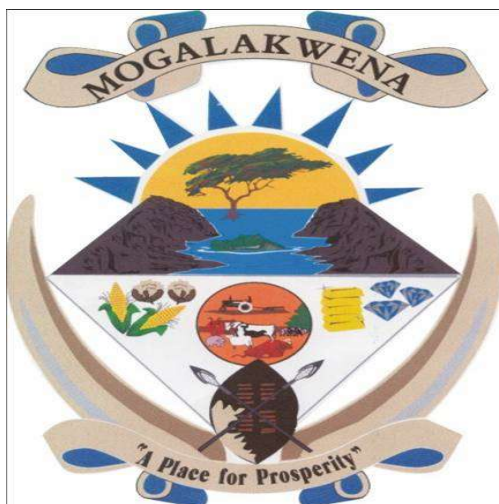


MOGALAKWENA LOCAL MUNICIPALITY



QUARTERLY BUDGET PERFORMANCE STATEMENTS

(SECTION 52(d) REPORT)

AS AT 30 SEPTEMBER 2025

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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 2025 to 30 September 2025 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 2025, 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 R29,1m in the first quarter against a budget of R31,5m which resulted in 8% negative variance.
- Service charges for the first quarter was R119,6m against the budget of R207,5m with a negative variance of R87m (42%).
- Revenue from investment income recognized during the first quarter was R364 thousand against the budget of R1,3m resulting in a negative variance of 73%.
- Revenue from operating grants recognized during the quarter under review amounted to R230,6m against the budget of R160,4m resulting in a positive variance of 44%.
- Other revenue reported was R26,2m against the budget of R28,6m resulting in a negative variance of (8%).

Operating Expenditure

- Employee costs was R102,4m against the budget of R104m. These resulted in a negative variance of (2%).
- Remuneration of councilors was R6,4m against the budget of R7,1m. These resulted in a negative variance of (10%).

- Depreciation and amortization at the end of the first quarter R31,4m against the budget of R24,5m. These resulted in a negative variance of (28%).
- Interest charges to the amount of R13 thousand was recognized against a year-to-date budget of R700 thousand. The results were a negative variance of (98%).
- Inventory consumed and bulk purchases for the first quarter is reported at an amount of R106,4m against a budget amount of R113.4m. This results in a negative variance of (6%).
- Transfers and subsidies at the end of the first quarter has been recognized at R30 thousand compared to R6.6m year-to-date budget. Resulting in a negative variance of (98%).
- Other expenditure cost to an amount of R126,8m was reported during the first quarter against the budget of R152,3m which resulted in a negative variance of 16,8%.

Capital Expenditure

- Capital grants to the amount of R83.7m have been recognized in the first quarter against a budgeted amount of R100,1m resulting in a negative variance of 16%.
- The municipality has budgeted an amount of R400,6m for capital grants for the year. Although there is a slight negative variance, it is the first quarter of the financial year and the spending is an indication that the municipality is on the right trajectory in implementing capital projects. This means that service delivery is prioritized. The spending will pick up during the second and third quarters once the supply chain processes for new projects have run their course.
- In addition R45m has been spent on capital items funded from internally generated funds resulting in a total positive variance of 17% on capital expenditure.

The above summary is illustrated on the C1 table below:

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

Description	2024/25	Budget Year 2025/26							
	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	113 524	126 216	-	9 899	29 137	31 554	(2 417)	-8%	126 216
Service charges	636 421	829 951	-	61 248	119 574	207 488	(87 914)	-42%	829 951
Investment revenue	3 013	5 339	-	326	364	1 335	(971)	-73%	5 339
Transfers and subsidies - Operational	545 593	641 670	-	1 117	230 566	160 418	70 148	44%	641 670
Other own revenue	122 813	117 133	-	8 499	26 193	29 283	(3 090)	-11%	117 133
Total Revenue (excluding capital transfers and contributions)	1 421 364	1 720 308	-	81 089	405 834	430 077	(24 243)	-6%	1 720 308
Employee costs	396 517	416 172	-	33 797	102 428	104 043	(1 615)	-2%	416 172
Remuneration of Councillors	27 159	28 243	-	2 230	6 366	7 061	(695)	-10%	28 243
Depreciation and amortisation	174 431	97 992	-	10 087	31 425	24 498	6 927	28%	97 992
Interest	8 412	2 801	-	13	13	700	(687)	-98%	2 801
Inventory consumed and bulk purchases	404 888	453 501	-	91 648	106 430	113 375	(6 945)	-6%	453 501
Transfers and subsidies	13 975	26 669	-	-	30	6 667	(6 638)	-100%	26 669
Other expenditure	852 991	609 502	-	47 493	126 782	152 376	(25 593)	-17%	609 502
Total Expenditure	1 878 373	1 634 881	-	185 268	373 474	408 720	(35 246)	-9%	1 634 881
Surplus/(Deficit)	(457 009)	85 427	-	(104 179)	32 360	21 357	11 004	52%	85 427
Transfers and subsidies - capital (monetary allocations)	388 301	400 566	-	24 113	105 196	100 141	5 054	5%	400 566
Transfers and subsidies - capital (in-kind)	28 648	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers &	(40 059)	485 993	-	(80 066)	137 556	121 498	16 058	13%	485 993
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	(40 059)	485 993	-	(80 066)	137 556	121 498	16 058	13%	485 993
Capital expenditure & funds sources									
Capital expenditure	444 165	440 756	-	12 560	128 827	110 189	18 638	17%	440 756
Capital transfers recognised	367 304	400 566	-	12 560	83 692	100 141	(16 450)	-16%	400 566
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	72 340	40 190	-	-	45 135	10 047	35 087	349%	40 190
Total sources of capital funds	439 644	440 756	-	12 560	128 827	110 189	18 638	17%	440 756
Financial position									
Total current assets	493 979	914 906	-		542 043				914 906
Total non current assets	4 910 436	5 632 523	-		5 007 838				5 632 523
Total current liabilities	851 198	706 955	-		859 104				706 955
Total non current liabilities	114 705	147 458	-		114 705				147 458
Community wealth/Equity	4 859 687	5 693 016	-		4 576 071				5 693 016

2. FINANCIAL PERFORMANCE

1.1 Actual revenue per source

LIM367 Mogalakwena - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M03 - September

Table 6 - Monthly Budget Statement - Financial Performance (Revenue and Expenditure) - 100 September										
Description	Ref	2024/25	Budget Year 2025/26							
		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		392 400	489 694	—	35 237	100 782	122 424	(21 642)	-18%	489 694
Service charges - Water		196 356	243 834	—	22 107	6 514	60 959	(54 444)	-89%	243 834
Service charges - Waste Water Management		18 784	27 846	—	1 469	4 613	6 962	(2 348)	-34%	27 846
Service charges - Waste management		28 882	68 576	—	2 434	7 665	17 144	(9 479)	-55%	68 576
Sale of Goods and Rendering of Services		4 102	4 811	—	222	1 022	1 203	(180)	-15%	4 811
Agency services		—	13 541	—	—	—	3 385	(3 385)	-100%	13 541
Interest		1 161	1 430	—	—	10	357	(347)	-97%	1 430
Interest earned from Receivables		65 163	67 419	—	6 054	17 637	16 855	783	5%	67 419
Interest from Current and Non Current Assets		3 013	5 339	—	326	364	1 335	(971)	-73%	5 339
Dividends		—	—	—	—	—	—	—	—	—
Rent on Land		—	—	—	—	—	—	—	—	—
Rental from Fixed Assets		8 180	2 513	—	163	478	628	(150)	-24%	2 513
Licence and permits		11 179	2 825	—	3	6	706	(700)	-99%	2 825
Special Rating Levies		—	—	—	—	—	—	—	—	—
Operational Revenue		1 379	1 930	—	187	199	483	(284)	-59%	1 930
Non-Exchange Revenue										
Property rates		113 524	126 216	—	9 899	29 137	31 554	(2 417)	-8%	126 216
Surcharges and Taxes		—	—	—	—	—	—	—	—	—
Fines, penalties and forfeits		13 576	2 036	—	249	2 179	509	1 670	328%	2 036
Licence and permits		132	34	—	65	66	9	58	679%	34
Transfers and subsidies - Operational		545 593	641 670	—	1 117	230 566	160 418	70 148	44%	641 670
Interest		17 509	19 512	—	1 555	4 595	4 878	(283)	-6%	19 512
Fuel Levy		—	—	—	—	—	—	—	—	—
Operational Revenue		—	—	—	—	—	—	—	—	—
Gains on disposal of Assets		(678)	1 082	—	—	—	270	(270)	-100%	1 082
Other Gains		1 111	—	—	—	—	—	—	—	—
Discontinued Operations		—	—	—	—	—	—	—	—	—
Total Revenue (excluding capital transfers and contributions)		1 421 364	1 720 308	—	81 089	405 834	430 077	(24 243)	-6%	1 720 308

