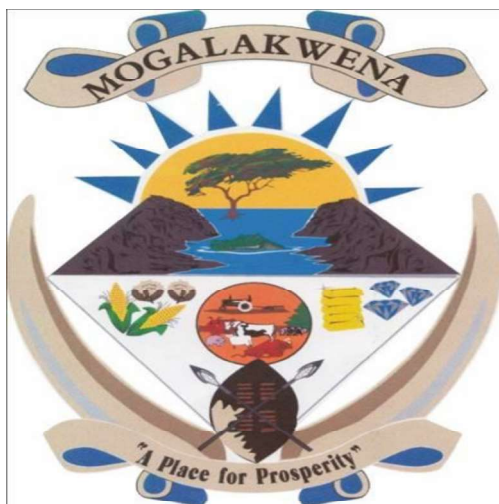


# **MOGALAKWENA LOCAL MUNICIPALITY**



## **QUARTERLY BUDGET PERFORMANCE STATEMENTS**

**(SECTION 52(d) REPORT)**

**AS AT 31 March 2024**

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## 1. EXECUTIVE SUMMARY

### Table C1: Quarterly Budget Statement Summary

The budget performance for the third quarter, period ending 31 March 2024, 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 R72.6m in the third quarter against a budget of R72.2m which resulted in 1% positive variance.
- Service charges for the third quarter was R306.8m against the budget of R500.2m with a negative variance of R193.3m (39%).
- Revenue from investment income recognized during the third quarter was R6.7m against the budget of R4.6m resulting in a positive variance of R2.0m.
- Revenue from operating grants recognized during the quarter under review amounted to R580.9m against the budget of R443.m resulting in a positive variance of R137.8m.
- Other revenue reported was R67.1m against the budget of R61.6m resulting in a positive variance of R5.5m (9%).
- Capital grants to the amount of R363.7m have been recognized in the third quarter against a budgeted amount of R289.2m resulting in a positive variance of R74.5m.
- Employee costs was R268.4m against the budget of R296.1m. These resulted in a negative variance of R27.7m.
- Remuneration of councilors spending was at R18.2m against the year-to-date budget of R16.0m at the end of third quarter. This resulted in a positive variance of R2.2m.
- Depreciation and amortization at the end of the third quarter was a negative 100% variance. This is as a result of depreciation processed only at the end of the financial year.
- Interest charges to the amount of R1.6m was recognized against a year-to-date budget of R1.9m. The results were a negative variance of R317 thousand.
- Inventory consumed and bulk purchases for the third quarter is reported at an amount of R250.1m against a budget amount of R276.5m. This results in a negative variance of R26.3m.
- Other expenditure cost to an amount of R449.0m was reported during the third quarter against the budget of R420.9m which resulted in a positive variance of R28.1m (7%).
- The total current liabilities reported as at 31 March 2024 amounted to R330.8m, whilst total current assets were R594.6m, representing a current ratio of 1.79:1. The interpretation of the ratio suggest that the municipality will be able to meet its immediate or current financial commitments. The municipality needs to maintain and improve on the current ration.

The above summary is illustrated on the C1 table below:

