

A19 QUARTERLY BUDGET STATEMENT REPORT FOR THE SECOND QUARTER ENDING DECEMBER 2024
6/1/1- (2024/2025)

Report: Executive Mayor: 2025-01-17

1. PURPOSE

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

2. BACKGROUND

- 2.1 Section 52 of the MFMA requires that:

- 2.1.1 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 31 December 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 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 R400 193 309, this amount shows a increase of R 25 238 054 compared to the prior quarter that amounted to R374 955 255. The amount includes revenue generated from property rates R63 754 867, electricity R143 747 097, water R19 717 930, sanitation services R20 551 923, refuse removal R14 997 179, rental income R504 281, interest earned R516 665, interest on outstanding debtor R75 476 890, fines R375 259 transfer recognized – operational R59 783 000 and other revenue R768 218.

The total operating expenditure for the reporting quarter amounts to R368 645 446, this amount shows an increase of R20 686 999 comparing to the prior quarter that amounted to R347 958 447. The amount of operating expenditure consists of employee related costs (employees and councilors) respectively amounting to R86 110 320 and R4 166 469, bulk purchases (water and electricity) respectively R134 610 141, finance costs R26 521 589, other materials R125 980, contracted services R25 085 084, irrecoverable debt written-off R26 512 534 and operating expenditure amounting R21 430 585.

The operating surplus for the reporting period amounts to R31 547 863.

Reason for billing adjustment

Finance has embarked on a journey to address inconsistent and incorrect billing. This effort led to an adjustment of over 40 million on the Correctional Services account, stemming from billing errors spanning more than three years. The account was successfully rectified in December 2024, resulting in a credit being applied to the Correctional Services account.

Overall Summary and Expenditure Analysis

The municipality continues to face significant financial challenges, as evidenced by the expenditure exceeding revenue for the reporting period. This situation is primarily due to the following factors:

High Operational Costs: Persistent operational expenses, including bulk purchases of electricity and water, overtimes, as well as escalating maintenance costs, contribute substantially to the expenditure.

Revenue Collection Challenges: The municipality's revenue base is constrained by a combination of low collection rates, historical billing inaccuracies, and high levels of indigent consumers who have not applied for indigent relief

Service Delivery Pressures: Increasing demands for improved service delivery have necessitated higher spending on critical infrastructure projects, often outpacing revenue growth.

