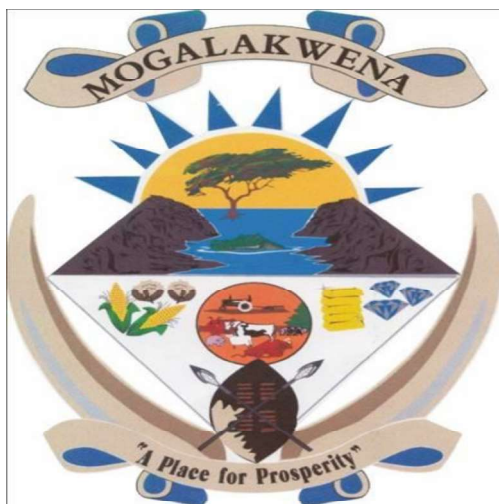


MOGALAKWENA LOCAL MUNICIPALITY



QUARTERLY BUDGET PERFORMANCE STATEMENTS

(SECTION 52(d) REPORT)

AS AT 30 SEPTEMBER 2024

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1. EXECUTIVE SUMMARY

Section 52(d) of the MFMA requires that the mayor of the municipality must, table a report on the implementation of the budget and the financial state of affairs of the municipality to Council within 30 days after the end of the quarter. The report takes into account in-year reports in terms of Section 71 of the MFMA which requires the accounting officer to submit a report in a prescribed format to the mayor within ten working days after the end of each month.

The report is prepared in the prescribed format (C Schedule), as determined by Regulation 28 of the Municipal Budget and Reporting Regulations (MBRR) promulgated in 2009. Details of the in-year reporting from 1 July 2024 to 30 September 2024 are discussed. The report discusses the revenue (operating and capital), operating expenditure and capital expenditure using the above prescribed format. All other appropriate information is also included in the report.

This report is submitted in terms of the above-mentioned legislative requirements. The budget performance for the first quarter, period ending 30 September 2024, is reflected on the table below and summary on the performance of the main segment of the budget is provided:

Table C1: Quarterly Budget Statement Summary

Revenue

- Revenue recognized from property rates amounted to R27.3m in the first quarter against a budget of R25.2m which resulted in 8% positive variance.
- Service charges for the first quarter was R168.1m against the budget of R185.4m with a negative variance of R17.2m (9%).
- Revenue from investment income recognized during the first quarter was R2.3m against the budget of R2.2m resulting in a positive variance of 2%.
- Revenue from operating grants recognized during the quarter under review amounted to R222.9m against the budget of R155.9m resulting in a positive variance of 43%.
- Other revenue reported was R22.2m against the budget of R22.7m resulting in a negative variance of (2%).

Operating Expenditure

- Employee costs was R96.9m against the budget of R103.8m. These resulted in a negative variance of (7%). The amount includes Remuneration of councilors.
- Remuneration of councilors spending is not reported separately for the period under review as it is included in the Employee costs.

- Depreciation and amortization at the end of the first quarter was a negative 100% variance. This is as a result of depreciation processed only at the end of the financial year for preparation of the financial statements.
- Interest charges to the amount of R457 thousand was recognized against a year-to-date budget of R672 thousand. The results were a negative variance of (32%).
- Inventory consumed and bulk purchases for the first quarter is reported at an amount of R96.8m against a budget amount of R103.0m. This results in a negative variance of (6%).
- Transfers and subsidies at the end of the first quarter has been recognized at R13 thousand compared to R558 thousand year-to-date budget. Resulting in a negative variance of (98%).
- Other expenditure cost to an amount of R144.7m was reported during the first quarter against the budget of R142.3m which resulted in a positive variance of 2%.

Capital Expenditure

- Capital grants to the amount of R99.6m have been recognized in the first quarter against a budgeted amount of R86.8m resulting in a positive variance of 15%.
- The municipality has budgeted an amount of R347m for capital grants. The 15% positive variance is an indication that the municipality is on the right trajectory in implementing capital projects. This means that service delivery is prioritized.

Financial Position

- The total current liabilities reported as at 30 September 2024 amounted to R669.0m, whilst total current assets were R849.6m, representing a current ratio of 1.27:1. The interpretation of the ratio suggest that the municipality will be able to meet its immediate or current financial commitments.

The above summary is illustrated on the C1 table below:

LIM367 Mogalakwena - Table C1 Monthly Budget Statement Summary - M03 - September

Description	2023/24	Budget Year 2024/25							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	96 833	101 070	–	8 101	27 390	25 268	2 122	8%	101 070
Service charges	402 208	741 673	–	61 097	168 181	185 418	(17 237)	-9%	741 673
Investment revenue	7 700	9 177	–	1 354	2 339	2 294	45	2%	9 177
Transfers and subsidies - Operational	588 621	623 792	–	2 106	222 959	155 948	67 011	43%	623 792
Other own revenue	142 277	91 016	–	7 868	22 219	22 754	(535)	-2%	–
Total Revenue (excluding capital transfers and contributions)	1 237 639	1 568 728	–	80 526	443 088	391 682	51 406	13%	1 568 728
Employee costs	375 174	415 284	–	30 756	96 953	103 822	(6 869)	-7%	415 284
Remuneration of Councillors	26 445	27 084	–	–	–	6 771	(6 771)	-100%	27 084
Depreciation and amortisation	127 737	93 594	–	–	–	23 399	(23 399)	-100%	93 594
Interest	3 097	2 686	–	440	457	672	(215)	-32%	2 686
Inventory consumed and bulk purchases	361 111	412 351	–	46 115	96 822	103 088	(6 266)	-6%	412 351
Transfers and subsidies	2 630	2 231	–	7	13	558	(544)	-98%	2 231
Other expenditure	128 130	569 446	–	46 690	144 712	142 362	2 350	2%	569 446
Total Expenditure	1 024 324	1 522 675	–	124 007	338 958	380 671	(41 714)	-11%	1 522 675
Surplus/(Deficit)	213 315	44 053	–	(43 481)	104 130	11 011	93 119	848%	44 053
Transfers and subsidies - capital (monetary allocations)	455 058	347 389	–	107 077	107 077	86 847	20 230	23%	347 389
Transfers and subsidies - capital (in-kind)	31 348	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers &	699 721	391 442	–	63 597	211 208	97 858	113 350	116%	391 442
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–
Surplus/ (Deficit) for the year	699 721	391 442	–	63 597	211 208	97 858	113 350	116%	391 442
Capital expenditure & funds sources									
Capital expenditure	742 940	348 889	–	25 878	99 633	87 222	12 411	14%	348 889
Capital transfers recognised	460 989	347 389	–	25 878	99 633	86 847	12 786	15%	347 389
Borrowing	–	–	–	–	–	–	–	–	–
Internally generated funds	17 781	1 500	–	–	–	375	(375)	-100%	1 500
Total sources of capital funds	478 770	348 889	–	25 878	99 633	87 222	12 411	14%	348 889
Financial position									
Total current assets	685 036	583 074	–		849 684				583 074
Total non current assets	4 823 146	4 619 452	–		4 922 779				4 619 452
Total current liabilities	615 471	99 859	–		669 071				99 859
Total non current liabilities	134 053	123 791	–		134 053				123 791
Community wealth/Equity	4 909 759	4 978 875	–		4 969 339				4 978 875

2. FINANCIAL PERFORMANCE

1.1 Actual revenue per source

LIM367 Mogalakwena - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M03 - September										
Description	Ref	2023/24	Budget Year 2024/25							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue										
Exchange Revenue										
Service charges - Electricity		320 950	451 376	–	32 812	100 599	112 844	(12 245)	-11%	451 376
Service charges - Water		28 073	214 881	–	23 777	54 288	53 720	568	1%	214 881
Service charges - Waste Water Management		21 620	26 694	–	1 875	5 629	6 673	(1 044)	-16%	26 694
Service charges - Waste management		31 564	48 722	–	2 635	7 665	12 181	(4 516)	-37%	48 722
Sale of Goods and Rendering of Services		1 889	2 320	–	800	1 070	580	490	85%	2 320
Agency services		9 787	12 978	–	–	–	3 245	(3 245)	-100%	12 978
Interest		–	–	–	119	281	–	281	#DIV/0!	–
Interest earned from Receivables		55 838	49 053	–	4 443	15 172	12 263	2 909	24%	49 053
Interest from Current and Non Current Assets		7 700	9 177	–	1 354	2 339	2 294	45	2%	9 177
Dividends		–	–	–	–	–	–	–	–	–
Rent on Land		–	–	–	–	–	–	–	–	–
Rental from Fixed Assets		8 744	2 127	–	149	473	532	(58)	-11%	2 127
Licence and permits		–	–	–	562	562	–	562	#DIV/0!	–
Operational Revenue		1 808	2 074	–	106	116	519	(403)	-78%	2 074
Non-Exchange Revenue										
Property rates		96 833	101 070	–	8 101	27 390	25 268	2 122	8%	101 070
Surcharges and Taxes		–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		5 075	4 201	–	245	254	1 050	(796)	-76%	4 201
Licence and permits		22 973	11	–	3	3	3	0	8%	11
Transfers and subsidies - Operational		588 621	623 792	–	2 106	222 959	155 948	67 011	43%	623 792
Interest		15 683	14 216	–	1 440	4 288	3 554	734	21%	14 216
Fuel Levy		–	–	–	–	–	–	–	–	–
Operational Revenue		–	–	–	–	–	–	–	–	–
Gains on disposal of Assets		81	4 037	–	–	–	1 009	(1 009)	-100%	4 037
Other Gains		20 399	–	–	–	–	–	–	–	–
Discontinued Operations		–	–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and		1 237 639	1 566 728	–	80 526	443 088	391 682	51 406	13%	1 566 728

Variances more than 10 % and explanation of variances

Description	Variance explanation	Remedial Action
Services Charges Electricity Revenue – Negative Variance of 11%	Electricity billing is consumption based. The first quarter is July to September wherein the weather becomes warmer. Hence electricity billed is less than the anticipated revenue.	No remedial action is required at this stage. Billing will improve and even out during the course of the financial year. Continuous meter audit is also performed to ensure that there are no illegal connections.

