

Report: Municipal Manager (Chief Financial Officer): 2024-10-11

1. PURPOSE

1.1. The purpose of this report is to ensure that the Executive Mayor is able to exercise his oversight responsibility over the financial management of the municipality.

2. BACKGROUND

2.1. 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

3.1. The content and format of this report for the quarter ended 30 September 2024 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 – Part 1;
- Actual Capital Acquisition –Part 2;
- Cash Flow Statement – Part 3;
- Age Analysis of Debtors & Debtors Payment Statistics – Part 4;
- Age Analysis of Creditors – Part 5;
- External Investments – Part 6;
- Supply Chain Report (Deviations) – Part 7; and
- Grants & Subsidies – Part 8.

Statement of Operating Revenue & Expenditure – Part 1

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 of the services

The statement is prepared on a similar basis to the prescribed budget format which details revenue by source type and expenditure by category and/or input type.

The total operating revenue for the reporting quarter amounts to R374 955 255, this amount shows a increase of R 128 285 586 compared to the prior quarter that amounted to R258 415 293. The amount includes revenue generated from property rates R62 005 859, electricity R137 372 484, water R20 705 163, sanitation services R20 875 413, refuse removal R15 249 855, rental income R527 156, interest earned R536 390, interest on outstanding debtor R38 846 824, fines R466 615 transfer recognized – operational R77 969 000 and other revenue R400 496.

The total operating expenditure for the reporting quarter amounts to R347 958 447, this amount shows an increase of R79 115 677 comparing to the prior quarter that amounted to R241 359 463. The amount of operating expenditure consists of employee related costs (employees and councilors) respectively amounting to R55 431 964 and R2 381 123, bulk purchases (water and electricity) respectively R163 688 851, finance costs R13 469 467, other materials R69 108, contracted services R17 984 104, irrecoverable debt written-off R3 277 956 and operating expenditure amounting R20 089 823.

The operating surplus for the reporting period amounts to R26 996 808.

MP305 Lekwa - Budget Statement - Financial Performance (revenue & expenditure) - September 2024

| | 2022/23 Audited Outcome | Budget 2024 - 2025 MTREF | Prior Quarter Movement | First Quarter movement | Quarterly Variance | YTD Actual | YTD Budget | YTD variance | YTD variance % |
|--|-------------------------|--------------------------|------------------------|------------------------|--------------------|--------------------|---------------------|-----------------|----------------|
| R thousands | | | | | | | | | % |
| Revenue By Source | | | | | | | | | |
| Property rates | 208,614,381 | 219,697,425 | 62,967,876 | 62,005,859 | (962,017) | 62,005,859 | 54,924,356.25 | 7,082 | 13% |
| Service charges - electricity revenue | 507,826,970 | 507,625,739 | 98,974,880 | 137,372,484 | 38,397,604 | 137,372,484 | 126,906,434.75 | 10,466 | 8% |
| Service charges - water revenue | 87,802,727 | 78,121,519 | 20,433,395 | 20,705,163 | 271,768 | 20,705,163 | 19,530,379.75 | 1,175 | 6% |
| Service charges - sanitation revenue | 42,598,638 | 71,223,041 | 18,885,799 | 20,875,413 | 1,989,614 | 20,875,413 | 17,805,760.25 | 3,070 | 17% |
| Service charges - refuse revenue | 33,115,342 | 53,900,286 | 14,362,305 | 15,249,855 | 887,550 | 15,249,855 | 13,475,071.50 | 1,775 | 13% |
| Service charges - other | | | | | | | | | |
| Rental of facilities and equipment | 2,820,000 | 2,849,400 | 744,375 | 527,156 | (217,219) | 527,156 | 712,350.00 | (185) | -26% |
| Interest earned - external investments | 1,027,408 | 1,077,750 | 326,278 | 536,390 | 210,112 | 536,390 | 269,437.50 | 267 | 99% |
| Interest earned - outstanding debtors | 116,638,775 | 122,354,075 | 37,156,095 | 38,846,824 | 1,690,729 | 38,846,824 | 30,588,518.75 | 8,258 | 27% |
| Fines | 4,550,100 | 2,864,915 | 354,234 | 466,615 | 112,381 | 466,615 | 716,228.75 | (250) | -35% |
| Transfers recognised - operational | 173,957,400 | 185,567,550 | 3,212,193 | 77,969,000 | 74,756,807 | 77,969,000 | 46,391,887.50 | 31,577 | 68% |
| Other revenue | 370,000 | 1,947,618 | 997,862 | 400,496 | (597,366) | 400,496 | 486,904.50 | (86) | -18% |
| Total Revenue (excluding capital transfers and contributions) | 1,179,322 | 1,247,229,318 | 258,415,293 | 374,955,255 | 116,539,962 | 374,955,255 | 311,807,330 | 63,148 | 20% |
| Expenditure By Type | | | | | | | | | |
| Employee related costs | 331,491,196 | 338,790,606 | 75,836,678 | 81,784,835 | 5,948,157 | 81,784,835 | 84,697,651.50 | (2,913) | -3% |
| Remuneration of councillors | 13,760,659 | 14,434,660 | 3,290,047 | 3,561,559 | 271,512 | 3,561,559 | 3,608,665.00 | (47) | -1% |
| Debt impairment | 67,436,367 | 206,985,762 | 16,859,092 | 34,497,628 | 17,638,537 | 34,497,628 | 51,746,440.50 | (17,249) | -33% |
| Depreciation & asset impairment | 72,780,530 | 57,510,698 | 18,195,132 | 9,585,116 | 8,610,016 | 9,585,116 | 14,377,674.50 | (4,793) | -33% |
| Finance charges | 68,256,000 | 68,256,000 | 14,633,212 | 13,469,467 | 1,163,745 | 13,469,467 | 17,064,000.00 | (3,595) | -21% |
| Bulk purchases Electricity | 510,000,000 | 574,872,000 | 64,921,441 | 163,688,851 | 98,767,410 | 163,688,851 | 143,718,000.00 | 19,971 | 14% |
| Bulk purchases Water | - | - | - | - | - | - | - | - | |
| Other materials | 89,280,096 | 91,411,047 | 5,783,358 | 69,108 | 5,714,250 | 69,108 | 22,852,761.75 | (22,784) | -100% |
| Contracted services | 130,252,241 | 121,181,233 | 25,582,392 | 17,984,104 | 7,598,288 | 17,984,104 | 30,295,308.25 | (12,311) | -41% |
| Irrecoverable Debts Written-off | 77,653,815 | 77,653,815 | 3,171,879 | 3,227,956 | 56,077 | 3,227,956 | 19,413,453.75 | (16,185) | -83% |
| Other expenditure | 75,693,750 | 70,822,801 | 13,086,233 | 20,089,823 | 7,003,590 | 20,089,823 | 17,705,700.25 | 2,384 | 13% |
| Loss on disposal of PPE | - | - | - | - | - | - | - | - | |
| Total Expenditure | 1,436,604,654 | 1,621,918,622 | 241,359,463 | 347,958,447 | 106,598,984 | 347,958,447 | 405,479,656 | (57,521) | -14% |
| Surplus/(Deficit) | (257,282,913) | (374,689,304) | 17,055,829 | 26,996,808 | 9,940,979 | 26,996,808 | (93,672,326) | 120,669 | (0) |