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

	2022/23 Audited Outcome	Budget 2024 - 2025 MTREF	Prior Quarter Movement	Second 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	62 005 859	63 754 867	1 749 008	125 760 726	109 848 712.50	15 912	14%	
Service charges - electricity revenue	507 826 970	507 625 739	137 372 484	143 747 097	6 374 613	281 119 581	253 812 869.50	27 307	11%	
Service charges - water revenue	87 802 727	78 121 519	20 705 163	19 717 930	(987 233)	40 423 093	39 060 759.50	1 362	3%	
Service charges - sanitation revenue	42 598 638	71 223 041	20 875 413	20 551 923	(323 490)	41 427 336	35 611 520.50	5 816	16%	
Service charges - refuse revenue	33 115 342	53 900 286	15 249 855	14 997 179	(252 676)	30 247 034	26 950 143.00	3 297	12%	
Service charges - other					-	-	-	-		
Rental of facilities and equipment	2 820 000	2 849 400	527 156	504 281	(22 875)	1 031 437	1 424 700.00	(393)	-28%	
Interest earned - external investments	1 027 408	1 077 750	536 390	516 665	(19 725)	1 053 055	538 875.00	514	95%	
Interest earned - outstanding debtors	116 638 775	122 354 075	38 846 824	75 476 890	36 630 066	114 323 714	61 177 037.50	53 147	87%	
Fines	4 550 100	2 864 915	466 615	375 259	(91 356)	841 874	1 432 457.50	(591)	-41%	
Transfers recognised - operational	173 957 400	185 567 550	77 969 000	59 783 000	(18 186 000)	137 752 000	92 783 775.00	44 968	48%	
Other revenue	370 000	1 947 618	400 496	768 218	367 722	1 168 714	973 809.00	195	20%	
Total Revenue (excluding capital transfers and contributions)	1 179 322	1 247 229 318	374 955 255	400 193 309	25 238 054	775 148 564	623 614 659	151 534	24%	
Expenditure By Type										
Employee related costs	331 491 196	338 790 606	81 784 835	86 110 320	4 325 485	167 895 155	169 395 303.00	(1 500)	-1%	
Remuneration of councillors	13 760 659	14 434 660	3 561 559	4 166 469	604 910	7 728 028	7 217 330.00	511	7%	
Debt impairment	67 436 367	206 985 762	34 497 628	34 497 628	-	86 244 070	103 492 881.00	(17 249)	-17%	
Depreciation & asset impairment	72 780 530	57 510 698	9 585 116	9 585 116	-	23 962 790	28 755 349.00	(4 793)	-17%	
Finance charges	68 256 000	68 256 000	13 469 467	26 521 589	13 052 122	45 826 233	34 128 000.00	11 698	34%	
Bulk purchases Electricity	510 000 000	574 872 000	163 688 851	134 610 141	-	29 078 710	391 491 516	287 436 000.00	104 056	36%
Bulk purchases Water	-	-			-	-	-	-		
Other materials	89 280 096	91 411 047	69 108	125 980	56 872	7 467 591	45 705 523.50	(38 238)	-84%	
Contracted services	130 252 241	121 181 233	17 984 104	25 085 084	7 100 980	51 187 629	60 590 616.50	(9 403)	-16%	
Irrecoverable Debts Written-off	77 653 815	77 653 815	3 227 956	26 512 534	23 284 578	31 396 991	38 826 907.50	(7 430)	-19%	
Other expenditure	75 693 750	70 822 801	20 089 823	21 430 585	1 340 762	32 437 581	35 411 400.50	(2 974)	-8%	
Loss on disposal of PPE	-	-			-	-	-	-		
Total Expenditure	1 436 604 654	1 621 918 622	347 958 447	368 645 446	20 686 999	845 637 585	810 959 311	34 678	4%	
Surplus/(Deficit)	(257 282 913)	(374 689 304)	26 996 808	31 547 863	4 551 055	(70 489 021)	(187 344 652)	116 856	(0)	

Actual Capital Acquisition

Capital expenditure for the reporting month amounted to R 7 845 361.87 Retention withheld R975 903.31 for the reporting month. Retention amount paid back is R904 471.29. Accumulated Capital expenditure R 43 662 697.79. There is an increase of R30 188 039,39 in capital expenditure from quarter one (R13 474 658,40) to quarter two (R43 662 697,79).

Project Description	Source of Funding	Approved Budget Capital Projects 2024/2025	Oct-24	Nov-24	Dec-24
Upgrading of the Standerton Bulk Water Supply System phase 3	MIG 01/2425	R 406,736.00			
Installation/Refurbishment/disludging of VIP toilets	MIG 02/2425	R 2,500,000.00	R 1,850,393.70	R 270,424.80	177481.5
Refurbishment/Installation of boreholes in rural/farm areas	MIG 03/2425	R 2,827,340.00			R 598,710.65
Installation of 26 High mast lighting in Sakhile,Ext8, Thuthukani, Sivukile and Rrul Areas	MIG 04/2425	R 7,564,140.00	R 2,371,417.87	R 6,099,000.02	
Development of Thuthukani Cemetery	MIG 06/2425	R 8,800,000.00			
Rehabilitation of Morgenzon landfill Site	MIG 05/2425	R 9,395,234.00			
to Rooikoppen	INEP 02/2425	R 4,620,000.00		R 631,050.37	
Construction of 11Kv, SWS at Rooikoppen	INEP 02/2324	R 10,000,000.00		R 3,228,299.55	R 3,691,380.49
Implementation of energy efficiency and energy demand within Lekwalm	EEDSM 01/20242025	R 4,000,000.00	R 1,658,067.72		
Rehabilitation of 1KM Vry street	MDRG01/202425	R 10,000,000.00			R 3,377,789.23
Keeping Lekwa Clean	EPWP01/20242025	R 1,760,000.00			
Server Room Upgrade	Internal Funding	R 1,600,000.00		R 798,972.66	
Renovation of offices	Internal Funding	R 2,000,000.00		R 851,961.43	
Procurement oof Laptops	Internal Funding	R 1,000,000.00			
Procurement of Vehicles(new)	Internal Funding	R 6,000,000.00			
		R 72,473,450.00	R 5,879,879.29	R 11,879,708.83	R 7,845,361.87

