

A115 QUARTERLY BUDGET STATEMENT REPORT FOR THE FOURTH QUARTER ENDING JUNE 2025
(6/1/1- (2024/2025))

Report: Executive Mayor 2025-07-15

1. PURPOSE

The report is submitted to ensure that Council is able to exercise 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 June 2025 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 R297 137 796, this amount shows a decrease of R35 939 592 compared to the prior quarter that amounted to R333 077 388. The amount includes revenue generated from property rates R58 976 236, electricity R141 842 594, water R20 465 474, sanitation services R20 465 474, refuse removal R14 687 776 rental income R519 286, interest earned R886 428, interest on outstanding debtor R36 497 594, fines R4 621 318 transfer recognized – operational R0 and other revenue R48 176.

The total operating expenditure for the reporting quarter amounts to R397 478 068, this amount shows an increase of R76 184 882 comparing to the prior quarter that amounted to R321 293 186. The amount of operating expenditure consists of employee related costs (employees and councilors) respectively amounting to R82 418 187 and R4 301 122, bulk purchases (water and electricity) respectively R147 769 021, finance costs R29 962 530, other materials R100 239, contracted services R40 291 020, irrecoverable debt written-off R4 624 914 and operating expenditure amounting R21 886 919.

The operating deficit for the reporting period amounts to (R100 340 272).

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) - June 2025

	2022/23 Audited Outcome	Budget 2024 - 2025 MTREF	Prior Quarter Movement	Fourth 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	62,841,262	58,976,236	(3,865,026)	249,767,968	219,697,425.00	30,071	14%
Service charges - electricity revenue	507,826,970	507,625,739	123,821,910	141,842,594	18,020,684	546,784,085	507,625,739.00	39,158	8%
Service charges - water revenue	87,802,727	78,121,519	22,738,559	22,751,914	13,355	87,036,529	78,121,519.00	8,915	11%
Service charges - sanitation revenue	42,598,638	71,223,041	21,756,055	20,465,474	(1,290,581)	83,475,354	71,223,041.00	12,252	17%
Service charges - refuse revenue	33,115,342	53,900,286	15,696,847	14,687,776	(1,009,071)	60,498,291	53,900,286.00	6,598	12%
Service charges - other					-		-	-	
Rental of facilities and equipment	2,820,000	2,849,400	491,882	519,286	27,404	2,042,805	2,849,400.00	(807)	-28%
Interest earned - external investments	1,027,408	1,077,750	622,165	886,428	264,263	2,561,520	1,077,750.00	1,484	138%
Interest earned - outstanding debtors	116,638,775	122,354,075	39,647,173	36,497,594	(3,149,579)	190,468,451	122,354,075.00	68,114	56%
Fines	4,550,100	2,864,915	226,269	462,318	236,049	5,689,461	2,864,915.00	2,825	99%
Transfers recognised - operational	173,957,400	185,567,550	44,838,000		(44,838,000)	182,590,000	185,567,550.00	(2,978)	-2%
Other revenue	370,000	1,947,618	397,266	48,176	(349,090)	1,242,543	1,947,618.00	(705)	-36%
Total Revenue (excluding capital transfers and contributions)	1,179,322	1,247,229,318	333,077,388	297,137,796	(35,939,592)	1,412,157,007	1,247,229,318	164,928	13%
Expenditure By Type									
Employee related costs	331,491,196	338,790,606	82,725,435	82,418,187	- 307,248	333,038,777	338,790,606.00	(5,752)	-2%
Remuneration of councillors	13,760,659	14,434,660	3,918,006	4,301,122	383,116	15,947,157	14,434,660.00	1,512	10%
Debt impairment	67,436,367	206,985,762	34,497,628	51,746,442	17,248,814	206,985,762	206,985,762.00	-	
Depreciation & asset impairment	72,780,530	57,510,698	9,585,116	14,377,674	4,792,558	57,510,698	57,510,698.00	-	
Finance charges	68,256,000	68,256,000	26,845,751	29,962,530	3,116,779	110,499,783	68,256,000.00	42,244	62%
Bulk purchases Electricity	510,000,000	574,872,000	112,086,878	147,769,021	35,682,143	558,154,892	574,872,000.00	(16,717)	-3%
Bulk purchases Water	-	-			-		-	-	
Other materials	89,280,096	91,411,047	167,499	100,239	67,260	462,826	91,411,047.00	(90,948)	-99%
Contracted services	130,252,241	121,181,233	42,697,333	40,291,020	2,406,313	126,057,540	121,181,233.00	4,876	4%
Irrecoverable Debts Written-off	77,653,815	77,653,815	1,308,500	4,624,914	3,316,414	75,635,287	77,653,815.00	(2,019)	-3%
Other expenditure	75,693,750	70,822,801	7,461,040	21,886,919	14,425,879	70,868,367	70,822,801.00	46	0%
Loss on disposal of PPE	-	-		-			-	-	
Total Expenditure	1,436,604,654	1,621,918,622	321,293,186	397,478,068	76,184,882	1,555,161,089	1,621,918,622	(66,758)	-4%
Surplus/(Deficit)	(257,282,913)	(374,689,304)	11,784,202	(100,340,272)	(112,124,474)	(143,004,082)	(374,689,304)	231,685	(0)