Description	Variance explanation	Remedial Action
Service charges Waste Water Management – Negative variance of 16%	Billing is less than anticipated. Waste water has been budgeted more in anticipation of the implementation of the new valuation roll.	Monitor the performance of this line item in the next quarter to see if adjustment may not be necessary.
Service charges Waste management – Negative variance of 37%	Billing is less than anticipated. the municipality budgeted for distribution of further waste bins in the 2024/25 financial year.	Ensure that all distributed bins are correctly billed.
Sale of goods and rendering of services – Positive variance of 85%	The municipality has sold tender documents in the month of September. Hence the positive variance.	Adjust the revenue item accordingly during the adjustment budget process.
Agency Services – Negative variance of 100%	In the implementation of the new financial system. The municipality has not reported any agency services due to mapping.	Ensure that the system is correctly configured and mapping is done for reporting on Agency services in the next quarter.
Interest earned from Receivables – Positive variance of 24%	Due to the culture of non-payment by the consumers, interest is levied and it increases. The more the debtors' book of the municipality increases, the more interest is charged on outstanding amounts.	Implementation of credit control policy and the municipality encourages consumers to pay outstanding debt.
Rental from Fixed Assets – Negative variance of 11%	Some of the rentals are received annually instead of monthly and this would result in the backlog being recovered during the end of the year hence the positive variance.	The municipality needs to ensure that all rental agreements entered into are in line with market related prices.
Operational Revenue - Negative variance of 78%	Other revenue includes staff recoveries, Insurance refunds and administrative handling fees. The amount received is less than the anticipated amount.	Observe the line item and align it to collection during the adjustment budget.
Fines, penalties and forfeits – Negative variance of 76%	The municipality did not collect in terms of fines as anticipated in the first quarter of the financial year. This is as a result of less traffic fines issued during the period.	Additional traffic officers have been appointed and deployed to the streets in order to gain a traction in collecting revenue on fines. Traffic officers to be more visible in town to enforce relevant laws.
Transfers and subsidies operational – Positive variance of 43%	The municipality did not have Treasury's grants payment schedule during the preparation of cash flow	The municipality must improve in monthly cash flow projections. The line item will even out in the next quarters.

Description	Variance explanation	Remedial Action
	projections in terms of receiving grants.	
Interest Non-Exchange Revenue – Positive variance of 21%	Similar to interest from current and non-current assets. This is interest charged on outstanding property rates. The interest is levied as consumers default on their accounts.	The municipality encourages consumers to pay outstanding debt.
Gains on disposal of Assets – Negative variance of 100%	No gains have been recognized in the period under review.	No remedial action required.

1.2 Actual borrowings

The municipality did not take out any borrowings in the quarter under review.

1.3 Actual Expenditure by Type

LIM367 Mogalakwena - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M03 - September										
Description	Ref	2023/24	Budget Year 2024/25							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Expenditure By Type										
Employee related costs		375 174	415 284	–	30 756	96 953	103 822	(6 869)	-7%	415 284
Remuneration of councillors		26 445	27 084	–	–	–	6 771	(6 771)	-100%	27 084
Bulk purchases - electricity		298 978	334 571	–	41 070	85 749	83 643	2 106	3%	334 571
Inventory consumed		62 133	77 780	–	5 045	11 074	19 445	(8 371)	-43%	77 780
Debt impairment		(345 255)	83 003	–	–	7 362	20 751	(13 389)	-65%	83 003
Depreciation and amortisation		127 737	93 594	–	–	–	23 399	(23 399)	-100%	93 594
Interest		3 097	2 686	–	440	457	672	(215)	-32%	2 686
Contracted services		289 448	297 328	–	23 859	73 694	74 332	(639)	-1%	297 328
Transfers and subsidies		2 630	2 231	–	7	13	558	(544)	-98%	2 231
Irrecoverable debts written off		–	11 762	–	–	–	2 941	(2 941)	-100%	11 762
Operational costs		152 886	177 352	–	22 831	63 657	44 339	19 318	44%	177 352
Losses on Disposal of Assets		4 601	–	–	–	–	–	–		–
Other Losses		26 450	–	–	–	–	–	–		–
Total Expenditure		1 024 324	1 522 675	–	124 007	338 958	380 671	(41 714)	-11%	1 522 675

