

# MOGALAKWENA LOCAL MUNICIPALITY



## QUARTERLY BUDGET PERFORMANCE STATEMENTS

(SECTION 52(d) REPORT)

AS AT 31 MARCH 2023

## 1. EXECUTIVE SUMMARY

### Table C1: Quarterly Budget Statement Summary

The budget performance for the third quarter, period ending 31 March 2023, is reflected on the table below and summary on the performance of the main segment of the budget is provided below:

- Revenue recognized from property rates amounted to R68.0m in the third quarter against a budget of R68.6m which resulted in a negative variance of 1%.
- Service charges for the third quarter was R311.5m against the budget of R390.0m with a negative variance of R78.5m (20%).
- Revenue from investment income recognized during the third quarter was R3.5m against the budget of R2.4m resulting in a positive variance of 43% to the year-to-date budget.
- Revenue from operating grants recognized during the quarter under review amounted to R534.3m against the budget of R548.6m resulting in a negative variance of R14.3m (3%).
- Other revenue reported was R67.8m against the budget of R42.5m resulting in a positive variance of R25.2m (59%).
- Capital grants to the amount of R102.3m have been recognized in the third quarter against the budget of R169.4m. Revenue on Capital grants is recognized separate from the spending on the accounting system. The spending on Capital Expenditure as at 31 March 2023 was R154.5m. Therefore, an additional R52.2m will be processed in the last quarter of the financial year together with new capital expenditure to be incurred.
- Employee costs was R273.3m against the budget of R300.8m. These resulted in a negative variance of R28.5m (9%).
- Remuneration of councilors spending was at R7.9m against the year-to-date budget of R13.3m at the end of third quarter. This resulted in a negative variance of R5.3m (40%).
- Depreciation and asset impairment was not recognized at the end of the third quarter. This is as a result of depreciation processed only at the end of the financial year.
- Finance charges to the amount of R1.7m was recognized against a year-to-date budget of R1.2m. The results were a positive variance of R507 thousand (40%).
- Inventory consumed and bulk purchases for the third quarter is reported at an amount of R230.8m against a budget amount of R227.3m. This results in a positive variance of R3.5m (2%).
- Other operational cost to an amount of R201.9m was reported during the third quarter against the budget of R317.9m which resulted in a negative variance of R116.0m (36%). The major contributors to the negative variance is the Debt impairment item which is not processed on a monthly basis. The aim of every municipality is to reduce on operational costs therefore the negative variance is not of major concern unless it directly affects service delivery.
- The total current liabilities reported as at 31 March 2023 amounted to R459.2m, whilst total current assets were R324.7m, representing a current ratio of 0.70:1. The interpretation of the ratio suggest that the municipality will not be able to meet some of its immediate or current financial commitments. Therefore, the municipality needs to raise more cash or its current assets and reduce current liabilities in order to improve the financial position and cash flow of the municipality.

The above summary is illustrated on the C1 table below:

**LIM367 Mogalakwena - Table C1 Monthly Budget Statement Summary - M09 March**

Description	2021/22	Budget Year 2022/23							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>Financial Performance</b>									
Property rates	88 001	91 500	91 500	5 903	68 077	68 625	(548)	-1%	91 500
Service charges	408 447	520 086	520 086	27 979	311 508	390 065	(78 557)	-20%	520 086
Investment revenue	3 192	3 180	3 180	145	3 525	2 468	1 057	43%	3 180
Transfers and subsidies	498 344	552 377	552 377	150 348	534 307	548 684	(14 377)	-3%	552 377
Other own revenue	93 211	70 280	70 290	7 801	67 801	42 567	25 233	59%	70 290
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>1 091 196</b>	<b>1 237 422</b>	<b>1 237 432</b>	<b>192 177</b>	<b>985 217</b>	<b>1 052 409</b>	<b>(67 192)</b>	<b>-6%</b>	<b>1 237 432</b>
Employee costs	362 615	402 653	399 930	29 758	272 372	300 882	(28 510)	-9%	399 930
Remuneration of Councillors	15 493	21 493	14 592	850	7 973	13 359	(5 387)	-40%	14 592
Depreciation & asset impairment	285 994	99 461	97 961	-	-	73 996	(73 996)	-100%	97 961
Finance charges	-	719	2 561	110	1 782	1 276	507	40%	2 561
Inventory consumed and bulk purchases	256 676	342 562	317 166	60 246	230 869	227 343	3 527	2%	317 166
Transfers and subsidies	135	616	491	-	42	412	(369)	-90%	491
Other expenditure	655 990	365 121	399 385	45 567	201 963	317 991	(116 028)	-36%	399 385
<b>Total Expenditure</b>	<b>1 576 903</b>	<b>1 232 626</b>	<b>1 232 085</b>	<b>136 531</b>	<b>715 001</b>	<b>935 259</b>	<b>(220 257)</b>	<b>-24%</b>	<b>1 232 085</b>
<b>Surplus/(Deficit)</b>	<b>(485 708)</b>	<b>4 797</b>	<b>5 347</b>	<b>55 645</b>	<b>270 216</b>	<b>117 150</b>	<b>153 066</b>	<b>131%</b>	<b>5 347</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	222 084	265 381	265 381	100 825	102 377	169 418	(67 041)	-40%	265 381
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(263 624)</b>	<b>270 177</b>	<b>270 728</b>	<b>156 470</b>	<b>372 593</b>	<b>286 568</b>	<b>86 025</b>	<b>30%</b>	<b>270 728</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>	<b>(263 624)</b>	<b>270 177</b>	<b>270 728</b>	<b>156 470</b>	<b>372 593</b>	<b>286 568</b>	<b>86 025</b>	<b>30%</b>	<b>270 728</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	<b>159 640</b>	<b>265 381</b>	<b>272 081</b>	<b>54 136</b>	<b>154 524</b>	<b>202 208</b>	<b>(47 684)</b>	<b>-24%</b>	<b>272 081</b>
Capital transfers recognised	189 413	265 381	265 381	54 136	151 920	198 213	(46 293)	-23%	265 381
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	(29 774)	-	6 700	-	2 604	3 995	(1 391)	-35%	6 700
<b>Total sources of capital funds</b>	<b>159 640</b>	<b>265 381</b>	<b>272 081</b>	<b>54 136</b>	<b>154 524</b>	<b>202 208</b>	<b>(47 684)</b>	<b>-24%</b>	<b>272 081</b>
<b>Financial position</b>									
Total current assets	201 036	517 462	517 462		324 773				517 462
Total non current assets	4 668 692	6 357 313	6 364 013		4 823 215				6 364 013
Total current liabilities	553 565	279 289	284 797		459 233				284 797
Total non current liabilities	131 519	128 248	128 248		131 519				128 248
Community wealth/Equity	<b>4 150 109</b>	<b>6 195 198</b>	<b>6 195 850</b>		<b>4 557 237</b>				<b>6 195 850</b>
<b>Cash flows</b>									
Net cash from (used) operating	428 281	326 027	185 314	23 509	37 619	138 985	101 366	73%	185 314
Net cash from (used) investing	(149 580)	(249 225)	(261 726)	(53 988)	(147 020)	(180 157)	(33 138)	18%	(245 589)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-
<b>Cash/cash equivalents at the month/year end</b>	<b>351 727</b>	<b>83 481</b>	<b>(69 733)</b>	<b>-</b>	<b>(41 176)</b>	<b>(34 493)</b>	<b>6 683</b>	<b>-19%</b>	<b>7 949</b>

## 2. FINANCIAL PERFORMANCE

### 2.1 Actual revenue per source

Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>										
<b>Revenue By Source</b>										
Property rates		88 001	91 500	91 500	5 903	68 077	68 625	(548)	-1%	91 500
Service charges - electricity revenue		277 255	337 415	337 415	17 572	207 550	253 061	(45 511)	-18%	337 415
Service charges - water revenue		92 096	142 649	142 649	7 159	73 936	106 987	(33 051)	-31%	142 649
Service charges - sanitation revenue		20 275	20 511	20 511	1 609	15 165	15 384	(218)	-1%	20 511
Service charges - refuse revenue		18 822	19 511	19 511	1 639	14 857	14 634	223	2%	19 511
Rental of facilities and equipment		9 817	1 925	1 925	117	1 038	1 444	(406)	-28%	1 925
Interest earned - external investments		3 192	3 180	3 180	145	3 525	2 468	1 057	43%	3 180
Interest earned - outstanding debtors		63 712	46 802	46 802	6 346	54 040	25 450	28 590	112%	46 802
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		808	3 803	3 803	226	871	3 398	(2 527)	-74%	3 803
Licences and permits		14	-	10	10	20	4	16	404%	10
Agency services		13 425	9 897	9 897	844	3 921	8 913	(4 993)	-56%	9 897
Transfers and subsidies		498 344	552 377	552 377	150 348	534 307	548 684	(14 377)	-3%	552 377
Other revenue		2 633	4 198	4 198	109	4 045	3 359	686	20%	4 198
Gains		2 803	3 655	3 655	149	3 867	-	3 867	#DIV/0!	3 655
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>1 091 196</b>	<b>1 237 422</b>	<b>1 237 432</b>	<b>192 177</b>	<b>985 217</b>	<b>1 052 409</b>	<b>(67 192)</b>	<b>-6%</b>	<b>1 237 432</b>

