



MAYOR QUARTERLY FINANCIAL REPORT
MFMA SEC 52

01 July 2024 – 30 September 2024

**MUNICIPAL FINANCE MANAGEMENT ACT (MFMA): QUARTERLY REPORT
FOR THE
PERIOD ENDING 30 SEPTEMBER 2024 (QUARTERLY BUDGET STATEMENT) –
2024-25
FINANCIAL YEAR**

1. PURPOSE

To comply with section 52 of the MFMA, by providing a quarterly statement on the implementation of the budget and financial state of affairs of the municipality to the Council, as legislated.

2. STRATEGIC OBJECTIVE

The strategic objective of this report is to ensure good governance, financial viability and optimal institutional transformation with capacity to execute its mandate.

For the reporting period ending 30 September 2024, the 30 days reporting limit expires on 31 October 2024.

3. REPORT FOR THE PERIOD ENDING 30 SEPTEMBER 2024

This report is based upon financial information, as at 30 September 2024 and available at the time of preparation. The C-Schedule is based on information from July 2024 to September 2024.

The financial results for the period ended 30 September 2024 is summarised as follows:

Statement of Financial Performance (SFP) (Annexure B – TABLE C4)

The SFP shown in Annexure B is prepared on a similar basis to its prescribed budget format, detailing by source, excluding capital transfers and contributions and including expenditure by type. The summary report indicates the following:

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Statement of Financial Performance

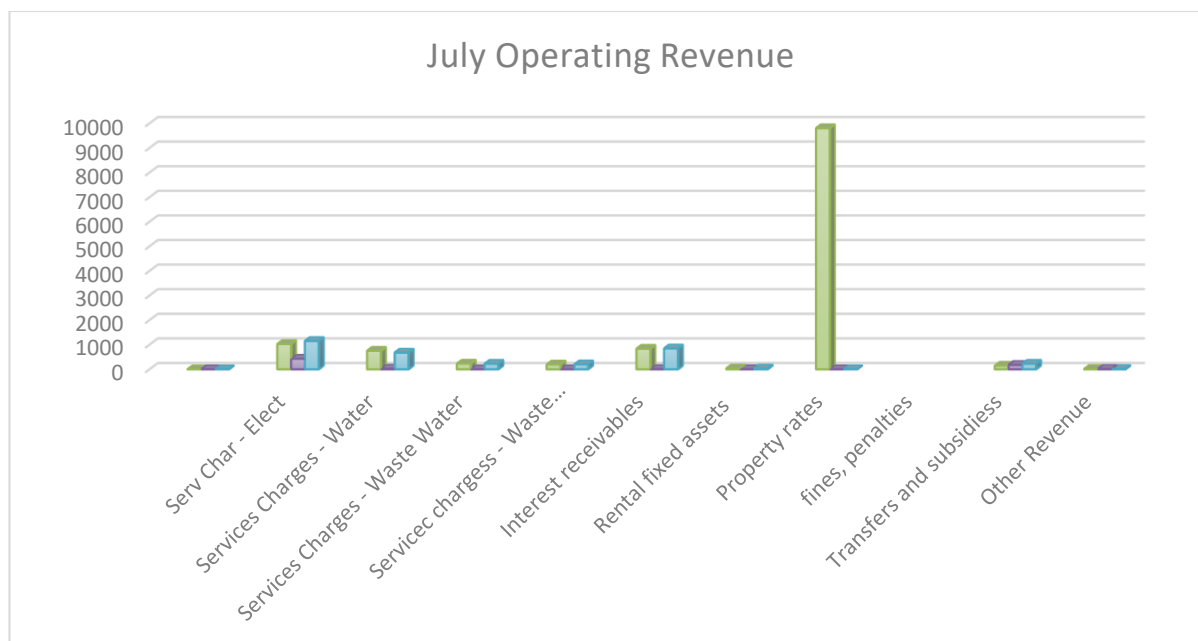
NC067 Khai-Ma - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M03 September

