Council: 2026-10-29

A117 S 52 QUARTERLY BUDGET STATEMENT REPORT FOR THE FIRST QUARTER ENDING SEPTEMBER 2026 - (2026/2027-6/1/1) .

Report: Executive Mayor: 2026-10-16

1. PURPOSE

The report is submitted to ensure that Council is able to exercise its oversight of 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 first quarter ended 30 September 2026 is based on the monthly electronic reports submitted to the Provincial and National Treasury. The report contains the following statements:

- Statement of Operating Revenue & Expenditure – Part 1;
- Capital Expenditure and Retentions – Part 2
- Cash Flow Statement – Part 3;
- Age Analysis of Debtors & Debtors Payment Statistics – Part 4;
- Distribution losses – Part 5;
- Creditor's Age analysis – Part 6;
- Investment Portfolio – Part 7;
- Indigent support -Part 8;
- Grants & Subsidies – Part 9;
- Fruitless & Wasteful Expenditure- Part 10;
- Irregular Expenditure- Part 11;
- Section 66 Report - Part 12;
- Withdrawals from Municipal Bank Account – Part 13 and

4. Statement of Operating Revenue & Expenditure – Part 1

The statement is assessed by summarising how the municipality earns and 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 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 R447 676 million. This amount shows an increase of R132 million when compared to the prior quarter that amounted to R315 448 million. The increase is mainly as a result of the following:

- The municipality received equitable share allocation during the first quarter which resulted to a difference of R82 505 million
- There was a further increase in revenue from service charge electricity of R50 465 million which also affected our revenue collection for the first quarter.

The total operating expenditure for the reporting quarter amounts to R498 560 million. This amount shows an increase of R74 676 million compared to the prior quarter that amounted to R423 884 million. The Increase in operating expenditure can be attributed to the following:

- Bulk electricity purchase increased by R117 358 million due to an increased demand which is related to the winter season
- Finance charges increased by R3 143 million due to the increase an Eskom debt which is directly linked to the increase on electricity demand
- There was a further increase in employee related costs as a result of annual salary increases

MP305 Lekwa - Budget Statement - Financial Performance (revenue & expenditure) - December 2025

R thousands	Approved Original Budget 2025/2026 MTREF	Approved Adjusted Budget 2025/2026 MTREF	Prior Quarter Movement	FIRST Quarter movement	Quarterly Variance	YTD Actual	YTD Budget	YTD variance	YTD variance %
Revenue By Source									
Property rates	259 124 000	267 416 000	64 926 801	66 526 993	1 600 192	66 526 993	66 854 000.00	(327)	0%
Service charges - electricity revenue	597 244 000	637 280 000	134 704 861	185 170 388	50 465 528	185 170 388	159 320 000.00	25 850	16%
Service charges - water revenue	93 709 000	93 531 000	22 107 273	25 600 988	3 493 715	25 600 988	23 382 750.00	2 218	9%
Service charges - sanitation revenue	89 706 000	90 828 000	22 054 718	23 066 744	1 012 026	23 066 744	22 707 000.00	360	2%
Service charges - refuse revenue	61 418 000	62 063 000	15 485 196	15 893 393	408 197	15 893 393	15 515 750.00	378	2%
Rental of facilities and equipment	4 205 000	4 227 000	956 233	872 826	(83 407)	872 826	1 056 750.00	(184)	-17%
Interest earned - external investments	2 611 000	94 788 000	253 418	366 333	112 915	366 333	23 697 000.00	(23 331)	-98%
Interest earned - outstanding debtors	160 614 000	67 451 000	44 244 384	45 591 170	1 346 785	45 591 170	16 862 750.00	28 728	170%
Fines	4 634 500	10 597 000	1 011 061	1 316 922	305 861	1 316 922	2 649 250.00	(1 332)	-50%
Transfers recognised - operational	196 023 000	204 092 000	711 998	83 217 209	82 505 212	83 217 209	51 023 000.00	32 194	63%
Other revenue	10 790 703	3 405 000	8 992 498	53 666	(8 938 831)	53 666	851 250.00	(798)	-94%
Total Revenue (excluding capital transfers and contributions)	**1 445 480 000.00**	**1 535 678 000**	**315 448 440**	**447 676 633**	**132 228 193**	**447 676 633**	**383 919 500**	**63 757**	**17%**
Expenditure By Type									
Employee related costs	352 261 000	369 015 000	91 695 893	96 213 452	4 517 559	96 213 452	92 253 750.00	3 960	4%
Remuneration of councillors	16 161 000	16 993 000	4 595 451	4 064 812	(530 639)	4 064 812	4 248 250.00	(183)	-4%
Debt impairment	115 740 000	171 148 000	-	-	-	-	42 787 000.00	(42 787)	-100%
Depreciation & asset impairment	62 515 000	69 377 000	16 632 912	-	(16 632 912)	-	17 344 250.00	(17 344)	-100%
Finance charges	141 200 000	141 850 000	55 458 782	58 602 132	3 143 350	58 602 132	35 462 500.00	23 140	65%
Bulk purchases Electricity	734 250 000	768 570 000	178 016 666	295 374 924	117 358 258	295 374 924	192 142 500.00	103 232	54%
Water Inventory	28 000 000	28 000 000	1 795 702	51 082	(1 744 621)	51 082	7 000 000.00	(6 949)	-99%
Inventory consumed	6 838 000	6 838 000	1 740 834	669 401	(1 071 433)	669 401	1 709 500.00		
Other materials	19 144 970	23 214 670	-	1 790 630	1 790 630	1 790 630	5 803 667.50	(4 013)	-69%
Contracted services	147 979 000	143 465 000	32 409 705	22 794 992	(9 614 713)	22 794 992	35 866 250.00	(13 071)	-36%
Irrecoverable Debts Written-off	68 440 000	4 980 000	1 367 256	253 261	(1 113 995)	253 261	1 245 000.00	(992)	-80%
Other expenditure	85 669 030	85 312 000	40 170 945	18 745 699	(21 425 246)	18 745 699	21 328 000.00	(2 582)	-12%
Loss on disposal of PPE	3 122 000	2 118 000	-	-		-	529 500.00	(530)	-100%
Total Expenditure	**1 781 320 000**	**1 830 880 670**	**423 884 147**	**498 560 385**	**74 676 238**	**498 560 385**	**457 720 168**	**40 840**	**9%**
Surplus/(Deficit)	**(335 840 000)**	**(295 202 670)**	**(108 435 707)**	**(50 883 752)**	**57 551 955**	**(50 883 752)**	**(73 800 668)**	**22 917**	**(0)**