Retention Register

| CONTRACTOR | PROJECT | CONTRACT AMOUNT | RETENTION WITHHELD | RETENTION PAID 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 Moephatutsi | 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(Tum 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 I 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 | 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 |
| ERMSA | 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 531,892.26 | R -0.01 |
| 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 99,913.26 | R 89.71 |
| 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 370,775.45 | R - | R 370,775.45 |
| ASDU Trading and Projects. | drilling and installation of boreholes | R 1,718,790.00 | R 171,879.00 | R 171,879.00 | R - |
| 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 |
| Asgne Africa (Pty)LTD | Rehabilitation of roads in Lekwa LM | R 7,735,960.56 | R 773,596.05 | R 773,596.05 | R - |
| 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 521,512.64 | R 521,512.64 | R - |
| Emsa * | Electrification of 128 RDP in Standerton Extension 8 | R 2,038,307.15 | R 203,656.84 | R 203,656.84 | R - |
| Emsa | Construction of 10 MVA switching station at Standerton Extension 8 | R 11,124,859.70 | R 904,855.79 | R 904,855.79 | R - |
| 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 214,947.60 | R 247,994.63 | R -33,047.03 |
| Hlahlathela | The supply , delivery & Installation of High Security Clear View Fencing | R 1,775,737.42 | R 177,572.70 | R 177,572.68 | R 0.02 |
| Zedek | Supply, delivery & Install Precast concrete palisade fencing of the Rooikoppen Cemetery | R 1,906,982.00 | R 190,698.15 | R 190,698.18 | R -0.03 |
| TM & S Construction | Upgrading of the Standerton Bulk Water Supply System Phase 2 Construction of Kieser Pressuer Tower | R 35,462,276.62 | R 3,517,492.95 | R - | R 3,517,492.95 |
| TM & S Construction | Coligny Sewer Line Upgrade | R 21,142,201.21 | R 2,114,220.01 | R 2,114,220.06 | R -0.05 |
| TCM Developments | Refurbishments of Rural VIP Toilets | R 961,515.00 | R - | R - | R - |
| Mizana Engineering Services | Refurbishment of Standerton Wastewater Treatment Works Phase 2: | R 15,250,437.37 | R 1,808,942.58 | R 904,471.29 | R 904,471.29 |
| Enhanced Innovations | Upgrading and Operations of the Standerton Landfill Site | R 19,606,614.50 | R 1,957,846.59 | R 978,922.33 | R 978,924.26 |
| Limacon | Manufacture, testing at Contractors works, supply, directory direct access (DDP), Installation, Testing at Site and Commissions of one fully functional three phase 20MVA 33/11 KV Power Transformer for Lekwa Local Municipality's A sub-station | R 7,903,789.12 | R 838,778.99 | R - | R 838,778.99 |
| Ngcebo Holdings | Supply & installation of VIP toilets rural /farm areas | R 842,774.62 | R 84,277.46 | R 84,277.46 | R - |
| Shandis West | Installation of new VIP Toilets at Ward 12 and 13 | R 1,329,940.50 | R 132,994.05 | R 66,497.03 | R 66,497.02 |
| Mudoita | Drilling of Boreholes at Ward 9.12 and 13 | R 998,085.50 | R 99,808.50 | R 49,904.25 | R 49,904.25 |
| 2MC Consulting | Maintenance Part 1 issued observed. Construction of wing walls and extension of renomatress or construction of gabions for embankment downstream (Sakhile ward 11) protection on both sides of the bridge . Cleaning of river and culvert | R 500,000.00 | R 39,103.12 | R - | R 39,103.12 |
| 2MC Consulting | Maintenance Part 2 issued observed. Construction of wing walls and extension of renomatress or construction of gabions for embankment downstream (Sakhile ward 11) protection on both sides of the bridge . Cleaning of river and culvert | R 600,000.00 | R 59,995.64 | R - | R 59,995.64 |
| 2MC Consulting | Rehabilitation of Rooikopen sewer pump station number 3 | R 1,000,000.00 | R 65,619.70 | R - | R 65,619.70 |
| 2MC Consulting | regravelling of ex 8 | R 642,447.04 | R 71,383.00 | R - | R 71,383.00 |
| F-TECH SERVICES | Installation of 26 High Mast Lighting in different wards | R 15,318,149.28 | R 161,000.00 | R - | R 161,000.00 |
| Izinjomane | Construction of 6km,11kv line from Substation A to Rooikoppen | R 12,543,909 | R 321,775.93 | R - | R 321,775.93 |
| | | | R 26,806,999.61 | R 13,353,801.29 | R 13,453,198.32 |