Actual Capital Acquisition

Capital expenditure for the reporting month amounted to R7 517 189.03 Retention withheld R712 004.71 for the reporting month. Retention amount paid back is R978 924.26 Accumulated Capital expenditure R72 106 254. Capital expenditure for the quarter amounted to R14 964 779,25, retention withheld amounted to R2 230 038,83 and retention paid back amounted to R1 615 615.

Refurbishment/Installation of boreholes in rural/farm areas	MIG 03/2425	R 3,069,426.00	R 69,966.00	R 326,339.77	R -		R 66,523.41	R 3,061,653.00	R 7,773.00
Installation of 26 High mast lighting in Sakhile, Ext8, Thuthukani, Sivukile and Rrul Areaas	MIG 04/2425	R 16,634,750.00	R 627,634.35	R 625,188.62	R 52,138.99		R 1,479,675.93	R 16,634,750.24	-R 0.24
Development of Thuthukani Cemetery	MIG 06/2425	R 8,305,754.61	R 2,169,903.90	R 1,922,853.84	R 213,650.43		R 513,195.04	R 8,305,754.61	R -
Rehabilitation of Morgenzon landfill Site	MIG 05/2425	R 744,868.80					R -	R 744,868.80	R -
to Rooikoppen	INEP 02/2425	R 4,620,000.00			R -		R 391,892.53	R 8,529,218.72	-R 3,909,218.72
Construction of 11Kv, SWS at Rooikoppen	INEP 02/2324	R 10,000,000.00					R 768,853.34	R 7,688,533.38	R 2,311,466.62
Implementation of energy efficiency and energy demand within Lekwalm	EEDSM 01/20242025	R 4,000,000.00		R 280,000.00				R 4,000,000.00	R -
Rehabilitation of 1KM Vry street	MDRG01/202425	R 10,059,730.00	R 1,657,001.24	R 2,937,384.93	R 292,954.64		R 656,592.65	R 10,059,730.33	-R 0.33
Keeping Lekwa Clean	EPWP01/20242025	R 440,000.00					R -	R 440,000.00	R -
Server Room Upgrade	Internal Funding	R 1,600,000.00						R 798,972.66	R 801,027.34
Renovation of offices	Internal Funding	R 2,000,000.00						R 1,986,306.62	R 13,693.38
Procurement oof Laptops	Internal Funding	R 1,152,088.00	R 41,639.00					R 786,967.00	R 365,121.00
Procurement of Vehicles(new)	Internal Funding	R 6,000,000.00	R 1,668,729.33			R -	R -	R 1,668,729.33	R 4,331,270.67
Procurement of Furniture	Internal Funding	R 650,000.00	R 118,004.68	R 1,434.78				R 119,439.46	R 530,560.54
Construction of 11kv line from A to Rooikoppen	Internal Funding	R 5,704,164.00	R 1,013,255.52			R -	R 190,963.06	R 1,909,630.59	R 3,794,533.41
Construction of 11Kv, SWS at Rooikoppen	Internal Funding	R 688,533.00	R 391,343.85	R 1,271,350.45	R 141,251.05		R 414,448.91	R 2,707,053.98	-R 2,018,520.98
		R 78,333,964.41	R 6,234,873.82	R 7,517,189.03	R 712,004.71	R -	R 4,683,844.87	R 72,106,254.96	R 6,227,709.45