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

Description	2022/23	Budget Year 2023/24							
	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	91 416	96 349	96 349	8 045	72 676	72 262	414	1%	96 349
Service charges	480 745	655 355	677 248	40 344	306 894	500 273	(193 379)	-39%	677 248
Investment revenue	4 885	3 348	8 748	434	6 744	4 671	2 073	44%	8 748
Transfers and subsidies - Operational	546 728	587 164	598 364	144 161	580 994	443 173	137 821		598 364
Other own revenue	94 084	75 966	87 598	7 569	67 187	61 627	5 560	9%	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>1 217 859</b>	<b>1 418 183</b>	<b>1 468 308</b>	<b>200 553</b>	<b>1 034 495</b>	<b>1 082 007</b>	<b>(47 511)</b>	<b>-4%</b>	<b>1 468 308</b>
Employee costs	332 210	411 319	380 534	30 588	268 417	296 178	(27 761)		380 534
Remuneration of Councillors	10 524	18 009	24 289	2 114	18 290	16 019	2 271		24 289
Depreciation and amortisation	141 789	100 410	45 724	-	-	53 435	(53 435)		45 724
Interest	2 936	2 561	2 561	57	1 604	1 920	(317)		2 561
Inventory consumed and bulk purchases	342 770	382 069	369 060	20 394	250 169	276 528	(26 359)		369 060
Transfers and subsidies	5 951	517	697	-	141	460	(319)	-69%	697
Other expenditure	477 245	468 360	634 698	52 734	449 089	420 988	28 101	7%	634 698
<b>Total Expenditure</b>	<b>1 313 424</b>	<b>1 383 244</b>	<b>1 457 563</b>	<b>105 887</b>	<b>987 710</b>	<b>1 065 527</b>	<b>(77 817)</b>	<b>-7%</b>	<b>1 457 563</b>
<b>Surplus/(Deficit)</b>	<b>(95 566)</b>	<b>34 938</b>	<b>10 745</b>	<b>94 666</b>	<b>46 785</b>	<b>16 479</b>	<b>30 306</b>	<b>184%</b>	<b>10 745</b>
Transfers and subsidies - capital (monetary allocations)	270 591	311 599	450 580	6 505	320 943	289 292	31 651	11%	450 580
Transfers and subsidies - capital (in-kind)	177	-	-	30 107	31 348	-	31 348	#DIV/0!	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>175 202</b>	<b>346 537</b>	<b>461 325</b>	<b>131 278</b>	<b>399 076</b>	<b>305 771</b>	<b>93 305</b>	<b>31%</b>	<b>461 325</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-		-
<b>Surplus/ (Deficit) for the year</b>	<b>175 202</b>	<b>346 537</b>	<b>461 325</b>	<b>131 278</b>	<b>399 076</b>	<b>305 771</b>	<b>93 305</b>	<b>31%</b>	<b>461 325</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	<b>254 720</b>	<b>311 599</b>	<b>450 580</b>	<b>77 978</b>	<b>365 181</b>	<b>289 292</b>	<b>75 890</b>	<b>26%</b>	<b>450 580</b>
Capital transfers recognised	240 208	311 599	450 580	76 590	363 793	289 292	74 501	26%	450 580
Borrowing	-	-	-	-	-	-	-		-
Internally generated funds	14 512	-	-	1 388	1 388	-	1 388	#DIV/0!	-
<b>Total sources of capital funds</b>	<b>254 720</b>	<b>311 599</b>	<b>450 580</b>	<b>77 978</b>	<b>365 181</b>	<b>289 292</b>	<b>75 890</b>	<b>26%</b>	<b>450 580</b>
<b>Financial position</b>									
Total current assets	659 203	826 417	777 581		594 664				777 581
Total non current assets	4 455 380	5 639 661	4 810 700		4 820 562				4 810 700
Total current liabilities	430 489	339 934	397 379		330 869				397 379
Total non current liabilities	110 789	123 053	123 053		110 789				123 053
Community wealth/Equity	<b>4 742 188</b>	<b>5 656 554</b>	<b>4 606 524</b>		<b>4 982 958</b>				<b>4 606 524</b>
<b>Cash flows</b>									
Net cash from (used) operating	281 237	371 454	511 909	178 139	433 871	383 932	(49 939)	-13%	511 909
Net cash from (used) investing	(213 733)	(307 750)	(446 732)	(77 978)	(365 033)	(335 049)	29 984	-9%	(446 732)
Net cash from (used) financing	-	-	(3)	-	393	(2)	(395)	17119%	(3)
<b>Cash/cash equivalents at the month/year end</b>	<b>135 703</b>	<b>141 575</b>	<b>90 212</b>	<b>-</b>	<b>109 550</b>	<b>73 919</b>	<b>(35 631)</b>	<b>-48%</b>	<b>105 493</b>

## 2. FINANCIAL PERFORMANCE

### 1.1 Actual revenue per source

Description	Ref	2022/23	Budget Year 2023/24							
		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		333 674	400 511	400 511	26 968	230 309	300 383	(70 074)	-23%	400 511
Service charges - Water		107 101	204 844	204 844	9 602	34 500	153 633	(119 133)	-78%	204 844
Service charges - Waste Water Management		20 184	29 454	25 447	1 767	16 373	20 488	(4 115)	-20%	25 447
Service charges - Waste management		19 786	20 545	46 446	2 007	25 712	25 769	(57)	0%	46 446
Sale of Goods and Rendering of Services		3 038	4 084	2 211	61	1 237	2 314	(1 077)	-47%	2 211
Agency services		12 193	10 421	12 372	481	6 528	8 596	(2 068)	-24%	12 372
Interest		—	—	—	—	—	—	—	—	—
Interest earned from Receivables		56 754	35 731	46 761	4 885	41 773	31 210	10 563	34%	46 761
Interest from Current and Non Current Assets		4 885	3 348	8 748	434	6 744	4 671	2 073	44%	8 748
Dividends		—	—	—	—	—	—	—	—	—
Rent on Land		—	—	—	—	—	—	—	—	—
Rental from Fixed Assets		661	2 027	2 027	136	1 829	1 520	309	20%	2 027
Licence and permits		—	1 951	—	—	—	683	(683)	-100%	—
Operational Revenue		1 840	336	1 977	39	1 586	908	678	75%	1 977
Non-Exchange Revenue								—		
Property rates		91 416	96 349	96 349	8 045	72 676	72 262	414	1%	96 349
Surcharges and Taxes		—	—	—	—	—	—	—	—	—
Fines, penalties and forfeits		2 226	4 005	4 005	675	1 469	3 004	(1 534)	-51%	4 005
Licence and permits		27	11	11	—	5	8	(3)	-35%	11
Transfers and subsidies - Operational		546 728	587 164	598 364	144 161	580 994	443 173	137 821	31%	598 364
Interest		14 740	13 551	13 551	1 292	11 777	10 164	1 614	16%	13 551
Fuel Levy		—	—	—	—	—	—	—	—	—
Operational Revenue		—	—	—	—	—	—	—	—	—
Gains on disposal of Assets		756	3 848	3 848	—	149	2 886	(2 738)	-95%	3 848
Other Gains		1 849	—	833	—	833	333	500	150%	833
Discontinued Operations		—	—	—	—	—	—	—	—	—
Total Revenue (excluding capital transfers and contributions)		1 217 859	1 418 183	1 468 308	200 553	1 034 495	1 082 007	(47 511)	-4%	1 468 308