5. CAPITAL EXPENDITURE AND RETENTIONS – Part 2

5.1 Actual Capital Acquisition

Capital Grants spending (Conditional Grants)

Capital Fund Description	Total Allocation	Actual expenditure as of 30 September 2026	% expenditure by 30 September 2026	Balance remaining	Management comments
MIG	R25,693,000	R2,695,697	10%	R22,997,303	Expenditure to improve from second quarter after appointment of service providers.
INEP	R6,942,000	R0	0%	R6,942,000	Projects finalisation for the Bulk line and Switching Station planned for the 2026/27 financial year. Design development for the 300HH in Rooikoppen in progress.
EEDSM	R4,000,000	R0	0%	R4,000,000	Business plan approved at the end of September 2026. Implementation and expenditure planned for Q2.
TOTAL	**R36,635,000**	**R2,695,697**	**10%**	**R33,939,303**	

***#NB:** Internally funded projects were affected by cashflow challenges and will be continued in the next reporting financial year.

As of 30 September 2026, the municipality's cumulative capital expenditure amounted to R2 077 78 against a total approved capital budget of R55 555 100 from both internal funding and grants funded projects representing only 3.7% of the total capital budget expensed to date.

Project Description	Source of Funding	Approved Budget Capital Projects 2026/2027	Adjusted Budget Capital Projects 2026/2027	26-Jul	26-Aug	26-Sept	Retention Withheld VAT incl	Retention paid back	Retention owed	YTD	Remaining Budget
Installation/Refurbishment/Desludging or rural VIP toilets and provision of chemicals for the VIP toilets	MIG 01/2627	R3,995,261								-	R3,995,261
Refurbishment/Installation of boreholes in rural/farm areas	MIG 02/2627	R6,188,989			R2,042,011					R2,042,011	R4,146,978
Rehabilitation of Morgenzon Landfill site	MIG 03/2627	R8,630,365								-	R8,630,365
Fencing of 2.2 km Walter Sisulu Cemetry	MIG 04/2627	R5,598,485								-	R5,598,485
Construction of 11Kv, SWS at Rooikoppen	INEP 01/2627	R3,942,000								-	R3,942,000
6km,11KV line from Substation A to	INEP 02/2627	R3,000,000								-	R3,000,000
Implementation of energy efficiency and energy demand within Lekwalm	EEDSM 01/2627	R4,000,000								-	R4,000,000
Procurement of servers	Internal Funding	R200,000								-	R200,000
Renovation of offices	Internal Funding	R1,500,000								-	R1,500,000
Procurement oof Laptops	Internal Funding	R500,000			R35,772					R35,772	R464,228

Project Description	Source of Funding	Approved Budget Capital Projects 2026/2027	Adjusted Budget Capital Projects 2026/2027	26-Jul	26-Aug	26-Sept	Retention Withheld VAT incl	Retention paid back	Retention owed	YTD	Remaining Budget
Procurement of Vehicles(new)	Internal Funding	R8,400,000								-	R8,400,000
Procurement of Furniture	Internal Funding	R200,000								-	R200,000
Refurbishmnet of Gravel Roads	Internal Funding	R2,000,000								-	R2,000,000
Fencing of Morgenzon Offices	Internal Funding	R2,000,000								-	R2,000,000
Repair of fire station building	Internal Funding	R5,000,000								-	R5,000,000
Clocking system	Internal Funding	R400,000								-	R400,000
		R55,555,100	**R0**	**R0**	**R2,077,783**	**R0**	**R0**	**R0**	**R0**	**R2,077,783**	**R53,477,317**

5.2. Retention Register - September 2026

- The municipality did not withhold or make any retention payments in the quarter ended 30 September 2026.
- The overall cumulative closing balance of retention owed as at the end of the first quarter amounted to R16 791 841.00
- Management reviewed the Retention Policy to address retention amounts that have remained unclaimed for extended periods, particularly those relating to expired contracts.