Variances more than 10 % and explanation of variances

Description	Variance explanation	Remedial Action
Services Charges Electricity Revenue – Negative Variance of 18%	Electricity revenue billed was less than anticipated. This variance can be attributed to the ongoing national power cut by Eskom and the use of estimates billing where there is limited access for meter reading.	The municipality has started on a campaign to cut services for defaulting consumers. This will also assist in collecting information on faulty meters for accurate billing.
Service charges Water revenue - Negative variance of 31%	Water revenue billed was less than anticipated. This variance can be attributed to the use of estimates billing. Also, the municipality has identified that the power-line to Doorindraai dam is old and has constant faults as a result of Eskom power cuts. Therefore, water is not pumped regularly. Lastly, water infrastructure is old and results in high water losses.	Make a provision in the next year budget for maintenance of water infrastructure including the power-line to Doorindraai dam. Plan for a meter audit in the municipality in order to curb water losses.
Rental of facilities and equipment – Negative variance of 28%	The municipality has not realized revenue as expected on rental of facilities. The rental market has been weak.	Repair and maintain available facilities in order to attract more clients. Update the rental agreements to be market related.

Interest earned – external investments – Positive variance 43%	Interest earned on external investment is earned more than anticipated. This is as a result of the municipality being able to keep some of the funds in an interest generating call accounts.	No remedial action needed.
Interest on outstanding debtors – Positive variance of 112%	Interest Earned on Outstanding Debtors has been billed more than originally anticipated. Due to the culture of non-payment by the consumers, interest is levied and it increases as debtors increase.	Issuing of warning letters to consumers to terminate services will encourage them to pay outstanding accounts. Develop incentives to encourage consumers in paying their accounts.
Fines, penalties and forfeits - Negative variance of 74%	Traffic fines are only captured on the system at year end during preparation of the Annual Financial Statements via a journal.	A journal will be passed during the preparation of Annual Financial Statements
Licenses & Permits – Positive variance of 404%	Implementation of the new version of mSCOA on the C Schedule has resulted in movements not correctly captured.	An investigation be conducted together with the system vendor with regard to Licenses and Permits.
Other revenue - Positive variance of 20%	Other revenue includes staff recoveries, Sale of tender documents, building plan approvals and so on. The sale of tender documents is recognized at R1.4m during the period under review.	The municipality to continue collecting as much as possible in order to fund and cater for other expenditures budgeted for.

## 2.2 Actual borrowings

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

## 2.3 Actual Expenditure by Type

Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>										
<b>Expenditure By Type</b>										
Employee related costs		362 615	402 653	399 930	29 758	272 372	300 882	(28 510)	-9%	399 930
Remuneration of councillors		15 493	21 493	14 592	850	7 973	13 359	(5 387)	-40%	14 592
Debt impairment		424 760	127 926	112 926	–	56	89 944	(89 888)	-100%	112 926
Depreciation & asset impairment		285 994	99 461	97 961	–	–	73 996	(73 996)	-100%	97 961
Finance charges		–	719	2 561	110	1 782	1 276	507	40%	2 561
Bulk purchases - electricity		243 201	296 501	271 709	34 893	199 291	192 656	6 635	3%	271 709
Inventory consumed		13 475	46 062	45 457	25 354	31 578	34 687	(3 108)	-9%	45 457
Contracted services		215 124	159 780	186 087	28 488	148 101	149 283	(1 182)	-1%	186 087
Transfers and subsidies		135	616	491	–	42	412	(369)	-90%	491
Other expenditure		47 251	77 416	100 372	17 079	53 806	78 764	(24 958)	-32%	100 372
Losses		(31 145)	–	–	–	–	–	–	–	–
<b>Total Expenditure</b>		<b>1 576 903</b>	<b>1 232 626</b>	<b>1 232 085</b>	<b>136 531</b>	<b>715 001</b>	<b>935 259</b>	<b>(220 257)</b>	<b>-24%</b>	<b>1 232 085</b>

