

THABA CHWEU

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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: 15 AUGUST 2022

The Executive Mayor: CLLR MF Nkadameng
Thaba Chweu Municipality
P O Box 61
Lydenburg
1120

Dear Madam

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

We hereby submit the Section 71 report for the month of July 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: 15/08/2022

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LOCAL MUNICIPALITY

MEMORANDUM

TO : MS. SS MATSI (THE MUNICIPAL MANAGER)
FROM : MR. KP MASHEGO (THE DEPUTY CHIEF FINANCIAL OFFICER)
DATE : 15 AUGUST 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 JULY 2022.

I trust you will find the above in order.

Kind Regards



Mr. KP MASHEGO
THE DEPUTY CHIEF FINANCIAL OFFICER
Date: 15 / 08 / 2022

THABA CHWEU LOCAL MUNICIPALITY



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

FINANCE REPORT ON SECTION 71 OF THE MFMA

MFMA SECTION 71 REPORT JULY 2022

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

5.1 SERVICE CHARGES:

Type	Budgeted Revenue	YTD Billing	YTD Collection	Collection Rate
Property Rates	R 116 112 863,00	R 8 373 572,00	R 4 104 041,39	49%
Water	R 59 721 324,00	R 5 039 630,40	R 1 786 816,57	35%
Sewerage	R 21 978 044,00	R 1 641 356,53	R 590 612,90	36%
Electricity	R 235 879 021,00	R 18 487 321,98	R 15 141 437,60	82%
Refuse	R 25 791 150,00	R 1 967 776,12	R 753 956,23	38%
Interest on outstanding Debtors	R 24 215 752,00	R 2 795 855,26	R 110 207,17	4%
TOTAL	R 483 698 154,00	R 38 305 512,29	R 22 487 071,86	59%

- 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 22 376 864,69	5%
Other Revenue	R 35 821 154,00	R 2 566 977,36	7%
Transfers and subsidies (grants)	R 308 773 000,00	R 96 294 000,00	31%
Interest on outstanding debtors	R 24 215 752,00	R 110 207,17	0%
Interest earned on external investment	R 491 694,00	R 10 574,99	2%
TOTAL	R 828 784 002,00	R 121 358 624,21	15%

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

ACCOUNT TYPE	202207 (Current)	202206 (30 Days)	202205 (60 Days)	202204 (90 Days)	202203 (120 Days)	202202 (150 Days)	202201 (180 Days)	202112-202108 (210 D)	202107+ (Over 1 Year)	Total
AGRICULTURAL	R 1 669 839,76	R 133 773,98	R 889 872,18	R 985 418,42	R 1 028 364,69	R 1 017 168,86	R 966 785,99	R 3 092 139,55	R 80 469 360,36	R 90 252 723,79
BUSINESS	R 6 164 596,44	R 1 979 585,08	R 359 112,59	R 744 717,64	R 731 091,68	R 661 061,31	R 636 069,74	R 3 063 382,32	R 18 321 088,29	R 32 660 705,09
INDUSTRIAL	R 1 042 119,22	R 389 613,76	R 351 261,56	R 466 138,05	R 358 786,52	R 401 777,90	R 429 225,98	R 1 791 866,72	R 11 015 343,38	R 16 246 133,09
MINING	R 883,20	R 842,88	R 842,88	R 842,88	R 842,88	R 842,88	R 842,88	R 4 214,40	R 22 528,74	R 32 683,62
MULTIPLE USE P	R 1 258 891,14	R 492 864,98	R 567 775,07	R 629 163,63	R 619 441,26	R 602 849,29	R 561 897,88	R 2 682 104,54	R 29 185 571,52	R 36 600 559,31
PUBLIC BEN ORG	R 366 468,09	R 51 658,11	R 37 448,41	R 56 498,41	R 37 271,41	R 38 476,16	R 33 709,51	R 93 860,76	R 1 350 033,26	R 2 065 424,12
PROTECTED AREA	R 2 357,63	R 2 180,82	R 2 062,92	R 2 062,92	R 2 004,00	R 2 004,00	R 1 945,05	R 9 548,40	R 497 016,19	R 521 181,93
PUBLIC SERV INFR	R 47 602,93	R 41 136,36	R 37 097,42	R 33 823,09	R 34 819,69	R 33 237,28	R 33 009,87	R 162 732,79	R 1 904 064,27	R 2 327 523,70
PUBLIC SERV PURP	R 1 718 417,91	R 1 783 592,34	R 174 426,70	R 146 160,00	R 127 400,06	R 85 502,63	R 82 508,69	R 4 841 881,40	R 904 998,94	R 3 386 058,81
RESIDENTIAL	R 13 072 495,99	R 7 366 889,78	R 6 973 346,20	R 6 541 538,67	R 6 572 876,68	R 6 251 911,77	R 5 846 006,63	R 28 690 679,02	R 231 705 723,80	R 313 021 468,60
RESIDENTIAL OTH	R 1 660 802,35	R 579 870,59	R 544 970,04	R 470 471,44	R 388 985,44	R 310 320,49	R 387 898,24	R 1 770 505,26	R 9 543 214,03	R 15 657 037,88
UNDEVELOPED	R 2 054 997,97	R 1 591 976,92	R 1 738 389,64	R 1 678 034,61	R 1 639 542,15	R 1 635 988,74	R 1 577 737,22	R 7 010 105,69	R 69 181 432,93	R 88 108 205,87
TOTAL	29 059 472,83	10 846 800,92	11 676 605,61	11 754 869,76	11 541 426,46	11 041 141,31	10 557 637,68	43 529 258,05	454 100 375,71	594 107 588,19

