

A136 1ST QUARTERLY BUDGET STATEMENT REPORT FOR THE FIRST QUARTER ENDING
SEPTEMBER 2022 6/1/1- (2022/2023)

Report: Executive Mayor: 2022-10-18

1. PURPOSE

The report is submitted to ensure that Council can exercise its oversight responsibility over the financial management of the municipality.

2. BACKGROUND

Section 52 of the MFMA requires that:

- (1) The mayor of a municipality—
- (a) Must provide general political guidance over the fiscal and financial affairs of the municipality;
 - (b) In providing such general political guidance, may monitor and, to the extent provided in this Act, oversee the exercise of responsibilities assigned in terms of this Act to the accounting officer and the chief financial officer, but may not interfere in the exercise of those responsibilities;
 - (c) Must take all reasonable steps to ensure that the municipality performs its constitutional and statutory functions within the limits of the municipality's approved budget;
 - (d) Must, within 30 days of the end of each quarter, submit a report to the council on the implementation of the budget and the financial state of affairs of the municipality; and
 - (e) Must exercise the other powers and perform the other duties assigned to the mayor in terms of this Act or delegated by the council to the mayor.

3. DISCUSSION

The content and format of this report for the quarter ended 30 September 2022 is based upon the monthly electronic reports submitted to the Provincial and National Treasury. The statement contains the following statements:

- Statement of Operating Revenue & Expenditure
- Actual Capital Acquisition
- Cash Flow Statement
- Age Analysis of Debtors & Debtors Payment Statistics
- Age Analysis of Creditors
- External Investments
- Supply Chain Report (Deviations) and
- Grants & Subsidies.

Statement of Operating Revenue & Expenditure

The statement is assessed by summarizing how the municipality incurs its revenues and expenses through both operating and non-operating activities. It also shows the net profit or loss incurred over a specific accounting period.

A Profit & Loss statement provides information on the operation of the municipality. These include service charges and the various expenses incurred during the processing as well as the rendering the services

Actual Operating Revenue by Source

MP305 Lekwa - Budget Statement - Financial Performance (revenue & expenditure) - September 2022									
	2021/22 Pre Audit Outcome	Approved Budget 2022 - 2023 MTREF	Sep 2021 First Quarter Movement	Sep 2022 First Quarter Movement	Quarterly Variance	YTD Actual	YTD Budget	YTD variance	YTD variance
R thousands									%
Revenue By Source									
Property rates	171 406 855	191 632 756	41 539 438	45 463 384	3 923 946	45 463 384	47 908 189.00	(2 445)	-5%
Service charges - electricity revenue	383 292 018	553 181 980	100 533 789	81 347 022	(19 186 767)	81 347 022	138 295 495.00	(56 948)	-41%
Service charges - water revenue	78 080 666	98 388 194	22 413 745	30 871 558	8 457 813	30 871 558	24 597 048.50	6 275	26%
Service charges - sanitation revenue	42 911 636	77 607 312	10 599 068	9 817 225	(781 843)	9 817 225	19 401 828.00	(9 585)	-49%
Service charges - refuse revenue	27 749 371	29 964 699	6 861 712	7 137 597	275 885	7 137 597	7 491 174.75	(354)	-5%
Rental of facilities and equipment	1 720 384	2 100 000	422 641	393 572	(29 069)	-	525 000.00	(525)	-100%
Interest earned - external investment	575 871	700 000	75 224	245 801	170 577	245 801	175 000.00	71	40%
Interest earned - outstanding debtors	65 440 029	57 693 464	15 008 073	22 984 838	7 976 765	22 984 838	14 423 366.00	8 561	59%
Fines	1 483 464	6 500 000	1 071 650	393 572	(678 078)	393 572	1 625 000.00	(1 231)	-76%
Transfers recognised - operational	140 933 350	158 753 700	59 490 000	62 294 000	2 804 000	62 294 000	39 688 425.00	22 606	57%
Other revenue	2 460 425	3 023 616	2 679 279	320 392	(2 358 887)	320 392	755 904.00	(436)	-58%
Total Revenue (excluding capital transfers and contributions)	916 054	1 179 545 721	260 694 619	261 268 961	574 342	260 875 389	294 886 430	(34 011)	-12%

The total operating revenue for the reporting quarter amounts to R261 268 961, this amount shows an increase of R574 342 when compares to prior first quarter revenue that amounted to R260 694 619. The amount includes revenue generated from property rates R45 463 384, electricity R81 347 022, Water R30 871 558, Sanitation services R9 817 225 refuse removal R7 137 597, rental income R393 572, interest earned R23 230 639 fines R393 572 transfer recognized – operational R62 294 000 and other revenue R320 392.

The Municipality is in the process of implementing the Revenue Enhancement Strategies which will focus on the following amongst other key activities;

- 1) Reconciliation of valuation roll, deeds office and GIS to ensure completeness of revenue
- 2) Compare the land information to usage by various consumer categories
- 3) Electricity & water meter audits
- 4) Meter Reading (Monitoring of exception reports & Accuracy of billing) including introduction of electronic meter readings
- 5) Implementation of credit control and debt collection

Trading Services

Revenue Levied	Revenue YTD Actual July 2022 - September 2022		Expenditure YTD Actual July 2022 - September 2022	
Electricity	R	85 744 064.37	R	194 072 864.00
Water	R	30 871 558.32	R	13 929 059.00
Refuse	R	7 137 597.04	R	7 053 441.00
Sewerage	R	9 817 224.88	R	5 195 895.00
	R	133 570 444.61	R	220 251 259.00
Revenue Collected	Revenue YTD Actual July 2022 - September 2022		Expenditure YTD Actual July 2022 - September 2022	
Electricity	R	72 384 873.43	R	194 072 864.00
Water	R	10 210 976.71	R	13 929 059.00
Refuse	R	2 958 494.30	R	7 053 441.00
Sewerage	R	3 843 585.58	R	5 195 895.00
	R	89 397 930.02	R	220 251 259.00