Variances more than 10 % and explanation of variances

Description	Variance explanation	Remedial Action
Remuneration of councilors – Negative variance of 100%	Remuneration of councilors is erroneously reported under Employee related costs due to integration errors on the third-party payroll system.	The municipal employees together with the system vendor are working towards resolving the integration discrepancies identified in the integration of September.
Inventory consumed – Negative variance of 43%	The municipality is experiencing a decline in water consumption as more and more consumers are resorting to borehole water.	Ensure that water is always available to bring back the customers' confidence in using municipal water through timeous water infrastructure maintenance.
Debt impairment – Negative variance of 65%	Historical information is used when budgeting for the line item. Less impairment is processed than anticipated.	No remedial action is required.
Depreciation – Negative variance of 100%	Depreciation is not processed on a monthly basis.	Put measures in place to capacitate asset management section in order to process depreciation on a monthly basis.
Interest – Negative variance of 32%	This is interest that has been charged on overdue accounts as a result of cash flow challenges. The municipality was in an arrangement with Eskom. The amount incurred is interest charged on the outstanding account	In as much as this is a negative variance. The remedial action is to ensure that the municipality does not incur any interest on outstanding accounts as the interest results in Fruitless and Wasteful expenditure.
Irrecoverable debts written off – Negative variance of 100%	No write off on irrecoverable debt has been processed yet by the municipality. Write offs are processed at the end of the financial year.	Put measures in place to process write offs on a monthly basis.

1.4 Capital expenditure per vote

LIM367 Mogalakwena - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M03 - September										
Vote Description	Ref	2023/24 Audited	Original	Adjusted	Monthly	Budget Year 2024/25				
R thousands	1					YearTD actual	YearTD	YTD	YTD %	Full Year
Single Year expenditure appropriation	2									
Vote 1 - Executive & Council		413	-	-	-	-	-	-	-	-
Vote 2 - Corporate Support Services - A		-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Support Services - B		276	-	-	-	-	-	-	-	-
Vote 4 - Budget And Treasury		391	1 500	-	-	-	375	(375)	-100%	1 500
Vote 5 - Planning And Development		118	-	-	-	-	-	-	-	-
Vote 6 - Technical Services - A		730 774	303 982	-	24 160	95 847	75 995	19 852	26%	303 982
Vote 7 - Technical Services - B		-	-	-	-	-	-	-	-	-
Vote 8 - Community Services - A		122	-	-	-	-	-	-	-	-
Vote 9 - Community Services - B		3 299	14 181	-	475	475	3 545	(3 071)	-87%	14 181
Vote 10 - Traffic And Emergency Services		-	-	-	-	-	-	-	-	-
Vote 11 - Electrical Services		7 547	29 226	-	1 244	3 311	7 307	(3 995)	-55%	29 226
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-
Total Capital single-year expenditure	4	742 940	348 889	-	25 878	99 633	87 222	12 411	14%	348 889
Total Capital Expenditure		742 940	348 889	-	25 878	99 633	87 222	12 411	14%	348 889

The municipality has recognized capital expenditure to the amount of R99.6m at the end of first quarter compared to the year-to-date budget of R87.2m. Details of capital expenditure per source of funding are further outlined below.

1.5 Capital Expenditure per grant

LIM367 Mogalakwena - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M03 - September										
Description	Ref	2023/24 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	Budget Year 2024/25				
R thousands						YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
EXPENDITURE										
Operating expenditure of Transfers and Grants										
National Government:		7 597	14 237	-	2 106	2 106	3 559	(1 453)	-40.8%	14 237
Expanded Public Works Programme Integrated Grant		1 151	1 610	-	25	25	402	(378)	-93.8%	1 610
Municipal Disaster Relief Grant		4 346	-	-	-	-	-	-	-	-
Local Government Financial Management Grant	3	2 100	3 500	-	109	109	875	(766)	-87.6%	3 500
Municipal Infrastructure Grant		-	9 127	-	1 972	1 972	2 282	(309)	-13.6%	9 127
Provincial Government:		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants		7 597	14 237	-	2 106	2 106	3 559	(1 453)	-40.8%	14 237
Capital Transfers and Grants										
National Government:		462 105	347 389	-	107 077	107 077	86 847	20 230	23.3%	347 389
Municipal Infrastructure Grant		183 087	173 413	-	60 911	60 911	43 353	17 558	40.5%	173 413
Integrated National Electrification Programme Grant		-	12 976	-	1 167	1 167	3 244	(2 077)	-64.0%	12 976
Regional Bulk Infrastructure Grant		198 346	115 000	-	28 848	28 848	28 750	98	0.3%	115 000
Water Services Infrastructure Grant		80 672	46 000	-	16 152	16 152	11 500	4 652	40.5%	46 000
Provincial Government:		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants		462 105	347 389	-	107 077	107 077	86 847	20 230	23.3%	347 389
TOTAL EXPENDITURE OF TRANSFERS & GRANTS		469 702	361 626	-	109 183	109 183	90 406	18 777	20.8%	361 626

Municipal Infrastructure Grant - The municipality has managed to spend R60.9m as at the end of September 2024. This resulted in a positive variance of 40.5% compared to the year-to-date budget of R43.3m. The municipality is performing reasonably well on MIG projects.

Integrated National Electrification Programme - The municipality has spent R1.1m compared to the anticipated R3.2m at the end of the quarter. An improvement is needed in terms of INEP spending to ensure that the municipality does not forfeit or pay back the funds allocated.

Regional Bulk Infrastructure Grant - The municipality has as at the end of September 2024 spent an amount of R28.8m on the grant. The spending is in line with the anticipated spending leaving a minor variance of 0.3%.