Retention Register 30 September 2026

CONTRACTOR	PROJECT	CONTRACT AMOUNT	RETENTION WITHHELD	RETENTION PD BACK	RETENSION 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

CONTRACTOR	PROJECT	CONTRACT AMOUNT	RETENTION WITHHELD	RETENTION PD BACK	RETENSION OWED
ML Sakhile	Standerton Water Works & bulk water Supply Refurbishment	R 1,900,562.00	R 190,056.18	R 95,028.09	R 95,028.09
ZMG	Installation of Bulk Water Infrastructure and Replacement of AC pipes Lekwa Local Municipality	R 15,000,000.00	R 1,099,212.78	R 598,786.01	R 500,426.77
Ngani JV TK Vuwani	Upgrade of Standerton Sewer treatment works	R 24,609,498.00	R 1,797,900.90	R 654,978.77	R 1,142,922.13
Workman Construction and Projects(Turn Key Service Provider)	Installation of water services to informal settlements	R 1,961,400.00	R 196,137.00	R 98,068.50	R 98,068.50
Three 1 Developments (PTY) LTD	Supply & Installation of Electricity Network for 350 Households Extension 8	R 5,075,000.00	R 194,866.66	R -	R 194,866.66
Wanga Projects	Reconstruction of the Rooikopen Sewer Network - Refurbishment of the Rooikopen Pump Station and Construction of the Booster Pump Station within a Pumping Main (Sakhile Extension 4)	R 11,922,814.94	R 1,116,799.00	R -	R 1,116,799.00
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 Standertom 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 228,177.26	R -0.01
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
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
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
Mrazane	Construction of o 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

CONTRACTOR	PROJECT	CONTRACT AMOUNT	RETENTION WITHHELD	RETENTION PD BACK	RETENSION OWED
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
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 reservior	R 2,149,476.00	R 214,947.60	R 247,994.63	R -33,047.03
TM & S Construction	Uprading 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 1,773,113.84	R 1,756,388.71
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 8,388,789.12	R 838,778.99	R 419,439.46	R 419,339.53
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 1,531,814.92	R -	R 1,531,814.92
Izinjomane	Construction of 6km,11kv line from Substation A to Rooikoppen	R 12,543,909.10	R 733,908.39	R -	R 733,908.39
Mudoita	Installation of new VIP Toilets at Ward 9, 12 and 13	R 2,017,000.00	R 201,700.00	R 201,700.00	R -
KENFORE ENGINEERING	Construction of 11kv Switching Station	R 17,642,773.27	R 1,541,615.40	R -	R 1,541,615.40
NOTHA CIVILS	Rehabilitation of Vry Street	R 9,187,717.83	R 949,547.29	R -	R 949,547.29
BIDWIN	Drilling of Boreholes at Ward 9,12 and 13	R 806,794.00	R 74,297.51	R -	R 74,297.51
UBUNTU SONKE ENGINEERING	THUTHUKANI CEMETRY FENCING	R 11,040,500.83	R 1,104,050.09	R 552,025.04	R 552,025.05

CONTRACTOR	PROJECT	CONTRACT AMOUNT	RETENTION WITHHELD	RETENTION PD BACK	RETENSION OWED
ISOYI HOLDING (PTY) LTD	REHABILITATION OF 1.2KM HLONGWANE DRIVE	R 13,886,364.25	R 1,014,789.75	R -	R 1,014,789.75
MHLONGOLOS	Installation of VIP Toilets at Ward 9	R 2,293,938.35	R 229,393.84	R -	R 229,393.84
VUKA SIBEKO TRADING	Installation of VIP Toilets at Ward 12	R 3,178,328.15	R 317,832.82	R -	R 317,832.82
GREENPOINT ENGINEERING	Installation of VIP Toilets at Ward 13	R 2,818,293.50	R 281,829.35	R -	R 281,829.35
			R 24,813,623.71	**R 8,021,782.55**	**R 16,791,841.17**

6. CASH FLOW MANAGEMENT – Part 3

Cash Flow Analysis – Quarter 1

- Overall, there was a increase in cash balance of R14 697 million.
- Some of the key factors contributing to the increase are the receipt as follows:

  - Equitable share received in the first quarter
  - Conditional grants allocation received in the current reporting quarter
  - Gradual increase in revenue collected

MONTHLY CASH FLOWS	Current Financial Year (2026-27)			
Rands	July Actual	August Actual	September Actual	Quarter 1 Actual
Cash Receipts By Source				
Property rates	8,278,124	8,946,195	9,452,351	26,676,670
Service charges - electricity revenue	21,538,567	33,294,252	28,242,667	83,075,486
Service charges - electricity third party	20,128,539	22,554,682	35,115,119	77,798,340
Service charges - water revenue	4,070,324	4,380,947	4,362,650	12,813,921
Service charges - sanitation revenue	1,865,259	2,442,135	1,794,021	6,101,415
Service charges - refuse revenue	1,373,648	1,285,017	1,447,584	4,106,249
Rental of facilities and equipment	48,205	40,444	21,274	109,923
Interest earned - external investments	16,215	257,214	99,560	372,989
Interest earned - outstanding debtors	696,496	756,864	890,571	2,343,931