### Variances more than 10 % and explanation of variances

Description	Variance explanation	Remedial Action
Services Charges Electricity Revenue – Negative Variance of 23%	The municipality has identified that there were a number of meters which were not properly billed due to either illegal by-passing or faulty meters.	Over 400 electricity meters have been installed to date in order to remedy the situation. Newly connected meters mean that additional revenue will be billed by the municipality. In addition, the municipality has sourced a Services Provider to perform Meter audit, reconnections and disconnections. The effect of load shedding also affects electricity billing negatively.
Service charges Water revenue - Negative variance of 78%	The negative variance is due to the reversal of interim water readings which were reversed during the beginning of the financial year for	The municipality has also replaced and installed +/- 1,600 water meters to date. The replaced water meters are now

Description	Variance explanation	Remedial Action
	Mahwelereng. The interim readings were replaced with actual water readings. The municipality is also experiencing lower water consumption as a result of consumers relying more on boreholes due to water shortages that have been encountered.	included in the billing system of the municipality to avoid estimate billing. The service provider will conduct a 100%-meter audit.
Service charges Waste Water Management – Negative variance of 20%	Billing is less than anticipated due to the implementation of incentive scheme to attract consumer payments.	The line item has been adjusted accordingly during the adjustment budget process.
Sale of goods and rendering of services – Negative variance of 47%	The sale of goods and rendering of services included a budget of R1.6m for sale of tender documents. The documents are now uploaded on e-tender and that has reduced sale of tender documents.	Revenue anticipated on sale of tender documents has been adjusted down during the adjustment budget process.
Agency Services – Negative variance of 24%	Agency services collected is less than the anticipated amount. The line item was appropriated for, using historical trends.	Revenue anticipated on agency services has been adjusted accordingly during the adjustment budget process.
Interest earned from Receivables – Positive variance of 34%	Due to the culture of non-payment by the consumers, interest is levied and it increases.	The municipality encourages consumers to pay outstanding debt and have implemented an incentive scheme to reduce the interest charged. This is to assist in reducing the municipality's debtors' book and to be able to fund projects from internal funds. The interest has been adjusted accordingly.
Interest earned from Current and Non-Current Assets – Positive variance 44%	The municipality has earned interest on call accounts from equitable share funds invested as well as grants received during the 2023/24 financial year.	The interest budget has been adjusted upwards during the adjustment budget.
Rental from Fixed Assets – Negative variance of 20%	The rental market for municipal facilities has performed less than anticipated. 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.	The municipality needs to ensure that all rental agreements entered into are in line with market related prices.

<b>Description</b>	<b>Variance explanation</b>	<b>Remedial Action</b>
License and permits from exchange transactions – Negative variance of 100%	The line item was erroneously budgeted for during the tabling of original budget at the beginning of the financial year.	A correction of segments was processed during the adjustment budget process. The line item is adjusted to R0 and therefore there is also no year-to-date expenditure.
Operational Revenue - Positive variance of 75%	Other revenue includes staff recoveries, Insurance refunds and administrative handling fees. The amount received is more than the anticipated amount.	The line item has been adjusted during the adjustment budget process.
Fines, penalties and forfeits – Negative variance of 51%	The municipality did not collect in terms of fines as anticipated in the third 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.
License and permits from non-exchange transactions – Negative variance of 35%	The line item is for permits issued to hawkers. R5 thousand has been recognized compared to R8 thousand that is anticipated.	No remedial action required as the amount is immaterial.
Transfers and subsidies operational – Positive variance of 31%	The municipality did not have Treasury's grants payment schedule during the preparation of cash flow projections in terms of receiving grants. Therefore, the allocations that were received in the third quarter are more than as anticipated.	The municipality must improve in monthly cash flow projections. The line item will even out in the next quarters.
Interest Non-Exchange Revenue – Positive variance of 16%	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. Incentives are introduced in order to improve on debt collection.
Gains on disposal of Assets - Negative variance of 95%	The municipality's sale of land has not performed as planned.	Identify additional land to be sold for development. Observe the line item in the current year to determine if an adjustment is needed.

## 1.2 Actual borrowings

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

### 1.3 Actual Expenditure by Type

Description	Ref	2022/23	Budget Year 2023/24							
		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		332 210	411 319	380 534	30 588	268 417	296 178	(27 761)	-9%	380 534
Remuneration of councillors		10 524	18 009	24 289	2 114	18 290	16 019	2 271	14%	24 289
Bulk purchases - electricity		288 246	321 949	296 868	16 167	190 605	226 071	(35 466)	-16%	296 868
Inventory consumed		54 524	60 120	72 192	4 227	59 564	50 457	9 108	18%	72 192
Debt impairment		1 446	190 574	49 574	–	–	86 530	(86 530)	-100%	49 574
Depreciation and amortisation		141 789	100 410	45 724	–	–	53 435	(53 435)	-100%	45 724
Interest		2 936	2 561	2 561	57	1 604	1 920	(317)	-16%	2 561
Contracted services		189 404	153 364	291 683	35 445	228 670	167 916	60 754	36%	291 683
Transfers and subsidies		5 951	517	697	–	141	460	(319)	-69%	697
Irrecoverable debts written off		203 695	–	138 000	7 736	129 329	55 200	74 129	134%	138 000
Operational costs		75 517	124 422	155 442	9 553	91 089	111 342	(20 253)	-18%	155 442
Losses on Disposal of Assets		2 361	–	–	–	–	–	–		–
Other Losses		4 820	–	–	–	–	–	–		–
Total Expenditure		1 313 424	1 383 244	1 457 563	105 887	987 710	1 065 527	(77 817)	-7%	1 457 563