Water Service Infrastructure Grant - An amount of R16.1m has been spent on the grant compared to an anticipated spending of R11.5m. Similar to municipal infrastructure grant above. The municipality's performance at the end of the quarter is better than it was anticipated. This translates to the municipality prioritizing service delivery to the communities.

1.6 Monthly budget statement financial position

The community wealth/ net assets of the municipality amounted to R4.989b. Total current liabilities amounted to R669.0m, whilst total current assets amounted to R849.6m. This represented a current ratio of 1.27:1. The interpretation of the ration indicates that the municipality would be able to meet its immediate or current financial commitments in the short-term.

LIM367 Mogalakwena - Table C6 Monthly Budget Statement - Financial Position - M03 - September

Description	Ref	2023/24	Budget Year 2024/25			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash and cash equivalents		12 254	99 763	–	60 657	99 763
Trade and other receivables from exchange transactions		324 226	67 944	–	412 567	67 944
Receivables from non-exchange transactions		85 744	46 847	–	96 073	46 847
Current portion of non-current receivables		–	–	–	–	–
Inventory		191 902	368 520	–	195 750	368 520
VAT		56 824	–	–	70 551	–
Other current assets		14 086	–	–	14 088	–
Total current assets		685 036	583 074	–	849 684	583 074
Non current assets						
Investments		–	–	–	–	–
Investment property		188 814	193 675	–	188 814	193 675
Property, plant and equipment		4 611 948	4 394 622	–	4 711 581	4 394 622
Biological assets		–	–	–	–	–
Living and non-living resources		–	–	–	–	–
Heritage assets		5 868	5 868	–	5 868	5 868
Intangible assets		901	9 150	–	901	9 150
Trade and other receivables from exchange transactions		15 617	–	–	15 617	–
Non-current receivables from non-exchange transactions		(2)	16 137	–	(2)	16 137
Other non-current assets		–	–	–	–	–
Total non current assets		4 823 146	4 619 452	–	4 922 779	4 619 452
TOTAL ASSETS		5 508 182	5 202 526	–	5 772 463	5 202 526
LIABILITIES						
Current liabilities						
Bank overdraft		–	–	–	–	–
Financial liabilities		3 534	–	–	3 534	–
Consumer deposits		(4 761)	20 996	–	(4 571)	20 996
Trade and other payables from exchange transactions		437 364	66 309	–	348 375	66 309
Trade and other payables from non-exchange transactions		6 854	(194)	–	90 654	(194)
Provision		17 623	12 748	–	18 641	12 748
VAT		153 839	–	–	212 439	–
Other current liabilities		1 019	–	–	–	–
Total current liabilities		615 471	99 859	–	669 071	99 859
Non current liabilities						
Financial liabilities		–	–	–	–	–
Provision		64 927	123 791	–	64 927	123 791
Long term portion of trade payables		–	–	–	–	–
Other non-current liabilities		69 125	–	–	69 125	–
Total non current liabilities		134 053	123 791	–	134 053	123 791
TOTAL LIABILITIES		749 523	223 650	–	803 124	223 650
NET ASSETS	2	4 758 658	4 978 875	–	4 969 339	4 978 875
COMMUNITY WEALTH/EQUITY						
Accumulated surplus/(deficit)		6 593 767	4 978 875	–	6 653 347	4 978 875
Reserves and funds		(1 684 008)	–	–	(1 684 008)	–
Other		–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2	4 909 759	4 978 875	–	4 969 339	4 978 875

3. CREDITORS ANALYSIS

The municipality aims to pay all its creditors' invoices, which are not in dispute with relevant creditors within 30 days. The creditors reflected below are only trade creditors payable during the current year. Other creditors such as retention and accrued leave are included in the trade and other payables line in the statement of financial position. The main reasons for the municipality to be reporting creditors is as a result of cash constraints.

The municipality entered into a payment arrangement with Eskom for a period of six months on an outstanding amount of R41.4m. The arrangement to the monthly amount of R6.9m is honored on a monthly basis. All payments from July to September have been successfully made by the municipality.

Lepelle Northern Water account is up to date and the municipality is servicing the current account on a monthly basis.

LIM367 Mogalakwena - Supporting Table SC4 Monthly Budget Statement - aged creditors - M03 - September										
Description	NT Code	Budget Year 2024/25								Total
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	
Creditors Age Analysis By Customer Type										
Bulk Electricity	0100	-	-	-	-	-	-	-	-	-
Bulk Water	0200	-	-	-	-	-	-	-	-	-
PAYE deductions	0300	-	-	-	-	-	-	-	-	-
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-
Loan repayments	0600	-	-	-	-	-	-	-	-	-
Trade Creditors	0700	15 821	12 027	53 477	19 498	-	-	-	-	100 823
Auditor General	0800	-	-	-	-	-	-	-	-	-
Other	0900	-	-	-	-	-	-	-	-	-
Total By Customer Type	1000	15 821	12 027	53 477	19 498	-	-	-	-	100 823

4. DEBTORS MANAGEMENT ANALYSIS

The municipality plans to continue in implementing credit control policy in order to boost debt collection. The supporting table below displays the debtors ageing analysis as at 30 September 2024 which indicates that the total amount outstanding from debtors is at R1.5b.