MONTHLY CASH FLOWS	Current Financial Year (2026-27)			
Rands	**July Actual**	**August Actual**	**September Actual**	**Quarter 1 Actual**
Fines, penalties and forfeits	556,092	446,404	129,332	1,131,828
Transfer receipts - operational	82,699,000	3,182,000	0	85,881,000
Inter Accounts Transfers	17,608,059	36,519,011	24,750,000	78,877,070
Schedule B - Refunds	0	0	0	0
Short term fixed investment	0	14,000,000	9,000,000	23,000,000
Short term fixed investment pay out	0	30,000,000	14,000,000	44,000,000
Other revenue	312,967	894,664	3,116,115	4,323,746
Cash Receipts by Source	**159,191,495**	**158,999,829**	**132,421,244**	**450,612,568**
Other Cash Flows by Source				
Transfer receipts - capital	6,521,000	5,442,000	0	11,963,000
Total Cash Receipts by Source	**165,712,495**	**164,441,829**	**132,421,244**	**462,575,568**
Cash Payments by Type				
Employee related costs	32,412,841	32,175,065	31,625,545	96,213,451
Remuneration of councillors	1,385,150	1,350,696	1,328,967	4,064,813
Bulk purchases - Electricity	13,385,785	134,761	2,820,974	16,341,520
Bulk purchases - Electricity paid by third party	20,128,539	22,554,682	35,115,119	77,798,340
Bulk purchases - Water	0	0	0	0
Other materials	1,041,635	165,890	1,303,587	2,511,112
Contracted services	2,155,664	10,964,820	9,674,508	22,794,992
SARS payments	13,304,699	6,038,763	7,190,435	26,533,897
Inter Accounts Transfers	17,608,059	36,519,011	24,750,000	78,877,070
Short term fixed investment made	30,000,000	14,000,000	9,000,000	53,000,000
Short term fixed investment pay out	0	30,000,000	14,000,000	44,000,000
Retentions payout	0	0	0	0
Other expenditure	8,330,140	9,938,575	5,396,390	23,665,105
Cash Payments by Type	**139,752,512**	**163,842,263**	**142,205,526**	**445,800,301**
Other Cash Flows/Payments by Type				

MONTHLY CASH FLOWS	Current Financial Year (2026-27)			
Rands	**July Actual**	**August Actual**	**September Actual**	**Quarter 1 Actual**
Capital assets	0	2,077,783	0	2,077,783
Total Cash Payments by Type	**139,752,512**	**165,920,046**	**142,205,526**	**447,878,084**
NET INCREASE/(DECREASE) IN CASH HELD	**25,959,983**	**-1,478,217**	**-9,784,282**	**14,697,484**
Cash/cash equivalents at the month/quarter/ year begin:	9,773,303	35,733,286	34,255,069	9,773,303
Cash/cash equivalents at the month/year end:	35,733,286	34,255,069	24,470,788	24,470,788

7. Debtors Age Analysis – Part 4a

- The debtor's age analysis reflects the amounts owed by customers for municipal services, categorised according to how long the debts have remained outstanding.
- The total debtors' balance for the reporting month stands at R2,995 billion of this amount, R 2,743 billion relates to debt that is over 90 days overdue.

MP305 Lekwa - Supporting Table SC3 Monthly Budget Statement - aged debtors - September 2026

Description	Budget Year 2026/2027									
R thousands	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Days	151-180 Days	181 Dys-1 Yr	Over 1Yr	Total	Total over 90 days
Trade and Other Receivables from Exchange Transactions – Water	8,510	5,515	5,732	5,266	5,099	4,963	4,531	396,221	435,837	416,079
Trade and Other Receivables from Exchange Transactions – Electricity	56,057	12,584	13,900	8,469	7,785	7,749	8,169	339,902	454,614	372,074
Receivables from Non-exchange Transactions - Property Rates	20,641	14,468	13,676	13,142	12,734	13,121	11,935	483,761	583,478	534,693
Receivables from Exchange Transactions - Waste Water Management	7,358	6,363	6,087	6,107	5,715	5,657	20,931	206,845	265,064	245,256
Receivables from Exchange Transactions - Waste Management	5,024	4,393	4,224	4,291	3,992	3,965	14,520	157,735	198,144	184,503
Receivables from Exchange Transactions - Property Rental Debtors	63	62	62	80	56	56	56	1,130	1,567	1,379
Interest on Arrear Debtor Accounts	14,854	14,549	16,204	16,075	14,846	14,542	14,280	745,480	850,830	805,223
Other	10,182	6,739	4,401	2,535	2,884	3,269	3,352	172,154	205,516	184,194