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 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 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 1,116,799.00
ERMSA	Electrification of 35 Houses	R 1,925,000.00	R 189,600.99	-	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 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 645,575.72
Capital Power Projects	Electrification of 30 rural Houses	R 3,850,273.34	R 370,775.45	-	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 86,499.07
Asgn 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 328,893.92
Ntleno	Refurbishment of Muller, Johan, TLC and Vaal Sewer Pump Stations.	R 6,967,326.01	R 516,357.73	-	R 516,357.73
Vusaka 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 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 Rooikopen 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 1,808,942.58	R -
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 Asub-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. Constrution of wing walls and extention of reno mattress or constnution of gabions for embarkment downstrem. (Sakhile ward 11) protection on both sides of the bridge . Cleaning of river and culvert	R 500,000.00	R 39,103.12	R 39,103.12	R -
2MC Consulting	Maintenance Part 2 issued observed. Constrution of wing walls and extention of reno mattress or constnution of gabions for embarkment downstrem. (Sakhile ward 11) protection on both sides of the bridge . Cleaning of river and culvert	R 600,000.00	R 196,998.18	R 98,499.18	R 98,499.00
2MC Consulting	Rehabilitation of Rooikopen sewer purp station number 3	R 1,000,000.00	R 65,619.70	R -	R 65,619.70
2MC Consulting	regravelling of ext 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 677,666.66	R -	R 677,666.66
Izinjomane	Construction of 6km,11kv line from Substation A to Rooikoppen	R12,543,909	R 391,892.53	R -	R 391,892.53
Mudoita	Installation of new VIP Toilets at Ward 9, 12 and 13	R1,367,394	R 201,700.00	R -	R 201,700.00
TJM GREENTECH		R4,000,000	R -	R -	R -
KENFORE ENGINEERING	Construction of 11kv Switching Station	R17,642,773	R 768,853.34	R -	R 768,853.34
NOTHA CIVILS	Rehabilitation of Vry Street	9187717.83.00	R 360,673.01	R -	R 360,673.01
BIDWIN	Drilling of Boreholes at Ward 9,12 and 13	R806,794	R 66,523.41	R -	R 66,523.41
			R 28,501,338.75	R 14,395,874.88	R 14,532,660.29

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 analyse 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 month ending 31 December 2024 amounts to R130 191 692. The amount includes revenue collected from Property Rates R8 081 670, Electricity R33 680 469, Water R2 996 541, sanitation R1 362 397, Refuse R943 262, Interest on outstanding debtor R1 092 643, inter accounts transfers R21 890 827, and other revenues amounting to R11 476.

The actual payments made for the month ending 31 December 2024 amount to R129 941 057. The amount includes payment for employee related costs (employees) and councillors amounted to R28 452 638 and R1 900 311 respectively, bulk purchases electricity R11 384 984, Bulk water R0, contracted services amounting to R12 185 547 as well as inter account transfers amounting to R90 332 942, Capital expenditure amounted to R7 845 362, and general expenses amounted to R6 267 627.