Property Rates
Munsoft Valuation summary

MP305 Lekwa - Budget Statement - Financial Performance (revenue & expenditure) - September 2022

	2021/22 Pre Audit Outcome	Approved Budget 2022-2023 MTREF	Sep 2021 First Quarter Movement	Sep 2022 First Quarter Movement	Quarterly Variance	YTD Actual	YTD Budget	YTD variance	YTD variance
Expenditure By Type									
Employee related costs	250 098 548	305 228 599	60 042 818	66 286 164	6 243 346	66 286 164	76 307 149.75	(10 021)	-13%
Remuneration of councillors	8 410 860	13 024 138	-	3 343 970	3 343 970	3 343 970	3 256 034.50	88	3%
Debt impairment	201 588 641	70 359 900	43 599	17 589 975	17 546 376	17 589 975	17 589 975.00	-	
Depreciation & asset impairment	85 563 373	85 679 276	21 390 843	21 419 819	28 976	21 419 819	21 419 819.00	-	
Finance charges	6 053 417	44 305 900	7 741 058	21 442 842	13 701 784	21 442 842	11 076 475.00	10 366	94%
Bulk purchases Electricity	53 384 345	469 965 100	154 886 508	167 285 830	12 399 322	167 285 830	117 491 275.00	49 795	42%
Bulk purchases Water	-	63 104 112	9 198 093	7 240 073	1 958 020	7 240 073	15 776 028.00	(8 536)	-54%
Other materials	510 268	39 175 100	3 847 815	966 543	2 881 272	966 543	9 793 775.00	(8 827)	-90%
Contracted services	2 160 156	120 392 812	7 150 690	13 471 338	6 320 648	13 471 338	30 098 203.00	(16 627)	-55%
Transfers and grants	-	-	-	-	-	-	-	-	
Other expenditure	5 294 337	60 933 184	2 300 736	8 883 509	6 582 773	8 883 509	15 233 296.00	(6 350)	-42%
Loss on disposal of PPE	-	-	-	-	-	-	-	-	
Total Expenditure	613 063 945	1 272 168 121	266 602 160	327 930 063	61 327 903	327 930 063	318 042 030	9 888	3%
Surplus/(Deficit)	229 220 179	(155 464 307)	(18 063 631)	(67 054 674)	(61 147 133)	(67 054 674)	(38 866 077)	(28 189)	0

The total operating expenditure for the reporting quarter amounts to R327 930 063, this amount shows an increase of R61 237 903 on expenditure incurred comparing to the prior first quarter that amounted to R266 602 160. The amount of operating expenditure consists of employee related costs (employees) and councillors remuneration of R66 286 164 and R3 343 970 respectively, bulk purchases water R7 240 073 and electricity bulk purchases of R167 285 830, depreciation R21 419 819, finance costs R21 442 842 debt impairment R17 589 975 other materials R966 543, contracted services and operating expenditure amounting R13 471 338 and R8 883 509 respectively.

The operating deficit for the period amounts to (R67 054 674).

Disclosure Property Plant & Equipment (Repairs & Maintenance)

Description	Approved Budget 2022 - 23	Quarter Movement September 2022	YTD Actual	% R & M
Building & Structure	R 1 032 404.00	R 20 147.22	R 20 147.22	2%
Plant & Machinery	R 1 821 800.00	R 4 576.95	R 4 576.95	0%
Furniture & Fixtures	R 500 000.00	R -	R -	0%
Motor Vehicle	R 4 437 200.00	R 998 798.14	R 998 798.14	23%
IT Equipments	R -	R -	R -	0%
Roads	R 5 000 000.00	R 1 517 290.00	R 1 517 290.00	30%
Electricity Network	R 29 907 000.00	R 4 199 588.06	R 4 199 588.06	14%
Waste Water Network	R 10 485 800.00	R 305 859.15	R 305 859.15	3%
Water Network	R 11 982 100.00	R 539 468.45	R 539 468.45	5%
Other, Property Plant & Equipment			R -	#DIV/0!
	R 65 166 304.00	R 7 585 727.97	R 7 585 727.97	12%
Total Expenditure	R 1 272 167 994.00			
R & M YTD Expenditure	R 5 048 452.19			
R & M % Approved Budget	5%			

The Municipality has spent 12% of the allocated budget towards repairs and maintainance. There expenditure was incurred mainly towards the repairs of electricity network, Roads as well as repairs of vehicles.

Actual Capital Acquisition

The actual expenditure on capital projects for the reporting quarter amounts to R8 163 548.42. An amount of R95 349 for retention previously held was paid back. The accumulated expenditure on capital projects amounts to R8 163 548.42 for the current financial year. This reflects an increase of R7 322 253.04 when compared to the expenditure of the first quarter ending in September 2020 where by the expenditure was R841 294.94.