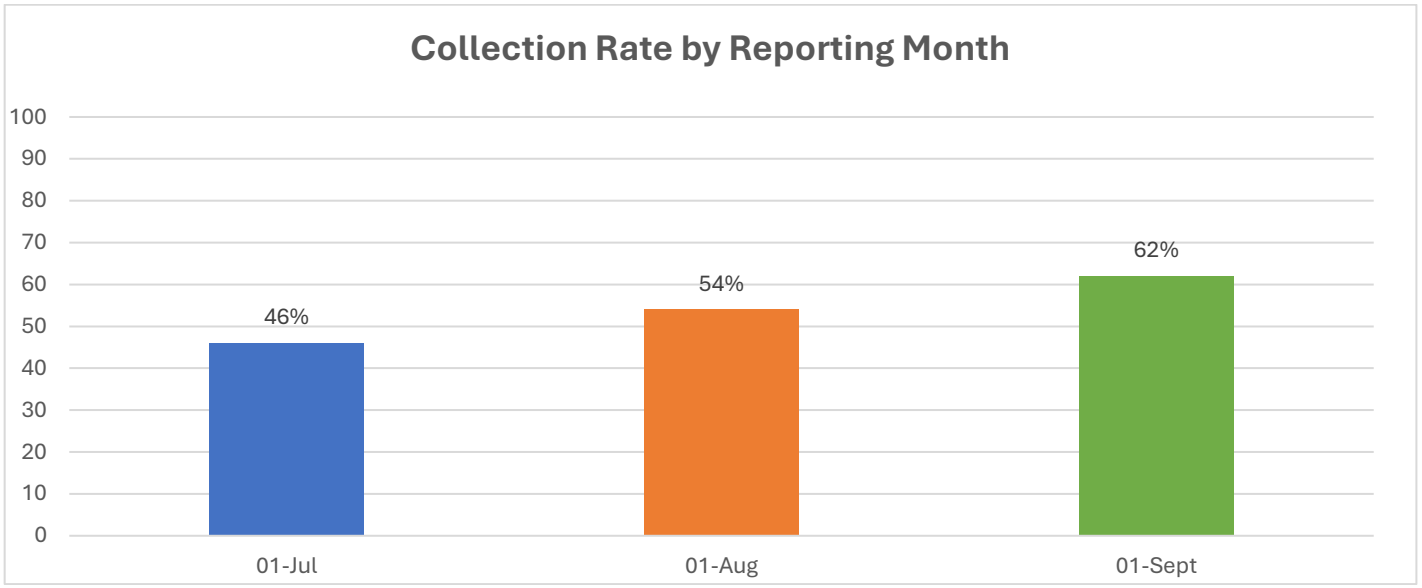
2026/2027 - Totals only	**122,690**	**64,674**	**64,286**	**55,965**	**53,112**	**53,322**	**77,774**	**2,503,228**	**2,995,050**	**2,743,400**
Debtors Age Analysis By Customer Group										–
Organs of State	13,908	2,793	8,020	6,046	6,405	6,239	7,153	89,369	145,518	115,212
Commercial	15,277	11,474	7,983	3,330	3,125	3,317	4,239	208,283	251,342	222,295
Households	45,419	42,696	41,703	41,483	38,509	38,177	61,345	2,016,027	2,325,360	2,195,542
Other	48,086	7,710	6,580	5,107	5,072	5,588	5,036	189,549	272,830	210,352
Total By Customer Group	**122,690**	**64,673**	**64,286**	**55,965**	**53,112**	**53,322**	**77,774**	**2,503,228**	2,995,050	2,743,400

