

THABA CHWEU LOCAL MUNICIPALITY



MFMA SECTION 71 REPORT:

MONTHLY BUDGET STATEMENT FOR JANUARY 2021

FINANCE REPORT ON SECTION 71 OF THE MFMA

MONTHLY BUDGET STATEMENT FOR JANUARY 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 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 January 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 93 092 680	R 7 738 832	R 6 844 019	88%
Water	R 55 644 216	R 3 433 778	R 2 722 841	79%
Sewerage	R 16 085 796	R 1 369 985	R 905 775	66%
Electricity	R 172 873 056	R 16 242 362	R 7 214 804	44%
Refuse	R 16 935 852	R 1 682 538	R 1 124 381	67%
TOTAL	R 354 631 600	R 30 467 494	R 18 811 820	62%

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 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 354 631 600	R 142 329 508	40%
Other Revenue	R 11 759 844	R 2 151 025	18%
Interest	R 32 619 248	R 3 797 464	12%
TOTAL	R 399 010 692	R 148 277 997	37%

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

ACCOUNT TYPE	LESS THAN 30 DAYS	PLUS-30 DAYS	PLUS-60 DAYS	MORE THAN 90 DAYS	GRAND TOTAL
AGRICULTURAL	R 1 243 299	-R 2 064 230	R 1 032 063	R 81 194 335	R 81 405 466
BUSINESS	R 5 622 532	R 1 720 278	R 1 225 080	R 23 103 312	R 31 671 202
INDUSTRIAL	R 1 589 567	R 839 529	R 605 928	R 11 746 390	R 14 781 414
MULTIPLE USE P	R 910 111	R 638 714	R 314 145	R 30 872 884	R 32 735 854
PUBLIC BEN ORG	R 287 878	R 77 633	R 68 324	R 1 586 626	R 2 020 462
PROTECTED ARE	R 1 886	R 1 886	R 1 886	R 480 041	R 485 700
PUBLIC SERVINF	R 35 863	R 33 492	R 31 174	R 1 959 472	R 2 060 002
PUBLIC SERVPUF	R 1 174 836	R 441 059	-R 4 838 814	R 2 919 437	-R 303 483
RESIDENTIAL	R 10 133 433	R 7 523 622	R 6 308 242	R 219 775 313	R 243 740 610
RESIDENTIAL OT	R 1 043 291	R 811 036	R 588 783	R 12 510 729	R 14 953 839
UNDEVELOPED	R 2 196 977	R 1 697 907	R 1 366 629	R 65 908 504	R 71 170 018
TOTAL	R 24 239 672	R 11 720 926	R 6 703 440	R 452 057 044	R494 721 082

The municipality debtor's book increased with R 5 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 Source	Total Allocation	Grant received to date	Value of Condition met	Liability Balance	Expenditure %
FMG	R 3 000 000	R 3 000 000	R 1 123 749	R 1 876 251	37%
EPWP	R 1 707 000	R 1 195 000	R 1 878 075	-R 683 075	157%
MIG	R 47 076 000	R 36 273 000	R 24 847 988	R 11 425 012	69%
WSIG	R 15 000 000	R 9 500 000	R 4 282 592	R 5 217 408	45%
INEP	R 2 000 000	R 2 000 000	R -	R 2 000 000	0%
WSIG-Roll Over	R -	R 3 085 910	R 2 495 022	R 590 888	81%
TOTAL	R 68 783 000	R 55 053 910	R 34 627 426	R 20 426 484	63%

No Expenditure incurred on INEP due to delay in appointing a contractor

5.5 OPERATING EXPENDITURE PERFORMANCE:

TYPE	ORIGINAL BUDGET	SPECIAL ADJUSTMENT BUDGET	ACTUAL JANUARY 2021	YTD EXPENDITURE	%
Employee Costs	R 204 842 534	R 204 842 534	R 17 468 578	R 130 945 723	55%
Councillors Remuneration	R 12 523 680	R 12 523 680	R 952 073	R 6 734 339	46%
General Expenses	R 315 344 760	R 325 594 686	R 17 597 291	R 199 406 769	56%
Repairs & Maintenance	R 24 771 648	R 27 028 644	R 2 663 267	R 26 075 555	85%
TOTAL	R 557 482 622	R 569 989 544	R 38 681 209	R 363 162 386	57%

5.6 CAPITAL EXPENDITURE PERFORMANCE:

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

PROJECTS BY VOTE	ORIGINAL BUDGET	SPECIAL ADJUSTMENT BUDGET	ACTUAL EXPENDITURE JANUARY 2021	YTD EXPENDITURE 2021	% YTD/BUDGET
WATER PROJECTS	R38 269 022.73	R38 269 022.73	R -	R14 892 201.59	39%
WATER PROJECTS(Roll over)	R -	R 3 085 910.04	R -	R -	0%
ELECTRICITY	R 2 000 000.00	R 2 000 000.00	R -	R 5 450 029.44	273%
SANITAION PROJECTS	R12 016 886.09	R12 016 886.09	R -	R 2 789 539.13	23%
ROADS	R 1 796 363.72	R 1 796 363.72	R -	R 5 055 801.06	281%
COMMUNITY FACILITIES(STADIUM)	R 7 639 937.46	R 7 639 937.46	R -	R -	0%
MACHINERY & EQUIPMENT	R 200 000.00	R 1 000 000.00	R -	R -	0%
FLEET	R 350 000.00	R 9 350 000.00	R -	R 1 887 417.89	20%
MINI SUBSTATIONS & TRANSFORM	R -	R 2 000 000.00	R -	R -	0%
TOTAL	R 62 272 210.00	R 77 158 120.04	R -	R 30 074 989.11	39%

5.7. INVESTMENT PORTFOLIO AND BANK BALANCES:

INVESTMENT REGISTER JANUARY 2021						
Institution	Opening Balance	New Investment	Interest Received/ Capitalised	Investment Withdrawn	Terms	Closing Balance
INVESTMENTS						
STANDARD BANK INVESTEMENT #1						
Source of Funds:						
Original Investment Amount: R 15 000 000						
Effective date: 15 December 2020						
Maturity date: 31 January 2021	R 15 028 359	R -	R 79 250	-R 5 000 000	47 Days @ 4.31%	R 10 107 609
SUB TOTAL	R 15 028 359	R -	R 79 250	-R 5 000 000		R 10 107 609
BANK BALANCES						
PRIMARY BANK ACCOUNTS	R 10 339 377					R 10 339 377
STANDARD & ABSA BANK CALL A	R 2 811 038					R 2 811 038
SUB TOTAL	R 13 150 416	R -	R -	R -		R 13 150 416
TOTAL	R 28 178 775	R -	R 79 250	-R 5 000 000		R 23 258 025

6. IMPLICATIONS:

Legal implications

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

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

RECOMMENDATIONS BY THE MUNICIPAL MANAGER

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