Variances more than 10 % and explanation of variances

Description	Variance explanation	Remedial Action
Remuneration of councilors – Negative variance of 40%	The municipality budgeted for remuneration of councillors considering the implementation of upper limits.	The expenditure in line with remuneration for councilors will be assessed and properly budgeted for in the next financial year.
Debt impairment – Negative variance of 100%	Debt impairment is not processed on a monthly basis.	Put measures in place to capacitate revenue section in order to process debt impairment on a monthly basis. The 2022-2023 Debt impairment will be accounted for in the Annual Financial Statements.
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. The 2022-2023 Depreciation will be accounted for in the Annual Financial Statements.
Finance charges – Positive variance of 40%	Finance charges can be attributed to the municipality facing financial constraints and not being able to pay creditors within 30 days as stipulated in the MFMA. The charges relate to Interest charged on Eskom account and interest charged by AGSA.	Prepare a cash flow projection which will prioritize payments to avoid incurring interest.
Other expenditure – Negative variance of 32%	Other expenditure includes, municipal activities, leases, subsistence and travel, consumable items etc. The municipality is facing cash flow challenges. As a result, less is spent on the above items except where necessary.	The municipality strives to implement cost cutting measures in order to build the reserves. Therefore, the spending is monitored in order to achieve healthy cash flow status.

## 2.4 Capital expenditure per vote

Vote Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>	1									
<b>Single Year expenditure appropriation</b>	2									
Vote 01 - Executive & Council		-	-	-	-	-	-	-	-	-
Vote 02 - Corporate Support Services		9	-	3 100	-	2 380	1 938	442	23%	3 100
Vote 03 - Budget And Treasury		-	-	-	-	-	-	-	-	-
Vote 04 - Planning And Development		-	6 500	5 792	-	-	1 217	(1 217)	-100%	5 792
Vote 05 - Technical Services		191 692	245 228	215 597	25 989	119 767	139 217	(19 450)	-14%	215 597
Vote 06 - Community Services		(41 825)	-	31 325	28 147	30 601	46 975	(16 374)	-35%	31 325
Vote 07 - Traffic And Security		-	-	-	-	-	-	-	-	-
Vote 08 - Electrical Services		9 764	13 653	16 267	-	1 776	12 861	(11 085)	-86%	16 267
<b>Total Capital single-year expenditure</b>	4	159 640	265 381	272 081	54 136	154 524	202 208	(47 684)	-24%	272 081

The municipality has recognized capital expenditure to the amount of R154.5m at the end of third quarter compared to the year-to-date budget of R202.2m. Details of capital expenditure per source of funding are further outlined below.

## 2.5 Capital Expenditure per grant

Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>										
<b>EXPENDITURE</b>										
<b>Capital expenditure of Transfers and Grants</b>										
<b>National Government:</b>		189 413	265 381	265 381	54 136	151 920	198 213	(46 293)	-23.4%	265 381
Integrated National Electrification Programme Grant		-	7 000	7 000	-	1 552	6 296	(4 744)	-75.3%	7 000
Municipal Infrastructure Grant		131 534	170 741	170 741	47 249	118 304	139 876	(21 572)	-15.4%	170 741
Regional Bulk Infrastructure Grant		34 215	40 000	40 000	-	19 285	19 006	278	1.5%	40 000
Water Services Infrastructure Grant		23 664	47 640	47 640	6 887	12 779	33 035	(20 256)	-61.3%	47 640
<b>Provincial Government:</b>		-	-	-	-	-	-	-	-	-
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
<b>Total capital expenditure of Transfers and Grants</b>		189 413	265 381	265 381	54 136	151 920	198 213	(46 293)	-23.4%	265 381
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>		555 493	643 926	639 335	87 222	416 283	481 942	(65 659)	-13.6%	639 335

### INEP

The municipality has spent an amount of R1.5m at the end of March 2022. The municipality is not performing well in terms of grant spending. INEP rollover of R25m was disapproved by National Treasury for the 2021/2022 financial year. The reasons for disapproval was that the municipality had not committed the funds during rollover application.

