

# THABA CHWEU LOCAL MUNICIPALITY



## SECTION 71 REPORT FOR THE MONTH OF JUNE 2022-2023 FY

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

MFMA SECTION 71 REPORT JUNE 2022

## **MONTHLY BUDGET STATEMENT FOR JUNE 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 JUNE 2022 is here by summarised and presented as follows:

### 5.1 SERVICE CHARGES:

Type	Budgeted Revenue	Adjusted Budgeted Revenue	Monthly Billing	Monthly Collection	Collection Rate
Property Rates	R 125,000,000.00	R 125,000,000.00	R 8,548,719.64	R 6,891,014.43	81%
Water	R 59,817,541.88	R 59,817,541.88	R 3,883,492.04	R 2,908,527.51	75%
Sewerage	R 19,194,370.34	R 19,194,370.34	R 1,556,680.18	R 990,936.37	64%
Electricity	R 206,323,985.18	R 206,323,985.18	R 15,468,379.24	R 17,232,625.84	111%
Refuse	R 18,206,042.13	R 18,206,042.13	R 1,857,878.87	R 1,193,283.98	64%
<b>TOTAL</b>	<b>R 428,541,939.52</b>	<b>R 428,541,939.52</b>	<b>R 31,315,149.97</b>	<b>R 29,216,388.13</b>	<b>93%</b>

- 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	Adjusted Budget	YTD Collection	YTD Rate
Rates and Service Charges	R 428,541,940.00	R 428,541,940.00	R 322,649,477.20	75%
Other Revenue and Grants	R 262,883,000.00	R 267,518,000.00	R 278,072,409.44	104%
Interest	R 32,500,000.00	R 32,500,000.00	R 6,188,372.27	19%
<b>TOTAL</b>	<b>R 723,924,940.00</b>	<b>R 728,559,940.00</b>	<b>R 606,910,258.91</b>	<b>83%</b>

- Other revenue includes grants.

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

ACCOUNT_TYPE	202206 (Current)	202205 (30 Days)	202204 (60 Days)	202203 (90 Days)	202202 (120 Days)	202201 (150 Days)	202112 (180 Days)	202111-202107	202106+ (Over 1 Year)	Total
AGRICULTURAL	191,144.80	899,941.52	981,789.42	1,022,497.48	1,019,423.36	966,548.55	945,252.53	3,038,497.00	79,595,156.35	88,660,251.01
BUSINESS	5,705,888.91	569,536.62	735,779.70	748,060.62	666,701.44	630,103.66	545,055.97	3,061,854.61	17,828,500.46	30,491,481.99
INDUSTRIAL	1,587,149.14	417,059.52	476,258.03	379,333.13	402,208.98	430,997.18	438,423.75	1,707,568.96	10,730,375.25	16,569,373.94
MULTIPLE USE P	755,528.09	638,203.23	626,268.30	574,893.95	601,530.83	560,546.18	558,148.83	2,610,524.26	28,613,874.89	35,539,518.56
PUBLIC BEN ORG	316,698.73	43,117.41	67,993.07	58,849.12	57,060.19	50,719.87	41,485.53	164,495.29	1,615,573.17	2,415,992.38
PROTECTED AREA	2,180.82	2,062.92	2,062.92	2,004.00	2,004.00	1,945.05	1,945.05	9,489.45	495,130.09	518,824.30
PUBLIC SERV INFR	48,480.82	37,473.74	33,823.09	34,819.69	33,237.28	33,009.87	33,058.18	162,600.66	1,872,294.56	2,288,797.89
PUBLIC SERV PURP	849,876.66	211,939.31	146,991.57	159,980.37	117,712.13	82,508.69	71,671.71	5,168,321.63	861,891.36	4,365,503.15
RESIDENTIAL	9,958,431.66	7,069,697.26	6,555,306.93	6,611,464.60	6,290,089.80	5,877,767.50	5,940,526.94	28,751,195.04	225,647,801.78	302,702,281.51
RESIDENTIAL OTH	1,436,002.15	615,912.96	479,472.74	407,584.47	325,784.36	404,249.25	368,645.22	1,797,223.27	9,717,344.92	15,552,219.34
UNDEVELOPED	1,977,802.29	1,748,365.40	1,681,448.65	1,638,672.86	1,634,099.18	1,579,476.63	1,581,035.71	6,903,460.14	67,642,611.80	86,386,972.66
<b>TOTAL</b>	<b>21,129,430.75</b>	<b>12,253,309.89</b>	<b>11,787,194.42</b>	<b>11,638,160.29</b>	<b>11,149,851.55</b>	<b>10,617,872.43</b>	<b>10,525,249.42</b>	<b>43,038,587.05</b>	<b>444,620,554.63</b>	<b>576,760,210.43</b>