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	Sub-Total
	75 352 137.23	32 818 901.19	34 583 382.44	26 942 549.98	26 772 493.44	26 070 851.00	45 637 222.34	23 728 469.21	22 186 834.74	22 569 527.01	15 944 357.44	22 098 451.02	21 825 294.84	845 474 642.23	1 242 005 114.11
WARD 1	1 809 825.54	1 803 003.43	1 859 608.75	1 935 936.42	1 660 372.17	1 662 313.48	2 018 035.15	1 600 284.55	1 584 145.05	1 588 181.70	1 586 922.73	1 702 077.89	1 672 048.95	118 165 064.83	140 647 820.64
WARD 2	1 877 614.66	1 833 012.28	1 867 614.01	1 963 605.05	1 705 803.15	1 731 979.56	1 850 309.22	1 681 804.85	1 651 161.14	1 653 794.40	1 652 246.04	1 789 422.84	1 726 867.25	112 673 128.41	135 658 362.86
WARD 3	2 289 657.07	2 370 421.37	2 336 377.05	2 388 876.45	1 690 378.48	1 994 489.72	2 560 324.93	1 932 908.84	1 921 195.10	2 014 567.34	1 892 819.09	1 941 616.37	1 865 703.77	96 450 646.07	123 649 981.65
WARD 4	12 553 746.67	2 594 888.91	2 108 128.85	1 753 323.20	1 660 931.62	1 636 053.25	2 019 459.64	1 434 102.05	1 382 917.51	1 375 669.15	1 237 691.59	1 346 855.54	1 388 848.69	64 206 541.74	96 699 158.41
WARD 5	2 679 286.90	2 662 322.83	2 731 020.00	2 861 019.51	2 464 209.87	2 463 114.82	2 607 597.99	2 402 187.62	2 383 418.45	2 385 120.91	2 388 033.19	2 594 410.74	2 553 172.91	171 488 816.33	204 663 732.07
WARD 6	1 494 039.81	1 465 434.54	1 497 794.19	1 552 328.91	1 369 021.41	1 355 967.86	1 489 371.12	1 321 376.22	1 313 132.88	1 316 856.57	1 320 097.80	1 412 912.40	1 391 345.25	96 811 943.59	115 111 622.55
WARD 7	1 001 090.21	1 163 608.82	1 031 371.63	1 126 160.49	885 309.99	890 803.60	1 032 714.48	830 623.41	818 391.82	832 453.81	833 371.35	1 006 201.20	977 167.02	54 322 416.44	66 751 684.27
WARD 8	6 810 111.17	4 433 949.67	3 322 473.54	3 476 898.20	3 301 471.36	3 507 404.22	3 200 719.81	4 880 831.35	2 869 771.05	2 657 090.21	2 507 537.22	2 972 336.97	2 819 336.62	55 058 812.73	101 818 744.12
WARD 9	442 812.76	507 890.55	450 651.66	443 549.38	428 966.28	425 914.26	420 808.71	415 688.05	407 833.61	356 199.99	56 449.90	63 968.01	68 845.94	1 763 937.86	6 253 516.96
WARD 10	6 123 903.72	2 633 264.49	1 977 876.16	1 885 214.39	1 627 206.36	2 142 567.03	1 121 628.74	1 112 197.75	1 158 446.23	1 139 669.34	379 917.56	2 000 991.17	867 702.39	19 700 375.68	43 870 961.01
WARD 11	3 713 660.84	3 758 377.94	3 752 566.81	3 784 611.38	3 451 018.01	3 442 256.51	5 489 101.24	3 049 271.84	3 025 632.59	3 037 718.70	3 024 034.18	3 233 206.03	3 470 359.84	193 457 469.65	239 689 285.56
WARD 12	67 885.84	63 241.39	110 945.86	103 614.26	103 237.57	103 662.37	103 404.61	101 358.17	102 490.94	103 056.65	102 763.58	102 358.42	101 423.64	6 662 901.19	7 932 344.49
WARD 13	4 215.67	2 942.56	3 029.51	3 194.31	2 894.02	2 884.06	7 098.61	2 373.52	2 363.58	2 353.63	2 357.72	2 347.54	2 337.35	113 284.65	153 676.73
WARD 14	2 756 088.54	2 571 866.94	2 888 921.16	1 953 788.69	2 581 273.00	2 503 395.56	2 692 071.82	2 193 810.48	2 186 167.89	2 196 716.73	- 3 584 584.11	2 374 303.00	2 381 700.49	195 874 174.49	221 569 694.68
WARD 15	3 714 203.33	3 990 526.63	3 763 756.53	3 790 410.41	3 406 973.45	3 388 068.75	5 523 770.19	3 004 170.04	2 965 366.03	3 158 650.51	2 971 609.75	3 172 263.61	3 142 271.67	202 581 982.13	248 574 023.03
TOTAL	122 690 279.96	64 673 653.54	64 285 518.15	55 965 081.03	53 111 560.18	53 321 726.05	77 773 638.60	49 691 457.95	45 959 268.61	46 387 626.65	32 315 625.03	47 813 722.75	46 254 426.62	2 234 806 138.02	2 995 049 723.14

8. Debtors Payment Statistics – Part 4 (b)

- The average collection rate for Quarter 1 decreased to 54%, representing a 11% regression when compared to the previous quarter's average of 65%.
- Collection performance has generally followed the pattern of billing levels throughout the period.



Settlement report

Reporting Month	Total Billing	Total Adjustment on Billing	Revenue Movement	Revenue Collected	Collection Rate
July 2026	R107 799 408	-R2 045 972	R105 753 436	R48 580 792	46%
26-Aug	R125 394 253	-R2 459 495	R123 934 758	66583868	54%
26-Sept	R128 073 521	-R5 187 310	R122 886 211	R76 454 040	62%
Totals	**R361 267 182**	**-R9 692 777**	**R352 574 405**	**R191 618 700**	**54%**

SUMMARY: Payments Received from Debtors – March (Per Ward Classification)

The purpose of the table below is to present a breakdown of payments received from debtors during September 2026, classified per ward, and to provide an overview of collection performance

The average collection rate in terms of the wards is seating at 54% for the month of September 2026.
The top 3 performing wards are as follows:

- Ward 10 at 72%
- Ward 8 at 86%
- Ward 4 at 102%

Collection rate by account type

Account Type	Total Settlements	Total Movement	Billing	Credit Notes	Debit Notes	Other Adjustments	Payment Rate (Movement)
Organs Of State	-R4,795,236	R13,071,247	R13,159,170	-R88,088	R0	R165	37%
Commercial	-R18,346,546	R15,924,575	R16,452,216	-R443,010	R0	-R84,630	115%
Farms and industries	-R39,075,150	R47,830,207	R47,499,183	-R433,356	R9,092	R755,288	82%
Household	-R11,911,244	R44,337,468	R48,496,365	-R3,869,735	R21,485	-R310,647	27%
Other	-R2,325,865	R1,722,713	R2,466,587	R0	R0	-R743,874	135%
	-R76,454,040	**R122,886,211**	**R128,073,521**	**-R4,834,189**	**R30,577**	**-R383,699**	62%

SUMMARY: Payments Received from Debtors – 30 September 2026 (Per Ward Classification)

The purpose of the table below is to present a breakdown of payments received from debtors during September 2026, classified per ward, and to provide an overview of collection performance.