Cash Flow Statement – Part 3

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 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 reporting period amounted to R81 096 488. The amount includes revenue collected from Property Rates R6 037 784 , Electricity R32 397 742, Water R2 980 103, sanitation R1 273 705, Refuse R877 915, Interest on outstanding debtors R784 915, Interest on Investment R250 027, inter accounts transfers R25 307 224, grants, and subsidies: operational R0 and grants and subsidies: capital R10 667 000 and other revenue of R11 947 417.

The actual payments made for the reporting period amounts to R80 710 247. The amount includes payment for employee related costs (employees and councilors) respectively of R28 323 350 and R1 222 414, bulk purchases (water and electricity) respectively R2 762 779 and R0, contracted services amounting to R9 299 654, Capital expenditure amounted to R1 059 491, and general expenses amounted to R3 361 551.

The Municipality's cash flow status for all bank accounts reflects a favorable bank balance of R25 343 493,78 including a favorable closing balance on primary account of R656 439,02. 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 R3,3 billion and outstanding debtors of R2,2 billion as disclosed in the age analysis below.

| MONTHLY CASH FLOWS | Budget Year 2024/2025 | | | | | | | | | | | | Budget Year 2023/24 - Full Year Forecast | |
|---|-----------------------|--------------------|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|--|-------------|
| | Rands | July Actual | August Actuals | September Actuals | October Budget | November Budget | December Budget | January Budget | February Budget | March Budget | April Budget | May Budget | | June Budget |
| Cash Receipts By Source | | | | | | | | | | | | | | |
| Property rates | 4,178,433 | 11,905,030 | 6,037,784 | 16,215,000 | 16,215,000 | 16,215,000 | 16,215,000 | 16,215,000 | 16,215,000 | 16,215,000 | 16,215,000 | 16,215,000 | 16,215,000 | |
| Service charges - electricity revenue | 33,661,456 | 29,738,979 | 32,397,742 | 34,080,000 | 34,080,000 | 34,080,000 | 34,080,000 | 34,080,000 | 34,080,000 | 34,080,000 | 34,080,000 | 34,080,000 | 34,080,000 | |
| Service charges - water revenue | 3,151,422 | 3,015,574 | 2,980,103 | 6,173,000 | 6,173,000 | 6,173,000 | 6,173,000 | 6,173,000 | 6,173,000 | 6,173,000 | 6,173,000 | 6,173,000 | 6,173,000 | |
| Service charges - sanitation revenue | 1,010,194 | 1,677,212 | 1,273,705 | 4,224,000 | 4,224,000 | 4,224,000 | 4,224,000 | 4,224,000 | 4,224,000 | 4,224,000 | 4,224,000 | 4,224,000 | 4,224,000 | |
| Service charges - refuse revenue | 1,027,530 | 1,100,906 | 877,915 | 2,338,000 | 2,338,000 | 2,338,000 | 2,338,000 | 2,338,000 | 2,338,000 | 2,338,000 | 2,338,000 | 2,338,000 | 2,338,000 | |
| Rental of facilities and equipment | 172,009 | 177,858 | 177,289 | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 | |
| Interest earned - external investments | 63,148 | 223,215 | 250,027 | | | | | | | | | | | |
| Interest earned - outstanding debtors | 717,976 | 1,650,834 | 784,513 | | | | | | | | | | | |
| Fines, penalties and forfeits | 212,402 | 112,820 | 141,393 | 239,000 | 239,000 | 239,000 | 239,000 | 239,000 | 239,000 | 239,000 | 239,000 | 239,000 | 239,000 | |
| Transfer receipts - operational | 74,729,000 | 3,240,000 | | | | | | | | | | | | |
| Intr Accounts Transfers | 6,136,825 | 7,098,912 | 25,307,224 | | | | | | | | | | | |
| Other revenue | 130,989 | 78,719 | 201,793 | 7,334,000 | 7,334,000 | 7,334,000 | 7,334,000 | 7,334,000 | 7,334,000 | 7,334,000 | 7,334,000 | 7,334,000 | 7,334,000 | |
| Cash Receipts by Source | 125,191,384 | 60,020,059 | 70,429,488 | 72,603,000 | 72,603,000 | 72,603,000 | 72,603,000 | 72,603,000 | 72,603,000 | 72,603,000 | 72,603,000 | 72,603,000 | 72,603,000 | - |