2023/24										
Description	Ref	Budget Year 2024/25								
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue										
Exchange Revenue										
Service charges - Electricity		13 293	16 491	16 491	1 151	2 607	4 123	(1 515)	-37%	16 491
Service charges - Water		8 961	9 675	9 675	677	1 451	2 419	(968)	-40%	9 675
Service charges - Waste Water Management		2 298	1 890	1 890	224	452	472	(20)	-4%	1 890
Service charges - Waste management		2 212	2 193	2 193	198	395	548	(153)	-28%	2 193
Sale of Goods and Rendering of Services		159	42	42	2	12	11	1	12%	42
Agency services		-	-	-	-	-	-	-	-	-
Interest		-	-	-	-	-	-	-	-	-
Interest earned from Receivables		10 203	7 758	7 758	847	1 683	1 939	(256)	-13%	7 758
Interest from Current and Non Current Assets		152	157	157	1	4	39	(36)	-91%	157
Dividends		-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		746	522	522	29	65	131	(65)	-50%	522
Licence and permits		34	106	106	3	9	27	(18)	-66%	106
Operational Revenue		3	120	120	-	1	30	(29)	-97%	120
Non-Exchange Revenue										
Property rates		9 162	10 811	10 811	-	9 804	2 703	7 101	263%	10 811
Surcharges and Taxes		31	-	-	3	9	-	9	#DIV/0!	-
Fines, penalties and forfeits		17	31	31	-	-	8	(8)	-100%	31
Licence and permits		10	31	31	1	1	8	(6)	-82%	31
Transfers and subsidies - Operational		24 597	35 839	35 839	226	550	8 960	(8 409)	-94%	35 839
Interest		-	-	-	-	0	-	0	#DIV/0!	-
Fuel Levy		-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		-	-	-	-	-	-	-	-	-
Other Gains		-	-	-	-	-	-	-	-	-
Discontinued Operations										
Total Revenue (excluding capital transfers and contributions)		71 878	85 665	85 665	3 362	17 043	21 416	(4 373)	-20%	85 665
Expenditure By Type										
Employee related costs		31 673	39 794	39 794	2 789	7 850	9 949	(2 099)	-21%	39 794
Remuneration of councillors		4 958	3 977	3 977	375	1 126	994	132	13%	3 977
Bulk purchases - electricity		13 634	14 248	14 248	1 453	5 130	3 562	1 568	44%	14 248
Inventory consumed		176	7 170	7 170	18	35	1 793	(1 758)	-98%	7 170
Debt impairment		17 055	11 528	11 528	-	-	2 882	(2 882)	-100%	11 528
Depreciation and amortisation		5 028	6 145	6 145	-	-	1 536	(1 536)	-100%	6 145
Interest		5 363	2 352	2 352	83	282	588	(306)	-52%	2 352
Contracted services		2 686	4 039	4 039	198	402	1 010	(608)	-60%	4 039
Transfers and subsidies		-	-	-	-	-	-	-	-	-
Irrecoverable debts written off		-	-	-	-	-	-	-	-	-
Operational costs		9 948	13 269	13 269	779	1 554	3 317	(1 764)	-53%	13 269
Losses on Disposal of Assets		53	-	-	-	-	-	-	-	-
Other Losses		159	-	-	-	-	-	-	-	-
Total Expenditure		90 731	102 521	102 521	5 694	16 378	25 630	(9 252)	-36%	102 521
Surplus/(Deficit)		(18 853)	(16 856)	(16 856)	(2 333)	665	(4 214)	4 879	(0)	(16 856)
Transfers and subsidies - capital (monetary allocations)		13 836	19 757	19 757	-	-	4 939	(4 939)	(0)	19 757
Transfers and subsidies - capital (in-kind)		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(5 017)	2 900	2 900	(2 333)	665	725	(60)	(0)	2 900
Income Tax		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after income tax		(5 017)	2 900	2 900	(2 333)	665	725	(60)	(0)	2 900
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		(5 017)	2 900	2 900	(2 333)	665	725	(60)	(0)	2 900
Share of Surplus/Deficit attributable to Associate		-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year		(5 017)	2 900	2 900	(2 333)	665	725	(60)	(0)	2 900

Table C4 indicates the Statement of Financial Performance for the period ended 30 September 2024.

The municipality total operating revenue budget amounts to R85 665 million as per the original budget and R17 043 Million or about 19.89% has been realised to date 30 September 2024.

Below is the graphic Analysis of revenue at the end of the First Quarter.



July Is represented in Green colour

August Is represented in Purple colour

September is represented in Blue

The highest contributor of the billed revenue in July is the property rates, this is due to its nature of being billed once at the beginning of the financial year, hence the billing of R 9 804 000 in July. The difference between the budgeted(R10 811) and the actual billed(R9 804) which is an amount of R1 007 000 will be investigated and corrections effected where nessesary.

Equitable share amounting to R12 086 000 was received in July, However as per the C-Schedule it indicate only R550 000 have been received for "Transfers and subsidies", we will investigate the differences in the system and correct.

The following has been billed to date on services provided by the municipaliy

1. **Service Charges electricity** – R2 607 000 billed , with a variance of -33%, this could indicate that the municipality is either not correctly billing or they usage will self correc through out the year, it will closely be monitored going into the adjustment budget.
2. **Service Charges Water** – R1 451 000 billed, with a variance of – 40% this could indicate that the municipality is either not correctly billing, which is one of the findings recently raised by the AGSA
3. **Services Charges – Waste water Management** – R452 000 billed, with a variance of -4%, below variance below 10%, therefore acceptable

4. **Service Charges – Waste Management** – R 395 000 billed, with a variance of -28%, this could also be linked to billing not done correctly or over budgeting by the municipality, it will be closely monitored going into adjustment budget
5. **Interest Earned From Receivables** – To date, interest amounting to R1 683 000 has been charged to outstanding debtors, with a variance of -13%, interest relates to interest on outstanding debtors. This can further be linked to a growing debtors book and the municipality inability to collect.
6. **Rental From Fixed Assets** – We have budgeted R522 000 for the year, with R65 000 having been realised to date and a variance of -50%, however to be noted that the rentals are demand based.