LIM367 Mogalakwena - Supporting Table SC3 Monthly Budget Statement - aged debtors - M03 - September

Description		Budget Year 2024/25										
	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	42 105	23 190	9 797	73 021	52 637	7 631	5 451	353 597	567 430	492 338	
Trade and Other Receivables from Exchange Transactions - Electricity	1300	33 465	19 280	7 282	6 521	17 164	3 147	1 689	53 934	142 483	82 456	
Receivables from Non-exchange Transactions - Property Rates	1400	13 939	6 205	4 266	3 804	3 262	3 395	3 477	210 160	248 508	224 098	
Receivables from Exchange Transactions - Waste Water Management	1500	6 902	1 671	1 299	827	793	766	755	67 034	80 046	70 174	
Receivables from Exchange Transactions - Waste Management	1600	3 658	1 961	1 553	1 354	1 322	1 290	1 276	94 272	106 685	99 513	
Receivables from Exchange Transactions - Property Rental Debtors	1700	13	14	—	0	0	0	0	3	31	4	
Interest on Arrear Debtor Accounts	1810	16 498	6 605	6 475	5 273	5 591	5 567	5 502	365 703	417 214	387 636	
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	—	—	—	—	—	—	—	—	—	—	
Other	1900	93	117	0	—	—	—	—	—	210	—	
Total By Income Source	2000	116 673	59 043	30 672	90 800	80 768	21 797	18 150	1 144 704	1 562 606	1 356 218	
2023/24 - totals only		—	—	—	—	—	—	—	—	—	—	
Debtors Age Analysis By Customer Group												
Organs of State	2200	33 905	3 284	2 106	3 770	1 655	1 117	1 091	96 082	143 010	103 715	
Commercial	2300	23 739	13 469	3 865	4 335	5 171	1 902	1 765	65 581	119 826	78 753	
Households	2400	59 029	42 291	24 700	82 696	73 942	18 778	15 294	983 040	1 299 770	1 173 750	
Other	2500	—	—	—	—	—	—	—	—	—	—	
Total By Customer Group	2600	116 673	59 043	30 672	90 800	80 768	21 797	18 150	1 144 704	1 562 606	1 356 218	

Top ten current debtors

No	ACCOUNT HOLDER NAME	ACCOUNT TYPE	OUTSTANDING BALANCE CAPITAL	OUTSTANDING BALANCE INTEREST	OUTSTANDING TOTAL BALANCE
1	FROSTALL TRADING (PRY)LTD	Business	8 481 848	1 331 759	9 813 607
2	MOKOPANE SOUTH PRIMARY SCHOOL	Residential	5 146 588	1 581 439	6 728 026
3	NEDAN OILS & PROTEINS PTY LTD	Business	5 162 696	28 405	5 191 101
4	NEDAN OILS & PROTEINS PTY LTD	Business	3 122 143	-	3 122 143
5	H.V.N GROUP PTY LTD	Business	2 236 444	370 582	2 607 026
6	HEINLEIN	Residential	2 428 984	46 175	2 475 159
7	RESILIENT PROP PTY LTD VAT	Residential	1 899 775	16 948	1 916 723
8	DE VILLIERS	Rural Residential	1 537 553	357 828	1 895 382
9	MUSHI S R	Residential	1 180 885	405 130	1 586 015
10	MOHLABYA	Residential	1 427 283	135 819	1 563 102
	Total		32 624 198	4 274 085	36 898 283

Revenue collection rate

The municipality's average collection rate for the quarter is 51.2% and the monthly details are as follows:

Month	Collection rate
September 2024	47.5%
August 2024	60.3%
July 2024	44.6%

5. INVESTMENT PORTFOLIO ANALYSIS

Supporting table below displays the Council's investment portfolio and indicates that R 26.5m was invested at the end of the first quarter.

An amount of R58.6m was withdrawn during the month of September to cover conditional grants spending and other operational costs. Interest earned from short term investments during the month amounted to R385 thousand. The closing balance of all the short-term investments and call accounts held by the municipality at the end of September 2024 amounted to R26.5m.

LIM367 Mogalakwena - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M03 - September														
Investments by maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate *	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
R thousands		Yrs/Months												
Municipality														
CALL ACCOUNT-STANDARD		Months	Call	No	Variable		0		30 June 2025	84 757	386	(58 600)	-	26 543
Municipality sub-total										84 757		(58 600)	-	26 543
Entities														
Entities sub-total										-		-	-	-
TOTAL INVESTMENTS AND INTEREST	2									84 757		(58 600)	-	26 543

6. COUNCILLOR ALLOWANCES AND EMPLOYEE BENEFITS

The total salaries, allowances and benefits paid at the end of first quarter amounted to R96.90m. The spending is at a negative variance of 7%.