The Municipality's cash flow status for all bank accounts reflects a favourable bank balance of R44 119 759,42 including a favourable closing balance on primary account of R2 282 102. It should be noted that though the municipality has a favourable 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											
Rands	July Actual	August Actuals	September Actuals	October Actuals	November Actuals	December Actuals	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	8,081,637	34,683,102	8,081,670	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	36,557,411	38,600,135	33,680,469	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	3,179,087	3,290,692	2,996,540	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	1,565,186	2,338,826	1,362,397	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	1,229,037	1,179,728	943,262	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	167,565	173,503	163,213	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	203,091	150,361	158,120							
Interest earned - outstanding debtors	717,976	1,650,834	784,513	826,307	11,395,308	1,092,643							
Fines, penalties and forfeits	212,402	112,820	141,393	157,152	76,714	28,075	239,000	239,000	239,000	239,000	239,000	239,000	
Transfer receipts - operational	74,729,000	3,240,000	-			59,783,000							
Inter Accounts Transfers	6,136,825	7,098,912	25,307,224	11,660,000		21,890,827							
Other revenue	130,989	78,719	201,793	21,871	12,881	11,476	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	63,648,344	91,901,250	130,191,692	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		9,620,000		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	63,648,344	101,521,250	130,191,692	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	30,869,679	26,788,003	28,452,638	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	1,222,384	1,043,774	1,900,311	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	1,490,866	4,977,275	11,384,984	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	30,365	70,881	24,734	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	7,028,112	5,871,424	12,185,547	10,673,833	10,673,833	10,673,833	10,673,833	10,673,833	10,673,833	
Inter Accounts Transfers	50,032,280	10,413,272	34,659,047	9,074,506	42,269,160	90,332,492	-	-	-	-	-	-	
Other expenditure	28,877,947	2,604,667	3,361,551	6,584,285	8,578,673	6,267,627							
Cash Payments by Type	129,201,966	52,599,787	79,650,756	56,300,197	89,599,190	122,095,695	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	6,015,470	11,879,709	7,845,362							
Total Cash Payments by Type	130,963,476	62,583,900	80,710,247	62,315,667	101,478,899	129,941,057	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	1,332,677	42,351	250,635	- 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	1,989,116	2,031,467	2,282,102	- 18,453,731	- 39,189,564	- 59,925,397	- 80,661,230	- 101,397,063	
Cash/cash equivalents at the month/year end	2,834,039	270,198	656,439	1,989,116	2,031,467	2,282,102	- 18,453,731	- 39,189,564	- 59,925,397	- 80,661,230	- 101,397,063	- 122,132,896	

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 R2 billion of the total outstanding debts.

The debt from households amounts to R 1,7 billion, government to R42 million while business owed R232 million, and other customers owed an amount of R157 million. Electricity contributes R282 million of the outstanding debt, Property assessment rates R415 million, Water R 382 million, Wastewater R227 million, refuse R174 million, income from other sources R145 million while interest on arrears amounts to R591 million.

MP305 Lekwa - Supporting Table SC3 Monthly Budget Statement - aged debtors - December 2024											
Description	NT Code	2024/2025									
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total	Total over 90 days
R thousands											
Debtors Age Analysis By Income Source											
Trade and Other Receivables from Exchange Transactions - Water	1200	6,382	3,358	4,780	4,789	4,673	4,725	94,081	259,474	382,263	367,742
Trade and Other Receivables from Exchange Transactions - Electricity	1300	(11,571)	18,724	10,442	16,625	11,946	10,602	93,482	132,039	282,290	264,695
Receivables from Non-exchange Transactions - Property Rates	1400	17,616	13,949	12,661	12,924	13,901	7,864	39,546	296,794	415,254	371,029
Receivables from Exchange Transactions - Waste Water Management	1500	6,566	5,879	5,929	5,815	5,443	5,592	49,231	143,174	227,629	209,255
Receivables from Exchange Transactions - Waste Management	1600	5,134	4,369	4,282	4,337	4,100	4,166	36,856	111,293	174,538	160,752
Receivables from Exchange Transactions - Property Rental Debtors	1700									–	–
Interest on Arrear Debtor Accounts	1810	12,851	12,681	12,512	12,419	12,085	11,840	67,402	449,973	591,765	553,720
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820									–	–
Other	1900	(4,126)	1,476	3,014	(1,623)	250	292	41,165	105,082	145,531	145,167
Total By Income Source	2000	32,852	60,436	53,621	55,287	52,398	45,082	421,763	1,497,829	2,219,268	2,072,359
2019/20 - totals only											
Debtors Age Analysis By Customer Group											
Organs of State	2200	(47,617)	4,836	6,477	6,974	7,315	3,898	26,275	34,573	42,731	79,034
Commercial	2300	32,077	14,485	5,213	10,236	5,204	4,517	33,162	127,712	232,605	180,830
Households	2400	43,261	36,313	37,578	38,038	34,997	35,569	340,810	1,219,922	1,786,487	1,669,335
Other	2500	5,131	4,801	4,353	39	4,883	1,098	21,517	115,623	157,446	143,160
Total By Customer Group	2600	32,852	60,436	53,621	55,287	52,398	45,082	421,763	1,497,829	2,219,268	2,072,359