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 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 Sivulile 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
Asgnic Africa (Pty)LTD	Rehabilitation of roads in Lekwa LM	R	7,735,960.56	R	773,596.05	R	773,596.05	R	-
Totobela Rioutona	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
Ntleno	Refurbishment of Muller, Johan, TLC and Vaal Sewer Pump Stations.	R	6,967,326.01	R	516,357.73	R	-	R	516,357.73
Vuyaka Consulting	Refurbishment and Upgrading of Morgenzon and Sivulile Bulk Water Supply.	R	5,216,421.74	R	521,512.64	R	521,512.64	R	-
Emma *	Electrification of 128 RDP in Standerton Extension 8	R	2,038,307.15	R	203,656.84	R	203,656.84	R	-
Emma	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	3,529,502.55	R	-	R	3,529,502.55
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 A sub-station	R	8,388,789.12	R	838,778.99	R	419,439.46	R	419,339.53
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	132,994.06	R	0.01
Mudoita	Drilling of Boreholes at Ward 9,12 and 13	R	998,085.50	R	99,808.50	R	99,808.50	R	-
2MC Consulting	Maintenance Part 1 issued observed. Constrution of wing walls and extention of reno mattress or constnution of gabions for embankment downstream (Saldhile 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 embankment downstream (Saldhile 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 pump 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	1,531,814.92	R	-	R	1,531,814.92

Izinjomane	Construction of 6km,11kv line from Substation A to Rooikoppen	R12,543,909	R 582,855.89	R -	R 582,855.89
Mudoita	Installation of new VIP Toilets at Ward 9, 12 and 13	R2,017,000	R 201,700.00	R 100,850.00	R 100,850.00
TJM GREENTECH		R4,000,000	R -	R -	R -
KENFORE ENGINEERING	Construction of 11kv Switching Station	R17,642,773	R 866,631.51	R -	R 866,631.51
NOTHA CIVILS	Rehabilitation of Vry Street	9187717.83.00	R 949,547.29	R -	R 949,547.29
BIDWIN	Drilling of Boreholes at Ward 9,12 and 13	R806,794	R 74,297.51	R -	R 74,297.51
UBUNTU SONKE ENGINEERING	THUTHUKANI CEMETRY FENCING	R9,164,489	R 726,845.47		R 726,845.47
			R 31,406,928.41	R 15,032,565.62	R 16,374,362.79

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 30 June 2025 amounts to R91 699 451. The amount includes revenue collected from Property Rates R11 302 984, Electricity R39 305 958, Water R4 496 813, sanitation R3 571 595, Refuse R1 802 137 , Interest on outstanding debtor R1 775 770, inter accounts transfers R24 555 547, and other revenues amounting to R17 327.

The actual payments made for the month ending 30 June 2025 amount to R17 934 140. The amount includes payment for employee related costs (employees) and councillors amounted to R27 853 943 and R1 396 539 respectively, bulk purchases electricity R2 705 470, Bulk water R0, contracted services amounting to R18 218 899 as well as inter account transfers amounting to R17 934 140, Capital expenditure amounted to R7 517 189, and general expenses amounted to R13 585 668.