- The municipality debtor's book increased with R 19 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 -	R 40 594	-R 40 594	0%
Expanded Public Works Programme (EPW)	R 1 932 000	R -	R 203 538	-R 203 538	0%
Municipal Infrastructural Grant (MIG)	R 53 907 000	R 18 000 000	R 708 625	R 17 291 375	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 96 294 000	R 74 246 757	R 20 047 243	100%

- The municipality realized 100% spending on Equitable Share.

5.5 OPERATING EXPENDITURE PERFORMANCE:

TYPE	ORIGINAL BUDGET	ACTUAL JULY 2022	YTD EXPENDITURE	%
Employee Costs	R 254 915 983,00	R 19 110 518,52	R 19 110 518,52	7%
Councillors Remuneration	R 14 122 691,00	R 967 309,87	R 967 309,87	7%
General Expenses	R 535 642 525,00	R 59 481 382,52	R 59 481 382,52	11%
Repairs & Maintenance	R 80 370 000,00	R 5 313 888,12	R 5 313 888,12	7%
TOTAL	R 885 051 199,00	R 84 873 099,03	R 84 873 099,03	10%

5.6 CAPITAL EXPENDITURE PERFORMANCE:

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

PROJECTS/COST	ORIGINAL BUDGET	ACTUAL EXPENDITURE JULY	YTD EXPENDITURE	%
WATER PROJECTS	R 31 119 857,00		R0,00	0%
ELECTRICITY	R 20 000 000,00		R0,00	0%
SANITATION PROJECTS	R 61 313 114,00		R0,00	0%
ROADS	R 778 729,00	R 440 999,11	R440 999,11	57%
VEHICLE	R 1 000 000,00		R0,00	0%
MACHINERY & EQUIPMENT	R 4 450 000,00		R0,00	0%
MINI SUBSTATIONS & TRANSFORMERS	R 7 200 000,00	R 213 073,15	R213 073,15	3%
TOTAL	R 125 861 700,00	R 654 072,26	R 654 072,26	1%

5.7. INVESTMENT PORTFOLIO AND BANK BALANCES:

			Amount
BANK BALANCES			
PRIMARY BANK ACCOUNT			R6 981 577,86
STANDARD CALL ACCOUNTS			R17 758 038,49
SUB TOTAL	R -	R -	R24 739 616,35
TOTAL	R -	R -	R24 739 616,35

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 2022 be approved.