Debtors Breakdown per Ward

WARD	202501 (Current)	202412 (30 Days)	202411 (60 Days)	202410 (90 Days)	202409 (120 Days)	202408 (150 Days)	202407 (180 Days)	202406 (210 Days)	202405 (240 Days)	202404 (270 Days)	202403 (300 Days)	202402 (330 Days)	202401 (360 Days)	202312 (390 + Days)	Total
	- 54 006 295.63	54 349 265.00	32 639 432.79	26 610 472.64	25 907 155.49	26 673 447.07	20 332 420.74	22 228 006.16	17 501 840.88	19 857 634.62	34 559 392.58	77 995 972.39	8 159 601.23	527 876 628.79	840 684 974.75
WARD 1	- 1 450.85	1 605 849.30	1 450 278.07	1 858 944.74	1 584 701.57	1 573 107.44	1 516 122.02	1 530 292.19	1 458 491.24	1 560 542.13	9 593 121.30	2 546 704.90	1 345 407.20	83 069 904.31	110 692 015.56
WARD 2	- 1 019.01	1 691 850.37	1 529 157.10	1 611 493.81	1 632 967.25	1 733 130.57	1 478 721.18	1 585 463.54	1 502 255.52	1 577 147.80	9 337 402.16	2 194 443.20	1 429 377.82	77 082 374.60	104 384 765.91
WARD 3	- 4 641.16	2 159 146.68	1 918 866.08	2 082 767.53	1 886 976.54	2 166 071.11	1 530 658.96	1 561 534.82	1 670 869.04	1 706 843.10	5 978 087.34	3 907 833.69	1 076 096.83	64 616 340.38	92 257 450.94
WARD 4	- 24 109.41	2 801 018.36	3 415 477.68	1 207 012.16	2 485 113.20	1 740 933.12	1 499 120.14	1 139 383.34	1 320 057.09	1 219 635.55	4 566 983.93	2 629 578.09	709 567.56	44 300 480.72	69 010 251.53
WARD 5	- 3 596.87	2 328 043.56	2 130 813.28	2 491 301.20	2 287 613.38	2 331 070.60	2 027 087.33	2 137 423.10	2 111 502.61	2 248 518.13	12 019 204.67	3 292 659.84	1 887 317.80	119 450 449.75	156 739 408.38
WARD 6	- 501.50	1 302 408.66	1 190 923.48	1 363 266.35	1 269 006.26	1 266 696.02	1 218 684.97	1 204 948.44	1 142 123.18	1 188 918.93	5 585 893.34	1 865 620.67	1 009 277.57	69 886 923.49	89 494 189.86
WARD 7	- 486.79	937 387.69	852 771.13	902 884.29	915 433.91	914 095.60	882 554.25	809 110.00	795 588.18	780 874.98	2 525 874.95	1 861 286.61	536 034.79	36 952 142.12	49 665 551.71
WARD 8	- 24 497.07	7 131 186.97	4 364 853.66	3 454 327.02	4 653 923.92	2 717 624.31	3 372 338.80	3 860 663.58	2 386 536.51	3 686 192.74	13 200 444.71	4 154 290.65	2 009 039.42	38 394 153.57	93 361 078.79
WARD 9	-	35 626.52	34 209.37	35 477.24	34 916.44	35 863.22	34 102.78	- 30 580.23	24 071.05	27 790.93	206 617.39	62 520.17	20 721.41	652 555.00	1 173 891.29
WARD 10	- 71 614.33	2 987 307.72	1 935 133.25	2 558 621.66	2 966 274.73	- 330 579.88	1 061 866.62	- 175 135.03	1 510 992.36	1 050 006.56	4 163 215.70	1 267 207.58	571 275.82	13 318 802.82	32 813 375.58
WARD 11	- 115.46	3 340 835.10	3 031 598.27	3 277 088.86	3 308 549.37	4 453 719.67	4 273 905.84	3 889 243.71	3 768 389.80	3 371 576.90	16 044 033.56	9 684 088.37	2 423 406.86	128 851 022.46	189 717 343.31
WARD 12	-	108 989.13	95 990.13	103 104.70	142 436.78	64 675.96	210 002.59	69 906.46	64 006.29	114 579.72	248 414.79	115 101.89	117 156.06	5 783 651.29	7 238 015.79
WARD 13	-	3 852.72	2 683.73	3 045.25	2 672.99	2 662.04	2 651.07	2 513.82	2 498.62	2 483.41	2 468.20	7 741.25	1 636.89	110 293.02	147 203.01
WARD 14	- 1 714.98	2 907 756.89	2 777 743.14	2 854 516.30	2 956 869.10	2 914 084.27	2 548 018.64	2 497 412.71	2 489 793.50	2 465 957.59	9 026 821.17	5 050 392.07	1 936 232.79	149 919 741.78	190 343 624.97
WARD 15	- 4 394.78	3 306 326.66	3 065 760.12	3 206 623.16	3 251 995.22	4 141 894.62	3 093 436.21	2 939 167.27	2 895 796.19	2 957 832.65	14 819 937.62	8 350 535.53	1 956 674.05	137 563 725.86	191 545 310.38
TOTAL	- 54 144 437.84	86 996 851.33	60 435 691.28	53 620 946.91	55 286 606.15	52 398 495.74	45 081 692.14	45 249 353.88	40 644 812.06	43 816 535.74	141 877 913.41	124 985 976.90	25 188 824.10	1 497 829 189.96	2 219 268 451.76