The Municipality's cash flow status for all bank accounts reflects a favourable bank balance of R15 644 538,83 including a favourable closing balance on primary account of R3 872 787,73. 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 R3,6 billion and outstanding debtors of R2,4 billion as disclosed in the age analysis below.

	NT Code	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	13090568	4,631	4,206	4,692	4,446	4,500	24,707	344,573	404,847	382,919
Trade and Other Receivables from Exchange Transactions - Electricity	1300	47,849	11,160	8,524	9,309	8,902	7,353	50,179	196,081	339,356	271,824
Receivables from Non-exchange Transactions - Property Rates	1400	28,794	12,877	11,005	10,797	10,567	10,342	53,279	312,242	449,903	397,227
Receivables from Exchange Transactions - Waste Water Management	1500	12,550	5,783	5,645	5,625	5,552	5,518	32,447	182,355	255,475	231,497
Receivables from Exchange Transactions - Waste Management	1600	9,412	4,285	4,232	4,160	4,118	4,185	23,989	140,540	194,921	176,992
Receivables from Exchange Transactions - Property Rental Debtors	1700									-	-
Interest on Arrear Debtor Accounts	1810	26,280	12,774	12,619	12,386	12,644	12,103	69,894	497,604	656,304	604,632
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820									-	-
Other	1900	(1,285)	(4,123)	(46,400)	939	3,169	2,721	4,548	140,882	100,451	152,258
Total By Income Source	2000									-	-
2019/20 - totals only		136,689	47,389	(170)	47,907	49,398	46,723	259,043	1,814,278	2,401,257	2,217,349
Debtors Age Analysis By Customer Group											
Organs of State	2200	3,607	3,941	(44,854)	2,114	2,362	3,729	20,304	39,753	30,954	68,261
Commercial	2300	42,296	7,886	4,707	6,019	7,085	4,160	23,927	149,632	245,712	190,823
Households	2400	82,704	36,851	35,924	35,593	35,723	35,245	203,152	1,494,593	1,959,786	1,804,307
Other	2500	8,082	(1,289)	4,054	4,181	4,228	3,590	11,660	130,300	164,805	153,958
Total By Customer Group	2600	136,689	47,389	(170)	47,907	49,398	46,723	259,043	1,814,278	2,401,257	2,217,349