Retention as at 30 September 2022

CONTRACTOR	PROJECT	CONTRACT AMOUNT	RETENTION WITHHELD	RETENTION PD BACK	RETENTION OWED
Soyamba	Installation of Sanitation Services in Rural Areas	R 1 189 732.00	R 91 546.05	R 45 773.03	R 45 773.03
Tsoga Moephatusi	Construction and Upgrade of Stormwater Network Phase 3	R 3 400 000.00	R 292 035.82	R 153 659.75	R 138 376.07
ML Sakhile	Standerton Water Works & bulk water Supply Refurbishment	R 1 900 562.00	R 190 056.18	R 95 028.09	R 95 028.09
ZMG	Installation of Bulk Water Infrastructure and Replacement of AC pipes Lekwa Local Municipality	R 15 000 000.00	R 1 099 212.78	R 598 786.01	R 500 426.77
Ngani JV TK Vuwani	Upgrade of Standerton Sewer treatment works	R 24 609 498.00	R 1 797 900.90	R 654 978.77	R 1 142 922.13
Workman Construction and Projects(Turn Key Service Provider)	Installation of water services to informal settlements	R 1 961 400.00	R 196 137.00	R 98 068.50	R 98 068.50
Three 1 Developments (PTY) LTD	Supply & Installation of Electricity Network for 350 Households Extension 8	R 5 075 000.00	R 194 866.66	R -	R 194 866.66
Wanga Projects	Rooikopen Pump Station and Construction of the Booster Pump Station within a Pumping Main (Sakhile Extension 4)	R 11 922 814.94	R 1 116 799.00	R -	R 1 116 799.00
ERMISA	Electrification of 35 Houses	R 1 925 000.00	R 189 600.99	R -	R 189 600.99
Thapiwe	Refurbishment and upgrading of combined recycling system at Standerton waste	R 11 810 400.00	R 1 291 268.62	R 1 365 119.16	R -73 850.54
Mbako Projects	Upgrade of Rooikopen sewer	R 6 999 687.75	R 898 855.81	R 349 982.83	R 548 872.98
Workman Construction and Projects	Refurbishment and upgrade of portions of Standerton water treatment plant	R 2 288 201.58	R 228 177.25	R 114 088.63	R 114 088.62
Zedek	Refurbishment and/or upgrade of the Standerton Waste Water Treatment Works	R 12 751 117.89	R 1 275 111.69	R 1 275 111.78	R -0.09
TM Consortium	Refurbishment and/or upgrade of Morgenzon & Sivukile Water Treatment Works	R 2 036 397.00	R 156 176.53	R -	R 156 176.53
Mavutha Electrical	Contractor For The Provision of Energy Efficiency Solution For High Masts; Streets	R 5 340 000.00	R 531 892.25	R 265 946.13	R 265 946.12
ASDU Trading and Projects.	Maintenance of existing windmills and hand pumps on an as and when required basis	R 1 000 000.00	R 100 050.69	R 99 543.79	R 506.90
Ngcebo Holdings	Maintenance of existing windmills and hand pumps on an as and when required basis	R 1 000 000.00	R 100 002.97	R -	R 100 002.97
Hlahlathela	Installation of security systems for vulnerable Water, Sanitation and Electricity Infrastructure	R 1 576 126.75	R 157 612.39	R 157 612.75	R -0.36
Zedek	Refurbishment & Upgrade of Morgenzon Sports Facility	R 6 455 757.23	R 645 575.72	R -	R 645 575.72
Capital Power Projects	Electrification of 30 rural houses	R 3 850 273.34	R 470 775.45	R -	R 470 775.45
ASDU Trading and Projects.	drilling and installation of boreholes	R 1 718 790.00	R 171 879.00	R 85 939.50	R 85 939.50
ASDU Trading and Projects.	The supply deliver and install precast concrete palisade fencing to the morgenzon cemetery	R 1 647 143.85	R 155 657.10	R 164 714.39	R -9 057.29
Mrazane	Construction of a booster Pumping System for the Sivukile Low Pressure Supply Area for Morgenzon	R 2 432 380.10	R 130 308.70	R 93 821.04	R 36 487.66
Mrazane	Installation of Water Services to informal settlements within Lekwa LM	R 860 000.00	R 86 499.07	R -	R 86 499.07
Asgnc Africa (Pty)LTD	Rehabilitation of roads in Lekwa LM	R 7 735 960.56	R 672 034.95	R -	R 672 034.95
Totobela Rloutona	DRILLING OF BOREHOLES AND INSTALLATION OF WINDMILLS WITHIN LEKWA	R 1 312 981.38	R 131 298.04	R 65 649.02	R 65 649.02
Pulefuhlala	Refurbishment and Upgrading of Standerton Bulk Water Supply System.	R 7 411 766.10	R 328 893.92	R -	R 328 893.92
Ntlemo	Refurbishment of Muller, Johan, TLC and Vaal Sewer Pump Stations.	R 6 967 326.01	R 516 357.73	R -	R 516 357.73

Vuxaka Consulting	Refurbishment and Upgrading of Morgenzon and Sivukile Bulk Water Supply.	R 5 216 421.74	R 317 877.55	R -	R 317 877.55
Ermsa	Electrification of 128 RDP in Standerton Extension 8	R 2 038 307.15	R 203 656.84	R -	R 203 656.84
Ermsa	Construction of switching station at Standerton Extension 8	R10 236 618.00	R 864 430.80	R -	R 864 430.80
Big Family	Refurbishment and upgrade of Mahala Park Soccerfield	R 1 425 136.35	R 102 373.00	R -	R 102 373.00
Big Family	The supply and installation of high security clear view fencing at the standerton square reservoir	R 2 149 476.00	R 211 194.52	R 140 557.32	R 70 637.20
Hlahlathela	The supply , delivery & Installation of High Security Clear View Fencing	R 1 775 737.42	R 177 572.70	R 88 786.34	R 88 786.36
Zedek	Supply, delivery & Install Precast concrete palisade	R 1 906 982.00	R 190 698.15	R 95 349.09	R 95 349.06
TCM Developments	UPGRADING OF THE STANDERTON BULK WATER SUPPLY SYSTEM PHASE2 CONSTRUCTION OF KIESIER PRESSURE TOWER	R 1 099 400.00	R 73 293.33	R -	R 73 293.33
TM & S Construction	Coligny Sewer Line Upgrade	R21 105 982.32	R 799 992.69	R -	R 799 992.69
			R 16 157 672.85	R 6 008 515.92	R 10 149 156.93

Proposed Rollover Capital Projects for the 2022 – 2023 Financial Year

Project location: Ward No	Project Description	Source of Funding	Approved Budget Capital Projects 2022/2023	Jul-22	Aug-22	Sep-22	Retention Withheld VAT incl	Retention paid back	Retention owed	YTD	Balance
	Purchase of Refuse truck	MIG		R 2 698 475.00					R -	R 2 698 475.00	R (2 698 475.00)
	Rehabilitation Hlongwane Drive Street	MIG		R 10 321 930.50					R -	R 10 321 930.50	R (10 321 930.50)