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 69% as at 31 December 2024.

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

Reporting Month	Total Billing	Total Adjustment on Billing	Revenue Movement	Revenue Collected	Collection Rate
Aug-24	98 356 971.03	65 851.72	98 422 822.75	64 794 690.78	65%
Sep-24	107 505 272.60	-6 489 513.79	101 015 758.81	57 087 832.81	56%
Oct-24	112 488 221,40	756 275	113 244 496,40	57 467 825,60	51%
Nov-24	99 885 931,87	-3 608 810,69	95 725 837,91	90 696 183,54	91%
Dec-24	97 463 523.91	-40 540 636.44	56 922 887.47	53 731 008.50	94%
Total	510 500 526.32	49 816 834.20	859 894 932.04	593 482 747.48	69%

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 R116 085 391.16, 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 R3,3 billion of which R2,6 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 R599 million.

The Municipality's outstanding trade creditors amounts to R24 million. The Municipality has an outstanding payment to Auditor General an amount of R6 million. The Municipality owes R14 million on retention withheld for the reporting period.

The Municipality owes SARS R 49 million relating to PAYE deductions and we do not owe VAT. 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 - December 2024

Supporting Table to Primary Budget Statement - Creditors Age Analysis - December 2024										
Description	NT Code	Budget Year 2024/25								
R thousands		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
Creditors Age Analysis By Customer Type										
Bulk Electricity	0100	54 310 314.33	58 680 583.99	63 922 271.57					2 495 273 056.60	2 672 186 226.49
Bulk Water	0200				11 175 422.22		-	-	588 691 547.83	599 866 970.05
PAYE deductions	0300		1 228 862.00	6 146 677.23	18 974 154.95		-	-	23 576 962.45	49 926 656.63
VAT (output less input)	0400		-		-	-			-	-
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-
Trade Creditors	0700	4 439 544.55		1 822 824.71	5 564 160.58	12 493 578.16	-	-	-	24 320 108.00
Auditor General	0800	3 699 057.08	2 478 605.17	523 823.56	7 451.14	78 035.62				6 786 972.57
Other	0900	-	-	-	-	-	-	-	-	-
Retention		944 471.55	135 590.18	278 721.25	204 054.68	2 094 505.21	512 688.14	319 282.00	10 043 347.28	14 532 660.29
Total By Customer Type	1000	63 393 387.51	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	3 353 086 933.74

Investment Portfolio – Part 6

The Closing balance call accounts as of 31 December 2024 amounts to R40 895 191,76. Municipality for the reporting month capitalized R124 021,71 interest on call accounts.