Variances more than 10 % and explanation of variances

Description	Variance explanation	Remedial Action
Services Charges Electricity Revenue – Negative Variance of 18%	Electricity billing is consumption based. Electricity billing fluctuates with seasons.	The municipality has sourced a Service Provider to perform a Meter audit, reconnections and disconnections. The audit has assisted in identifying faulty meters or illegally connected meters.
Service charges Water – Negative variance of 89%	Billing is less than anticipated. This is due to correction of accounts where interim amounts have been reversed to reflect the actual usage. It occurs when the interims are higher than the actuals.	This line item should self-correct over the rest of the year but should be observed and aligned to collection during the adjustment budget.
Service charges Waste Water Management –	Billing is less than anticipated. Waste water has been budgeted more in anticipation of the implementation of the new valuation roll and an	Monitor the performance of this line item in the next quarter to see if adjustment may not be necessary.

Description	Variance explanation	Remedial Action
Negative variance of 34%	increased number of indigents requiring free basic services.	
Service charges Waste management – Negative variance of 55%	Billing is less than anticipated. the municipality budgeted for distribution of waste bins.	Ensure that all distributed bins are correctly billed.
Sale of goods and rendering of services – Negative variance of 15%	The line item includes services such as sale of tender documents, Planning and Development clearance certificates, Application fees for land usage, new building plans submissions and cemetery and burials bookings. During the 2023/24 financial year, the municipality introduced back the sale of tenders. This was as a result of the municipality incurring costs on developing and printing tender documents without recovering the costs.	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 from Current and Non-Current Assets – Negative variance of 73%	The municipality has not had enough funds to invest as originally projected. This is as a result of trying to settle payables within 30 days as prescribed by the MFMA.	Ensure there is a balance between payments made and funds kept for investments. Timeously allocate available funds into short-term investment accounts in order to earn interest.
Rental from Fixed Assets – Negative variance of 24%	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 negative variance.	The municipality needs to ensure that all rental agreements entered into are in line with market related prices.
Operational Revenue - Negative variance of 59%	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.

Description	Variance explanation	Remedial Action
Fines, penalties and forfeits – Positive variance of 328%	Traffic and emergency department has introduced new reforms in order to improve in traffic law enforcements and revenue collection. The municipality has in August 2024, procured an automated number plate recognition mini-bus to assist with revenue collection on outstanding tickets and conduct effective roadblocks. This initiative has led to additional revenue being collected.	Traffic officers to be more visible in town to enforce relevant laws. Observe the line item and align it to collection during the adjustment budget.
Transfers and subsidies operational – Positive variance of 44%	The municipality did not have Treasury's grants payment schedule during the preparation of cash flow projections in terms of receiving grants.	The municipality must improve in monthly cash flow projections. The line item will even out in the next quarters.
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	2024/25	Budget Year 2025/26							
		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		396 517	416 172	–	33 797	102 428	104 043	(1 615)	-2%	416 172
Remuneration of councillors		27 159	28 243	–	2 230	6 366	7 061	(695)	-10%	28 243
Bulk purchases - electricity		347 406	362 128	–	87 056	87 056	90 532	(3 476)	-4%	362 128
Inventory consumed		57 483	91 373	–	4 591	19 373	22 843	(3 470)	-15%	91 373
Debt impairment		250 092	112 919	–	–	–	28 230	(28 230)	-100%	112 919
Depreciation and amortisation		174 431	97 992	–	10 087	31 425	24 498	6 927	28%	97 992
Interest		8 412	2 801	–	13	13	700	(687)	-98%	2 801
Contracted services		280 694	275 205	–	31 797	87 270	68 801	18 469	27%	275 205
Transfers and subsidies		13 975	26 669	–	–	30	6 667	(6 638)	-100%	26 669
Irrecoverable debts written off		98 938	32 270	–	2 632	6 924	8 068	(1 143)	-14%	32 270
Operational costs		199 296	189 108	–	13 065	32 588	47 277	(14 689)	-31%	189 108
Losses on Disposal of Assets		11 144	–	–	–	–	–	–		–
Other Losses		12 827	–	–	–	–	–	–		–
Total Expenditure		1 878 373	1 634 881	–	185 268	373 474	408 720	(35 246)	-9%	1 634 881
Surplus/(Deficit)		(457 009)	85 427	–	(104 179)	32 360	21 357	11 004	52%	85 427
Transfers and subsidies - capital (monetary allocations)		388 301	400 566	–	24 113	105 196	100 141	5 054	5%	400 566
Transfers and subsidies - capital (in-kind)		28 648	–	–	–	–	–	–		–
Surplus/(Deficit) after capital transfers & contributions		(40 059)	485 993	–	(80 066)	137 556	121 498			485 993
Income Tax		–	–	–	–	–	–	–		–
Surplus/(Deficit) after income tax		(40 059)	485 993	–	(80 066)	137 556	121 498			485 993
Share of Surplus/Deficit attributable to Joint Venture		–	–	–	–	–	–	–		–
Share of Surplus/Deficit attributable to Minorities		–	–	–	–	–	–	–		–
Surplus/(Deficit) attributable to municipality		(40 059)	485 993	–	(80 066)	137 556	121 498			485 993
Share of Surplus/Deficit attributable to Associate		–	–	–	–	–	–	–		–
Intercompany/Parent subsidiary transactions		–	–	–	–	–	–	–		–
Surplus/ (Deficit) for the year		(40 059)	485 993	–	(80 066)	137 556	121 498			485 993