The average collection rate in terms of the wards is seating at 62%

Ward	Total Settlements	Total Movement	Billing	Credit Notes	Debit Notes	Other Adjustments	% Payment Rate (Billing)
	-48,593,806	72,959,741	81,600,735	-4,375,797	15,781	-4,280,977	-67%
000001 WARD 1	-107,606	1,818,364	1,814,007	-	2,177	2,180	-6%
000002 WARD 2	-191,879	1,889,567	1,890,967	-	787	-2,187	-10%
000003 WARD 3	-214,914	2,466,278	2,472,910	-	-	-6,632	-9%
000004 WARD 4	-13,757,816	13,433,165	10,193,012	-120,492	-	3,360,645	-102%
000005 WARD 5	-181,863	2,699,432	2,698,847	-	-	586	-7%
000006 WARD 6	-155,831	1,511,151	1,511,329	-	-	-178	-10%
000007 WARD 7	-45,120	1,013,189	1,013,189	-	-	-	-4%
000008 WARD 8	-6,480,719	7,516,068	7,939,069	-249,812	11,832	-185,021	-86%
000009 WARD 9	-5,012	442,813	442,813	-	-	-	-1%
000010 WARD 10	-4,767,980	6,629,679	6,002,964	-88,088	-	714,803	-72%
000011 WARD 11	-166,039	3,756,369	3,758,261	-	-	-1,891	-4%
000012 WARD 12	-629,177	70,616	70,616	-	-	-	-891%
000013 WARD 13	-3,262	4,216	4,216	-	-	-	-77%
000014 WARD 14	-225,128	2,929,686	2,914,703	-	-	14,983	-8%
000015 WARD 15	-191,938	3,745,877	3,745,886	-	-	-9	-5%
PAYMENT ADVANCED	-735,951	-	-	-	-	-	100%
Total	**-76,454,040**	**122,886,211**	**128,073,521**	**-4,834,189**	**30,577**	**-383,699**	**62%**

9. **Distribution loss – Part 5**

a. Water losses

MONTH	TOTAL UNITS PURCHASED	TOTAL WATER SOLD	Distribution loss %
26-Jul	663,244	478,997	27.78
26-Aug	1,295,878	460,114	64.49
26-Sept	979,561	517,221	47.2
	2,938,683	**1,456,332**	**50.44**

b. Electricity losses

MONTH	TOTAL UNITS PURCHASED	CONVENTIONAL UNITS SOLD	EQUALISER PREPAID UNITS SOLD	TOTAL UNITS SOLD	Distribution loss %
26-Jul	34,599,741	14,034,347	2,501,979	16,536,326	52.21
26-Aug	42,926,581	14,018,091	2,527,968	16,546,059	61.45
26-Sept	31,677,566	13,640,743	2,438,643	16,079,386	49.24
	109,203,888			**49,161,771**	**54.98**

10. Creditors Age Analysis – Part 6

The creditors age analysis indicates an analysis of unpaid invoices, aged by due date. The creditors are broken down into eight ageing periods.
The Creditors Age Analysis shows an outstanding amount of R4,692 billion of which R3,900 billion is owed to Eskom's bulk purchases. 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 675,813 million whilst the Municipality's outstanding trade creditors amounts to R34,840 million.

The Municipality has an outstanding payment to Auditor General an amount of R1,946 million. The Municipality owes R16,792 million on retention withheld for the reporting period and no retention was withheld in the current reporting month.

The Municipality owes SARS relating to PAYE deduction of R46,726 million and VAT of R R11,861 million. 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.
The municipality is currently revising its policies to facilitate the write-off of long-outstanding creditor balances, such as retentions, that have remained unclaimed for an extended period.

MP305 Lekwa - Supporting Table SC4 Monthly Budget Statement - Creditors age analysis -September 2026

Description	Budget Year 2026/2027								
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	131,513,689	143,003,152	223,481,266	1,143,430,038	1,114,649,951	0	0	1,143,430,038	**3,899,508,133**
Bulk Water	0	0	0	0	0	5,238,327	0	670,574,411	**675,812,738**
PAYE deductions	0	0	0	6,675,443	601,044	0	0	39,449,303	**46,725,791**
VAT (output less input)	3,716,029	0	1,084,945	1,934,793	1,540,535	1,075,835	2,218,410	290,327	**11,860,873**
Pensions / Retirement deductions	0	0	0	0	0	0	0	0	**0**
Trade Creditor	4,894,945	3,306,601	3,443,731	3,096,682	20,097,707	0	0	0	**34,839,666**
Auditor General	0	1,946,089	0	0	0	0	0	0	**1,946,089**
Other	110,213	1,480,313	0	143,050	2,917,106	0	0	0	**4,650,682**
Retention	0	0	421,765	37,010	677,957	904,477	136,590	14,614,041	**16,791,841**
Total By Customer Type	**140,234,876**	**112,497,479**	**228,431,707**	**- 1,518,963,505**	**1,100,284,438**	**1,295,028**	**2,355,000**	**1,868,358,119**	**4,692,135,812**

11. Investment portfolio analysis – Part 7

- The closing balance on the call account and short-term fixed investment account as at 30 September 2026 amounted to R18,14 million.
- Short-term investment interest of R73,997 was received on the payout of R14 million (Prior month investment) and has been transferred to the main account.
- After the payout of R14 million; R9 million was reinvested on the short term investment account.
- The call account earned capitalised interest of R25,563 during the current reporting month.