Capital Projects for 2021 – 22 Financial Year

Project location: Ward No	Project Description	Source of Funding	Approved Budget Capital Projects 2022/2023	Jul-22	Aug-22	Sep-22	Retention Withheld VAT incl	Retention paid back	Retention owed	YTD	Balance
1,2,3,4,5,6,7,8,10,11 7 15	Purchase of 10ton payload truck	MIG	R 2 640 000.00						R -	R -	R 2 640 000.00
1,2,4,5,6,11,14	Refurbishment and upgrade of sewer pump stations and coligny sewer line	MIG	R 13 000 000.00	R 3 647 710.53	R 4 110 536.72	R 405 301.17			R 799 992.69	R 8 163 548.42	R 4 836 451.58
10	Upgrading of the Standerton Bulk Water Supply System phase 2 (construction of kieser reservoir & pressure tower)	MIG	R 13 248 300.00						R -	R -	R 13 248 300.00
9,12 & 13	installation of VIP toilets	MIG	R 1 000 000.00						R -	R -	R 1 000 000.00
9,12 & 13	Reconstruction of tarred roads	MIG	R 500 000.00						R -	R -	R 500 000.00
	Upgrade of roads within Lekwa LM	MIG							R -	R -	R -
	Construction of booster pump station and pressure tower for sakhile	MIG	R 500 000.00						R -	R -	R 500 000.00
8, & 9	Upgrade of Standerton Substation A phase 1	INEP	R 7 000 000.00						R -	R -	R 7 000 000.00
	Installation of security systems for vulnerable Water, Sanitation and Electricity Infrastructure	Internal Funding							R -	R -	R -
1,2,3,4,5,6,7,11	Fencing of reservoirs	Internal Funding	R 2 000 000.00						R -	R -	R 2 000 000.00
1,2,3,4,5,6,7,8,	Installation of telemetry system to monitor reservoir water levels	Internal Funding	R 2 000 000.00						R -	R -	R 2 000 000.00
	Procurement of Electrical Equipment	Internal Funding							R -		R -
	Computer software acquisition	Internal Funding	R 500 000.00						R -		R 500 000.00
	Computer & IT Services	Internal Funding	R 2 000 000.00						R -	R -	R 2 000 000.00
11	Fencing of cemeteries	Internal Funding	R -	R -				R 95 349.00	R 190 698.15	R -	R -
15	Rehabilitation of roads in Lekwa LM	Internal Funding	R 10 000 000.00						R -	R -	R 10 000 000.00
	Furniture and equipment	Internal Funding	R 500 000.00						R -	R -	R 500 000.00
	The supply & delivery of 1 x 10Tons	MIG									
			R 54 888 300.00	R -	R 3 647 710.53	R 4 110 536.72	R 405 301.17	R 95 349.00	R 990 690.84	R 8 163 548.42	R 46 724 751.58

Cash Flow Statement

The purpose of this statement is to keep an account of the different activities of Council. It also provides information on the mode of generation of funds required for repayment. The cash flow statement also helps to analyze the amount of cash that would be required in order to meet the operating costs.

It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.

The actual receipt (cash) received for the first quarter ending September 2022 amounts to R203 379 747. A deterioration amounting to R16 469 558 occurred when compared to the Revenue collected of R219 849 305 for the first quarter ended in September 2021. The amount includes revenue collected from Property Rates R27 279 993, Electricity R72 384 873, Water R11 267 271, sanitation R6 278 370, Refuse R4 169 758 inter accounts transfers R7 907 087, grants and subsidies R69 758 000 and other revenues amounting to R4 334 395 (i.e. fines, rental income, interest).

The actual payments made for the first quarter ending September 2022 amounts to R208 008 892. This shows a decrease of R7 266 668 when compared to the payment made first quarter ended September 2021 which amounts to R215 275 560. The amount includes payment for employee related costs (employees & councillor) of R66 286 164 and R3 343 969, bulk purchases R22 468 936 contracted services amounting to R30 248 950 as well as inter account transfers amounting to R40 979 156 Capital expenditure amounted to R17 625 324 (This amount includes projects relating to 21/22 paid in the first month of 22/23 FY) and general expenses amounted to R27 056 393.

The Municipality's cash flow status for all bank accounts reflects a favorable bank balance of R30 462 785 including a favorable closing balance on primary account of R1 753 459. It should be noted that though the municipality has a favorable bank balance at the end of the reporting month there were still outstanding creditors of R3 072 083 542 as disclosed on the creditors age analysis below.