Variances more than 10 % and explanation of variances

Description	Variance explanation	Remedial Action
Remuneration of councillors – Negative variance of 10%	Councilors travel claims will be paid as and when they are submitted to salaries division. Therefore, this line item will pick up as the year progresses and the claims are submitted.	No remedial action is required.
Inventory consumed – Negative variance of 15%	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 infrastructure maintenance.
Debt impairment – Negative variance of 100%	Historical information is used when budgeting for the line item. Less impairment is processed than anticipated.	No remedial action is required.

Description	Variance explanation	Remedial Action
Depreciation – Positive variance of 28%	Depreciation in the first quarter was higher than anticipated.	Monitor the performance of this line item in the next quarter to see if adjustment may not be necessary.
Interest – Negative variance of 98%	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. There has been an improvement therefore the interest charged is less than anticipated.	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 14%	Write offs on irrecoverable debt is lower than anticipated. This is an improvement.	Observe this line item in the next quarter to see if an amendment will be required during the adjustment budget.

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	Budget Year 2025/26								
		2024/25 Audited	Original	Adjusted	Monthly actual	YearTD actual	YearTD	YTD	YTD %	Full Year
R thousands	1									
Multi-Year expenditure appropriation	2									
Vote 1 - Executive & Council		-	-	-	-	-	-	-		-
Vote 2 - Corporate Support Services - A		-	-	-	-	-	-	-		-
Vote 3 - Corporate Support Services - B		-	-	-	-	-	-	-		-
Vote 4 - Budget And Treasury		-	-	-	-	-	-	-		-
Vote 5 - Planning And Development		-	-	-	-	-	-	-		-
Vote 6 - Technical Services - A		818	-	-	-	-	-	-		-
Vote 7 - Technical Services - B		-	-	-	-	-	-	-		-
Vote 8 - Community Services - A		-	-	-	-	-	-	-		-
Vote 9 - Community Services - B		-	-	-	-	-	-	-		-
Vote 10 - Traffic And Emergency Services		-	-	-	-	-	-	-		-
Vote 11 - Electrical Services		-	-	-	-	-	-	-		-
Vote 12 -		-	-	-	-	-	-	-		-
Vote 13 -		-	-	-	-	-	-	-		-
Vote 14 -		-	-	-	-	-	-	-		-
Vote 15 -		-	-	-	-	-	-	-		-
Total Capital Multi-year expenditure	4,7	818	-	-	-	-	-	-		-
Single Year expenditure appropriation	2									
Vote 1 - Executive & Council		-	-	-	-	-	-	-		-
Vote 2 - Corporate Support Services - A		-	-	-	-	-	-	-		-
Vote 3 - Corporate Support Services - B		2 228	2 120	-	-	-	530	(530)	-100%	2 120
Vote 4 - Budget And Treasury		29 130	70	-	-	45 135	17	45 117	257813%	70
Vote 5 - Planning And Development		-	-	-	-	-	-	-		-
Vote 6 - Technical Services - A		338 611	343 692	-	8 502	65 241	85 923	(20 681)	-24%	343 692
Vote 7 - Technical Services - B		-	-	-	-	-	-	-		-
Vote 8 - Community Services - A		-	-	-	-	-	-	-		-
Vote 9 - Community Services - B		30 146	6 861	-	33	2 078	1 715	363	21%	6 861
Vote 10 - Traffic And Emergency Services		8 575	-	-	-	-	-	-		-
Vote 11 - Electrical Services		34 657	88 013	-	4 025	16 372	22 003	(5 631)	-26%	88 013
Vote 12 -		-	-	-	-	-	-	-		-
Vote 13 -		-	-	-	-	-	-	-		-
Vote 14 -		-	-	-	-	-	-	-		-
Vote 15 -		-	-	-	-	-	-	-		-
Total Capital single-year expenditure	4	443 347	440 756	-	12 560	128 827	110 189	18 638	17%	440 756
Total Capital Expenditure		444 165	440 756	-	12 560	128 827	110 189	18 638	17%	440 756