Account name	Account number	Opening balance	Deposits	Interest Capitalised	Withdrawals	Closing balance
GRANTS ACCOUNT	3788153059	30,825,664.42	32,550,000.00	124,021.71	-22604494.37	40,895,191.76
		30,825,664.42	32,550,000.00	124,021.71	- 22,604,494.37	40,895,191.76

Grants & Subsidies – Part 8 Received & Expenditure

The municipality has to date received R179 256 000 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 25,684,000.00		R 7,467,000.00
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 134,512,000.00		R 44,838,000.00
Energy Efficiency Demand Side Management	R 4,000,000.00	R 3,200,000.00		R 800,000.00
Municipal Disaster Recovery Grant			R 10,059,730.30	R -
Integrated National Electrification Programme Grant	R 14,620,000.00	R 12,620,000.00		R 2,000,000.00
	R 235,681,000.00	R 179,256,000.00	R 10,059,730.30	R 56,425,000.00

The Municipality has to date spent the amount of R 42 916 084.30 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 25 684 000.00	R 20 397 473.64	R 5 286 526.36
Local Government Financial Management Grant		R 2 800 000.00	R 673 788.10	R 2 126 211.90
Energy Efficiency Demand Side Management		R 3 200 000.00	R 1 658 067.72	R 1 541 932.28
Municipal Disaster Recovery Grant	R 10 059 730.30	R -	R 3 738 462.24	R 6 321 268.06
Expanded Public Works Programme Integrated Grant for Municipalities		R 440 000.00	R 230 540.50	R 209 459.50
Integrated National Electrification Programme (Municipal) Grant		R 12 620 000.00	R 14 620 000.00	R (2 000 000.00)
	R 10 059 730.30	R 44 744 000.00	R 41 318 332.20	R 13 485 398.10

Transfer & Grants Subsidies (Indigent support) 2

To date 2785 households are active on registered households for indigent support. This reflects an increase of 407 more indigents registered when compared to the first quarter end September 2024. The current outstanding debt balances of the registered indigent households amounted to R 126, 896,160.70 as of 31 December 2024 while subsidies for the current month amounted to R.2 ,228, 262.24.

Wards No.	Number of Active Indigents	Number of Active Indigents
	September 2024	December 2024
Ward 1	220	259
Ward 2	230	277
Ward 3	309	347
Ward 4	113	130
Ward 5	308	368
Ward 6	132	160
Ward 7	209	274
Ward 8	66	63
Ward 9	9	12
Ward 10	57	94
Ward 11	195	256
Ward 12	5	6
Ward 13		2
Ward 14	253	307
Ward 15	272	337
Total Indigents	2378	2785

FRUITLESS AND WASTEFUL EXPENDITURE:

The municipality has to date incurred fruitless and wasteful expenditure to the tune of R41 703 395 .21 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 31 December 2024 amounted to R11 116 057.13. 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 **R167 895 155.33** was paid towards staff salaries, wages, allowances and benefits while a total amount of **R7 728 028.68** was paid towards remuneration of councilors. 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 **R136 586 000.00**, attached is **Annexure “E”**.

LEGAL IMPLICATIONS

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

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

RECOMMENDATIONS BY THE EXECUTIVE MAYOR

- (1) That the report of the Executive Mayor regarding Quarter 2 financial Performance Report BE NOTED.
- (2) That the detailed Financial Performance Statement and Financial Position for the first quarter ending 31 December 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 **R41 703 395.21** as of 31 December 2024.

- (4) That the fruitless and wasteful expenditure incurred as of 31 December 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 **R11 116 057.13** incurred as of 31 December 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 **R167 895 155.33** BE NOTED .
- (8) That the mandatory disclosure of withdrawals in terms of the MFMA-Section 11(4)(a) amounting to **R136 586 000.00** BE NOTED.
- (9) 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.
- (10) 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.