697,9	1415947,84	9843543,02	15606433,87
MULTIPLE USE P	1027425,08	695318,75	727474,39	619257,86	137245,47	698622,79	320929,6	2720716,15	26718545,2	33665535,29
PUBLIC BEN ORG	299700,97	55026,24	50002,94	39866,76	17440,63	35484,22	36116,87	159151,76	1507840,62	2200631,01
PROTECTED AREA	2004	1945,05	1945,05	1945,05	1886,1	1886,1	1886,1	9430,5	487585,69	510513,64
PUBLIC SERV INFR	41753,49	36690,89	34808,8	34487,65	33413,68	33489,25	31646,39	48330,28	1896191,36	2190811,79
PUBLIC SERV PUR	1378643,7	542119,67	488447,1	470197,92	-5732918,72	285814,23	-1132703	1122621,55	1536057,77	-1041719,78
RESIDENTIAL	11198469,87	7120842,82	7116888,97	7233053	6918357,2	6748425,87	6140667,83	28408449,81	217165160,9	298050316,3
RESIDENTIAL OTH	1712769,07	994275,63	867379,6	878464,26	808316,05	898229,55	800188,11	2619433,58	9098847,69	18677903,54
UNDEVELOPED	2065819,97	1978989,11	1703887,18	1645973,07	1049650,57	1579492,64	1353029,14	7199214,58	65723716,44	84299772,7
TOTAL	26 348 325,71	14 208 799,45	13 381 032,63	13 362 761,23	1 974 555,94	12 225 939,31	9 614 865,49	51 273 086,23	429 972 656,21	572 362 022,20

- 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	Grant Received to Date	Value of Condition met	Liability Balance	Expenditure in %
Equitable Share	R 165 565 000	R 121 846 000	R 121 846 000	R -	100%
Finance Management Grant (FMG)	R 3 000 000	R 3 000 000	R 966 837	R 2 033 164	32%
Expanded Public Works Programme (EPWP)	R 1 836 000	R 1 836 000	R 1 836 000	R -	100%
Municipal Infrastructural Grant (MIG)	R 49 982 000	R 37 204 000	R 34 785 090	R 2 418 910	93%
Water Service Infrastructure Grant (WSIG)	R 25 000 000	R 15 000 000	R 14 113 575	R 886 425	94%
GRANT TOTAL	R 245 383 000	R 178 886 000	R 173 547 501	R 5 338 499	97%

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

5.5 OPERATING EXPENDITURE PERFORMANCE:

TYPE	ORIGINAL BUDGET	ACTUAL FEBRUARY 2022	YTD EXPENDITURE	%
Employee Costs	R 230 475 136,00	R 17 812 549,51	R 144 685 673,74	63%
Councillors Remuneration	R 13 462 994,70	R 924 068,80	R 7 387 522,52	55%
General Expenses	R 443 287 869,83	R 18 137 116,70	R 264 178 088,18	60%
Repairs & Maintenance	R 61 160 000,00	R 7 855 933,78	R 48 072 191,12	79%
TOTAL	R 748 386 000,53	R 44 729 668,79	R 464 323 475,56	62%

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 FEBRUARY 2022	YTD EXPENDITURE	% YTD/BUDGET
WATER PROJECTS	R 33 438 619,00	R 2 231 564,82	R 17 218 957,32	51%
SANITATION PROJECTS	R 3 024 606,06	R -	R 3 925 987,23	130%
ROADS	R 36 019 675,00	R -	R 24 534 533,38	68%
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 -	R 2 512 588,62	25%
TOTAL	R 83 972 900,06	R 2 231 564,82	R 48 192 066,55	57%

5.7. INVESTMENT PORTFOLIO AND BANK BALANCES:

BANK BALANCES			Amount
PRIMARY BANK ACCOUNTS			R4 843 816,33
STANDARD & ABSA BANK CALL ACC			R660 464,40
SUB TOTAL	R	-	R5 504 280,73

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 FEBRUARY 2022 be approved.