| Other Cash Flows by Source | | | | | | | | | | | | | | |
| Transfer receipts - capital | 8,457,000 | | 10,667,000 | 1,552,000 | 1,552,000 | 1,552,000 | 1,552,000 | 1,552,000 | 1,552,000 | 1,552,000 | 1,552,000 | 1,552,000 | 1,552,000 | |
| Total Cash Receipts by Source | 133,648,384 | 60,020,059 | 81,096,488 | 74,155,000 | 74,155,000 | 74,155,000 | 74,155,000 | 74,155,000 | 74,155,000 | 74,155,000 | 74,155,000 | 74,155,000 | 74,155,000 | - |
| Cash Payments by Type | | | | | | | | | | | | | | |
| Employee related costs | 27,108,614 | 26,352,870 | 28,323,350 | 28,232,583 | 28,232,583 | 28,232,583 | 28,232,583 | 28,232,583 | 28,232,583 | 28,232,583 | 28,232,583 | 28,232,583 | 28,232,583 | |
| Remuneration of councillors | 1,158,709 | 1,180,436 | 1,222,414 | 1,202,917 | 1,202,917 | 1,202,917 | 1,202,917 | 1,202,917 | 1,202,917 | 1,202,917 | 1,202,917 | 1,202,917 | 1,202,917 | |
| Bulk purchases - Electricity | 13,292,819 | 3,883,731 | 2,762,779 | 47,906,000 | 47,906,000 | 47,906,000 | 47,906,000 | 47,906,000 | 47,906,000 | 47,906,000 | 47,906,000 | 47,906,000 | 47,906,000 | |
| Bulk purchases - Water | | | | | | | | | | | | | | |
| Other materials | 47,147 | 46,369 | 21,961 | 6,875,500 | 6,875,500 | 6,875,500 | 6,875,500 | 6,875,500 | 6,875,500 | 6,875,500 | 6,875,500 | 6,875,500 | 6,875,500 | |
| Contracted services | 8,684,450 | 8,118,442 | 9,299,654 | 10,673,833 | 10,673,833 | 10,673,833 | 10,673,833 | 10,673,833 | 10,673,833 | 10,673,833 | 10,673,833 | 10,673,833 | 10,673,833 | |
| Intr Accounts Transfers | 50,032,280 | 10,413,272 | 34,659,047 | | | | | | | | | | | |
| Other expenditure | 28,877,947 | 2,604,667 | 3,361,551 | | | | | | | | | | | |
| Cash Payments by Type | 129,201,966 | 52,599,787 | 79,650,756 | 94,890,833 | 94,890,833 | 94,890,833 | 94,890,833 | 94,890,833 | 94,890,833 | 94,890,833 | 94,890,833 | 94,890,833 | 94,890,833 | - |
| Other Cash Flows/Payments by Type | | | | | | | | | | | | | | |
| Capital assets | 1,761,510 | 9,984,113 | 1,059,491 | | | | | | | | | | | |
| Total Cash Payments by Type | 130,963,476 | 62,583,900 | 80,710,247 | 94,890,833 | 94,890,833 | 94,890,833 | 94,890,833 | 94,890,833 | 94,890,833 | 94,890,833 | 94,890,833 | 94,890,833 | 94,890,833 | - |
| NET INCREASE/(DECREASE) IN CASH HELD | 2,684,908 | - 2,563,841 | 386,241 | - 20,735,833 | - 20,735,833 | - 20,735,833 | - 20,735,833 | - 20,735,833 | - 20,735,833 | - 20,735,833 | - 20,735,833 | - 20,735,833 | - 20,735,833 | - |
| Cash/cash equivalents at the month/year beg | 149,131 | 2,834,039 | 270,198 | 656,439 | - 20,079,394 | - 40,815,227 | - 61,551,060 | - 82,286,893 | - 103,022,726 | - 123,758,559 | - 144,494,392 | - 165,230,225 | - 185,966,058 | |
| Cash/cash equivalents at the month/year end | 2,834,039 | 270,198 | 656,439 | - 20,079,394 | - 40,815,227 | - 61,551,060 | - 82,286,893 | - 103,022,726 | - 123,758,559 | - 144,494,392 | - 165,230,225 | - 185,966,058 | - 185,966,058 | |

Debtors Age Analysis & Debtors Payment Statistics – Part 4 a & b

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

The debtors' balance for the reporting month amounts to R2,2 billion. Outstanding Debtors that are older than 90 days' amounts to R 2 billion of the total outstanding debts.

The debt from households amounts to R1,6 billion, government to R 84 million while business owed R 260 million, and other customers owed an amount of R204 million. Electricity contributes R346 million of the outstanding debt, Property assessment rates R419 million, Water R 373 million, Wastewater R213 million, refuse R163 million, income from other sources R152 million while interest on arrears amounts to R576 million.