#### Variances more than 10 % and explanation of variances

Description	Variance explanation	Remedial Action
Employee Related Costs – Negative variance of 9%	The municipality has cut down on payments of overtime to not exceed 30% of the gross salary. Also, employees from Level 8 and above are not remunerated for overtime in cash payments but are offered time off instead.	No remedial action required.
Remuneration of councillors – Negative variance of 14%	It has been picked up that some of the remuneration to councillors was charged against Employee related costs.	A correction has been done using mSCOA road-map and the adjustment has been processed accordingly.
Bulk purchases electricity – Negative variance of 16%	Bulk Electricity expenditure fluctuate seasonally. The quarter under review's bulk purchases was lower than anticipated. The municipality also budgeted taking into account the possibilities of payment arrangement with Eskom.	The municipality has developed electricity loss reduction strategy which will assist Municipality to reduce electricity losses to loosen the cost burden.
Inventory consumed – Positive variance of 18%	The line item includes consumable inventory and water consumed by the customers for the quarter under review. The municipality reversed interim (estimate) billing and	Continue with actual readings on water in order to have the correct expenditure.



<b>Description</b>	<b>Variance explanation</b>	<b>Remedial Action</b>
	processed actual readings. This resulted in the actual water consumed to be higher than budgeted for.	
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.
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 16%	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 which was settled in the December 2023. Minimal interest has been charged by Lepelle Northern Water as the municipality is trying to keep the accounts up to date.	The municipality is encouraged not to incur expenditure on interest as it constitutes Fruitless and Wasteful expenditure.
Contracted Services – Positive variance of 36%	The municipality appointed consultants to perform external review of financial statements in order to improve on the quality of Annual Financial Statements submitted to the Auditor General of South Africa for audit. This has increased spending on consultancy fees. Also, the municipality appointed an external investigator in assisting with investigation of R7 billion historic Unauthorized, Irregular, Fruitless and Wasteful expenditure.	As part of the plans to reduce reliance on consultants, Municipality have reviewed the organizational structure and revised the structure with emphasis to reduce reliance on use of consultants. As part of the reviewed structure, position of Divisional Head AFS was created and appointment made effective from November 2023. The position will be responsible among other things, reporting and the compilation of AFS.
Irrecoverable debts written off – Positive variance of 134%	Council resolved to write off an amount of R115.9m in August 2023. This is as a result of indigent consumer accounts and the discount interest that has been written off. The	Part of the budget amount allocated to Debt impairment was adjusted to irrecoverable debt during the adjustment budget

Description	Variance explanation	Remedial Action
	discount emanates from the implemented incentive scheme. Also, the incentive scheme offered since July 2023 has also contributed marginally to the write-offs as well as the indigent consumers accounts that were written off.	process. The total allocated adjusted budget for irrecoverable debt written off is R138m.

Breakdown of contracted services is as follows:

Service Rendered	Amount in millions
External Auditors	R11.5
Business & Advisory: Financial Management	R42.4
Valuers and Assessors	R5.6
Debt Collectors	R7.1
Engineering Services	R13.9
Legal Services	R32.6
Maintenance Services	R23.2
Security Services	R50.7m
Waste Management	R38.0

#### 1.4 Capital expenditure per vote

Vote Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
<u>Single Year expenditure appropriation</u>	2									
Vote 01 - Executive & Council		1 783	-	-	-	-	-	-		-
Vote 02 - Corporate Support Services		8 882	-	-	92	92	-	92	#DIV/0!	-
Vote 03 - Budget And Treasury		1 388	-	-	17	17	-	17	#DIV/0!	-
Vote 04 - Planning And Development		473	-	-	-	-	-	-		-
Vote 05 - Technical Services		206 447	253 946	440 411	71 795	354 671	283 286	71 384	25%	440 411
Vote 06 - Community Services		30 166	37 500	2 003	-	237	870	(633)	-73%	2 003
Vote 07 - Traffic And Security		335	-	-	-	-	-	-		-
Vote 08 - Electrical Services		5 247	20 153	8 167	6 074	10 165	5 136	5 029	98%	8 167
<b>Total Capital single-year expenditure</b>	4	254 720	311 599	450 580	77 978	365 181	289 292	75 890	26%	450 580
<b>Total Capital Expenditure</b>		254 720	311 599	450 580	77 978	365 181	289 292	75 890	26%	450 580

The municipality has recognized capital expenditure to the amount of R365.1m at the end of third quarter compared to the year-to-date budget of R289.2m. Details of capital expenditure per source of funding are further outlined below.