LIM367 Mogalakwena - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M03 - September

Summary of Employee and Councillor remuneration	Ref	2023/24	Budget Year 2024/25							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
	1	A	B	C						D
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		15 642	15 760	15 760	–	–	3 940	(3 940)	-100%	15 760
Pension and UIF Contributions		2 107	2 364	2 364	–	–	591	(591)	-100%	2 364
Medical Aid Contributions		4	–	–	–	–	–	–		–
Motor Vehicle Allowance		5 778	6 059	6 059	–	–	1 515	(1 515)	-100%	6 059
Cellphone Allowance		2 913	2 900	2 900	–	–	725	(725)	-100%	2 900
Housing Allowances		–	–	–	–	–	–	–		–
Other benefits and allowances		–	–	–	–	–	–	–		–
Sub Total - Councillors		26 445	27 084	27 084	–	–	6 771	(6 771)	-100%	27 084
% increase	4		2.4%	2.4%						2.4%
Senior Managers of the Municipality	3									
Basic Salaries and Wages		4 807	7 227	7 227	208	623	1 807	(1 183)	-65%	7 227
Pension and UIF Contributions		1 088	1 878	1 878	–	–	470	(470)	-100%	1 878
Medical Aid Contributions		236	430	430	–	–	107	(107)	-100%	430
Overtime		–	–	–	–	–	–	–		–
Performance Bonus		1 343	499	499	–	88	125	(37)	-30%	499
Motor Vehicle Allowance		804	978	978	–	0	244	(244)	-100%	978
Cellphone Allowance		491	696	696	–	–	174	(174)	-100%	696
Housing Allowances		–	–	–	–	–	–	–		–
Other benefits and allowances		42	1	1	–	–	0	(0)	-100%	1
Payments in lieu of leave		–	209	209	–	–	52	(52)	-100%	209
Long service awards		–	–	–	–	–	–	–		–
Post-retirement benefit obligations	2	–	–	–	–	–	–	–		–
Entertainment		–	–	–	–	–	–	–		–
Scarcity		–	–	–	–	–	–	–		–
Acting and post related allowance		–	–	–	–	–	–	–		–
In kind benefits		–	–	–	–	–	–	–		–
Sub Total - Senior Managers of Municipality		8 811	11 917	11 917	208	711	2 979	(2 268)	-76%	11 917
% increase	4		35.3%	35.3%						35.3%
Other Municipal Staff										
Basic Salaries and Wages		203 115	231 259	231 259	18 195	54 882	57 815	(2 933)	-5%	231 259
Pension and UIF Contributions		44 468	49 384	49 384	3 914	11 817	12 346	(530)	-4%	49 384
Medical Aid Contributions		24 490	13 589	13 589	1 081	3 312	3 397	(85)	-3%	13 589
Overtime		25 411	17 835	17 835	1 498	4 911	4 459	452	10%	17 835
Performance Bonus		16 658	21 787	21 787	937	3 647	5 447	(1 800)	-33%	21 787
Motor Vehicle Allowance		25 391	29 790	29 790	2 359	7 335	7 448	(113)	-2%	29 790
Cellphone Allowance		4 870	5 478	5 478	450	1 471	1 370	101	7%	5 478
Housing Allowances		376	467	467	30	94	117	(23)	-20%	467
Other benefits and allowances		3 827	4 150	4 150	261	918	1 038	(119)	-12%	4 150
Payments in lieu of leave		10 641	25 663	25 663	712	4 038	6 416	(2 377)	-37%	25 663
Long service awards		(349)	–	–	–	–	–	–		–
Post-retirement benefit obligations	2	5 073	2 023	2 023	–	189	506	(317)	-63%	2 023
Entertainment		–	–	–	–	–	–	–		–
Scarcity		–	–	–	–	–	–	–		–
Acting and post related allowance		2 393	1 941	1 941	1 111	3 627	485	3 142	647%	1 941
In kind benefits		–	–	–	–	–	–	–		–
Sub Total - Other Municipal Staff		366 364	403 367	403 367	30 548	96 241	100 842	(4 601)	-5%	403 367
% increase	4		10.1%	10.1%						10.1%
Total Parent Municipality		401 619	442 368	442 368	30 756	96 953	110 593	(13 640)	-12%	442 368
Unpaid salary, allowances & benefits in arrears:										
TOTAL MANAGERS AND STAFF		375 174	415 284	415 284	30 756	96 953	103 822	(6 869)	-7%	415 284

7. EQUITABLE SHARE VERIFICATION CHECKLIST

MFMA Circular no. 122 Municipal Budget Circular for the 2023/24 MTREF has set out the equitable share release criteria for 2023/24. The release of equitable share criteria is still relevant in the 2024/25 financial year as indicated in MFMA Circular no. 128. National Treasury has developed a guiding checklist in order to assist the municipalities with managing the process. The municipality has followed the guideline throughout the course of the first quarter in order to comply with the set criteria. The tables below depict progress made by the municipality in terms of the criteria:

General Requirements

Criteria	Verification Requirement	Yes/No
2024/25 Adopted Budget	Council resolution, adopted mSCOA budget data strings (ORGB), PDF version of adopted MTREF budget uploaded to GoMuni Upload portal immediately after approval.	
Is the municipality's completed tariff tool (National Treasury format) included as part of its budget submission (MFMA Budget Circular No. 98 (refer item 4.2).	The completed National Treasury EXCEL tariff tool uploaded to GoMuni with the adopted budget by start of budget year i.e. 1 July 2024.	Yes
Are allocations made for bulk suppliers current account payments?	Allocations reflected in mSCOA budget data strings (ORGB) and budget schedules/ document.	Yes
<u>If unfunded budget position–</u>		
Is a Budget Funding Plan (BFP) adopted with the budget?	Copy of the adopted Budget Funding Plan uploaded to GoMuni with the adopted budget by start of budget year i.e. 1 July 2024 .	Yes
	PDF version of BFP/progress report uploaded to GoMuni Upload portal by start of budget year i.e. 1 July 2024 .	Yes
	Is the BFP credible and show how the municipality intends moving progressively out of this position into a funded state?	Yes
	In the case of the latest progress report being submitted, is it aligned to the rescue phase of the new approach to Municipal Financial Recovery Service (MFRS)?	Yes
Council resolution reflecting commitment to address unfunded position.	PDF copy of resolution uploaded to GoMuni Upload portal by start of budget year i.e. 1 July 2024.	Yes
mSCOA		
Submission of Data Strings	Successful submission of all financial and non-financial mSCOA data strings to the GoMuni Upload portal	Yes

Criteria	Verification Requirement	Yes/No
	Timeous submission of all financial and non-financial mSCOA data strings to the GoMuni Upload portal	Yes
	Data strings submitted are credible as per the analysis done by NT/PTs	Partial
	Data strings are generated directly from the main municipal financial system	Yes
	The regulated MBRR Schedules are generated directly from the core municipal financial system	Yes
	Successful submission of all financial and non-financial mSCOA data strings to the GoMuni Upload portal	Yes
• Submission of documents	Municipal documents required in terms of legislation and MFMA Circulars have been submitted timeously and in the required format to the GoMuni Upload portal.	Yes
• Financial System Changes	Municipality has followed the processes in Circulars No. 93, 98, 123 and mSCOA Circulars No 5 and 6 to change their financial system.	Yes
UIF & W		
• UIF&W Register	Documents need to be uploaded to NTs eMonitoring Webpage	Yes
• MPAC recommendation on UIF&W		
• Council Resolution on UIF&W		
• UIF&W Reduction Strategy		
Disciplinary Board		
• Does the municipality have a functional disciplinary board?	Proof of establishment (or efforts to establish DC Board) uploaded to NTs eMonitoring Webpage NTs eMonitoring Website.	Yes
Competency Regulations		
Has the minimum municipal competency regulations reporting requirements been adhered to?	In line with the Competency Regulations, consolidated reporting information must be uploaded to GoMuni by 30 January 2024 and 30 July 2024.	Yes
Audit Process		
• Opinion Received	Did the municipality receive an adverse or disclaimed audit opinion or had outstanding audits for two consecutive financial years?	No
• Adverse or disclaimed audit opinion	Council resolution signed by each member of the Council was uploaded to NT's eMonitoring Webpage within 1 month after conclusion of the audit process reflecting council's commitment to address the opinion.	N/A
• Is a council approved audit action plan in place?	Audit action plan, together with council resolution, to be uploaded to NT's eMonitoring Webpage within 60 days from audit report issuance	Yes. NT Web based

Criteria	Verification Requirement	Yes/No
		action plan is in place
Interventions (where applicable)		
In the event of a discretionary or mandatory intervention in terms of section 139 of the Constitution, is a Financial Recovery Plan (FRP) in place?	The FRP and monthly progress reports submitted in terms of sections 145 and 146 of the MFMA must be uploaded to GoMuni Upload portal for each month since the inception of the FRP.	Voluntary FRP uploaded on the Portal. NT finalized the review of FRP in June 2024.

Quarterly Requirements

Criteria	Verification Requirement	Quarter 3 (Jan – March)	Quarter 4 (April – June)	Quarter 1 (July – Sept)	Quarter 2 (Oct – Dec)
Bulk Supplier Payments					
Were current account payments to bulk suppliers (Eskom and Water Boards) timeously made?	PT/NT to verify status according to MFMA S41 Report. No action required from municipality if account in good standing.			Yes	
<u>If current account in arrears, are payment agreements in place?</u>	Copy of payment agreement or evidence of discussions are uploaded to on GoMuni Upload portal.			Yes	
Staff benefit Deductions					
Were a) SARS, b) pension and c) other staff benefits timeously paid over to the relevant funds/institutions?	Proof of payment for each category, for each month of the quarter uploaded to on GoMuni Upload portal.			Yes	
Reconciliation of Valuation Roll					
Has the valuation role been reconciled to the financial system?	In line with MFMA Circulars No. 93, 98 and 107, proof of the verification for each quarter should be uploaded on GoMuni Upload portal.			Yes	