Revenue by source:

NC067 Khai-Ma - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M03 September

Description	Ref	2023/24	Budget Year 2024/25							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
RECEIPTS:	1,2									
Operating Transfers and Grants										
National Government:		19 265	33 549	33 549	137	326	8 387	(8 062)	-96,1%	33 549
Equitable Share		16 042	29 408	29 408	–	–	7 352	(7 352)	-100,0%	29 408
Expanded Public Works Programme Integrated Grant		–	–	–	–	–	–	–	–	–
Local Government Financial Management Grant		2 236	2 900	2 900	137	326	725	(399)	-55,1%	2 900
Municipal Disaster Relief Grant		–	–	–	–	–	–	–	–	–
Municipal Infrastructure Grant		987	1 241	1 241	–	–	310	(310)	-100,0%	1 241
Other transfers and grants [insert description]		–	–	–	–	–	–	–	–	–
Provincial Government:		1 209	1 290	1 290	90	225	323	(98)	-30,3%	1 290
Capacity Building and Other Grants		1 209	1 290	1 290	90	225	323	(98)	-30,3%	1 290
Other transfers and grants [insert description]		–	–	–	–	–	–	–	–	–
District Municipality:		–	–	–	–	–	–	–	–	–
Specify (Add grant description)		–	–	–	–	–	–	–	–	–
Other grant providers:		4 122	1 000	1 000	–	–	250	(250)	-100,0%	1 000
Auditor-General		3 774	1 000	1 000	–	–	250	(250)	-100,0%	1 000
Construction Education and Training SETA		29	–	–	–	–	–	–	–	–
Mining Companies		–	–	–	–	–	–	–	–	–
Northern Cape Economic Development Agency		320	–	–	–	–	–	–	–	–
Total Operating Transfers and Grants	5	24 597	35 839	35 839	226	550	8 960	(8 409)	-93,9%	35 839
Capital Transfers and Grants										
National Government:		13 836	18 274	18 274	–	–	4 568	(4 568)	-100,0%	18 274
Energy Efficiency and Demand Side Management Grant		–	–	–	–	–	–	–	–	–
Integrated City Development Grant		–	–	–	–	–	–	–	–	–
Integrated National Electrification Programme Grant		–	–	–	–	–	–	–	–	–
Municipal Infrastructure Grant		8 611	8 274	8 274	–	–	2 069	(2 069)	-100,0%	8 274
Water Services Infrastructure Grant		5 225	10 000	10 000	–	–	2 500	(2 500)	-100,0%	10 000
Provincial Government:		–	1 483	1 483	–	–	371	(371)	-100,0%	1 483
Capacity Building and Other Grants		–	–	–	–	–	–	–	–	–
Infrastructure Grant		–	1 483	1 483	–	–	371	(371)	-100,0%	1 483
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]		–	–	–	–	–	–	–	–	–
Other grant providers:		–	–	–	–	–	–	–	–	–
[insert description]		–	–	–	–	–	–	–	–	–
Product		–	–	–	–	–	–	–	–	–
Total Capital Transfers and Grants	5	13 836	19 757	19 757	–	–	4 939	(4 939)	-100,0%	19 757
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	38 432	55 596	55 596	226	550	13 899	(13 349)	-96,0%	55 596

Expenditure by type:

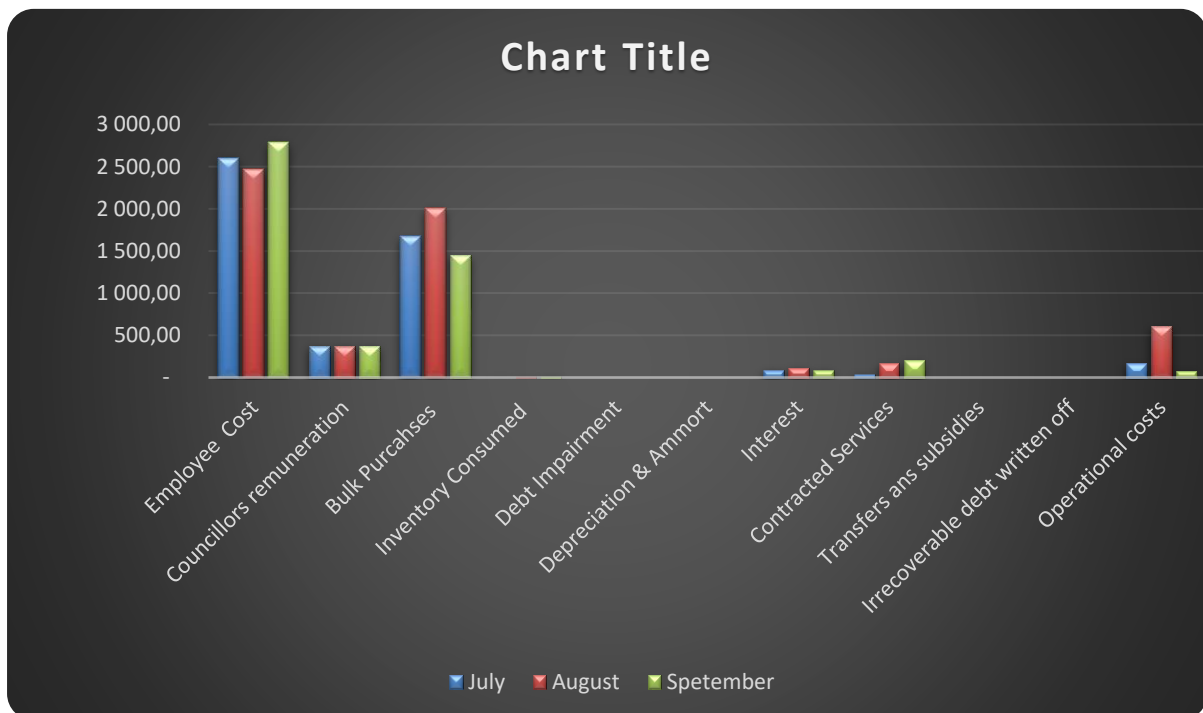
NC067 Khai-Ma - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M03 September