## 1.5 Capital Expenditure per grant

Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
<b>EXPENDITURE</b>										
<b>Capital expenditure of Transfers and Grants</b>										
<b>National Government:</b>		240 208	311 599	450 580	46 482	332 445	289 292	43 154	14.9%	450 580
Integrated National Electrification Programme Grant		4 405	-	-	-	-	-	-		-
Municipal Infrastructure Grant		155 267	186 266	186 266	15 591	139 755	139 699	55	0.0%	186 266
Regional Bulk Infrastructure Grant		42 086	50 000	183 643	23 673	157 316	90 957	66 359	73.0%	183 643
Water Services Infrastructure Grant		38 450	75 333	80 672	7 219	35 375	58 635	(23 261)	-39.7%	80 672
<b>Provincial Government:</b>		-	-	-	-	-	-	-		-
<b>District Municipality:</b>		-	-	-	-	-	-	-		-
<b>Other grant providers:</b>		-	-	-	30 107	31 348	-	31 348	#DIV/0!	-
Private Enterprises		-	-	-	30 107	31 348	-	31 348		-
<b>Total capital expenditure of Transfers and Grants</b>		<b>240 208</b>	<b>311 599</b>	<b>450 580</b>	<b>76 590</b>	<b>363 793</b>	<b>289 292</b>	<b>74 501</b>	<b>25.8%</b>	<b>450 580</b>

### INEP

The municipality does not have allocation for INEP grant in the 2023/2024 financial year.

### MIG

The municipality has spent R139.7m of the anticipated R139.6m at the end of March 2024. The municipality has improved in expenditure on MIG grant compared to the previous year.

### RBIG

The municipality has spent R157.3m compared to the year-to-date budget of R90.9m. This resulted in a positive variance of 73%. The municipality is doing well in RBIG spending and is anticipating to receive additional funding due to the performance.

### WSIG

The municipality managed to spend an amount of R33.3m against an anticipated budget of R58.6m by the end of March 2024. This resulted in a negative variance of R23.2m. An improvement is needed in terms of performance on WSIG projects.

### Private Enterprises

Yellow fleet has been received by the municipality from Anglo-American Mogalakwena mine. The value of assets received by the municipality amounts to R30.1m.

## 1.6 Monthly budget statement financial position

The community wealth/ net assets of the municipality amounted to R4.9b. Total current liabilities amounted to R330.8m, whilst total current assets amounted to R594.6m. This represented a current ratio of 1.79:1. The interpretation of the ration indicates that the municipality would be able to meet its immediate or current financial commitments in the short-term.

Description	Ref	2022/23	Budget Year 2023/24			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
<b>R thousands</b>	<b>1</b>					
<b>ASSETS</b>						
<b>Current assets</b>						
Cash and cash equivalents		40 319	83 261	83 261	68 514	83 261
Trade and other receivables from exchange transactions		114 392	266 182	266 391	76 902	266 391
Receivables from non-exchange transactions		40 683	96 377	34 717	18 303	34 717
Current portion of non-current receivables		–	–	–	–	–
Inventory		396 599	380 596	380 596	365 358	380 596
VAT		54 619	–	12 607	52 990	12 607
Other current assets		12 592	–	9	12 598	9
<b>Total current assets</b>		<b>659 203</b>	<b>826 417</b>	<b>777 581</b>	<b>594 664</b>	<b>777 581</b>
<b>Non current assets</b>						
Investments						
Investment property		193 792	137 121	193 792	193 792	193 792
Property, plant and equipment		4 238 344	4 537 112	4 589 481	4 603 525	4 589 481
Heritage assets		5 868	5 868	5 868	5 868	5 868
Intangible assets		1 762	943 423	5 423	1 762	5 423
Trade and other receivables from exchange transactions		(2)	16 137	16 137	(2)	16 137
Non-current receivables from non-exchange transactions		15 617	–	–	15 617	–
<b>Total non current assets</b>		<b>4 455 380</b>	<b>5 639 661</b>	<b>4 810 700</b>	<b>4 820 562</b>	<b>4 810 700</b>
<b>TOTAL ASSETS</b>		<b>5 114 584</b>	<b>6 466 078</b>	<b>5 588 282</b>	<b>5 415 226</b>	<b>5 588 282</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Bank overdraft		–	–	–	–	–
Financial liabilities		420	–	–	420	–
Consumer deposits		(6 201)	28 084	29 732	(5 270)	29 732
Trade and other payables from exchange transactions		254 732	210 463	267 392	58 523	267 392
Trade and other payables from non-exchange transactions		5 495	–	1 414	103 493	1 414
Provision		17 209	12 748	12 748	16 023	12 748
VAT		158 834	88 638	86 094	157 681	86 094
<b>Total current liabilities</b>		<b>430 489</b>	<b>339 934</b>	<b>397 379</b>	<b>330 869</b>	<b>397 379</b>
<b>Non current liabilities</b>						
Provision		110 789	123 053	123 053	110 789	123 053
<b>Total non current liabilities</b>		<b>110 789</b>	<b>123 053</b>	<b>123 053</b>	<b>110 789</b>	<b>123 053</b>
<b>TOTAL LIABILITIES</b>		<b>541 278</b>	<b>462 987</b>	<b>520 432</b>	<b>441 658</b>	<b>520 432</b>
<b>NET ASSETS</b>	<b>2</b>	<b>4 573 306</b>	<b>6 003 091</b>	<b>5 067 850</b>	<b>4 973 569</b>	<b>5 067 850</b>
<b>COMMUNITY WEALTH/EQUITY</b>						
Accumulated surplus/(deficit)		6 399 772	5 656 554	4 606 524	6 640 542	4 606 524
Reserves and funds		(1 657 584)	–	–	(1 657 584)	–
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>2</b>	<b>4 742 188</b>	<b>5 656 554</b>	<b>4 606 524</b>	<b>4 982 958</b>	<b>4 606 524</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 main reasons for the municipality to be reporting creditors is as a result of cash constraints. The municipality entered into a payment agreement with Eskom which was settled in the second quarter of the financial year. Total payable at the end of March 2024 is reported at R36.1m. Therefore, both Electricity and Water accounts of the municipality remain up to date with only the current month due. The Supporting table below displays the creditors' age analysis as at 31 March 2024.