Debtors Breakdown per Ward

WARD		Current	30 Days	60 Days	90 Days	120 Days	150 Days	180 Days	210 Days	240 Days	270 Days	300 Days	330 Days	360 Days	390 + Days	Total
		R52,181,863.77	R26,390,249.23	R20,775,462.92	-R24,026,884.53	R24,644,268.55	R25,395,906.09	R22,955,479.15	R24,497,794.60	R22,881,091.51	R17,749,287.96	R23,423,909.64	R18,075,300.92	R17,266,958.69	R672,149,528.63	R944,360,217.13
WARD 1		R1,927,566.29	R1,596,923.19	R1,582,268.74	R1,552,044.25	R1,556,052.68	R1,557,823.12	R1,529,199.23	R1,397,911.47	R1,805,852.89	R1,540,232.30	R1,531,934.35	R1,476,852.98	R1,486,142.59	R97,398,504.84	R117,939,308.92
WARD 2		R1,885,165.51	R1,676,926.79	R1,661,645.12	R1,635,965.91	R1,633,710.90	R1,585,458.07	R1,595,565.84	R1,465,414.62	R1,488,154.88	R1,520,705.79	R1,625,785.38	R1,454,464.13	R1,492,359.04	R92,639,886.56	R113,361,208.54
WARD 3		R2,497,511.62	R1,433,863.82	R2,095,777.62	R2,052,794.80	R1,997,136.39	R2,004,296.61	R2,012,287.22	R1,779,281.81	R1,903,912.04	R1,703,363.01	R1,840,801.29	R1,435,531.67	R1,481,913.07	R77,648,582.01	R101,887,052.98
WARD 4		R7,454,820.01	-R345,774.93	R1,158,730.00	R1,597,377.26	R1,579,277.63	R1,548,823.43	R1,580,161.44	R884,806.01	R1,379,575.10	R1,699,198.42	R1,512,891.24	R1,345,886.72	R1,012,415.52	R52,781,366.37	R75,189,554.22
WARD 5		R2,669,691.13	R2,357,891.92	R2,326,995.25	R2,299,074.46	R2,281,583.05	R2,280,774.17	R2,246,691.31	R2,095,237.19	R2,458,599.90	R2,269,068.08	R2,315,971.80	R2,022,475.83	R2,106,092.66	R140,204,600.14	R169,934,746.89
WARD 6		R1,471,621.57	R1,285,193.41	R1,279,671.29	R1,255,863.44	R1,250,791.21	R1,263,632.02	R1,246,646.02	R1,169,417.66	R1,341,340.76	R1,247,671.34	R1,243,660.99	R1,193,025.68	R1,174,164.78	R79,507,035.72	R95,929,735.89
WARD 7		R1,146,587.42	R936,830.55	R913,114.05	R897,192.65	R895,763.75	R899,079.19	R884,784.17	R821,782.41	R873,227.59	R888,049.73	R890,276.67	R855,320.78	R777,532.75	R42,644,881.53	R54,324,423.24
WARD 8		R5,979,682.53	R3,559,799.03	R4,371,922.97	R3,109,334.02	R2,967,062.39	R2,997,638.20	R3,200,059.65	R2,442,060.48	R2,466,860.90	R3,742,049.35	R1,579,533.79	R2,507,185.84	R2,915,672.92	R41,120,394.03	R82,959,256.10
WARD 9		R40,326.19	-R1,772,009.81	R37,903.43	R37,420.20	R36,864.31	R36,727.20	R36,915.41	R35,583.09	R36,835.53	R38,505.11	R36,883.79	R34,990.45	R26,357.01	R987,404.56	-R349,293.53
WARD 10		R3,640,110.24	-R720,209.73	R2,242,653.91	R615,382.40	R397,020.99	R766,075.30	R461,853.71	R487,181.65	R1,000,247.49	R801,165.55	R679,294.81	R511,025.88	-R1,048,126.81	R15,785,433.25	R25,619,108.64
WARD 11		R3,787,489.34	R3,374,834.46	R3,314,853.75	R3,318,196.86	R3,285,416.13	R3,318,543.41	R3,290,542.42	R3,004,872.33	R3,251,685.83	R3,287,077.96	R3,782,761.76	R4,241,928.13	R3,916,281.19	R163,036,489.25	R208,210,972.82
WARD 12		R110,139.38	R98,715.45	R99,701.62	R99,271.97	R97,647.35	R101,257.86	R98,662.98	R95,649.20	R102,766.95	R142,102.14	R64,344.56	R210,002.59	R69,906.46	R6,153,546.28	R7,543,714.79
WARD 13		R3,890.06	R2,722.93	R2,712.66	R2,702.40	R2,692.12	R2,705.20	R2,683.02	R2,683.73	R3,045.25	R2,672.99	R2,662.04	R2,651.07	R2,513.82	R117,121.39	R153,458.68
WARD 14		R2,702,983.34	R2,406,864.06	R2,278,901.90	R2,205,074.62	R2,098,380.24	R2,417,404.30	R2,399,217.21	R2,315,087.72	R2,342,053.03	R2,473,625.43	R2,481,241.75	R2,147,210.39	R2,168,341.79	R166,443,178.27	R196,879,564.05
WARD 15		R3,631,079.62	R3,276,128.44	R3,246,314.18	R3,179,492.23	R3,183,398.89	R3,221,937.39	R3,182,546.37	R2,974,080.93	R3,122,911.07	R3,181,818.14	R3,594,377.18	R3,011,050.81	R2,849,525.66	R165,659,644.59	R207,314,305.50
TOTAL		R91,130,528.02	R45,558,948.81	R47,388,629.41	-R169,697.06	R47,907,066.58	R49,398,081.56	R46,723,295.15	R45,468,844.90	R46,458,160.72	R42,286,593.30	R46,606,331.04	R40,524,903.87	R37,698,051.14	R1,814,277,597.42	R2,401,257,334.86