Description	Ref	2023/24	Budget Year 2024/25							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Expenditure By Type										
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Remuneration of councillors		4 958	3 977	3 977	375	1 126	994	132	13%	3 977
Bulk purchases - electricity		13 634	14 248	14 248	1 453	5 130	3 562	1 568	44%	14 248
Inventory consumed		176	7 170	7 170	18	35	1 793	(1 758)	-98%	7 170
Debt impairment		17 055	11 528	11 528	—	—	2 882	(2 882)	-100%	11 528
Depreciation and amortisation		5 028	6 145	6 145	—	—	1 536	(1 536)	-100%	6 145
Interest		5 363	2 352	2 352	83	282	588	(306)	-52%	2 352
Contracted services		2 686	4 039	4 039	198	402	1 010	(608)	-60%	4 039
Transfers and subsidies		—	—	—	—	—	—	—	—	—
Irrecoverable debts written off		—	—	—	—	—	—	—	—	—
Operational costs		9 948	13 269	13 269	779	1 554	3 317	(1 764)	-53%	13 269
Losses on Disposal of Assets		53	—	—	—	—	—	—	—	—
Other Losses		159	—	—	—	—	—	—	—	—
Total Expenditure		90 731	102 521	102 521	5 694	16 378	25 630	(9 252)	-36%	102 521

The total budget expenditure for the current year is R102 521 000.00. To date, the total amount spent on the operating budget is R16 378 000 or 15.9% of the annual operating budget.

Employee related costs contribute R7 850 000.00 of the total spent followed by Remuneration of councillors with R1 126 000 and R5 130 000 expenditure on bulk purchases.

Below is the graphic analysis of the operating expenditure for the first quarter.



Variances Below/above 10% - Operating Expenditure

1. Expenditure below the expected budget by -21% is due to funded posts that are not filled, e.g. the Chief Financial officer posts.
2. Bulk Purchases – September ESKOM Invoice was higher; however, this maybe be due to high usage of electricity during the cold season, expenses are expected to self-correct and normalise during the summer season.
3. Remuneration of councillors – The remuneration of councillor's amount to R1 126 000.00
4. Inventory Consumed –The inventory consumed amount to R35 000.00
5. Debt Impairment, depreciation and amortisation are normally performed at the end of the year due to misalignment in the system.
6. Contracted services relate to all other operational payments municipality is contracted to, including preparation of AFS and others.
7. Operational Costs will self-correct and align to the budget and payments will be made accordingly.

Capital expenditure report (Annexure B – Table C5)

The Capital expenditure report shown in Annexure B has been prepared on the basis of the format required by the National Treasury.

The summary report below shows the capital funding sources

NC067 Khai-Ma - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M03 September