LIM367 Mogalakwena - Supporting Table SC4 Monthly Budget Statement - aged creditors - M09 March

Description R thousands	NT Code	Budget Year 2023/24								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>Creditors Age Analysis By Customer Type</b>											
Bulk Electricity	0100	25 703	-	-	-	-	-	-	-	25 703	17 513
Bulk Water	0200	2 976	-	-	-	-	-	-	-	2 976	3 122
PAYE deductions	0300									-	4 141
VAT (output less input)	0400									-	4 425
Pensions / Retirement deductions	0500									-	
Loan repayments	0600									-	
Trade Creditors	0700	5 897	37	344	1 109	-	-	-	-	7 387	10 341
Auditor General	0800	80	-	-	-	-	-	-	-	80	277
Other	0900									-	
<b>Total By Customer Type</b>	<b>1000</b>	<b>34 656</b>	<b>37</b>	<b>344</b>	<b>1 109</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>36 146</b>	<b>39 819</b>

### 4. DEBTORS MANAGEMENT ANALYSIS

The municipality plans to continue in implementing credit control policy in order to boost debt collection. Following the implementation of an incentive scheme which was implemented from 1 July 2023 to December 2023, credit and debt collection policy is implemented on a daily basis. Supporting table below displays the debtors ageing analysis as at 31 March 2024 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 2023/24										Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.o Council Policy
		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	22 875	10 774	7 162	10 801	7 791	10 242	143 324	307 128	520 096	479 286	-	-
Trade and Other Receivables from Exchange Transactions - Electricity	1300	35 087	9 634	3 380	5 160	2 955	2 318	10 435	49 880	118 849	70 747	-	-
Receivables from Non-exchange Transactions - Property Rates	1400	11 340	3 157	2 864	2 737	2 503	2 472	13 972	151 752	190 797	173 436	-	-
Receivables from Exchange Transactions - Waste Water Management	1500	2 877	947	879	855	833	834	4 841	63 617	75 682	70 979	-	-
Receivables from Exchange Transactions - Waste Management	1600	3 667	1 421	1 362	1 339	1 313	1 330	6 498	82 501	99 433	92 982	-	-
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	-	1	1	1	-	-
Interest on Arrear Debtor Accounts	1810	12 190	6 030	5 942	5 880	5 822	5 323	33 517	336 276	410 978	386 818	-	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820									-	-		
Other	1900	4 462	1 038		3 610	6 060	287	1 789	7 520	24 973	19 266	-	-
Total By Income Source	2000	92 498	33 002	21 795	30 382	27 276	22 806	214 376	998 675	1 440 810	1 293 515	-	-
2022/23 - totals only		85757890 1/3	21426331 1/3	24133345 1/3	22129954 1/2	23481527 1/8	23265167 2/3	125216717 2/5	#####	1 458 740	1 327 423	0	0
Debtors Age Analysis By Customer Group													
Organs of State	2200	6 819	2 528	2 724	3 727	3 003	2 301	12 179	105 721	139 001	126 931	-	-
Commercial	2300	24 638	3 383	2 269	3 050	1 619	1 529	10 369	53 587	100 443	70 153	-	-
Households	2400	60 259	26 668	16 631	22 674	22 138	18 727	190 720	835 234	1 193 050	1 088 492	-	-
Other	2500	782	424	172	931	516	250	1 108	4 134	8 316	6 939	-	-
Total By Customer Group	2600	92 498	33 002	21 795	30 382	27 276	22 806	214 376	998 675	1 440 810	1 293 515	-	-

**Top ten current debtors**

	Name	Amount
1	NATIONAL GOVT OF THE REP OF SA	9 785 302.81
2	Dept of Public works	9 116 961.16
3	Frostall trading	8 331 696.05
4	RSA	8 317 676.70
5	Mokopane south Primary school	6 640 969.19
6	Lepelle water	6 084 503.97
7	Dept of education	4 253 809.77
8	Gov Of RSA	3 496 836.30
9	Noord Transvaal Huide Trust	3 370 946.21
10	RSA	3 308 409.77

**Revenue collection rate**

The municipality's average collection rate for the quarter is 76% and the monthly details are as follows:

Month	Collection rate
March 2024	65%
February 2024	82%
January 2024	80%

## 5. INVESTMENT PORTFOLIO ANALYSIS

Supporting table below displays the Council's investment portfolio and indicates that R 87.5m was invested at the end of the third quarter.