Debtors Payment Statistics – Part 4 (b)

The total billing as at 30 June 2025 is R1 025 430 471,79, with the total adjustment of (131 477 376,35), the revenue movement of R944 396 637,93 and the Revenue collected amounted to R696 857 738,80. The collection rate is 74% as at 30 June 2025.

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%
Jan-25	100 449 128.45	-78 309 432.73	22 139 695.72	45 588 586.55	45%
Feb-25	98 515 226.81	-12 810.03	98 502 416.78	53 546 042.38	54%
Mar-25	102 083 127	96 469,86	92 986 911,69	67 654 718,70	73%
Apr-25	100 710 192	356 539,11	94 618 962,62	62 686 622,41	66%
May-25	98 997 588,36	288 635,57	77 095 076,90	79 896 117,83	104%
June-25	97 638 988,33	-4 079 943,89	93 721 770,92	63 708 109,76	68%
Total	1 025 430 471,79	-131 477 376,35	944 396 637,93	696 857 738,80	74%

Distribution Losses

Water

MONTH	TOTAL UNITS PUR	TOTAL WATER SOLD		LOSS
APRIL	1,323,880.00	474,504.13	849,375.87	64.16
MAY	683,200.00	358,186.26	325,013.74	47.57
JUNE	748,950.00	566080.47	182,869.53	24.42

Electricity

MONTH	TOTAL UNITS PURCH	TOTAL UNITS SOLD	EQUALISER UNITS	TOTAL UNITS SOLD		LOSS
APRIL	23,411,988.04	12,058,622.37	2,207,297.80	14,265,920.17	9,146,067.87	39.07
MAY	25,488,034.76	12,793,314.34	2,400,907.07	15,194,221.41	10,293,813.35	40.39
JUNE	31,159,502.33	13,366,088.28	2,511,276.50	15,877,364.78	15,282,137.55	49.04

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 R3,6 billion of which R2,8 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 R 659 million. .

The Municipality's outstanding trade creditors amounts to R9 million. The Municipality has an outstanding payment to Auditor General an amount of R3 million. The Municipality owes R16 million on retention withheld for the reporting period.

The Municipality owes SARS R 46 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 -June 2025

Description	NT Code	Budget Year 2024/25								
		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
R thousands										
Creditors Age Analysis By Customer Type										
Bulk Electricity	100	58,992,960.19	77,132,690.48	2,674,615,441.05	57,890,623.56	61,156,788.72	2,163,828.53		-	2,870,795,543.81
Bulk Water	0200	36,100,025.97	5,772,167.37	13,576,659.81	603,730,263.85	-			-	659,179,117.00
PAYE deductions	0300	-	-	-	-	-	-	20,839,064.90	25,729,845.56	46,568,910.46
VAT (output less input)	0400	-	-	-	-	-	-		-	-
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-
Trade Creditors	0700	5,385,290.00	1,143,905.00	2,600,466.25	210,400.00			-	-	9,340,061.25
Auditor General	0800	109,469.41	278,550.27	968,986.28	276,493.69	126,126.26	1,936,353.76			3,695,979.67
Other	0900	-	-	-	-	-	-	-	-	-
Retention			70,284.17	904,477.25	136,590.18	278,721.25	2,094,505.21	512,688.14	12,377,096.59	16,374,362.79
Total By Customer Type	1000	100,587,745.57	84,397,597.29	2,692,666,030.64	662,244,371.28	61,561,636.23	6,194,687.50	21,351,753.04	38,106,942.15	3,605,953,974.98

Investment Portfolio – Part 6

The Closing balance on call accounts as of 30 June 2025 amounts to R8 526 039.58. Municipality for the reporting month capitalized R238 593.13 interest on call accounts.