MP305 Lekwa - Supporting Table SC3 Monthly Budget Statement - aged debtors - SEPTEMBER 2024

| Description | NT Code | Budget Year 2023/2024 | | | | | | | | | 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 | 7,248 | 5,182 | 4,982 | 4,667 | 3,896 | 4,454 | 65,631 | 277,524 | 373,584 | 356,172 | |
| Trade and Other Receivables from Exchange Transactions - Electricity | 1300 | 51,152 | 19,644 | 17,096 | 12,827 | 8,983 | 12,808 | 33,533 | 190,411 | 346,454 | 258,561 | |
| Receivables from Non-exchange Transactions - Property Rates | 1400 | 18,522 | 16,069 | 8,985 | 15,360 | 6,895 | 7,620 | 6,390 | 339,796 | 419,637 | 376,061 | |
| Receivables from Exchange Transactions - Waste Water Management | 1500 | 6,772 | 5,763 | 5,749 | 5,546 | 5,200 | 5,422 | 5,109 | 174,064 | 213,623 | 195,340 | |
| Receivables from Exchange Transactions - Waste Management | 1600 | 5,124 | 4,349 | 4,303 | 4,139 | 3,867 | 4,032 | 3,853 | 133,954 | 163,621 | 149,845 | |
| Receivables from Exchange Transactions - Property Rental Debtors | 1700 | - | - | - | - | - | - | - | - | - | - | |
| Interest on Arrear Debtor Accounts | 1810 | 13,232 | 12,821 | 12,519 | 12,430 | 12,651 | 12,294 | 11,721 | 489,315 | 576,983 | 538,411 | |
| Recoverable unauthorised, irregular, fruitless and wasteful expenditure | 1820 | - | - | - | - | - | - | - | - | - | - | |
| Other | 1900 | 2,549 | 48 | 1,214 | (2,450) | 2,570 | 3,224 | 20,777 | 124,541,134.70 | 152,473 | 148,661 | |
| Total By Income Source | 2000 | 104,600 | 63,876 | 54,847 | 52,519 | 44,062 | 49,854 | 147,013 | 1,729,604 | 2,246,375 | 2,023,052 | |
| 2019/20 - totals only | | | | | | | | | | - | - | |
| Debtors Age Analysis By Customer Group | | | | | | | | | | | | |
| Organs of State | 2200 | 9,146 | 6,687 | 4,432 | 7,394 | 4,900 | 3,203 | 8,914 | 41,949 | 86,624 | 66,359 | |
| Commercial | 2300 | 43,162 | 13,929 | 11,591 | 7,475 | 4,001 | 8,361 | 16,530 | 155,494 | 260,543 | 191,861 | |
| Households | 2400 | 44,553 | 36,990 | 36,700 | 34,910 | 31,938 | 34,492 | 113,221 | 1,362,388 | 1,695,193 | 1,576,950 | |
| Other | 2500 | 7,738 | 6,270 | 2,125 | 2,740 | 3,223 | 3,797 | 8,348 | 169,774 | 204,014 | 187,882 | |
| Total By Customer Group | 2600 | 104,600 | 63,876 | 54,847 | 52,519 | 44,062 | 49,854 | 147,013 | 1,729,604 | 2,246,375 | 2,023,052 | |