The municipality has recognized capital expenditure to the amount of R128,8m at the end of first quarter compared to the year-to-date budget of R110,2m. 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	2024/25	Budget Year 2025/26							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
<u>EXPENDITURE</u>										
<u>Operating expenditure of Transfers and Grants</u>										
National Government:	3	26 555	14 642	–	1 117	3 382	3 661	(279)	-7.6%	14 642
Expanded Public Works Programme Integrated Grant		1 610	1 608	–	–	–	402	(402)	-100.0%	1 608
Municipal Disaster Relief Grant		651	–	–	–	–	–	–	–	–
Local Government Financial Management Grant		3 500	3 500	–	136	532	875	(343)	-39.2%	3 500
Municipal Infrastructure Grant		20 795	9 534	–	981	2 850	2 384	466	19.6%	9 534
Provincial Government:		–	–	–	–	–	–	–	–	–
District Municipality:		–	–	–	–	–	–	–	–	–
Other grant providers:		–	–	–	–	–	–	–	–	–
Total Operating Transfers and Grants		26 555	14 642	–	1 117	3 382	3 661	(279)	-7.6%	14 642
<u>Capital Transfers and Grants</u>										
National Government:		379 254	400 566	–	24 113	105 196	100 141	5 054	5.0%	400 566
Municipal Disaster Relief Grant		6 204	–	–	–	–	–	–	–	–
Energy Efficiency and Demand Side Management Grant		–	4 000	–	–	–	1 000	(1 000)	-100.0%	4 000
Municipal Infrastructure Grant		160 653	181 150	–	15 518	62 322	45 287	17 034	37.6%	181 150
Integrated National Electrification Programme Grant		12 976	13 416	–	2 195	4 855	3 354	1 501	44.7%	13 416
Regional Bulk Infrastructure Grant		119 458	130 000	–	3 153	18 992	32 500	(13 508)	-41.6%	130 000
Water Services Infrastructure Grant		79 963	72 000	–	3 248	19 028	18 000	1 028	5.7%	72 000
Provincial Government:		–	–	–	–	–	–	–	–	–
District Municipality:		–	–	–	–	–	–	–	–	–
Other grant providers:	–	–	–	–	–	–	–	–	–	
Total Capital Transfers and Grants	379 254	400 566	–	24 113	105 196	100 141	5 054	5.0%	400 566	
TOTAL EXPENDITURE OF TRANSFERS & GRANTS		405 809	415 208	–	25 231	108 577	103 802	4 775	4.6%	415 208

Municipal Infrastructure Grant - The municipality has managed to spend R62.3m as at the end of September 2025. This resulted in a positive variance of 37.6% compared to the year-to-date budget of R45.3m. The municipality is performing reasonably well on MIG projects.

Integrated National Electrification Programme - The municipality has spent R4.9m compared to the anticipated R3.4m at the end of the quarter. This resulted in a positive variance of 44.7% compared to the year-to-date budget.

Regional Bulk Infrastructure Grant - The municipality has as at the end of September 2025 spent an amount of R19m on the grant. This is lower than the anticipated year to date budget of R32.5m. The RBIG grant is allocation-in-kind where funds are only received from treasury as payments are being made for work done. Spending will improve once all Supply chain processes are completed for new projects.

Water Service Infrastructure Grant - An amount of R19m has been spent on the grant compared to an anticipated spending of R18m. 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 R4.576b. Total current liabilities amounted to R859.1m.