Account Name	Account Number	Opening Balance	Deposits	Interest Capitalised	Withdrawals	Closing Balance
GRANTS ACCOUNT	3788153059	21 586 321.68	10 000 000.00	238 593.13	23 298 875.23	8 526 039.58
		21 586 321.68	10 000 000.00	238 593.13	23 298 875.23	8 526 039.58

Grants & Subsidies – Part 8 Received & Expenditure

The municipality has to date received R234 287 000.00 from the grants and subsidies as allocated. EPWP 2nd and 3rd tranche allocation of R792 000 and R528 000 respectively has been withheld due to slow spending. MIG Dora allocation for 2024/205 was R33 151 000 has been reduced by R74 000 revised allocation amount is R33 077 000 document in gazette no 51233 issued 12 September 2024.

	Approved Budget 2024/2025	YTD Allocation Received July 2024 - June 2025	Opening Balance	Outstanding Allocation
Municipal Infrastructure Grant	R 33 077 000.00	R 33 077 000.00		R -
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 179 350 000.00		R -
Energy Efficiency Demand Side Management	R 4 000 000.00	R 4 000 000.00		R -
Municipal Disaster Recovery Grant			R 10 059 730.30	R -
Integrated National Electrification Programme Grant	R 14 620 000.00	R 14 620 000.00		R -
	R 235 607 000.00	R 234 287 000.00	R 10 059 730.30	R 1 320 000.00

The Municipality has to date spent the amount of R 50 965 712.29 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 33 077 000.00	R 24 229 939.41	R 8 847 060.59
Local Government Financial Management Grant		R 2 800 000.00	R 959 594.90	R 1 840 405.10
Energy Efficiency Demand Side Management		R 4 000 000.00	R 3 720 000.00	R 280 000.00
Municipal Disaster Recovery Grant	R 10 059 730.30	R -	R 4 988 278.27	R 5 071 452.03
Expanded Public Works Programme Integrated Grant for Municipalities		R 440 000.00	R 850 147.61	R (410 147.61)
Integrated National Electrification Programme (Municipal) Grant		R 14 620 000.00	R 16 217 752.10	R (1 597 752.10)
	R 10 059 730.30	R 54 937 000.00	R 50 965 712.29	R 14 031 018.01

CAPITAL PROGRAMME PERFORMANCE

The capital grant performance is at 100% expenditure for the reporting month.

Capital Description	Fund	Total Allocation	Actual expenditure as of 30 June 2025	% expenditure by 30 June 2025	Balance remaining
MIG		R33 077 000.00	R33 076 996.99	100%	R3.01
INEP		R14 620 000.00	R14 620 000.00	100%	R0
EPWP		R440 000.00	R440 000.00	100%	R0
EEDSM		R4 000 000.00	R4 000 000.00	100%	R0
TOTAL		R52 137 000.00	R52 136 996.99	100%	R 3.01

Roll over 2023/2024 FINANCIAL YEAR

The MDRG (Recovery) has an opening balance of R10 059 730.30 roll over application has been approved and expenditure is at 100%

Capital Description	Fund	Total Allocation	Opening Balance	Actual expenditure as of 30 June 2025	% expenditure by 30 June 2025	Balance remaining
MDRG (Recovery)	0		R10 059 730.30	R10 059 730.33	100%	R0
TOTAL		R0	R10 059 730.30	R 10 059 730.33	100%	R0

MUNICIPAL INFRASTRUCTURE GRANT (MIG)