Debtors Breakdown per Ward

| WARD | 202409 (Cur | 202408 (3C | 202407 (6C | 202406 (9C | 202405 (12C | 202404 (15C | 202403 (18C | 202402 (21C | 202401 (24C | 202312 (27C | 202311 (30C | 202310 (33C | 202309 (36C | 202308 (39C | Total |
|---------|-------------|------------|------------|------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|------------|
| | 65354083 | 36872824 | 28877135 | 29543846 | 20291857 | 25376930 | 37519361 | 82152723 | 10542648 | 9400249 | 11470275 | 13171255 | 13391283 | 541525727 | 925490197 |
| WARD 1 | 1631761.1 | 1604192 | 1539616 | 1548350 | 1470610 | 1576749 | 9586070.7 | 2599223 | 1355858 | 1343779 | 1334407 | 1326156 | 1319573 | 78407340.1 | 106643686 |
| WARD 2 | 1707265.2 | 1763035 | 1496967 | 1599877 | 1509436 | 1587789 | 9349959.7 | 2225247.4 | 1427110 | 1386775 | 1306591 | 1333098 | 1324990 | 72042488.8 | 100060628 |
| WARD 3 | 1969155.5 | 2229841 | 1577530 | 1582618 | 1682789 | 1723598 | 6058749.8 | 4057829.5 | 1085017 | 1054320 | 1033205 | 965870.4 | 1314016 | 60445831.1 | 86780370.3 |
| WARD 4 | 6071531.1 | 2119310 | 1620175 | 1001408 | 1376039 | 1237637 | 4639574.4 | 2710348.9 | 599751.3 | 561949.7 | 734325.8 | 757599.1 | 954143.4 | 41589980.8 | 65973772.4 |
| WARD 5 | 2364851.6 | 2369494 | 2033614 | 2157534 | 2122932 | 2257717 | 12097862 | 3380418.7 | 1890062 | 1876204 | 1871559 | 1858734 | 1837791 | 112198272 | 150317046 |
| WARD 6 | 1319967.3 | 1291478 | 1235838 | 1217987 | 1148718 | 1197356 | 5604752.7 | 1899082.7 | 1012487 | 1019390 | 997101.8 | 1000860 | 990135.5 | 66141923.1 | 86077076.4 |
| WARD 7 | 946236.64 | 928377.7 | 892842.9 | 808193.9 | 793867.2 | 778011.1 | 2491706.7 | 1933148.7 | 527841.1 | 524375.7 | 525308.2 | 521301.6 | 696939.4 | 34426899 | 46795049.7 |
| WARD 8 | 7335986 | 3680188 | 4005876 | 4185922 | 2547812 | 3812374 | 13333838 | 4277878.2 | 2013326 | 1883860 | 2141778 | 1676809 | 2312767 | 36942170 | 90150582.6 |
| WARD 9 | 30506.09 | 31830.77 | 30503.87 | -527997 | 20772.79 | 24795.32 | 199059.02 | 47055.29 | 18836.58 | 18737.48 | 18699.25 | -498821 | 18529.72 | 521953.82 | -45538.15 |
| WARD 10 | 5855614.6 | -934293 | 1271613 | -170490 | 1659470 | 1153418 | 5556470.4 | 1324823.4 | 558368.4 | 302172.7 | 27300.3 | 145096.5 | 279007.9 | 14326745.9 | 31355316.2 |
| WARD 11 | 3336150.1 | 4480588 | 4298650 | 3876596 | 3781091 | 3382842 | 16111500 | 9863745.9 | 2424812 | 2491297 | 2631744 | 2632189 | 3006303 | 118423840 | 180741348 |
| WARD 12 | 165212.1 | 64675.96 | 210002.6 | 69906.46 | 64006.29 | 114579.7 | 248414.79 | 115101.89 | 117156.1 | 116604.4 | 116197.8 | 116556 | 119785.7 | 5523363.67 | 7161563.41 |
| WARD 13 | 1730.73 | 1719.78 | 1708.81 | 2120.35 | 2105.15 | 2089.94 | 2074.73 | 7347.78 | 1243.42 | 1234.7 | 1225.97 | 1217.24 | 1208.52 | 59467.88 | 86495 |
| WARD 14 | 3134414.4 | 3143276 | 2589689 | 2627315 | 2643667 | 2619902 | 9227371.6 | 5151204.9 | 1914119 | 1911572 | 1981082 | 1940822 | 2147447 | 142645036 | 183676919 |
| WARD 15 | 3375322.5 | 4229649 | 3165605 | 2995621 | 2946960 | 3007794 | 14986353 | 8599350.9 | 1987491 | 1974264 | 2068242 | 1970936 | 2067707 | 131735241 | 185110537 |
| TOTAL | 104599788 | 63876185 | 54847366 | 52518809 | 44062131 | 49853580 | 147013117 | 130344530 | 27476127 | 25866786 | 28259042 | 28919679 | 31781626 | 1456956281 | 2246375048 |

Debtors Payment Statistics – Part 4 (b)

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

The municipality achieved an average collection rate of 54% as at 30 September 2024.

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

| Reporting Month | Revenue Collected | Revenue Levied | Collection Rate |
|-----------------|-----------------------|-----------------------|-----------------|
| Jul-24 | 47 972 244.39 | 94 686 537.41 | 51% |
| Aug-24 | 47 437 701.00 | 82 977 132.76 | 57% |
| Sep-24 | 51 045 979.81 | 94 973 905.18 | 54% |
| Total | 146 455 925.20 | 272 637 575.35 | 54% |

To ensure that there is a continuous implementation of debt collection, a plan should be developed that will focus on the various categories of customers (business, residential, government, farms etc) with a clear time frames and clear activities to be embarked on. The plan should also include the various resources required (human resources, vehicles, machinery & equipment, etc.) to enable the implementation of debt collection.

The primary reason for the poor revenue collection is the municipality's current credit balance of R70,307,126.30, which resulted from corrections made to property rates due to previous incorrect billing. Despite improvements in the billing process, collection rates remain low, as many of our major consumers, including commercial entities and government departments, currently have substantial credit balances. The situation is further aggravated by the large number of households not purchasing electricity, which prevents the municipality from breaking even. Additionally, we are still grappling with a significant number of estimated water meter readings, leading to either under-billing or over-billing, further contributing to the instability in our revenue collection.

Creditors Age Analysis– Part 5

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 R 3,3 billion of which R2,5 billion is owed to Eskom. The municipality has taken several initiatives to ensure that the arrears amount owed to Eskom is paid. The latest outstanding amount for Department of Water and Sanitation is R672 million.

The Municipality's outstanding trade creditors amounts to R25 million. The Municipality has an outstanding payment to Auditor General an amount of R3,2 million. The Municipality owes R13 million on retention withheld for the reporting period. The Municipality owes SARS R23 million relating to PAYE deductions and a VAT refund of R971 895,86. The Municipality does not maintain sufficient working capital thus resulting in statutory payments and some other creditors not being paid timeously. The outstanding creditors are continuously increasing thus indicating that the Municipality is entering into obligations that it's unable to service. Unless all interventions are implemented (Revenue enhancement strategy, financial recovery, cost curtailments & installation of smart meters) the Municipality will face a severe financial sustainability issues & distress, that might require the Municipality to consider interventions as entrenched within the Municipal Finance Management Act.