MONTHLY CASH FLOWS	Budget Year 2022/2023											
	July Actual	August Actual	Sept. Actual	Q1 2022-23	October Budget	November Budget	December Budget	January Budget	February Budget	March Budget	April Budget	May Budget
Cash Receipts By Source												
Property rates	5 656 009	9 473 867	12 150 117	27 279 993	12 775 517	12 775 517	12 775 517	12 775 517	12 775 517	12 775 517	12 775 517	12 775 517
Service charges - electricity revenue	24 564 079	24 034 619	23 786 175	72 384 873	39 183 724	39 183 724	39 183 724	39 183 724	39 183 724	39 183 724	39 183 724	39 183 724
Service charges - water revenue	2 088 555	3 629 745	5 548 971	11 267 271	6 559 213	6 559 213	6 559 213	6 559 213	6 559 213	6 559 213	6 559 213	6 559 213
Service charges - sanitation revenue	1 321 502	1 906 576	3 050 292	6 278 370	5 173 821	5 173 821	5 173 821	5 173 821	5 173 821	5 173 821	5 173 821	5 173 821
Service charges - refuse revenue	873 540	930 355	2 365 863	4 169 758	1 997 647	1 997 647	1 997 647	1 997 647	1 997 647	1 997 647	1 997 647	1 997 647
Rental of facilities and equipment	122 553	134 921	136 099	393 573	140 000	140 000	140 000	140 000	140 000	140 000	140 000	140 000
Interest earned - external investments	57 145	124 160	108 864	290 169	58 333	58 333	58 333	58 333	58 333	58 333	58 333	58 333
Interest earned - outstanding debtors	490 122	1 165 279	1 054 220	2 709 621	3 846 231	3 846 231	3 846 231	3 846 231	3 846 231	3 846 231	3 846 231	3 846 231
Fines, penalties and forfeits	-	-	114 500	114 500	433 333	433 333	433 333	433 333	433 333	433 333	433 333	433 333
Transfer receipts - operational	59 444 000	3 314 000	-	62 758 000	13 229 475	13 229 475	13 229 475	13 229 475	13 229 475	13 229 475	13 229 475	13 229 475
Inter Accounts Transfers	-	2 542 725	5 364 362	7 907 087	-	-	-	-	-	-	-	-
Other revenue	128 571	110 179	587 782	826 532	201 574	201 574	201 574	201 574	201 574	201 574	201 574	201 574
Cash Receipts by Source	94 746 076	47 366 426	54 267 245	196 379 747	83 598 868	83 598 868	83 598 868	83 598 868	83 598 868	83 598 868	83 598 868	83 598 868
Other Cash Flows by Source												
Transfer receipts - capital	7 000 000	-	-	7 000 000	3 157 358	3 157 358	3 157 358	3 157 358	3 157 358	3 157 358	3 157 358	3 157 358
Total Cash Receipts by Source	101 746 076	47 366 426	54 267 245	203 379 747	86 756 226	86 756 226	86 756 226	86 756 226	86 756 226	86 756 226	86 756 226	86 756 226
Cash Payments by Type												
Employee related costs	22 436 817	22 334 955	21 514 392	66 286 164	25 456 550	25 456 550	25 456 550	25 456 550	25 456 550	25 456 550	25 456 550	25 456 550
Remuneration of councillors	1 084 522	1 102 572	1 156 875	3 343 969	1 085 345	1 085 345	1 085 345	1 085 345	1 085 345	1 085 345	1 085 345	1 085 345
Bulk purchases - Electricity	12 590 922	5 041 964	3 836 050	21 468 936	39 163 758	39 163 758	39 163 758	39 163 758	39 163 758	39 163 758	39 163 758	39 163 758
Bulk purchases - Water	500 000	-	500 000	1 000 000	5 258 676	5 258 676	5 258 676	5 258 676	5 258 676	5 258 676	5 258 676	5 258 676
Other materials	510 268	502 244	966 543	1 979 055	3 264 591	3 264 591	3 264 591	3 264 591	3 264 591	3 264 591	3 264 591	3 264 591
Contracted services	12 207 033	8 168 673	9 873 244	30 248 950	10 032 732	10 032 732	10 032 732	10 032 732	10 032 732	10 032 732	10 032 732	10 032 732
Inter Accounts Transfers	37 979 156	-	3 000 000	40 979 156	-	-	-	-	-	-	-	-
Other expenditure	9 365 852	7 376 721	8 334 765	25 077 338	5 077 765	5 077 765	5 077 765	5 077 765	5 077 765	5 077 765	5 077 765	5 077 765
Cash Payments by Type	96 674 570	44 527 129	49 181 869	190 383 568	89 339 417	89 339 417	89 339 417	89 339 417	89 339 417	89 339 417	89 339 417	89 339 417
Other Cash Flows/Payments by Type												
Capital assets	7 540 369	5 974 418	4 110 537	17 625 324	4 574 000	4 574 000	4 574 000	4 574 000	4 574 000	4 574 000	4 574 000	4 574 000
Total Cash Payments by Type	104 214 939	50 501 547	53 292 406	208 008 892	93 913 417	93 913 417	93 913 417	93 913 417	93 913 417	93 913 417	93 913 417	93 913 417
NET INCREASE/(DECREASE) IN CASH HELD	- 2 468 863	- 3 135 121	974 839		- 7 157 191	- 7 157 191	- 7 157 191	- 7 157 191	- 7 157 191	- 7 157 191	- 7 157 191	- 7 157 191
Cash/cash equivalents at the month/yea	6 412 604	3 943 741	808 620		1 783 459	- 5 373 732	- 12 530 923	- 19 688 114	- 26 845 305	- 34 002 496	- 41 159 687	- 48 316 878
Cash/cash equivalents at the month/yea	3 943 741	808 620	1 783 459		- 5 373 732	- 12 530 923	- 19 688 114	- 26 845 305	- 34 002 496	- 41 159 687	- 48 316 878	- 55 474 069

External Investment (Call accounts)

The table indicates the investments and movements on the municipality's grants call accounts.

Closing balance on all call accounts as at 30 September 2022 amounts to R19 016 344.71. Municipality for the reporting quarter has accrued interest of R245 800.98 on all call accounts. The amount of R245 800.98 is the total interest accrued on all call accounts to date for the reporting year 2021/2022.

Name of Institution	Account Description	Type of Investment	Opening Balance	YTD Interest Earned	Movement	Closing Balance per Statement 30/09/2022
Nedbank	MIG	Short Term Deposit	4 605 282.08	166 497.98	12 559 518.72	17 331 298.78
Nedbank	FMG	Short Term Deposit	1 024.32	11.86	-	1 036.18
Nedbank	INEP	Short Term Deposit	3 594 427.60	34 032.03	- 2 533 056.00	1 095 403.63
Nedbank	WSIG	Short Term Deposit	1 269.58	14.93	-	1 284.51
Nedbank	SETA	Short Term Deposit	124 067.29	1 439.22	-	125 506.51
Nedbank	EPWP	Short Term Deposit	97 319.03	1 128.80	-	98 447.83
Nedbank	Ring Elec	Short Term Deposit	8 239.49	15 413.49	-	23 652.98
Nedbank	Electricity Grant	Short Term Deposit	72 050.13	835.66	-	72 885.79
Nedbank	Retention	Short Term Deposit	3 849.89	3 797.60	163 018.99	170 666.48
Nedbank	Internally Funded Projects	Short Term Deposit	11 450.58	22 629.41	62 082.03	96 162.02
			8 518 979.99	245 800.98	10 251 563.74	19 016 344.71

Interest earned on the primary account and call accounts amounted to R290 037 for the reporting quarter ending September 2022.