Vote Description	Ref	2023/24	Budget Year 2024/25							Full Year Forecast
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
R thousands	1									
Multi-Year expenditure appropriation	2									
Vote 01 - Municipal Manager		-	-	-	-	-	-	-		-
Vote 02 - Finance		-	-	-	-	-	-	-		-
Vote 03 - Corporate Services		-	-	-	-	-	-	-		-
Vote 04 - Infrastructure Development		-	-	-	-	-	-	-		-
Vote 05 - Economic Development		-	-	-	-	-	-	-		-
Vote 06 - .		-	-	-	-	-	-	-		-
Vote 07 - .		-	-	-	-	-	-	-		-
Vote 08 - .		-	-	-	-	-	-	-		-
Vote 09 - .		-	-	-	-	-	-	-		-
Vote 10 - .		-	-	-	-	-	-	-		-
Vote 11 - .		-	-	-	-	-	-	-		-
Vote 12 - .		-	-	-	-	-	-	-		-
Vote 13 - .		-	-	-	-	-	-	-		-
Vote 14 - .		-	-	-	-	-	-	-		-
Vote 15 - Other		-	-	-	-	-	-	-		-
Total Capital Multi-year expenditure	4,7	-	-	-	-	-	-	-		-
Single Year expenditure appropriation	2									
Vote 01 - Municipal Manager		295	320	320	22	23	80	(57)	-71%	320
Vote 02 - Finance		808	-	-	-	-	-	-		-
Vote 03 - Corporate Services		-	-	-	-	-	-	-		-
Vote 04 - Infrastructure Development		15 581	13 807	13 807	176	4 127	3 452	676	20%	13 807
Vote 05 - Economic Development		-	-	-	-	-	-	-		-
Vote 06 - .		-	-	-	-	-	-	-		-
Vote 07 - .		-	-	-	-	-	-	-		-
Vote 08 - .		-	-	-	-	-	-	-		-
Vote 09 - .		-	-	-	-	-	-	-		-
Vote 10 - .		-	-	-	-	-	-	-		-
Vote 11 - .		-	-	-	-	-	-	-		-
Vote 12 - .		-	-	-	-	-	-	-		-
Vote 13 - .		-	-	-	-	-	-	-		-
Vote 14 - .		-	-	-	-	-	-	-		-
Vote 15 - Other		-	-	-	-	-	-	-		-
Total Capital single-year expenditure	4	16 684	14 127	14 127	198	4 151	3 532	619	18%	14 127
Total Capital Expenditure		16 684	14 127	14 127	198	4 151	3 532	619	18%	14 127
Capital Expenditure - Functional Classification										
Governance and administration		1 102	320	320	22	23	80	(57)	-71%	320
Executive and council		295	320	320	22	23	80	(57)	-71%	320
Finance and administration		808	-	-	-	-	-	-		-
Internal audit		-	-	-	-	-	-	-		-
Community and public safety		-	-	-	-	-	-	-		-
Community and social services		-	-	-	-	-	-	-		-
Sport and recreation		-	-	-	-	-	-	-		-
Public safety		-	-	-	-	-	-	-		-
Housing		-	-	-	-	-	-	-		-
Health		-	-	-	-	-	-	-		-
Economic and environmental services		-	-	-	-	-	-	-		-
Planning and development		-	-	-	-	-	-	-		-
Road transport		-	-	-	-	-	-	-		-
Environmental protection		-	-	-	-	-	-	-		-
Trading services		15 581	13 807	13 807	176	4 127	3 452	676	20%	13 807
Energy sources		-	1 483	1 483	-	-	371	(371)	-100%	1 483
Water management		15 581	12 324	12 324	176	4 127	3 081	1 046	34%	12 324
Waste water management		-	-	-	-	-	-	-		-
Waste management		-	-	-	-	-	-	-		-
Other		-	-	-	-	-	-	-		-
Total Capital Expenditure - Functional Classification	3	16 684	14 127	14 127	198	4 151	3 532	619	18%	14 127
Funded by:										
National Government		15 581	13 807	13 807	176	4 127	3 452	676	20%	13 807
Provincial Government		-	-	-	-	-	-	-		-
District Municipality		-	-	-	-	-	-	-		-
Transfers and subsidies - capital (monetary allocations) (Nat/ Prov Departm		-	-	-	-	-	-	-		-
Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educ Institutions)		-	-	-	-	-	-	-		-
Transfers recognised - capital		15 581	13 807	13 807	176	4 127	3 452	676	20%	13 807
Borrowing	6	156	-	-	-	-	-	-		-
Internally generated funds		946	320	320	22	23	80	(57)	-71%	320
Total Capital Funding		16 684	14 127	14 127	198	4 151	3 532	619	18%	14 127

Total quarter 1 capital actual expenditure for the municipality amounts to R4 151 million against year to date budget of R14 127 million for the period under review.

Grants Reconciliation:

Municipal Infrastructure Grant

Date	Description	Received	Payment	Remaining
12/07/2024	Grant	3 700 000.00		
20/09/2024	Grant	3 200 000.00		
01/10/2024	Grant Expenditure		3 873 882,38	
TOTAL		6 900 000.00	3 873 882.38	3 026 117,62

Water Services Infrastructure Grant

Date	Payment Batch	Description	Received	Payment	Remaining
25/07/2024		Grant	5 000 000.00		
02/08/2024	Grant Expenditure			280 446.69	
06/08/2024	Grant Expenditure			844 380.57	
06/08/2024	Grant Expenditure			3 419 060.09	
27/09/2024	Grant Expenditure			202 542.20	
TOTAL			5 000 000.00	4 746 429,55	253 570,45

Debtors

AD : AGE ANALYSIS OF DEBTORS (All values in Rand)

Save File as : Muncde_AD_ccyy_Mnn.XLS (e.g.: GT411_AD_2005_M10)

Change Year End (ccyy) to Financial Year End (e.g.: 2005 for year 2004/2005) and Month End (Mnn) to Active Month (M01=July...M12=June)(e.g.: M10)

Change Muncde to your own municipal code (e.g.: GT411)

To Save File press the following keys at the same time with Caps Lock off: Ctrl Shift S

