

# 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 AUGUST 2021  
**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 JULY 2021.

I trust you will find the above in order.

Kind Regards

  
\_\_\_\_\_  
Mr. KP MASHEGO  
THE DEPUTY CHIEF FINANCIAL  
Date: 13/08/2021

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## LOCAL MUNICIPALITY

### OFFICE OF THE MUNICIPAL MANAGER

Enquiries: Mr KP Mashego

DATE: 13 AUGUST 2021

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 JULY 2021**

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: \_\_\_\_\_

# THABA CHWEU LOCAL MUNICIPALITY



## SECTION 71 REPORT FOR THE MONTH OF JULY 2021-2022 FY

## **FINANCE REPORT ON SECTION 71 OF THE MFMA**

### **MONTHLY BUDGET STATEMENT FOR JULY 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 July 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 8,460,950.90	R 8,207,087.00	97%
Water	R 59,817,541.88	R 5,041,287.65	R 2,930,036.65	58%
Sewerage	R 19,194,370.34	R 1,509,410.32	R 900,487.00	60%
Electricity	R 206,323,985.18	R 28,853,310.62	R 16,870,363.42	58%
Refuse	R 18,206,042.13	R 1,830,701.80	R 1,112,601.43	61%
<b>TOTAL</b>	<b>R 428,541,939.52</b>	<b>R 45,695,661.29</b>	<b>R30,020,575.50</b>	<b>66%</b>

- The monthly collection rate for services is less than the norm (68%) of the billed revenue. This indicates that the consumers are not paying for their services, and this has 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	R94,840,020.41	22%
Other Revenue	R 262,883,000.00	R815,353.51	0%
Interest	R 32,500,000.00	R2,881,077.86	9%
<b>TOTAL</b>	<b>R 723,924,940.00</b>	<b>R 98,536,451.78</b>	<b>14%</b>

Other revenue excludes grants.

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

ACCOUNT_TYPE	202107 (Current)	202106 (30 Days)	202105 (60 Days)	202104 (90 Days)	202103 (120 Days)	202102 (150 Days)	202101 (180 Days)	202012-202008 (210 Days to 1 Year)	202007+ (Over 1 Year)	Total
AGRICULTURAL	1 323 710,92	1 345 149,77	1 191 685,78	1 226 592,91	1 019 008,82	977 677,27	948 486,18	4 739 358,98	73 922 308,98	86 693 979,61
BUSINESS	6 002 785,95	1 714 014,62	854 701,27	900 510,41	596 735,64	668 742,84	570 082,69	2 722 770,79	17 129 605,62	31 159 949,83
INDUSTRIAL	1 700 827,18	922 444,34	914 309,04	551 432,04	334 108,22	185 432,70	170 641,11	581 434,84	9 125 924,23	14 486 553,70
MULTIPLE USE P	1 217 376,17	1 228 052,31	816 692,20	2 909 576,14	513 118,61	508 954,66	446 595,55	2 048 828,42	28 171 653,22	37 860 847,28
PUBLIC BEN ORG	395 011,59	119 797,87	59 740,00	41 105,84	54 463,55	23 623,43	36 472,57	173 082,07	1 273 101,60	2 176 398,52
PROTECTED AREA	1 886,10	1 886,10	1 886,10	1 886,10	1 886,10	1 886,10	1 886,10	9 430,50	474 382,99	497 016,19
PUBLIC SERV INFR	40 859,30	73 042,07	33 886,73	31 824,81	33 594,35	33 522,34	29 730,94	150 456,38	1 797 155,05	2 077 987,83
PUBLIC SERV PURP	1 836 377,46	966 463,96	683 668,75	290 043,89	216 975,45	343 119,32	167 417,96	3 095 594,89	2 602 586,59	4 011 058,49
RESIDENTIAL	20 279 904,50	6 527 657,33	6 170 928,16	6 201 423,31	5 869 572,66	5 807 491,03	5 457 431,65	26 879 633,50	187 788 029,44	270 982 071,58
RESIDENTIAL OTH	4 570 836,52	994 957,11	457 661,29	422 180,59	459 129,08	363 439,71	216 501,89	2 098 363,65	8 402 390,59	8 843 787,39
UNDEVELOPED	2 404 002,76	1 555 135,83	1 578 475,16	1 547 219,13	1 520 286,04	1 510 857,78	1 452 076,45	6 928 841,30	58 735 801,66	77 232 696,11
<b>TOTAL</b>	<b>30 631 905,41</b>	<b>15 302 517,17</b>	<b>12 763 634,48</b>	<b>14 123 795,17</b>	<b>10 618 878,52</b>	<b>10 424 747,18</b>	<b>9 497 323,09</b>	<b>43 236 605,54</b>	<b>389 422 939,97</b>	<b>536 022 346,53</b>

- The municipality debtor's book increased with R 19million from the previous month credit control policy need to be implemented 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 in %
FMG	R 3 000 000	R -	R 40 000	-R 40 000	0%
EPWP	R 1 836 000	R -	R 254 094	-R 254 094	0%
MIG	R 49 982 000	R 13 088 000	R 1 140 087	R 11 947 913	9%
WSIG	R 25 000 000	R 5 000 000	R -	R 5 000 000	0%
<b>GRANT TOTAL</b>	<b>R 79 818 000</b>	<b>R 18 088 000</b>	<b>R 1 434 181</b>	<b>R 16 653 819</b>	<b>8%</b>

#### 5.5 OPERATING EXPENDITURE PERFORMANCE:

TYPE	ORIGINAL BUDGET	ACTUAL JULY 2021	YTD EXPENDITURE	%
Employee Costs	R230 475 136,00	R17 655 107,16	R17 655 107,16	8%
Councillors Remuneration	R13 462 994,70	R951 041,31	R951 041,31	7%
General Expenses	R448 287 428,83	R45 142 964,02	R45 142 964,02	10%
Repairs & Maintenance	R61 160 000,00	R2 392 661,25	R2 392 661,25	4%
<b>TOTAL</b>	<b>R753 385 559,53</b>	<b>R66 141 773,74</b>	<b>R66 141 773,74</b>	<b>9%</b>

#### 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 JULY 2021	YTD EXPENDITURE JULY 2021	% YTD/BUDGET
WATER PROJECTS	R 33 438 619,00	R -	R -	0%
SANITATION PROJECTS	R 3 024 606,06	R -	R -	0%
ROADS	R 36 019 675,00	R 891 399,50	R 891 399,50	2%
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 -	0%
<b>TOTAL</b>	<b>R 83 972 900,06</b>	<b>R 891 399,50</b>	<b>R 891 399,50</b>	<b>1%</b>

## 5.7. INVESTMENT PORTFOLIO AND BANK BALANCES:

<b>BANK BALANCES</b>					
PRIMARY BANK ACCOUNTS				R7 213 737,91	
STANDARD & ABSA BANK CALL ACC				R12 756 287,16	
<b>SUB TOTAL</b>	<b>R</b>	<b>-</b>	<b>R</b>	<b>-</b>	<b>R19 970 025,07</b>
<b>TOTAL</b>	<b>R</b>	<b>-</b>	<b>R</b>	<b>-</b>	<b>R 19 970 025,07</b>

### 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 JULY 2021 be approved.