The investments were topped up with an amount of R75.0m and an amount of R114.8m 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 R1.7m. The closing balance of all the short-term investments and call accounts held by the municipality at the end of March 2024 amounted to R87.5m. The total amount in the municipality's bank account at the end of March 2024 was R90.1m.

LIM367 Mogalakwena - Municipal Investments - Q03

Primary Bank : Standard Bank

Account Type : Cheque

Opening Balance - 01 January 2024	27 381 017
Closing balance - 31 March 2024	2 557 382

### INVESTMENTS : THIRD QUARTER 2024

Name of Institution/Bank	Investment Type	Opening Balance	Deposit/ Invested during the Quarter	Withdrawal during the Quarter	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	125 672 194	75 000 000	114 800 000	-	-	1 706 377	87 578 570
								-
<b>TOTAL</b>		<b>125 672 194</b>	<b>75 000 000</b>	<b>114 800 000</b>	<b>-</b>	<b>-</b>	<b>1 706 377</b>	<b>87 578 570</b>

Total in the Bank

90 135 952

## 6. COUNCILLOR ALLOWANCES AND EMPLOYEE BENEFITS

The total salaries, allowances and benefits paid for the third quarter amounted to R286.0m. The spending is at a negative variance of R26.1m.

LIM367 Mogalakwena - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M09 March										
Summary of Employee and Councillor remuneration	Ref	2022/23	Budget Year 2023/24							
		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		6 200	10 362	14 156	1 248	10 735	9 289	1 446	16%	14 156
Pension and UIF Contributions		955	2 355	2 102	167	1 479	1 665	(186)	-11%	2 102
Medical Aid Contributions		-	-	2	-	1	1	0	46%	2
Motor Vehicle Allowance		2 712	4 053	5 371	467	4 064	3 567	497	14%	5 371
Cellphone Allowance		657	1 239	2 658	232	2 010	1 497	513	34%	2 658
Housing Allowances		-	-	-	-	-	-	-		-
Other benefits and allowances		-	-	-	-	-	-	-		-
<b>Sub Total - Councillors</b>		<b>10 524</b>	<b>18 009</b>	<b>24 289</b>	<b>2 114</b>	<b>18 290</b>	<b>16 019</b>	<b>2 271</b>	<b>14%</b>	<b>24 289</b>
<b>% increase</b>	4		<b>71.1%</b>	<b>130.8%</b>						<b>130.8%</b>
<b>Senior Managers of the Municipality</b>										
Basic Salaries and Wages	3	2 681	5 889	6 570	538	3 754	4 689	(935)	-20%	6 570
Pension and UIF Contributions		1 973	1 552	1 707	89	937	1 226	(289)	-24%	1 707
Medical Aid Contributions		613	469	395	24	178	322	(144)	-45%	395
Overtime		-	-	-	-	-	-	-		-
Performance Bonus		558	505	453	-	79	358	(279)	-78%	453
Motor Vehicle Allowance		649	720	889	98	571	608	(37)	-6%	889
Cellphone Allowance		252	654	633	55	351	482	(132)	-27%	633
Housing Allowances		11	9	-	-	-	3	(3)	-100%	-
Other benefits and allowances		0	1	1	0	0	1	(0)	-41%	1
Payments in lieu of leave		60	190	190	-	-	142	(142)	-100%	190
Long service awards		-	-	-	-	-	-	-		-
Post-retirement benefit obligations	2	-	-	-	-	-	-	-		-
Entertainment		-	-	-	-	-	-	-		-
Scarcity		-	-	-	-	-	-	-		-
Acting and post related allowance		23	-	-	1	1	-	-		-
In kind benefits		-	-	-	-	-	-	-		-
<b>Sub Total - Senior Managers of Municipality</b>		<b>6 820</b>	<b>9 989</b>	<b>10 838</b>	<b>804</b>	<b>5 871</b>	<b>7 831</b>	<b>(1 960)</b>	<b>-25%</b>	<b>10 838</b>
<b>% increase</b>	4		<b>46.5%</b>	<b>58.9%</b>						<b>58.9%</b>
<b>Other Municipal Staff</b>										
Basic Salaries and Wages		203 977	234 887	211 135	16 856	154 138	166 665	(12 527)	-8%	211 135
Pension and UIF Contributions		42 306	48 807	45 449	3 718	33 472	35 263	(1 791)	-5%	45 449
Medical Aid Contributions		10 863	12 514	12 140	1 068	9 097	9 236	(139)	-2%	12 140
Overtime		21 209	12 600	16 650	1 990	15 933	11 070	4 863	44%	16 650
Performance Bonus		14 439	20 310	20 153	2 278	14 071	15 170	(1 099)	-7%	20 153
Motor Vehicle Allowance		29 775	36 006	27 418	2 055	19 624	23 570	(3 946)	-17%	27 418
Cellphone Allowance		4 599	6 299	5 053	400	3 656	4 226	(570)	-13%	5 053
Housing Allowances		389	486	393	33	284	328	(44)	-13%	393
Other benefits and allowances		3 083	3 617	3 729	249	2 701	2 758	(57)	-2%	3 729
Payments in lieu of leave		7 917	23 480	23 611	610	6 320	17 663	(11 342)	-64%	23 611
Long service awards		(1 692)	-	-	-	-	-	-		-
Post-retirement benefit obligations	2	(14 379)	2 323	2 023	182	1 483	1 623	(140)	-9%	2 023
Entertainment		-	-	-	-	-	-	-		-
Scarcity		-	-	-	-	-	-	-		-
Acting and post related allowance		164	-	1 941	-	1 132	777	355	46%	1 941
In kind benefits		-	-	-	-	-	-	-		-
<b>Sub Total - Other Municipal Staff</b>		<b>322 649</b>	<b>401 330</b>	<b>369 696</b>	<b>29 437</b>	<b>261 910</b>	<b>288 346</b>	<b>(26 436)</b>	<b>-9%</b>	<b>369 696</b>
<b>% increase</b>	4		<b>24.4%</b>	<b>14.6%</b>						<b>14.6%</b>
<b>Total Parent Municipality</b>		<b>339 994</b>	<b>429 328</b>	<b>404 823</b>	<b>32 355</b>	<b>286 072</b>	<b>312 197</b>	<b>(26 125)</b>	<b>-8%</b>	<b>404 823</b>
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>		<b>339 994</b>	<b>429 328</b>	<b>404 823</b>	<b>32 355</b>	<b>286 072</b>	<b>312 197</b>	<b>(26 125)</b>	<b>-8%</b>	<b>404 823</b>
<b>% increase</b>	4		<b>26.3%</b>	<b>19.1%</b>						<b>19.1%</b>
<b>TOTAL MANAGERS AND STAFF</b>		<b>329 470</b>	<b>411 319</b>	<b>380 534</b>	<b>30 241</b>	<b>267 782</b>	<b>296 178</b>	<b>(28 396)</b>	<b>-10%</b>	<b>380 534</b>