### MIG

The municipality has spent R118.3m of the anticipated R139.8 at the end of March 2022. The municipality is on an unfavorable variance of R21.5m which is 15.4%. It must be noted that the municipality has improved in MIG funding and an acceleration plan has been put in place to ensure that the funds are fully

utilized by the end of the financial year. A letter for intention to withhold an MIG tranche for March was issued in the previous quarter, however the municipality managed to respond to the letter and the tranche was therefore released.

### **RBIG**

The municipality has spent an amount of R19.2m against a year-to-date budget of R19.0 m at the end of the quarter. This resulted in a favorable variance of R278 thousand (1.5%).

### **WSIG**

The municipality managed to spend an amount of R12.7m against an anticipated budget of R33.0m by the end of March 2022. This resulted in a negative variance of R20.2m (61.3%). The municipality needs to improve in terms of WSIG spending in order to avoid reduction in the allocation or having to apply for rollover.

## **2.6 Monthly budget statement financial position**

The community wealth/ net assets of the municipality amounted to R4.5b. Total current liabilities amounted to R459.2m, whilst total current assets amounted to R324.7m. This represented a current ratio of 0.70:1. The interpretation of the ration indicates that the municipality would not be able to meet some of its immediate or current financial commitments in the short-term.

**LIM367 Mogalakwena - Table C6 Monthly Budget Statement - Financial Position - M09 March**

Description	Ref	2021/22	Budget Year 2022/23			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
<b>R thousands</b>	1					
<b>ASSETS</b>						
<b>Current assets</b>						
Cash		352 770	60 180	60 180	(38 046)	60 180
Call investment deposits		(284 545)	5 436	5 436	38 820	5 436
Consumer debtors		85 691	420 033	420 033	250 264	420 033
Other debtors		(329 655)	69 724	69 724	(302 696)	69 724
Current portion of long-term receivables		-	-	-	-	-
Inventory		376 776	(37 911)	(37 911)	376 430	(37 911)
<b>Total current assets</b>		<b>201 036</b>	<b>517 462</b>	<b>517 462</b>	<b>324 773</b>	<b>517 462</b>
<b>Non current assets</b>						
Long-term receivables		3 636	16 137	16 137	3 636	16 137
Investments						
Investment property		178 440	73 980	73 980	178 440	73 980
Investments in Associate						
Property, plant and equipment		4 479 798	5 317 905	5 324 605	4 634 322	5 324 605
Biological						
Intangible		950	943 423	943 423	950	943 423
Other non-current assets		5 868	5 868	5 868	5 868	5 868
<b>Total non current assets</b>		<b>4 668 692</b>	<b>6 357 313</b>	<b>6 364 013</b>	<b>4 823 215</b>	<b>6 364 013</b>
<b>TOTAL ASSETS</b>		<b>4 869 728</b>	<b>6 874 775</b>	<b>6 881 475</b>	<b>5 147 988</b>	<b>6 881 475</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Bank overdraft		-	-	-	-	-
Borrowing		7	-	-	7	-
Consumer deposits		11 655	23 977	23 977	11 661	23 977
Trade and other payables		537 621	252 763	258 271	443 282	258 271
Provisions		4 282	2 549	2 549	4 282	2 549
<b>Total current liabilities</b>		<b>553 565</b>	<b>279 289</b>	<b>284 797</b>	<b>459 233</b>	<b>284 797</b>
<b>Non current liabilities</b>						
Borrowing		-	-	-	-	-
Provisions		131 519	128 248	128 248	131 519	128 248
<b>Total non current liabilities</b>		<b>131 519</b>	<b>128 248</b>	<b>128 248</b>	<b>131 519</b>	<b>128 248</b>
<b>TOTAL LIABILITIES</b>		<b>685 084</b>	<b>407 537</b>	<b>413 045</b>	<b>590 752</b>	<b>413 045</b>
<b>NET ASSETS</b>	2	<b>4 184 644</b>	<b>6 467 238</b>	<b>6 468 430</b>	<b>4 557 237</b>	<b>6 468 430</b>
<b>COMMUNITY WEALTH/EQUITY</b>						
Accumulated Surplus/(Deficit)		5 788 990	6 195 198	6 195 850	6 197 183	6 195 850
Reserves		(1 638 881)	-	-	(1 639 947)	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	<b>4 150 109</b>	<b>6 195 198</b>	<b>6 195 850</b>	<b>4 557 237</b>	<b>6 195 850</b>

### 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 Supporting table below displays the creditors' age analysis as at 31 March 2023.