Year End	Month End	Mun	Item	Detail	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 -	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy
2025	M03	NC067	1100	Debtors Age Analysis By Income Source											
			1200	Trade and Other Receivables from Exchange Transactions - Water	1 444 159	671 038	596 341	721 057	720 121	743 844	1 181 966	54 154 476	60 233 002	0	67 781 896
			1300	Trade and Other Receivables from Exchange Transactions - Electricity	1 040 845	296 440	149 079	194 559	152 066	68 079	71 862	1 389 514	3 362 444	0	4 014 922
			1400	Receivables from Non-exchange Transactions - Property Rates	7 367 006	98 785	91 780	77 985	73 671	71 694	71 089	8 421 969	16 273 981	0	7 878 413
			1500	Receivables from Exchange Transactions - Waste Water Management	435 701	188 865	165 646	161 106	158 142	157 443	155 208	9 020 156	10 442 268	0	4 465 840
			1600	Receivables from Exchange Transactions - Waste Management	408 050	180 918	166 068	160 454	157 676	156 536	156 446	8 948 477	10 334 625	0	5 098 095
			1700	Receivables from Exchange Transactions - Property Rental Debtors	52 572	25 724	37 391	33 810	33 810	36 010	33 483	974 880	1 227 678	0	0
			1810	Interest on Arrear Debtor Accounts	1 754 280	770 362	831 597	820 525	808 984	795 818	785 398	35 352 936	41 919 899	0	0
			1820	Recoverable unauthorised, irregular or fruitless and wasteful Expenditure	0	0	0	0	0	0	0	0	0	0	0
			1900	Other	0	0	0	0	0	0	0	882 446	882 446	0	0
			2000	Total By Income Source	12 502 614	2 232 132	2 037 902	2 169 496	2 104 469	2 029 424	2 455 452	119 144 855	144 676 345	0	89 239 166
			2100	Debtors Age Analysis By Customer Group											
			2200	Organs of State	369 070	112 007	67 360	72 458	51 409	30 112	28 554	344 071	1 075 041	0	86 100
			2300	Commercial	1 830 188	287 226	199 588	244 850	200 687	137 675	134 513	3 586 330	6 621 056	0	6 346 542
			2400	Households	10 303 357	1 832 899	1 770 955	1 852 188	1 852 373	1 861 637	2 292 386	115 214 454	136 980 247	0	86 694 101
			2500	Other	0	0	0	0	0	0	0	0	0	0	0
			2600	Total By Customer Group	12 502 614	2 232 132	2 037 902	2 169 496	2 104 469	2 029 424	2 455 452	119 144 855	144 676 345	0	93 126 743

The total debtors at the end of September 2024 amount to R144 676 345.00 with the majority of the debt owned by household at the amount of R136 980 247.00 Organs of state R1 075 041.00 and Commercial R6 621 056.00

Debt write policy have been developed and will within the 2024/25 financial year prepare a debtors write off, based on the prescripts of the debt write off policy

Creditors.

TOP 5 CREDITORS					
NO	DESCRIPTION	SEPTEMBER CLOSING BALANCE	CHARGES FOR THE MONTH	PAYMENTS	CLOSING BALANCE
1.	ESKOM BULK ACCOUNT	46 427 441,02	5 781 457	-5 781 457	46 539 196,69
2.	VAAL CENTRAL WATER	26 089 077,09	2 072 222.65	-2 072 222.65	26 089 077.09
3.	AGSA	5 630 846,94	787 456,29	-500 000,00	5 918 302,23
4.	SALGA	3 316 177	-	-	3 316 177
5.	DEPT TRANSPORT	6 082 846.70	-	-	6 082 846.70
TOTAL		87 546 388.75	2 918 406.32	8 353 6790.65	84 879 423.71

The Bulk Water and Bulk Electricity accounts remain a challenge for Khai-Ma Municipality as we cannot generate enough revenue from the service charges to settle these accounts. The accounts is at R 46 539 million and R 26,089 million respectively.

However, efforts have been made to try and make payments to the bulk accounts, we can safely report that all current account for the first quarter has been fully paid

About R8 300 Million has been spend on top 5 creditors and the above does not include payments to other creditors

e.g A payment of R250 000 made to the district municipaluty for appointing consultants to prepare AFS and Asset register; Pieter Van Der Merwe has also been paid in full for the R700 000 that was owed tio him.

Council to note that all this payment has been made in the first quarter with only R3 million plus in cash having being collected, which emphasises the over dependency on government grants for effective and efficient service delivery including the payment of the bulk creditors.

Debt Relief Reporting has been prepared and reported separately to council.