Debtors Age Analysis

The debtor's age analysis analyses amounts owed by customers for services rendered by the municipality according to the length of time that those amounts have remained unpaid.

The debtor's balance has increased by R200 million from R1,4 billion to R1,6 billion when compared to the first quarter ending September 2021.

The debtors balance for the reporting quarter amount to R139 million, Outstanding Debtors that are older than 90 days' amounts to R1,5 billion of the total outstanding debts.

The debt from households amounts to R1,1 billion, government to R63 million while business owed R262 million and other customers owed an amount of R168 million. Electricity contributes R207 million of the outstanding debt, Property assessment rates R356 million, Water R320 million, Waste water R152 million, refuse R114 million, income from other sources R125 million while interest on arrears amounts to R406 million. The Municipality has collected R 26 937 513.07 from government department for the month of September 2022.

MP305 Lekwa - Supporting Table SC3 Monthly Budget Statement - aged debtors - M03 September 2022											
Description	NT Code	Budget Year 2022/23								Total	Total over 90 days
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr		
R thousands											
Debtors Age Analysis By Income Source											
Trade and Other Receivables from Exchange Transactions - Water	1200	6 657	5 270	4 425	4 577	4 467	4 334	24 094	266 455	320 280	303 929
Trade and Other Receivables from Exchange Transactions - Electricity	1300	26 022	12 105	5 572	5 619	4 651	3 269	22 013	127 968	207 219	163 520
Receivables from Non-exchange Transactions - Property Rates	1400	14 139	10 779	9 318	8 294	7 821	7 723	36 592	261 848	356 513	322 278
Receivables from Exchange Transactions - Waste Water Management	1500	3 307	2 529	2 406	2 190	2 220	2 088	10 523	127 320	152 584	144 342
Receivables from Exchange Transactions - Waste Management	1600	2 370	2 164	1 749	1 645	1 617	1 594	7 750	95 371	114 260	107 977
Receivables from Exchange Transactions - Property Rental Debtors	1700									-	-
Interest on Arrear Debtor Accounts	1810	8 275	7 519	7 366	6 600	6 531	6 109	28 110	336 449	406 959	383 799
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820									-	-
Other	1900	2 899	2 923	2 180	610	1 779	1 901	7 954	105 429	125 675	117 672
Total By Income Source	2000	63 669	43 291	33 014	29 536	29 086	27 019	137 036	1 320 840	1 683 491	1 543 517
2019/20 - totals only										-	-
Debtors Age Analysis By Customer Group											
Organs of State	2200	6 356	4 877	3 841	2 052	2 911	2 448	11 693	29 527	63 704	48 631
Commercial	2300	30 696	15 140	8 955	7 535	6 830	5 766	34 607	152 808	262 336	207 546
Households	2400	22 386	18 753	16 807	16 602	16 293	15 972	77 165	1 005 020	1 188 996	1 131 051
Other	2500	4 232	4 521	3 413	3 347	3 052	2 833	13 571	133 486	168 455	156 289
Total By Customer Group	2600	63 669	43 291	33 014	29 536	29 086	27 019	137 036	1 320 840	1 683 491	1 543 517

Debtors Breakdown per Ward

WARD	202209 (Current)	202208 (30 Days)	202207 (60 Days)	202206 (90 Days)	202205 (120 Days)	202204 (150 Days)	202203-202111 (21)	202110+ (Over 1 Yea	Total
	R 36 217 382.98	R 19 272 331.98	R 14 427 049.28	R 12 790 088.08	R 11 350 031.34	R 9 729 634.46	R 54 621 634.15	R 489 731 539.54	R 648 139 691.81
WARD 1	R 36 323 724.17	R 1 225 663.94	R 1 217 051.51	R 1 132 242.60	R 1 133 116.14	R 1 118 614.52	R 5 499 204.30	R 71 425 491.59	R 84 028 128.21
WARD 2	R 1 331 125.95	R 1 315 524.42	R 1 318 691.92	R 1 199 356.39	R 1 145 905.62	R 1 128 071.59	R 5 510 033.03	R 62 291 112.54	R 75 239 821.46
WARD 3	R 1 428 472.19	R 1 454 774.61	R 1 209 641.72	R 1 091 876.74	R 988 969.83	R 966 704.57	R 4 798 996.52	R 54 026 934.43	R 65 966 370.61
WARD 4	R 6 726 396.99	R 5 723 440.75	R 2 996 132.13	R 2 977 053.75	R 2 860 381.84	R 3 101 245.75	R 13 800 896.14	R 43 441 755.42	R 81 627 302.77
WARD 5	R 1 747 829.82	R 1 676 008.35	R 1 661 737.67	R 1 414 756.02	R 1 549 698.89	R 1 560 896.13	R 7 598 659.66	R 98 021 997.44	R 115 231 583.98
WARD 6	R 930 359.94	R 887 384.40	R 882 680.18	R 821 022.49	R 817 383.31	R 800 986.64	R 4 078 775.29	R 59 262 015.30	R 68 480 607.55
WARD 7	R 509 338.00	R 499 766.98	R 490 706.22	R 458 463.52	R 458 813.95	R 460 098.75	R 2 299 876.28	R 31 195 877.97	R 36 372 801.08
WARD 8	R 4 778 361.29	R 3 250 101.41	R 2 555 744.78	R 2 392 172.74	R 2 110 324.79	R 2 038 318.85	R 8 818 779.65	R 37 280 057.58	R 63 223 861.09
WARD 9	R 344 269.63	R 340 517.56	R 338 168.12	R 318 626.50	R 322 580.39	R 319 454.88	R 1 366 114.99	R 226 246.03	R 3 575 978.10
WARD 10	R 2 476 877.60	R 1 951 825.92	R 409 158.22	R 60 604.81	R 1 429 318.78	R 982 799.62	R 4 931 925.83	R 14 020 951.19	R 26 263 461.97
WARD 11	R 1 706 704.33	R 1 646 701.30	R 1 606 388.66	R 1 502 655.58	R 1 518 278.73	R 1 467 995.36	R 7 245 675.27	R 102 339 152.16	R 119 033 551.39
WARD 12	R 114 506.49	R 105 751.50	R 105 327.57	R 97 696.03	R 97 482.49	R 93 994.14	R 473 536.73	R 4 714 027.90	R 5 802 322.85
WARD 13	R 629.90	R 614.62	R 614.17	R 577.38	R 576.99	R 566.84	R 3 451.20	R 49 781.33	R 56 812.43
WARD 14	R 2 118 072.90	R 1 875 940.26	R 1 921 282.70	R 1 531 346.48	R 1 558 210.10	R 1 498 584.98	R 7 357 704.72	R 127 747 639.75	R 145 608 781.89
WARD 15	R 1 961 748.04	R 2 064 279.12	R 1 874 061.70	R 1 747 289.39	R 1 745 150.70	R 1 750 646.39	R 8 631 161.74	R 125 066 830.95	R 144 841 168.03
	R -	R -	R -	R -	R -	R -	-R 200.00	-R 1 148.21	-R 1 348.21
TOTAL	R 63 668 679.07	R 43 290 627.12	R 33 014 436.55	R 29 535 828.50	R 29 086 223.89	R 27 018 613.47	R 137 036 225.50	R 1 320 840 262.91	R 1 683 490 897.01