LIM367 Mogalakwena - Supporting Table SC4 Monthly Budget Statement - aged creditors - M09 March												
Description	NT Code	Budget Year 2022/23									Total	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			
<b>R thousands</b>												
<b>Creditors Age Analysis By Customer Type</b>												
Bulk Electricity	0100	17 513	-	-	-	-	-	-	-	-	17 513	20 075
Bulk Water	0200	3 122	-	-	-	-	-	-	-	-	3 122	146
PAYE deductions	0300	4 141	-	-	-	-	-	-	-	-	4 141	4 585
VAT (output less input)	0400	4 425	-	-	-	-	-	-	-	-	4 425	2 582
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-	-	-
Loan repayments	0600	-	-	-	-	-	-	-	-	-	-	-
Trade Creditors	0700	8 108	555	1 677	-	-	-	-	-	-	10 341	-
Auditor General	0800	277	-	-	-	-	-	-	-	-	277	2 119
Other	0900	-	-	-	-	-	-	-	-	-	-	-
<b>Total By Customer Type</b>	<b>1000</b>	<b>37 586</b>	<b>555</b>	<b>1 677</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>39 819</b>	<b>29 507</b>

### 4. DEBTORS MANAGEMENT ANALYSIS

The municipality plans to continue in implementing credit control policy in order to boost debt collection. A service provider has also been appointed by the municipality in order to assist with debt above 90 days. Also, the department of finance will develop incentives which should encourage the consumers to pay accounts on time. Supporting table below displays the debtors ageing analysis as at 31 March 2023 which indicates that the total amount outstanding from debtors is at R1.4b.

LIM367 Mogalakwena - Supporting Table SC3 Monthly Budget Statement - aged debtors - M09 March													
Description	NT Code	Budget Year 2022/23									Total over 90 days	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			
<b>R thousands</b>													
<b>Debtors Age Analysis By Income Source</b>													
Trade and Other Receivables from Exchange Transactions - Water	1200	22 606	7 535	8 150	7 242	7 358	7 118	43 195	435 287	538 491	500 199	-	-
Trade and Other Receivables from Exchange Transactions - Electricity	1300	29 591	4 749	4 427	3 709	5 182	5 461	21 522	63 201	137 842	99 075	-	-
Receivables from Non-exchange Transactions - Property Rates	1400	11 983	3 236	2 987	2 822	2 767	2 718	14 611	152 597	193 724	175 516	-	-
Receivables from Exchange Transactions - Waste Water Management	1500	3 015	1 006	971	936	922	913	5 014	61 872	74 649	69 658	-	-
Receivables from Exchange Transactions - Waste Management	1600	3 155	1 206	1 158	1 129	1 118	1 109	6 244	80 798	95 917	90 398	-	-
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	-	1	1	1	-	-
Interest on Arrear Debtor Accounts	1810	14 627	3 459	6 227	6 118	6 023	5 925	34 015	327 290	403 684	379 372	-	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-
Other	1900	780	233	214	173	110	23	616	12 282	14 431	13 204	-	-
<b>Total By Income Source</b>	<b>2000</b>	<b>85 758</b>	<b>21 426</b>	<b>24 133</b>	<b>22 130</b>	<b>23 482</b>	<b>23 265</b>	<b>125 217</b>	<b>1 133 329</b>	<b>1 458 740</b>	<b>1 327 423</b>	<b>-</b>	<b>-</b>
<b>2021/22 - totals only</b>		<b>77549202 217</b>	<b>24171989 516</b>	<b>21769909 415</b>	<b>21566674 213</b>	<b>20091463 117</b>	<b>23953806</b>	<b>122163832</b>	<b>948745834 215</b>	<b>1 260 013</b>	<b>1 136 522</b>	<b>0</b>	<b>0</b>
<b>Debtors Age Analysis By Customer Group</b>													
Organs of State	2200	5 776	2 160	2 290	2 444	2 440	2 617	12 042	112 146	141 915	131 689	-	-
Commercial	2300	22 773	1 833	2 280	2 020	2 459	3 411	10 884	65 194	110 854	83 969	-	-
Households	2400	56 280	17 148	19 178	17 267	17 973	16 914	99 848	934 239	1 178 848	1 086 241	-	-
Other	2500	929	286	385	398	609	323	2 443	21 750	27 123	25 524	-	-
<b>Total By Customer Group</b>	<b>2600</b>	<b>85 758</b>	<b>21 426</b>	<b>24 133</b>	<b>22 130</b>	<b>23 482</b>	<b>23 265</b>	<b>125 217</b>	<b>1 133 329</b>	<b>1 458 740</b>	<b>1 327 423</b>	<b>-</b>	<b>-</b>