The performance indicators for the period are as follows:

NC067 Khai-Ma - Supporting Table SC2 Monthly Budget Statement - performance indicators - M03 September

Description of financial indicator	Basis of calculation	Ref	2023/24	Budget Year 2024/25			
			Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
<u>Borrowing Management</u>							
Capital Charges to Operating Expenditure	Interest & principal paid/Operating Expenditure		5,9%	8,3%	8,3%	1,7%	6,2%
Borrowed funding of 'own' capital expenditure	Borrowings/Capital expenditure excl. transfers and grants		0,9%	0,0%	0,0%	0,0%	0,0%
<u>Safety of Capital</u>							
Debt to Equity	Loans, Accounts Payable, Overdraft & Tax Provision/ Funds & Reserves		337,6%	172,5%	172,5%	332,2%	172,5%
Gearing	Long Term Borrowing/ Funds & Reserves		0,0%	0,0%	0,0%	0,0%	0,0%
<u>Liquidity</u>							
Current Ratio	Current assets/current liabilities	1	-12,5%	22,7%	22,7%	34,1%	22,7%
Liquidity Ratio	Monetary Assets/Current Liabilities		-30,3%	-11,0%	-11,0%	-8,4%	-11,0%
<u>Revenue Management</u>							
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/ Last 12 Mths Billing						
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue		10,5%	31,1%	31,1%	114,5%	31,1%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old		0,0%	0,0%	0,0%	0,0%	0,0%
<u>Creditors Management</u>							
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA s 65(e))						
<u>Funding of Provisions</u>							
Percentage Of Provisions Not Funded	Unfunded Provisions/Total Provisions						
<u>Other Indicators</u>							
Electricity Distribution Losses	% Volume (units purchased and generated less units sold)/units purchased and generated	2	0,0%	0,0%	0,0%	0,0%	0,0%
Water Distribution Losses	% Volume (units purchased and own source less units sold)/Total units purchased and own source	2	0,0%	0,0%	0,0%	0,0%	0,0%
Employee costs	Employee costs/Total Revenue - capital revenue		44,1%	46,5%	46,5%	46,1%	46,5%
Repairs & Maintenance	R&M/Total Revenue - capital revenue		2,0%	3,0%	3,0%	1,4%	3,0%
Interest & Depreciation	I&D/Total Revenue - capital revenue		14,5%	9,9%	9,9%	1,7%	7,4%
<u>IDP regulation financial viability indicators</u>							
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year						
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services						
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure						

NC067 Khai-Ma - Table C7 Monthly Budget Statement - Cash Flow - M03 September

Description	Ref	2023/24	Budget Year 2024/25							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		-	6 535	6 535	292	841	1 634	(792)	-48%	6 535
Service charges		-	18 664	18 664	874	2 623	4 666	(2 043)	-44%	18 664
Other revenue		-	5 090	5 090	749	2 110	1 273	837	66%	5 090
Transfers and Subsidies - Operational		-	42 308	42 308	-	2 900	10 577	(7 677)	-73%	42 308
Transfers and Subsidies - Capital		-	8 798	8 798	3 200	3 200	2 200	1 000	45%	8 798
Interest								-		
Dividends								-		
Payments										
Suppliers and employees		-	(80 674)	(80 674)	(9 946)	(27 140)	(20 168)	6 972	-35%	(80 674)
Interest		-	(2 352)	(2 352)	-	-	(588)	(588)	100%	(2 352)
Transfers and Subsidies								-		
NET CASH FROM/(USED) OPERATING ACTIVITIES		-	(1 630)	(1 630)	(4 831)	(15 466)	(408)	15 058	-3695%	(1 630)
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE								-		
Decrease (increase) in non-current receivables								-		
Decrease (increase) in non-current investments								-		
Payments										
Capital assets		-	(14 127)	(14 127)	(198)	(4 151)	(3 532)	619	-18%	(14 127)
NET CASH FROM/(USED) INVESTING ACTIVITIES		-	(14 127)	(14 127)	(198)	(4 151)	(3 532)	619	-18%	(14 127)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans								-		
Borrowing long term/refinancing								-		
Increase (decrease) in consumer deposits		-	11	11	(4)	(5)	3	(8)	-285%	11
Payments										
Repayment of borrowing								-		
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	11	11	(4)	(5)	3	8	285%	11
NET INCREASE/(DECREASE) IN CASH HELD		-	(15 746)	(15 746)	(5 032)	(19 621)	(3 936)			(15 746)
Cash/cash equivalents at beginning:		856	4 946	4 946	(13 721)	868	4 946			868
Cash/cash equivalents at month/year end:		856	(10 800)	(10 800)	(18 753)	(18 753)	1 010			(14 878)

Due to the limitations of the current financial system, it should be noted that the Cash Flow Statement is not credible. The municipality is in discussion with Business Connection on the possible upgrade or change of the financial system, however funding is a major issue at this stage.

The municipality had a negative cashflow of -R4 ,151 million as at 30 September 2024.

Council should however still not that the municipality's problem at this stage remain its ability not to be able to generate or collect sufficient cash due to socio-economic circumstances which include unemployment.