Account name	Account number	Opening balance	Deposits	Interest Capitalised	Interest Transferred to main Acc	Withdrawals	Closing balance
CALL ACCOUNT		R9,117,097	R0	R25,563	R0	R0	R9,142,660
SHORT TERM INVESTMENTS		R14,000,000	R9,000,000	R73,997	-R73,997	-R14,000,000	R9,000,000
		R23,117,097	**R9,000,000**	**R99,560**	**-R73,997**	**-R14,000,000**	**R18,142,660**

12. Indigent support -Part 8

- As of 30 September 2026, a total of 3 155 households are active and registered for indigent support.
- The current outstanding debt balances of the registered indigent households amounted to R24 004 062.40 (including pensioners) as of September 2026 while subsidies for the current month amounted to R 2 761 418.22 (including pensioners)

Wards No.	Number of Active Indigents June 2026	Number of Active Indigents September 2026
Ward 1	76	239
Ward 2	99	281
Ward 3	119	369

Wards No.	Number of Active Indigents June 2026	Number of Active Indigents September 2026
Ward 4	102	155
Ward 5	104	327
Ward 6	49	148
Ward 7	150	283
Ward 8	110	141
Ward 9	11	42
Ward 10	27	84
Ward 11	123	374
Ward 12	2	6
Ward 13	1	1
Ward 14	132	364
Ward 15	122	341
Total Indigents	**1227**	**3155**

13. **Grants and Subsidies – Part 9**

The capital grant performance is at 10% expenditure for the reporting month.

13.1 Summary of capital expenditure

Total capital expenditure incurred during the current reporting month of September is R2 695 697 from MIG.

Capital Fund Description	Total Allocation	Actual expenditure as of 30 September 2026	% expenditure by 30 September 2026	Balance remaining
MIG	R25,693,000	R2,695,697	10%	R22,997,303
INEP	R6,942,000	R0	0%	R6,942,000
EEDSM	R4,000,000	R0	0%	R4,000,000
TOTAL	**R36,635,000**	**R2,695,697**	**10%**	**R33,939,303**

13.2 Municipal Infrastructure Grant (MIG)

Item	Project Name	Budget	Expenditure	Progress
1	Installation/Refurbishment/Desludging of rural VIP toilets and provision of chemicals for the VIP toilets	R3,995,261	R0	We are in procurement for the service provider
2	Refurbishment/Installation of boreholes in rural/farm areas	R6,188,989	R2,042,011	Refurbishment is under construction for installation; we are in procurement
3	Rehabilitation of Morgenzon Landfill site	R8,630,365	R0	Re-application for environmental licence is in progress

Item	Project Name	Budget	Expenditure	Progress
4	Fencing of 2,2 Walter Sisulu Cemetery	R5,598,485	R0	We are in procurement for a contractor
5	Project Management Unit	R1,284,900	R653,686	The unit comprises a manager and 3 technicians
	Total	**R25,698,000**	**R2,695,697**	

13.3 Integrated Nation Electrification Programme (INEP)

Item	Project Name	Budget	Expenditure	Progress
1	Construction of 6km, 11KV from Substation to Rooikoppen (Line)	R3 000 000	R0	The project is 90% complete. This is a multi-year project and expenditure to date is R11 949 374.31. The line is linked to the switching station. Technical recommends that final milestone be delayed until the switching station is complete. Due to the above, the expenditure for the current year is at R0
2	Construction of 11Kv, SWS at Rooikoppen (pre- Eng) (Switching station)	R3 942 000	R 0	The project is 90% complete. Multiyear project expenditure to date is R 15 703 218.49 Expenditure for the current financial year is R0
	Total	**R6 942 000**	**R 0**	

13.4 Energy Efficiency 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	R0	Business plan submitted to DEE awaiting approval
	Total	**R4 000 000**	**R0**	

14. FRUITLESS AND WASTEFUL EXPENDITURE – Part 10

The municipality has incurred fruitless and wasteful expenditure amount of R59,004,057 during the quarter ended 30 September 2026, which is mainly comprised of interest on late payment charged by Eskom and the Auditor General. Attached in Annexure "A" are the details of the expenditure.

Annexure A Fruitless and wasteful expendit

15. IRREGULAR EXPENDITURE – Part 11

Irregular expenditure for the quarter ended 30 September 2026 amounted to R4 576 228.88
Attached is Annexure "B"

Annexure B Q1-July-Sept-2026-Irr

16. SECTION 66 REPORT – Part 12

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 **R96 213 452** was paid towards staff salaries, wages, allowances and benefits while a total amount of **R4 064 812** was paid towards remuneration of councilors. Attached is Annexure "C".

Annexure C Section 66 September 2026.xl

17. WITHDRAWALS FROM MUNICIPAL BANK ACCOUNT – Part 13

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 **R112 760 000** attached is Annexure "D".

Annexure D SECTION 11 3RD QUARTER 202

RECOMMENDATIONS BY THE EXECUTIVE MAYOR

(1) That the report of the Executive Mayor regarding the monthly budget statement for the first quarter ending September 2026 BE NOTED.

(2) That the detailed Financial Performance Statement for the first quarter ending September 2026 as per 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 R59,004,057 for the period ending 30 September 2026

(4) That the fruitless and wasteful expenditure incurred as of September 2026, 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 R4 576 228.88 incurred as of 30 September 2026.

(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 R96 213 452 BE NOTED

(8) That the mandatory disclosure of withdrawals in terms of the MFMA-Section 11(4)(a) amounting to R112 760 000 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 the 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.