### Top ten current debtors

	Account	Name	Amount
1	2578522	Terra Clay	13 398 275.12
2	1079119	Lepelle water	8 866 092.27
3	2667688	NATIONAL GOVT OF THE REP OF SA	8 121 975.65
4	1062025	Dept of Public works	8 049 808.42
5	2658632	Frostall trading	6 986 216.09
6	2496155	RSA	6 531 895.29
7	2572796	Mokopane south Primary school	6 038 076.05
8	1070657	Dept of education	4 029 324.48
9	2496086	RSA	3 425 972.82
10	2475767	Legend & ifa developers	3 394 914.52
<b>Total</b>			<b>68 842 550.71</b>

### Revenue collection rate

The municipality's collection rate for the quarter is as follows:

Month	Collection rate
March 2023	80%
February 2023	53%
January 2023	69%

The municipality has started implementing the debt and credit control policy in terminating services to defaulting consumers. This has assisted in improving the municipality's collection rate.

## 5. INVESTMENT PORTFOLIO ANALYSIS

Supporting table SC5 displays the Council's investment portfolio and indicates that R 38.8m was invested at the end of the third quarter.

The investments were topped up with an amount of R81.0m and an amount of R61.4m was withdrawn during the quarter to cover conditional grants spending and other operational costs. Interest earned from short term investments during the quarter amounted to R350.1 thousand. The closing balance of all the short-term investments and call accounts held by the municipality at the end of March 2022 amounted to R38.8m. The total amount in the municipality had at the end of March 2023 was R92.1m.

**LIM367 Mogalakwena - Municipal Investments - Q03**

Primary Bank : Standard Bank

Account Type : Cheque

Opening Balance - 01 January 2023	53 591 352
Closing balance - 31 March 2023	53 294 050

**INVESTMENTS : MARCH 2023**

Name of Institution/Bank	Investment Type	Opening Balance	Deposit/ Invested during the Month	Withdrawal during the Month	Penalties	Interest Accrued	Interest Earned	Closing Balance
ABSA	Short-Term	-	-	-	-	-	-	-
FNB	Short-Term	-	-	-	-	-	-	-
NEDBANK	Sort-Term	-	-	-	-	-	-	-
STANDARD BANK	Short-Term	-	-	-	-	-	-	-
STANDARD BANK	Call Accounts 002 & 052	18 869 353	81 000 000	61 400 000	-	-	350 194	38 819 547
								-
<b>TOTAL</b>		<b>18 869 353</b>	<b>81 000 000</b>	<b>61 400 000</b>	<b>-</b>	<b>-</b>	<b>350 194</b>	<b>38 819 547</b>

<b>Total in the Bank</b>	<b>92 113 597</b>
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**6. COUNCILLOR ALLOWANCES AND EMPLOYEE BENEFITS**

The total salaries, allowances and benefits paid for the third quarter amounted to R278.4m. The spending is at a negative variance of R35.8m.