Employee costs

NC067 Khai-Ma - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M03 September

Summary of Employee and Councillor remuneration		Ref	2023/24 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	Budget Year 2024/25				
R thousands						YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast	
		1	A	B	C					D	
Councillors (Political Office Bearers plus Other)											
			3 652	3 567	3 567	265	807	892	(84)	-9%	3 567
			-	-	-	-	-	-	-	-	-
			-	-	-	-	-	-	-	-	-
			317	-	-	25	76	-	76	#DIV/0!	-
			828	410	410	66	197	103	95	92%	410
			161	-	-	19	45	-	45	#DIV/0!	-
			4 958	3 977	3 977	375	1 126	994	132	13%	3 977
		4		-19,8%	-19,8%						-19,8%
Senior Managers of the Municipality											
		3	3 248	3 671	3 671	146	584	918	(334)	-36%	3 671
			328	131	131	13	44	33	11	34%	131
			50	49	49	-	-	12	(12)	-100%	49
			-	-	-	-	-	-	-	-	-
			191	127	127	6	20	32	(11)	-36%	127
			62	63	63	5	14	16	(2)	-11%	63
			-	-	-	-	-	-	-	-	-

MFMA 66. The accounting officer of a municipality must, in a format and for periods as may be prescribed, report to the council on all expenditure incurred by the municipality on staff salaries, wages, allowances and benefits, and in a manner that discloses such expenditure per type of expenditure, namely:

- (a) salaries and wages;
- (b) contributions for pensions and medical aid;
- (c) travel, motor car, accommodation, subsistence and other allowances;
- (d) housing benefits and allowances;
- (e) overtime payments;
- (f) loans and advances; and
- (g) any other type of benefit or allowance related to staff.

Please note the figures above are subject to correction due to limitations in the financial system.

Financial Implications / recommendations

Revenue by Type:

Khai-Ma Municipality's budget is in a deficit, this is primarily because service departments are not sustainable, to increase tariffs is not a favourable solution as it only adds to the outstanding debt as the Khai-Ma area is disadvantaged by unemployment. The municipality must explore system driven solution such as 100% alignment between services billed and services use.

Water and electricity services have losses each year and the core reasons must be identified. The losses amounts to millions of rands as disclosed in the Annual Financial Statements on a year on year basis.

Expenditure by type:

Cost containment regulations should be adhered to. Expenditures relating to repairs & maintenance must be carefully monitored. Better understanding of departmental budgets is vital as well as departmental meetings. Payment structures of the municipality must change, payments must be structured to be made on certain days and specific days of the month.

Monthly monitoring of activities outlined in the Budget Funding Plan.

Capital Expenditure:

Capital expenditure should be aligned to the approved DORA payment schedule. Department should re-assess on projects to determine if they are still in line for 100% expenditure by the end of the Financial Year. All necessary processes should be fast track in line with all the required legislation and with the guidance of the respective department.

Cash Flow Statement:

Expenditure should be link to the cash flow budget, once cash is less than budget corrections must be done to avoid the municipality running into cash flow problems. Municipality should strive to use cash receive wisely and for the intended purpose as planned. Municipality should strive to spend less cash than it has received to avoid going into a negative cash balance.

Revenue/Cash recovery must be structured in a manner that the old outstanding funds received will be used to either settle outstanding creditors or to fund projects that can enhance revenue recovery.

Debtors Analysis

100% billing of correct accounts for all debtors in the Khai-Ma area should be prioritised.

Constant debt collecting and implementation of the credit control should be communicated to

the community. Interdepartmental communication needs to be improved. Constant notifications to the community must improve. Community members should be invited to resolve old outstanding issues.

Creditors Analysis

Khai-Ma Municipality should capitalize on the Debt Relief programme opportunity created by National Treasury. The municipality should implement the pre-paid water meter programme efficiently and use the mechanism to enforce credit control and debt collection for the future sustainability of the municipality.

7. Conclusion

This report is in accordance compliance of section 52 of the MFMA, by providing a statement to the Council containing certain financial particulars

PREPARED BY:

Amogelang Leteane

Chief Financial Officer

DATE: 22 October 2024

KHAI-MA MUNICIPALITY QUALITY CERTIFICATE

I Samantha Tatas Titus the Municipal Manager of Khai-Ma Municipality, hereby certify that –

The Quarterly report on the implementation of the budget and financial state affairs of the municipality for the quarter ending 30 September 2024 has been prepared in accordance with the Section 52 of the Municipal Finance Management Act and regulations made under the Act.

Print name: SAMANTHA TATAS TITUS

Municipal Manager of Khai-Ma Municipality

Signature:.....

Date:

Annexures

Reports and reportable matters

The Mayor of a municipality–

(a) must provide general political guidance, over the fiscal and financial affairs of the municipality.

(b) In providing such general political guidance, may monitor and to the extent provided in this Act, oversee the exercise of responsibilities assigned in terms of this Act to the accounting officer and the chief financial officer, but may not interfere in the exercise of those responsibilities;

(c) Must take all reasonable steps to ensure that the municipality performs its constitutional and statutory functions within the limits of the municipality's approved budget

(d) Must, within 30 days report to the council on the implementation of the budget and the financial state of affairs of the municipality; and

(e) Must exercise the other powers and perform the other duties assigned to the Mayor in terms of this Act or delegated by the council to the Mayor

E.P. CLOETE

Mayor

Date: 24 October 2024