## 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. 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 third 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
<b>2023/24 Adopted Budget</b>	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.	
<ul style="list-style-type: none"> <li>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).</li> </ul>	The completed National Treasury EXCEL tariff tool uploaded to GoMuni with the adopted budget by start of budget year i.e. 1 July 2023.	Yes
<ul style="list-style-type: none"> <li>Are allocations made for bulk suppliers current account payments?</li> </ul>	Allocations reflected in <i>m</i> SCOA budget data strings (ORGB) and budget schedules/ document.	Yes
<u><b>If unfunded budget position–</b></u>		
<ul style="list-style-type: none"> <li>Is a Budget Funding Plan (BFP) adopted with the budget?</li> </ul>	Copy of the adopted Budget Funding Plan uploaded to GoMuni with the adopted budget by start of budget year i.e. <b>1 July 2023</b> .	Yes
	PDF version of BFP/progress report uploaded to GoMuni Upload portal by start of budget year i.e. <b>1 July 2023</b> .	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
<ul style="list-style-type: none"> <li>Council resolution reflecting commitment to address unfunded position.</li> </ul>	PDF copy of resolution uploaded to GoMuni Upload portal by start of budget year i.e. 1 July 2023.	Yes
<b>mSCOA</b>		

Criteria	Verification Requirement	Yes/No
Submission of Data Strings	Successful submission of all financial and non-financial mSCOA data strings to the GoMuni Upload portal	Yes
	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.	N/A
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 2023 and 30 July 2023.	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

Criteria	Verification Requirement	Yes/No
<ul style="list-style-type: none"> <li>Is a council approved audit action plan in place?</li> </ul>	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
<b>Interventions (where applicable)</b>		
<ul style="list-style-type: none"> <li>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?</li> </ul>	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 currently assisting the municipality with review of the FRP

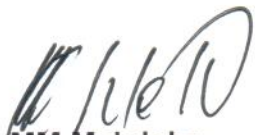
### Quarterly Requirements

Criteria	Verification Requirement	Quarter 3 (Jan – March)	Quarter 4 (April – June)	Quarter 1 (July – Sept)	Quarter 2 (Oct – Dec)
<b>Bulk Supplier Payments</b>					
<ul style="list-style-type: none"> <li>Were current account payments to bulk suppliers (Eskom and Water Boards) timeously made?</li> </ul>	PT/NT to verify status according to MFMA S41 Report. No action required from municipality if account in good standing.			Yes	Yes
<ul style="list-style-type: none"> <li><u>If current account in arrears, are payment agreements in place?</u></li> </ul>	Copy of payment agreement or evidence of discussions are uploaded to on GoMuni Upload portal.			Yes	N/A
<b>Staff benefit Deductions</b>					
<ul style="list-style-type: none"> <li>Were a) SARS, b) pension and c) other staff benefits timeously paid over to the relevant funds/institutions?</li> </ul>	Proof of payment for each category, for each month of the quarter uploaded to on GoMuni Upload portal.			Yes	Yes
<b>Reconciliation of Valuation Roll</b>					
<ul style="list-style-type: none"> <li>Has the valuation role been reconciled to the financial system?</li> </ul>	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	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 31 March 2024 has been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act.



**MM Maluleka**  
**MUNICIPAL MANAGER**