Item	Project Name	Budget	Expenditure	Progress
1	Upgrading of Standerton Water Bulk System phase 2- Construction of Kieser Reservoir & Pressure Tower	R164 650	R164 646.24	100% complete
2	Refurbishment/Installation of boreholes in rural/farm areas	R3 069 426.00	R3 069 427.10	Contractor appointed 100 % complete
3	Installation VIP toilets	R2 500 000	R2 500 000	Contractors appointed for desludging and installation of VIP Toilets 100% complete
4	Installation of High mast lights	R16 634 750.00	R 16 634 750.24	Contractor appointed 100% complete
5	Development of Thuthukani Cemetery	R8 305 755.60	R8 305 754.61	Contractor appointed 100% complete
6	Rehabilitation of Morgenzon Landfill site	R744 868.40	R744 868.40	Inception report 100% complete
7	Project Management Unit	R1 657 550	R1 657 550.00	Expenditure comprises of Manager ad 3Technicians
	Total	R33 077 000	R 33 076 996.99	100 % expenditure

INTEGRATED NATION ELECTRIFICATION PROGRAMME (INEP)

Item	Project Name	Budget	Expenditure	Progress
1	Construction of 6km, 11KV from Substation to Rooikoppen	R4 620 000	R4 620 000	Contractor appointed site establishment and procured material and work in progress 50% physical progress the contractor progress moving at fast pace the municipality is now paying from its own funding however, council resolution to write for additional funding.
2	Construction of 11Kv, SWS at Rooikoppen (pre- Eng)	R10 000 000	R10 000 000	100% Complete
	Total	R14 620 000	R 14 620 000	100% Complete

ENERGY EFFIECINCY DEMAND SIDE GRANT (EEDSM)

No	Project Name	Budget	Expenditure	Progress
1	Implementation of energy efficiency and energy demand management within Lekwa LM	R4 000 000	R 4 000 000	100% Complete
	Total	R4 000 000	R4 000 000	100 Complete

ROLLOVER 2023 2024 FINANCIAL YEAR: MUNICIPAL DISASTER RECOVERY GRANT (MDRG)

Municipal Disaster Recovery Grant (MDRG) Rehabilitation of Vry Street project application for roll over approved for R10 059 000 100% complete

Project Name	Budget	Expenditure	Progress
Rehabilitation of Vry Street	R 10 059 730.30	R 10 059 730.33	100% Complete

Transfer & Grants Subsidies (Indigent support) 2

To date 3131 households are active on registered households for indigent support and it show an increase of 237 when compared to the prior quater. The current outstanding debt balances of the registered indigent households amounted to R143 834 756.43 as of June2025 while subsidies for the current month amounted to R1 509 787,83.

Wards No.	Number of Active Indigents	Number of Active Indigents
	March 2025	June 2025
Ward 1	259	249
Ward 2	277	273
Ward 3	347	359
Ward 4	130	157
Ward 5	368	357
Ward 6	160	161
Ward 7	274	296
Ward 8	65	96
Ward 9	12	19
Ward 10	94	129
Ward 11	256	357
Ward 12	6	3
Ward 13	2	2
Ward 14	307	306
Ward 15	337	367
Total Indigents	2894	3131

FRUITLESS AND WASTEFUL EXPENDITURE:

The municipality has to date incurred fruitless and wasteful expenditure to the tune of **R147 469 906.68**

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 June 2025 amounted to **R28 085 487.07**

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 **R 327 472 678.37** was paid towards staff salaries, wages, allowances and benefits while a total amount of **R15 947 157.30** 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 **R71 236 485.30**, 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.

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- 1) That the Report of the Executive Mayor regarding the monthly budget statement for the fourth quarter ending June 2025 BE NOTED.
- 2) That the detailed Financial Performance Statement and Financial Position for the third quarter ending 30 June 2025 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 **R30 032 090.51** as of 30 June 2025
- 4) That the fruitless and wasteful expenditure incurred as of 30 June 2025, 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 **R2 884 331.78** incurred as of 30 June 2025.
- 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 **R327 472 678.37** BE NOTED .
- 8) That the mandatory disclosure of withdrawals in terms of the MFMA-Section 11(4)(a) amounting to **R71 236 485.30** 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.