Transfer & Grants Subsidies (Indigent support)

To date 1633 households were registered for indigent support. The current outstanding debts balances of the registered indigent households amounted to R70 324 244.08 as at 30 September 2022. The registered Indigent household increased by 412 when compared to the number of Indigents as at the third quarter ended September 2021.

Wards No.	Number of indigents	
	2022-2023	2021-2022
Ward 1	128	96
Ward 2	102	95
Ward 3	207	157
Ward 4	65	46
Ward 5	190	102
Ward 6	117	57
Ward 7	121	73
Ward 8	35	46
Ward 10	18	19
Ward 11	250	75
Ward 12	0	14
Ward 13	1	1
Ward 14	144	321
Ward 15	254	119
Total Indigents	1633	1221

Debtors Payment Statistics

The table shows the amount collected by the municipality for service rendered against the service charges billing.

A collection rate of 64% for the first quarter ending 30 September 2022 and this collection rate shows an increase when compared to the first quarter ending September 2021 collection rate. Considering the levied amount of R192 336 700.94 and the actual payments amounting to R123 149 364.38 this indicates revenue loss amounting to R69 187 336.56.

Reporting Month	Levied Amount	Collected Amount	Collection Rate
July 2022	R59 344 546.30	R35 617 829.35	55%
August 2022	R67 227 606.38	R41 001 210.61	61%
September 2022	R65 714 547.26	R46 530 324.42	68%
Total	R192 336 700.94	R123 149 364.38	64%

Payment Statistics Revenue Streams

July 2021 - June 2022			
Revenue Stream	Revenue Collected	Revenue Levied	Collection Rate
Electricity	R 72 384 873.43	R 85 744 064.37	84%
Water	R 10 210 976.71	R 30 871 558.32	33%
Refuse	R 2 958 494.30	R 7 137 597.04	41%
Sewerage	R 3 843 585.58	R 9 817 224.88	39%
Rates	R 27 331 099.54	R 45 463 383.51	60%
Interest	R 2 710 749.69	R 22 984 838.01	12%
	R 119 439 779.25	R 202 018 666.13	

Creditors Age Analysis

The creditors age analysis indicates an analysis of unpaid received invoices, aged by due date. The creditors are broken down into eight ageing periods.

The Creditors Age Analysis shows an outstanding amount of R3 043 457 120 of which R1 815 267 852 is owed to Eskom. The municipality has taken several initiatives to ensure that the arrears amount owed to Eskom is paid. The Mpumalanga Department community safety, security and liaison has an outstanding amount of R75 508 057. The latest outstanding amount for Department of Water and Sanitation is R1 118 231 113.

The Municipality had numerous engagements with the Department of Water & Sanitation during the year of 2019, where the Department has conceded that they have incorrectly billed the Municipality since 2015. The

Department has committed to correcting the account and passing the necessary correcting adjustments. This will significantly reduce the outstanding debts.

The Municipality's outstanding trade creditors amounts to R28 626 115. The Municipality has no outstanding amount owed to the Auditor General for the reporting period. The Municipality has retention withheld amounting to R10 149 156.

The Municipality owes SARs R23 301 246 is in relation to PAYE and has a VAT refund amounting to R28 626 422 as result of the VAT review that was performed. The refund will be utilised to of set the outstanding debt on PAYE.

Detail	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total
Bulk Electricity	72,437,006	75,003,019	0	0	0	65,961,080	0	1,601,866,747	1,815,267,852
Bulk Water	0	5,315,182	10,423,975	8,632,394	16,798,207	0	0	1,077,061,355	1,118,231,113
PAYE deductions	4,017,100	4,346,696	4,404,483	0	4,050,890	0	6,482,080	0	23,301,249
VAT(Output less input)	0				0			0	0
Retirement deductions	0	0	0	0	0	0	0	0	0
Loan repayments	0	0	0	0	0	0	0	0	0
Trade Creditors	11,480,595	44,900	1,099,943	0	16,000,677	0	0	0	28,626,115
Auditor General	0	0	0						0
Retention Withheld	764,358	326,017	400,851	161,886	116,471	0	315,057	8,064,516	10,149,156
Mpumalanga Dept Transp	0	0	0				0	76,508,057	76,508,057
Total	88,699,059	85,035,814	16,329,252	8,794,280	36,966,245	65,961,080	6,797,137	2,763,500,675	3,072,083,542

The Municipality has been unable to pay all creditors within 30 days as required by the MFMA.