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

Description	Ref	2024/25	Budget Year 2025/26			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash and cash equivalents		17 423	275 428	-	7 407	275 428
Trade and other receivables from exchange transactions		120 543	184 833	-	160 324	184 833
Receivables from non-exchange transactions		13 427	42 785	-	22 550	42 785
Current portion of non-current receivables		-	-	-	-	-
Inventory		314 928	211 092	-	312 766	211 092
VAT		70 869	185 273	-	82 207	185 273
Other current assets		(43 212)	15 495	-	(43 212)	15 495
Total current assets		493 979	914 906	-	542 043	914 906
Non current assets						
Investments		-	-	-	-	-
Investment property		180 712	196 043	-	180 712	196 043
Property, plant and equipment		4 714 883	5 410 017	-	4 812 453	5 410 017
Biological assets		-	-	-	-	-
Living and non-living resources		-	-	-	-	-
Heritage assets		5 868	6 455	-	5 868	6 455
Intangible assets		2 473	1 749	-	2 306	1 749
Trade and other receivables from exchange transactions		6 501	-	-	6 501	-
Non-current receivables from non-exchange transactions		(2)	18 259	-	(2)	18 259
Other non-current assets		-	-	-	-	-
Total non current assets		4 910 436	5 632 523	-	5 007 838	5 632 523
TOTAL ASSETS		5 404 415	6 547 429	-	5 549 881	6 547 429
LIABILITIES						
Current liabilities						
Bank overdraft		-	-	-	-	-
Financial liabilities		942	3 887	-	942	3 887
Consumer deposits		(2 732)	27 090	-	(2 572)	27 090
Trade and other payables from exchange transactions		573 853	345 860	-	564 868	345 860
Trade and other payables from non-exchange transactions		(210)	(0)	-	(35 519)	(0)
Provision		27 135	34 673	-	27 135	34 673
VAT		252 209	295 445	-	304 251	295 445
Other current liabilities		-	-	-	-	-
Total current liabilities		851 198	706 955	-	859 104	706 955
Non current liabilities						
Financial liabilities		-	-	-	-	-
Provision		37 427	71 420	-	37 427	71 420
Long term portion of trade payables		-	-	-	-	-
Other non-current liabilities		77 278	76 038	-	77 278	76 038
Total non current liabilities		114 705	147 458	-	114 705	147 458
TOTAL LIABILITIES		965 903	854 413	-	973 810	854 413
NET ASSETS	2	4 438 512	5 693 016	-	4 576 071	5 693 016
COMMUNITY WEALTH/EQUITY						
Accumulated surplus/(deficit)		6 543 695	5 693 016	-	6 260 079	5 693 016
Reserves and funds		(1 684 008)	-	-	(1 684 008)	-
Other		-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	4 859 687	5 693 016	-	4 576 071	5 693 016

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. Processes are under way to finalise an arrangement with Lepelle Northern Water. The table below depicts the overall Age Creditors of the municipality at the end of September 2025.

LIM367 Mogalakwena - Supporting Table SC4 Monthly Budget Statement - aged creditors - M03 - September

Description	NT Code	Budget Year 2025/26									Prior year totals for chart (same period)
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total	
Creditors Age Analysis By Customer Type											
Bulk Electricity	0100	99 911	-	-	28 099	-	11 839	-	-	139 850	-
Bulk Water	0200	6 137	-	-	(1 500)	-	-	-	-	4 637	-
PAYE deductions	0300	-	-	-	-	-	-	-	-	-	-
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-	-
Loan repayments	0600	-	-	-	-	-	-	-	-	-	-
Trade Creditors	0700	13 190	4 461	104	130 452	5 709	243	2 016	(4 869)	151 306	100 823
Auditor General	0800	-	-	-	-	-	-	-	-	-	-
Other	0900	-	-	-	-	-	-	-	-	-	-
Total By Customer Type	1000	119 237	4 461	104	157 051	5 709	12 083	2 016	(4 869)	295 793	100 823

4. DEBTORS MANAGEMENT ANALYSIS

The municipality plans to continue in implementing credit control policy in order to boost debt collection. The municipality has also introduced incentives to customers to pay up outstanding debt which has proved fruitful in the past. The supporting table below displays the debtors ageing analysis as at 30 September 2025 which indicates that the total amount outstanding from debtors is at R1.75b.

