

THABA CHWEU

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24 Hours Emergency no:
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PO Box 61
Lydenburg 1120
Cnr. Viljoen & Sentraal Streets

All Correspondence to be directed
to the Municipal Manager

LOCAL MUNICIPALITY

MEMORANDUM

TO : MR. KP MASHEGO (THE DEPUTY CHIEF FINANCIAL OFFICER)
DATE : 14 FEBRUARY 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 JANUARY 2022.

I trust you will find the above in order.

Kind Regards

MR. MR DINISI
THE CHIEF FINANCIAL OFFICER

Date: 14 / 02 / 2022

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OFFICE OF THE MUNICIPAL MANAGER

Enquiries: Mr KP Mashego

DATE: 14 FEBRUARY 2022

The Executive Mayor: CLLR MF Nkadimeng

Thaba Chweu Municipality

P O Box 61

Ladenburg

1120

Dear Madam

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

We hereby submit the Section 71 report for the month of January 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 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 Rakgala

Secretary of the Executive Mayor

Acknowledgement of receipt

Date: 14 FEBRUARY 2022

THABA CHWEU LOCAL MUNICIPALITY



SECTION 71 REPORT FOR THE MONTH JANUARY 2021-2022 FY

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 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 January 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 8 452 103.97	R 6 787 874.93	80%
Water	R 59 817 541.88	R 4 246 420.94	R 2 832 128.11	67%
Sewerage	R 19 194 370.34	R 1 564 934.05	R 709 556.76	45%
Electricity	R 206 323 985.18	R 16 858 674.11	R 14 840 543.79	88%
Refuse	R 18 206 042.13	R 1 873 047.87	R 902 183.06	48%
TOTAL	R 428 541 939.52	R 32 995 180.94	R 26 072 286.65	79%

The monthly collection rate for water, sewerage are less that the norm (95%) of the billed revenue. This indicate 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 428 541 940.00	R 174 816 234.13	41%
Other Revenue	R 262 883 000.00	R 166 292 484.63	63%
Interest	R 32 500 000.00	R 8 493 210.84	26%
TOTAL	R 723 924 940.00	R 349 601 929.60	48%

The year to collection on all revenue sources are low, the municipality needs to fully implement the credit control and debt collection policy.

Other revenue excludes grants.

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

ACCOUNT TYPE	202201 (Current)	202112 (30 Days)	202111 (60 Days)	202110 (90 Days)	202109 (120 Days)	202108 (150 Days)	202107 (180 Days)	202106-202102	202101+ (Over 1 Year)	Total
AGRICULTURAL	1149940.85	1206622.19	966254.03	-2504022.42	891460.71	922540.21	906909.12	4377497.29	76026713.29	83943915.27
BUSINESS	5955161.11	1577737.16	1276476.24	829437.48	847633.3	699609.8	810753.48	2934620.64	18868830.2	33800259.41
INDUSTRIAL	1627635.29	664792.93	468412.62	469715.95	311770.55	458899.29	477793.38	1271205.58	9724470.78	15474696.37
MULTIPLE USE P	1097101.95	866222.3	643815.08	44688.62	698617.85	298477.86	560136.93	2595013.2	26334893.87	33138967.66
PUBLIC BEN ORG	293602.28	117917.29	62400.42	36199.29	54814.17	36064.18	32894.22	160602.18	1474081.08	2268575.11
PROTECTED AREA	1945.05	1945.05	1945.05	1886.1	1886.1	1886.1	1886.1	9430.5	485699.59	508509.64
PUBLIC SERVINFR	40141.9	37860.34	35171.66	33444.05	33519.51	31676.45	33692.13	46034.54	1865919.38	2157459.96
PUBLIC SERVPURP	1341532.1	407235.76	475947.07	-5854179.81	290934.23	-1234006.76	209909.57	1188255.33	1069257.03	-2105115.48
RESIDENTIAL	11240213.82	7627328.83	7435073.16	6814922.17	6974331.48	6318851.26	6777931.97	27230424.15	212752919.8	293171996.6
RESIDENTIAL OTH	1816974.78	1180299.08	908673.34	817657.44	920330.86	827666.55	744381.32	2155295.22	8880754.54	18252033.13
UNDEVELOPED	2427976.03	1784849.33	1686219.73	1050066.11	1604493.95	1366219.04	1577415.36	7066925.41	64588255.44	83152420.4
TOTAL	26 992 225.16	15 472 810.26	13 960 388.40	1 739 814.98	12 629 792.71	9 727 883.98	12 133 703.58	49 035 304.04	422 071 794.96	563 763 718.07

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 121 846 000	R 121 846 000	R -	100%
Finance Management	R 3 000 000		R 3 000 000	R 966 837	R 2 033 164	32%
Expanded Public Works	R 1 836 000		R 1 285 000	R 1 742 336	-R 457 336	136%
Municipal Infrastructure	R 49 982 000		R 37 204 000	R 34 785 090	R 2 418 910	93%
Water Service Infrastructure	R 25 000 000		R 15 000 000	R 9 232 755	R 5 767 245	62%
GRANT TOTAL	R 245 383 000	R -	R 178 335 000	R 168 573 017	R 9 761 983	95%

FMG grant is under performing the municipality must implement the activities that are on the FMG support plan to ensure that grant is completely spent by the end of financial year

5.5 OPERATING EXPENDITURE PERFORMANCE:

TYPE	ORIGINAL BUDGET	ACTUAL JANUARY 2022	YTD EXPENDITURE	%
Employee Costs	R 230 475 136.00	R 17 964 079.73	R 126 873 124.23	55%
Councillors Remuneration	R 13 462 994.70	R 924 932.80	R 6 463 453.72	48%
General Expenses	R 443 287 869.83	R 24 792 004.91	R 246 040 971.48	56%
Repairs & Maintenance	R 61 160 000.00	R 9 905 639.76	R 40 216 257.34	66%
TOTAL	R 748 386 000.53	R 53 586 657.20	R 419 593 806.77	56%

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 JANUARY 2021	YTD EXPENDITURE	% YTD/BUDGET
WATER PROJECTS	R 33 438 619.00	R 2 649 255.00	R14 987 392.50	45%
SANITATION PROJECTS	R 3 024 606.06	R -	R3 925 987.23	130%
ROADS	R 36 019 675.00	R 2 079 501.32	R24 534 533.38	68%
COMMUNITY FACILITIES(STADIUM)	R 300 000.00	R -		0%
MACHINERY & EQUIPMENT	R 1 190 000.00	R -		0%
MINI SUBSTATIONS & TRANSFORMERS	R 10 000 000.00	R 710 279.50	R2 512 588.62	25%
TOTAL	R 83 972 900.06	R 5 439 035.82	R 45 960 501.73	55%

5.7. INVESTMENT PORTFOLIO AND BANK BALANCES:

BANK BALANCES				Amount	
PRIMARY BANK ACCOUNTS				R3 779 023.83	
STANDARD & ABSA BANK CALL ACC				R664 410.31	
SUB TOTAL	R	-	R	-	R4 443 434.14
TOTAL	R	-	R	-	R4 443 434.14

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 January 2022 be approved.