Grants & Subsidies – Part 8 Received & Expenditure

The municipality has to date received R69 758 000 on the grants and subsidies as allocated.

	Approved Budget 2022/2023	YTD Allocation Received July - September 2022	Allocation Transferred	Outstanding Allocation
Municipal Infrastructure Grant	R 32,514,000.00	R 14,000,000.00		R 18,514,000.00
Local Government Financial Management Grant	R 2,850,000.00	R 2,850,000.00		R -
Expanded Public Works Programme Integrated Grant for Municipalities	R 1,855,000.00	R 464,000.00		R 1,391,000.00
Equitableshares	R 152,423,000.00	R 59,444,000.00		R 92,979,000.00
Integrated National Electrification Programme Grant	R 7,000,000.00			R 7,000,000.00
	R 196,642,000.00	R 76,758,000.00	R -	R 119,884,000.00

The Municipality has to date spent an amount of R9 144 918.39 on conditional grants received.

Type of Grant	Unspent Grant 2022 - 23 Financial Year	YTD Allocation Received July - September 2022	YTD Expenditure July - September 2022	Remaining Balance
Municipal Infrastructure Grant	R 35,373,863.97	R 14,000,000.00	R 8,760,700.22	R 40,613,163.75
Local Government Financial Management Grant		R 2,850,000.00	R 336,218.17	R 2,513,781.83
Expanded Public Works Programme Integrated Grant for Municipalities		R 464,000.00	R 48,000.00	R 416,000.00
Integrated National Electrification Programme (Municipal) Grant		R -	R -	R -
	R 35,373,863.97	R 17,314,000.00	R 9,144,918.39	R 43,542,945.58

Supply Chain Report (Deviations)

The report indicates instances where the municipality did not adhere fully to the requirements of the Supply Chain Management policy when procuring certain goods or services. Deviations approved by the Accounting Officer, do not result in the municipality over spending on the appropriated budget, neither does it reflect any fruitless, wasteful nor unauthorized expenditure. In most cases the deviations are as a result of urgent nature, sometimes limited supplies and or strip and quote situations.

For the reporting period, the Municipality did not incur any deviations.

September 2022					
ORDER NO.	DATE	SUPPLIER	AMOUNT	DESCRIPTION	REASON

Contracted Services

	Approved Budget 2022-23	YTD Actual	YTD Budget	YTD Variance	YTD Variance %
		Sep-22	Sep-22	Sep-22	Sep-22
HIRE OF MACHINES	R 3 582 000.00		R 895 500.00	R 895 500.00	100%
LEGAL COST	R 12 492 000.00	R 420 251.54	R 3 123 000.00	R 2 702 748.46	87%
VALUATION ROLL	R 300 000.00	R 22 597.00	R 75 000.00	R 52 403.00	70%
PREPARATION:AFS	R 3 600 000.00	R 781 762.56	R 900 000.00	R 118 237.44	13%
VENDING DEBT COLLEC 4.5% OF PRE PAID	R -	R -	R -	R -	
SECURITY SERVICES	R 39 600 000.00	R 6 078 995.50	R 9 900 000.00	R 3 821 004.50	39%
HIRE OF WATER TANKERS	R 700 000.00	R -	R 175 000.00	R 175 000.00	100%
Accounting Printing and Posting	R 3 123 000.00	R -	R 780 750.00	R 780 750.00	100%
VENDING MANAGE 4% OF PRE PAID	R 4 575 100.00		R 1 143 775.00	R 1 143 775.00	100%
IT Service Programming	R 12 000 000.00	R 6 083 862.13	R 3 000 000.00	R (3 083 862.13)	-103%
Insurance Contract	R 2 800 000.00		R 700 000.00	R 700 000.00	100%
Risk Management software	R 104 100.00	R 83 870.00	R 26 025.00	R (57 845.00)	-222%
Mscoa Conversion	R -		R -	R -	
PMS	R 700 000.00	R -	R 175 000.00	R 175 000.00	100%
Software License	R 260 300.00	R -	R 65 075.00	R 65 075.00	100%
Feasibility Study Renewal Energy	R -	R -	R -	R -	
	R 83 836 500.00	R 13 471 338.73	R 20 959 125.00	R 7 487 786.27	58.3%

Fruitless and wasteful expenditure

The Municipality was unable to pay its creditors on time resulting to interest and penalties as per the breakdown.

	2022/09/30
Opening Balance	566 355 156.03
Current Year Fruitless Wasteful Expenditure	R 21 442 841.85
Interest on Arrear Eskom accounts	R 21 024 844.55
Interest on Arrear Water accounts	R -
Interest on Arrear Telkom, AGSA, SARS, Pension and Munsoft accounts	
Interest on Arrear Telkom Account	R 3 215.97
Interest on Arrear A.G SA Account	
Interest on Arrear PAYE Account	
Interest on Arrear VAT Account	R 3 161.53
Penalties VAT	R 48 940.16
Penalties PAYE	R 356 879.68
Interest on Arrear Nashua Account	R 1 423.12
Interest on Pension Fund	R 4 376.84
Interest on Sanlam Account	
Interest on Munsoft Account	
	587 797 997.88

RECOMMENDATION BY THE EXECUTIVE MAYOR

- (1) That the report of the Executive Mayor regarding the first quarter budget statement ending September 2022 BE NOTED.

Acknowledgement of receipt of Quarter Budget Statements (Section 52 Report) for the first quarter ending September 2022.

Municipal Manager of Lekwa Local Municipality MP305

Name: MJ Lamola

Signature: _____

Date: _____

Executive Mayor Lekwa Local Municipality MP305

Name: DL Thabethe

Signature: _____

Date: _____