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

Description	NT Code	Budget Year 2025/26										Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Days	151-180 Days	181 Days-1 Yr	Over 1Yr	Total	Total over 90 days		
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200	37 513	17 868	19 439	34 344	16 584	13 965	14 932	508 408	662 454	587 633	2 629	-
Trade and Other Receivables from Exchange Transactions - Electricity	1300	40 977	16 305	10 558	8 208	7 316	3 981	4 858	94 887	187 089	119 249	4 533	-
Receivables from Non-exchange Transactions - Property Rates	1400	9 282	8 787	4 346	3 898	3 433	3 302	3 197	225 687	261 913	239 517	(633)	-
Receivables from Exchange Transactions - Waste Water Management	1500	2 054	1 428	1 164	1 023	991	932	903	71 528	80 022	75 377	(26)	-
Receivables from Exchange Transactions - Waste Management	1600	2 516	2 042	1 789	1 508	1 411	1 372	1 357	97 975	109 969	103 622	(744)	-
Receivables from Exchange Transactions - Property Rental Debtors	1700	11	5	2	8	2	2	2	20	53	35	-	-
Interest on Arrear Debtor Accounts	1810	7 790	8 056	7 485	7 220	7 191	7 016	6 842	396 245	447 847	424 515	-	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-
Other	1900	23	9	7	92	17	25	48	221	443	404	(15)	-
Total By Income Source	2000	100 166	54 480	44 791	56 302	36 944	29 995	32 140	1 394 971	1 749 790	1 550 352	5 745	-
2024/25 - totals only		116 673	59 043	30 672	90 900	80 758	21 797	18 150	1 144 704	1 562 506	1 356 218	-	-
Debtors Age Analysis By Customer Group													
Organs of State	2200	3 706	3 751	3 575	3 708	2 647	2 041	2 134	140 912	162 472	151 440	304	-
Commercial	2300	21 781	9 245	5 227	4 509	5 073	2 245	3 594	83 263	134 938	98 685	1 868	-
Households	2400	74 679	41 484	35 990	48 085	29 225	25 709	26 412	1 170 797	1 452 380	1 300 227	3 552	-
Other	2500	-	-	-	-	-	-	-	-	-	-	-	-
Total By Customer Group	2600	100 166	54 480	44 791	56 302	36 944	29 995	32 140	1 394 971	1 749 790	1 550 352	5 745	-

Top ten current debtors

Revenue collection rate

Month	Collection rate
September 2025	80.0%

5. INVESTMENT PORTFOLIO ANALYSIS

Supporting table below displays the Council's investment portfolio and indicates that R 71.1m was invested at the end of the first quarter.

An amount of R22m 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 R326 thousand. The closing balance of all the short-term investments and call accounts held by the municipality at the end of September 2025 amounted to R70.6m.

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 2026	21 189	326	(22 000)	71 100	70 615
Municipality sub-total										21 189		(22 000)	71 100	70 615
Entities														
Entities sub-total										-		-	-	-
TOTAL INVESTMENTS AND INTEREST	2									21 189		(22 000)	71 100	70 615

6. COUNCILLOR ALLOWANCES AND EMPLOYEE BENEFITS

The total salaries, allowances and benefits paid at the end of first quarter amounted to R102.5m. The spending is at a negative variance of 2%.