MP305 Lekwa - Supporting Table SC4 Monthly Budget Statement - Creditors age analysis - SEPTEMBER

| Description | NT Code | Budget Year 2024/25 | | | | | | | | Total |
|--|-------------|-----------------------|----------------------|----------------------|----------------------|---------------------|----------------------|----------------------|-------------------|-------------------------|
| | | 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 | |
| R thousands | | | | | | | | | | |
| Creditors Age Analysis By Customer Type | | | | | | | | | | |
| Bulk Electricity | 0100 | 99,650,380.08 | - | 110,449,981.43 | 99,102,058.30 | 2,266,590,114.09 | - | - | - | 2,575,792,533.90 |
| Bulk Water | 0200 | 12,848.96 | - | - | - | 425,200.92 | - | 139,753,121.38 | 532,725,518.54 | 672,491,488.88 |
| PAYE deductions | 0300 | 5,182,250.38 | 4,068,161.10 | - | 4,547,645.84 | 9,837,655.43 | - | - | 22,967,243.77 | 46,602,956.52 |
| VAT (output less input) | 0400 | - | - | - | - | - | - | - | - | - |
| Pensions / Retirement deductions | 0500 | - | - | - | - | - | - | - | - | - |
| Trade Creditors | 0700 | 14,100,373.18 | 1,783,262.58 | 256,3610.82 | 1,303,155.91 | 891,440.36 | 2,848,271.82 | 346,991.54 | 1,302,598.23 | 25,139,704.44 |
| Auditor General | 0800 | 1,906,350.67 | 759,104.56 | 12,750.25 | 25,996.70 | 23,011.45 | 552,895.51 | - | - | 3,280,109.14 |
| Other | 0900 | - | - | - | - | - | - | - | - | - |
| Retention | | 117,721.25 | 204,054.68 | - | 2,094,505.21 | 512,688.14 | 319,282.00 | 1,568,875.98 | 8,636,071.06 | 13,453,198.32 |
| Total By Customer Type | 1000 | 120,969,924.52 | 59,592,645.36 | 52,956,243.16 | 60,274,099.31 | 9,665,945.22 | 36,821,063.95 | 85,764,543.20 | 214,880.93 | 3,323,306,792.88 |

Investment Portfolio – Part 6

The Closing balance call accounts as of 30 September 2024 amounts to R24 075 485,75. Municipality for the reporting month capitalized R215 991,59 interest on call accounts.

| Account name | Account number | Opening balance | Deposits | Interest Capitalised | Withdrawals | Closing balance |
|-----------------------|----------------|------------------------|----------|----------------------|-----------------|------------------------|
| GRANTS ACCOUNT | 3788153059 | 27908355.67 | | 215991.59 | -R 4,048,861.48 | R 24,075,485.78 |
| | | | | | | R - |
| | | R 27,908,355.67 | R - | R 215,991.59 | -R 4,048,861.48 | R 24,075,485.78 |

Grants & Subsidies – Part 8 Received & Expenditure

The municipality has to date received R103 293 000 from the grants and subsidies as allocated.

| | Approved Budget 2024/2025 | YTD Allocation Received July 2024 - June 2025 | Opening Balance | Outstanding Allocation |
|---|------------------------------|---|------------------------|---------------------------|
| Municipal Infrastructure Grant | R 33,151,000.00 | R 19,124,000.00 | | R 14,027,000.00 |
| Local Government Financial Management Grant | R 2,800,000.00 | R 2,800,000.00 | | R - |
| Expanded Public Works Programme Integrated Grant for Municipalities | R 1,760,000.00 | R 440,000.00 | | R 1,320,000.00 |
| Equitable shares | R 179,350,000.00 | R 74,729,000.00 | | R 104,621,000.00 |
| Energy Efficiency Demand Side Management | R 4,000,000.00 | R 1,200,000.00 | | R 2,800,000.00 |
| Municipal Disaster Recovery Grant | | | R 10,059,730.30 | R - |
| Integrated National Electrification Programme Grant | R 14,620,000.00 | R 5,000,000.00 | | R 9,620,000.00 |
| | R 235,681,000.00 | R 103,293,000.00 | R 10,059,730.30 | R 132,388,000.00 |

The Municipality has to date spent the amount of R 13 474 658,40 on conditional grants received.

| Type of Grant | Unspent Grant 2023 - 24 Financial Year | YTD Allocation Received July - June 2025 | YTD Expenditure July - June 2025 | Remaining Balance |
|---|---|--|-------------------------------------|------------------------|
| Municipal Infrastructure Grant | R - | R 19,124,000.00 | R 5,094,784.77 | R 14,029,215.23 |
| Local Government Financial Management Grant | | R 2,800,000.00 | R 551,821.88 | R 2,248,178.12 |
| Energy Efficiency Demand Side Management | | R 1,200,000.00 | R - | R 1,200,000.00 |
| Municipal Disaster Recovery Grant | R 10,059,730.30 | R - | R - | R - |
| Expanded Public Works Programme Integrated Grant for Municipalities | | R 440,000.00 | R - | R 440,000.00 |
| Integrated National Electrification Programme (Municipal) Grant | | R 5,000,000.00 | R 7,828,051.75 | R (2,828,051.75) |
| | R 10,059,730.30 | R 28,564,000.00 | R 13,474,658.40 | R 15,089,341.60 |