- The municipality debtor's book increased with R 10 Million when compared to previous months.

#### 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 163,148,000	R 163,148,000	R -	100%
Finance Management Grant (FMG)	R 3,000,000		R 3,000,000	R 3,000,000	R -	100%
Expanded Public Works Programme (EPV)	R 1,836,000		R 1,836,000	R 1,836,002	-R 2	100%
Municipal Infrastructural Grant (MIG)	R 49,982,000		R 49,982,000	R 49,981,582	R 418	100%
Water Service Infrastructure Grant (WSIG)	R 25,000,000	R 10,000,000	R 35,000,000	R 34,903,919	R 96,081	100%
<b>GRANT TOTAL</b>	<b>R 245,383,000</b>	<b>R 10,000,000</b>	<b>R 252,966,000</b>	<b>R 252,869,503</b>	<b>R 96,497</b>	<b>100%</b>

- The municipality realized 100% spending on all conditional Grants received.

#### 5.5 OPERATING EXPENDITURE PERFORMANCE:

TYPE	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL JUNE 2022	YTD EXPENDITURE	%
Employee Costs	R 230,475,136.00	R230,475,136.00	R 19,002,238.17	R 218,833,787.01	95%
Councillors Remuneration	R 13,462,994.70	R13,462,994.70	R 1,077,076.00	R 11,349,738.10	84%
General Expenses	R 443,287,869.83	R420,832,534.30	R 51,504,664.92	R 464,880,883.72	105%
Repairs & Maintenance	R 61,160,000.00	R88,250,000.00	R 23,516,285.77	R 90,585,115.47	148%
<b>TOTAL</b>	<b>R 748,386,000.53</b>	<b>R753,020,665.00</b>	<b>R 95,100,264.86</b>	<b>R 785,649,524.30</b>	<b>105%</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	ADJUSTMENT BUDGET	ACTUAL EXPENDITURE JUNE 2022	YTD EXPENDITURE	% YTD/BUDGET
WATER PROJECTS	R 33,438,619.00	R 36,812,274.21	R 11,787,738.46	R36,818,838.17	100%
SANITATION PROJECTS	R 3,024,606.06	R 7,141,493.23	R 2,996,086.00	R 7,141,493.23	100%
ROADS	R 36,019,675.00	R 37,861,686.22	-R 178,499.99	R37,861,681.97	100%
COMMUNITY FACILITIES(STADIUM)	R 300,000.00	R 864,378.02	R 564,377.25	R 564,377.25	65%
FURNITURE		R 990,000.00	R -	R 29,000.00	3%
MACHINERY & EQUIPMENT	R 1,190,000.00	R 800,000.00	R 192,000.00	R 192,000.00	24%
MINI SUBSTATIONS & TRANSFORMERS	R 10,000,000.00	R 10,000,000.00	R 2,727,482.00	R 6,138,597.42	61%
<b>TOTAL</b>	<b>R 83,972,900.06</b>	<b>R 94,469,831.68</b>	<b>R 18,089,183.72</b>	<b>R 88,745,988.04</b>	<b>106%</b>

## 5.7. INVESTMENT PORTFOLIO AND BANK BALANCES:

<b>BANK BALANCES</b>			<b>Amount</b>
PRIMARY BANK ACCOUNT			R1,299,563.11
STANDARD CALL ACCOUNTS			R178,918.05
<b>SUB TOTAL</b>	<b>R</b>	<b>-</b>	<b>R1,478,481.16</b>
<b>TOTAL</b>	<b>R</b>	<b>-</b>	<b>R1,478,481.16</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 JUNE 2022 be approved.