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

Summary of Employee and Councillor remuneration	Ref	2024/25	Budget Year 2025/26							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands		A	B	C						D
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		16 007	16 401	16 401	1 302	3 583	4 100	(517)	-13%	16 401
Pension and UIF Contributions		2 295	2 451	2 451	188	565	613	(48)	-8%	2 451
Medical Aid Contributions		86	-	-	6	17	-	17	#DIV/0!	-
Motor Vehicle Allowance		6 124	6 507	6 507	503	1 508	1 627	(119)	-7%	6 507
Cellphone Allowance		2 647	2 885	2 885	230	691	721	(30)	-4%	2 885
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		-	-	-	1	1	-	1	#DIV/0!	-
Sub Total - Councillors		27 159	28 243	28 243	2 230	6 366	7 061	(695)	-10%	28 243
% increase	4		4.0%	4.0%						4.0%
Senior Managers of the Municipality										
Basic Salaries and Wages		7 106	6 742	6 742	500	1 499	1 685	(186)	-11%	6 742
Pension and UIF Contributions		1 498	1 316	1 316	-	-	329	(329)	-100%	1 316
Medical Aid Contributions		298	1 032	1 032	-	-	258	(258)	-100%	1 032
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		1 088	322	322	-	98	80	17	22%	322
Motor Vehicle Allowance		1 388	735	735	83	249	184	65	35%	735
Cellphone Allowance		626	622	622	40	138	156	(18)	-11%	622
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		1	1	1	-	-	0	(0)	-100%	1
Payments in lieu of leave		-	99	99	-	-	25	(25)	-100%	99
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations		-	-	-	-	-	-	-	-	-
Entertainment		-	-	-	-	-	-	-	-	-
Scarcity		-	-	-	-	-	-	-	-	-
Acting and post related allowance		-	-	-	-	-	-	-	-	-
In kind benefits		-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality		12 005	10 869	10 869	622	1 984	2 717	(734)	-27%	10 869
% increase	4		-9.5%	-9.5%						-9.5%
Other Municipal Staff										
Basic Salaries and Wages		213 328	227 832	227 832	19 933	59 672	56 958	2 714	5%	227 832
Pension and UIF Contributions		46 803	50 472	50 472	4 441	13 234	12 618	616	5%	50 472
Medical Aid Contributions		23 588	14 844	14 844	1 314	3 905	3 711	194	5%	14 844
Overtime		21 399	21 591	21 591	2 109	5 528	5 398	130	2%	21 591
Performance Bonus		17 430	21 106	21 106	1 121	4 110	5 276	(1 166)	-22%	21 106
Motor Vehicle Allowance		22 368	27 097	27 097	1 841	5 355	6 774	(1 420)	-21%	27 097
Cellphone Allowance		2 642	5 858	5 858	458	1 350	1 465	(114)	-8%	5 858
Housing Allowances		1 498	418	418	38	158	105	54	51%	418
Other benefits and allowances		4 282	3 928	3 928	421	1 242	982	260	27%	3 928
Payments in lieu of leave		12 625	18 893	18 893	880	3 338	4 723	(1 385)	-29%	18 893
Long service awards		3 147	-	-	-	-	-	-	-	-
Post-retirement benefit obligations		4 525	856	856	-	423	214	209	98%	856
Entertainment		-	-	-	-	-	-	-	-	-
Scarcity		-	-	-	-	-	-	-	-	-
Acting and post related allowance		10 876	12 408	12 408	617	2 127	3 102	(975)	-31%	12 408
In kind benefits		-	-	-	-	-	-	-	-	-
Sub Total - Other Municipal Staff		384 512	405 304	405 304	33 174	100 444	101 326	(882)	-1%	405 304
% increase	4		5.4%	5.4%						5.4%
Total Parent Municipality		423 676	444 415	444 415	36 027	108 794	111 104	(2 310)	-2%	444 415
Unpaid salary, allowances & benefits in arrears:										
TOTAL MANAGERS AND STAFF		396 517	416 172	416 172	33 797	102 428	104 043	(1 615)	-2%	416 172

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 2025/26 financial year as indicated in MFMA Circular no. 130. 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
2025/26 Adopted Budget	Council resolution, adopted <i>m</i> SCOA 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 2025.	Yes
Are allocations made for bulk suppliers current account payments?	Allocations reflected in <i>m</i> SCOA budget data strings (ORGB) and budget schedules/ document.	Yes
<i>If unfunded budget position–</i>		
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 2025 .	N/A
	PDF version of BFP/progress report uploaded to GoMuni Upload portal by start of budget year i.e. 1 July 2025 .	N/A
	Is the BFP credible and show how the municipality intends moving progressively out of this position into a funded state?	N/A
	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)?	N/A
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 2025.	N/A
mSCOA		
Submission of Data Strings	Successful submission of all financial and non-financial <i>m</i> SCOA data strings to the GoMuni Upload portal	Yes
	Timeous submission of all financial and non-financial <i>m</i> SCOA data strings to the GoMuni Upload portal	Yes
	Data strings submitted are credible as per the analysis done by NT/PTs	Partial

Criteria	Verification Requirement	Yes/No
	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 action plan is in place
Interventions (where applicable)		

Criteria	Verification Requirement	Yes/No
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.

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.			Eskom arrangement in place. In the process of finalizing arrangement with Lepelle water.	
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	

8. MUNICIPAL MANAGER'S QUALITY CERTIFICATION

QUALITY CERTIFICATE

I, MM Maluleka, the municipal manager of **Mogalakwena Local Municipality (LIM367)**, hereby certify that the quarterly budget statement report and supporting documentation for the quarter ended 30 September 2025 has been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act.

A handwritten signature in black ink, appearing to be 'M. Maluleka', written in a cursive style.

MM Maluleka
MUNICIPAL MANAGER