**LIM367 Mogalakwena - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M09 March**

Summary of Employee and Councillor remuneration	Ref	Budget Year 2022/23								
		2021/22 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
<b>Councillors (Political Office Bearers plus Other)</b>										
Basic Salaries and Wages		8 934	10 898	8 048	499	4 702	7 033	(2 331)	-33%	8 048
Pension and UIF Contributions		1 336	2 215	2 099	77	723	1 615	(892)	-55%	2 099
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		1 821	5 492	3 401	219	2 055	3 283	(1 227)	-37%	3 401
Cellphone Allowance		1 177	2 713	1 043	55	492	1 367	(875)	-64%	1 043
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		2 225	176	-	-	-	61	(61)	-100%	-
<b>Sub Total - Councillors</b>		<b>15 493</b>	<b>21 493</b>	<b>14 592</b>	<b>850</b>	<b>7 973</b>	<b>13 359</b>	<b>(5 387)</b>	<b>-40%</b>	<b>14 592</b>
<b>% increase</b>	4		<b>38.7%</b>	<b>-5.8%</b>						<b>-5.8%</b>
<b>Senior Managers of the Municipality</b>										
Basic Salaries and Wages	3	427	6 606	4 556	208	1 867	4 134	(2 267)	-55%	4 556
Pension and UIF Contributions		1 435	2 927	2 055	162	1 448	1 847	(399)	-22%	2 055
Medical Aid Contributions		558	1 037	689	54	454	639	(185)	-29%	689
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		599	1 147	857	98	511	744	(233)	-31%	857
Motor Vehicle Allowance		-	840	557	55	438	517	(79)	-15%	557
Cellphone Allowance		-	620	600	19	172	457	(285)	-62%	600
Housing Allowances		-	-	-	1	9	-	9	#DIV/0!	-
Other benefits and allowances		-	1	1	0	0	1	(0)	-52%	1
Payments in lieu of leave		-	198	102	-	60	110	(50)	-46%	102
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	2	-	-	-	-	-	-	-	-	-
<b>Sub Total - Senior Managers of Municipality</b>		<b>3 019</b>	<b>13 377</b>	<b>9 417</b>	<b>598</b>	<b>4 959</b>	<b>8 449</b>	<b>(3 490)</b>	<b>-41%</b>	<b>9 417</b>
<b>% increase</b>	4		<b>343.1%</b>	<b>211.9%</b>						<b>211.9%</b>
<b>Other Municipal Staff</b>										
Basic Salaries and Wages		201 919	235 342	222 853	16 979	153 927	171 491	(17 565)	-10%	222 853
Pension and UIF Contributions		41 392	47 017	46 306	3 525	31 838	34 978	(3 140)	-9%	46 306
Medical Aid Contributions		10 507	11 644	11 869	929	8 110	8 823	(713)	-8%	11 869
Overtime		21 939	13 153	21 829	1 663	15 151	13 335	1 816	14%	21 829
Performance Bonus		15 590	18 536	19 252	2 038	13 202	14 189	(986)	-7%	19 252
Motor Vehicle Allowance		28 484	32 054	33 738	2 504	22 487	24 714	(2 227)	-9%	33 738
Cellphone Allowance		5 585	6 836	5 920	368	3 381	4 761	(1 380)	-29%	5 920
Housing Allowances		333	357	461	28	309	310	(1)	0%	461
Other benefits and allowances		2 444	2 406	3 432	391	2 595	2 215	380	17%	3 432
Payments in lieu of leave		21 936	19 727	22 648	284	12 944	15 964	(3 019)	-19%	22 648
Long service awards		476	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	2	5 314	2 204	2 204	177	1 543	1 653	(110)	-7%	2 204
<b>Sub Total - Other Municipal Staff</b>		<b>355 918</b>	<b>389 276</b>	<b>390 513</b>	<b>28 885</b>	<b>265 488</b>	<b>292 433</b>	<b>(26 945)</b>	<b>-9%</b>	<b>390 513</b>
<b>% increase</b>	4		<b>9.4%</b>	<b>9.7%</b>						<b>9.7%</b>
<b>Total Parent Municipality</b>		<b>374 430</b>	<b>424 147</b>	<b>414 522</b>	<b>30 333</b>	<b>278 420</b>	<b>314 241</b>	<b>(35 821)</b>	<b>-11%</b>	<b>414 522</b>
<b>Unpaid salary, allowances &amp; benefits in arrears:</b>										
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>		<b>374 430</b>	<b>424 147</b>	<b>414 522</b>	<b>30 333</b>	<b>278 420</b>	<b>314 241</b>	<b>(35 821)</b>	<b>-11%</b>	<b>414 522</b>
<b>% increase</b>	4		<b>13.3%</b>	<b>10.7%</b>						<b>10.7%</b>
<b>TOTAL MANAGERS AND STAFF</b>		<b>358 938</b>	<b>402 653</b>	<b>399 930</b>	<b>29 483</b>	<b>270 447</b>	<b>300 882</b>	<b>(30 435)</b>	<b>-10%</b>	<b>399 930</b>