Transfer & Grants Subsidies (Indigent support) 2

To date 2378 households are active on registered households for indigent support. The current outstanding debt balances of the registered indigent households amounted to R 1 860 505,47. as of 30 September 2024 while subsidies for the current month amounted to R100 964 561,13.

| Wards No. | Number of Active Indigents |
|------------------------|-----------------------------------|
| | September 2024 |
| Ward 1 | 220 |
| Ward 2 | 230 |
| Ward 3 | 309 |
| Ward 4 | 113 |
| Ward 5 | 308 |
| Ward 6 | 132 |
| Ward 7 | 209 |
| Ward 8 | 66 |
| Ward 9 | 9 |
| Ward 10 | 57 |
| Ward 11 | 195 |
| Ward 12 | 5 |
| Ward 14 | 253 |
| Ward 15 | 272 |
| Total Indigents | 2378 |

FRUITLESS AND WASTEFUL EXPENDITURE:

The municipality incurred fruitless and wasteful expenditure to the tune of R19 720 647.96 which is mainly comprised of interest on late payment charged by Eskom and the Department of Water Affairs. Attached in **Annexure “B”** are the details of the expenditure.

IRREGULAR EXPENDITURE

Irregular expenditure for the quarter ended 30 September 2024 amounted to R8 669 839.82. Attached is **Annexure “C”**

SECTION 66 REPORT

In terms of section 66 of MFMA the accounting officer of a municipality must, in a format and for periods as may be prescribed, report to the council on all expenditure incurred by the municipality on staff salaries, wages, allowances and benefits, and in a manner that discloses such expenditure per type of expenditure. The total amount of **R81 784 835.05** was paid towards staff salaries, wages, allowances and benefits while a total amount of **R3 561 559.32** was paid towards remuneration of councillors. Attached is **Annexure “D”**.

WITHDRAWALS FROM MUNICIPAL BANK ACCOUNT

Section 11 of MFMA stipulates that only the accounting officer or the chief financial officer of a municipality, or any other senior financial official of the municipality acting on the written authority of the accounting officer, may withdraw money or authorise the withdrawal of money from any of the municipality’s bank accounts, further section (4)(a) to (b) states that the accounting officer must within 30 days after the end of each quarter— (a) table in the municipal council a consolidated report of all withdrawals made in terms of section (1)(b) to (j) during that quarter; and submit a copy of the report to the relevant provincial treasury and the Auditor-General. The total payments made in line with section 11 of MFMA amounted to **R144 178 680.00**, attached is **Annexure “E”**.

PROGRESS REPORT ON THE BUDGET FUNDING PLAN

As of 30 September 2024, significant progress has been made in various areas of the Lekwa Local Municipality's Budget Funding Plan. Property rates billing for September amounted to R21,223,252.25, with R12,425,755.64 collected. The revenue value chain saw meter readings and billing processes optimized, and ongoing implementation of the credit control policy resulted in notable debt collection efforts across different sectors, including business and residential. The auction of obsolete assets raised R5,700,108.84, while the introduction of Rand-for-Rand debt incentives is progressing. Efforts to improve billing systems have led to the correction of electricity accounts, boosting September's billing. The municipality is also addressing illegal connections, with over 1,500 meters under review. Attached in **Annexure “F”** are the details of the expenditure

LEGAL IMPLICATIONS

Chapter 4 of the Local Government: Municipal Finance Management Act, Act 56 of 2003.

Non - payment of creditors of payments timeously will lead to legal claims by the suppliers and an uncontrollable increase in outstanding creditors.

RECOMMENDATION BY THE MUNICIPAL MANAGER (CHIEF FINANCIAL OFFICER)

- (1) That the report of the Executive Mayor (Chief Financial Officer) regarding the quarterly budget statement report for the first quarter ending September 2024 BE NOTED.
- (2) That the detailed Financial Performance Statement and Financial Position for the first quarter ending 30 September 2024 as the detailed report which takes into consideration all financial related matters in terms of Section 52(d) of the Municipal Finance Management Act (Act No 56 of 2003), BE APPROVED.
- (3) That Council TAKE NOTE of the fruitless and wasteful expenditure amounting to **R19 720 647.96** as of 30 September 2024.
- (4) That the fruitless and wasteful expenditure incurred as of 30 September 2024, BE REFERRED to MPAC for further investigation in terms of S32 of the MFMA.
- (5) That Council TAKE NOTE of the irregular expenditure amounting to **R8 669 839.82** incurred as of 30 September 2024.
- (6) That the irregular expenditure BE REFERRED to MPAC for further investigation in terms of S32 of the MFMA.
- (7) That the mandatory disclosure of financial information in terms of the MFMA –Section 66 – Expenditure of Staff Benefits amounting to **R81 784 835.05** BE NOTED.
- (8) That council TAKE NOTE of the progress made on the implementation of the Budget funding Plan.
- (9) That the mandatory disclosure of withdrawals in terms of the MFMA-Section 11(4)(a) amounting to **R144 178 680** BE NOTED.
- (10) That the Accounting Officer must promptly INFORM the MEC of Local Government in the province and the Auditor General of all withdrawals made in terms of section 11 of MFMA.
- (11) That in order to comply with Section 31(1) of the Government Gazette No 32141 of 17 April 2009 this report BE SUBMITTED to the National Treasury and the relevant Provincial Treasury within five days of tabling of the report in the Council, in both a Council approved document and in electronic format.