



KGATELOPELE LOCAL MUNICIPALITY

COUNCIL

REPORT TO COUNCIL ON SECTION 52(d) OF THE MUNICIPAL FINANCE MANAGEMENT ACT (MFMA)

Date: 18 October 2023

Levels: 1st Level: Council

Prepared By: Beauty Rooibaadjie

1. PURPOSE

Report to council on Section 52(d) of the Municipal Finance Management Act (MFMA) for 2023/2024 First Quarter.

2. LEGAL / STATUTORY REQUIREMENTS

Municipal Finance Management Act

3. AUTHORITY

Council

4. BACKGROUND AND REASONING

The purpose of this report is firstly to comply with Section 52(d) of the Municipal Finance Management Act (MFMA), by submission of a report to the Council on the implementation of the budget. The report provides a quarterly overview of the financial performance of the municipality, whilst it also provides a monitoring tool for Council on the non-finance indicators which is part of the Service Delivery and Budget Implementation Plan. The report's strategic objective is to ensure good governance, provide a monitor tool for financial viability as well as to provide Council with the necessary information to make informed decisions.



Posbus 43
DANIËLSKUIL
8405

Tel: (053) 384 8600

e-mail: mm.klm@kgatelopele.gov.za

P O Box 43
DANIËLSKUIL
8405

Navrae:
Dipotso:
Enquiries:

VERW./REF

Datum:
Letlha:
Date:

From the Office of the Municipal Manager

EXTRACT FROM THE MINUTES OF THE COUNCIL MEETING HELD AT 13H30 ON THE 18 OCTOBER 2023, AT COUNCIL CHAMBER, DANIELSKUIL.

RESOLUTION NO:

AGENDA ITEM/SUBJECT: REPORT ON SECTION 52(d) OF THE MUNICIPAL FINANCE MANAGEMENT ACT (MFMA)

Council at its meeting held on the 18 October 2023 considered the above matter.

Following discussion, it was

RESOLVES AS FOLLOWS:

1. THAT Council note of the Budget and Treasury Finance Management Report (MFMA Section 52 report) for the quarter ending September 2023, on the implementation of the budget and the financial state of affairs of the Municipality.
2. THAT Council note the quarterly reports tabled in terms of Section 52(d), thereafter the report be published in official website of the Municipality.

CERTIFIED A TRUE EXTRACT OF THE ORIGINAL MINUTES

NAME OF MUNICIPAL MANAGER : MR WILLIE BLUNDIN

SIGNATURE OF MUNICIPAL MANAGER :

DATE OF SIGNATURE

: 18 OCTOBER 2023

Section 52 (d) of the MFMA requires that:

The mayor of a municipality must, within 30 days of the end of each quarter, submit a report to the council on the implementation of the budget and the financial state of affairs of the municipality.

Attached please find the Section 52(d) Interest Portfolio Quarterly Report ended September 2023

DAY TO DAY					
ACCOUNT NAME	ACCOUNT NUMBER	INTEREST EARNED _ JULY 2023	INTEREST EARNED _ AUGUST 2023	INTEREST EARNED _ SEPTEMBER 2023	FIRST QUARTER 2023
CHEQUE ACCOUNT	52003878794	41 839.17	26 327.31	8 585.36	76 751.84
CORPORATE (TRAFFIC)	62798890630	12.74	11.57	-	24.31
TOTAL		41 851.91	26 338.88	-	76 776.15
SAVINGS AND INVESTMENT					
ACCOUNT NAME					
WSIG	62714846500	7.19	33 097.68	21 186.48	54 291.35
DISASTER MANAGEMENT	62822654530	8.12	8.11	7.85	24.08
EPWP	62627396915	277.10	-	1 136.88	1 413.98
FMG	62627396155	7.28	1 654.19	14 660.09	16 321.56
ENERGY	62289233547	58.07	21.32	20.56	99.95
LIBRARY	62627394498	99.34	-	-	99.34
MIG	62021476313	107 663.93	157 609.59	159 117.57	424 391.09
EQUITABLE SHARE	62627395347	20.54	21.26	21.32	63.12
7 DAYS INVESTMENT	76200036773	281 347.00	288 278.01	177 385.82	747 010.83
RETENTION	76200036773	4 580.60	9 130.85	17 551.16	31 262.61
TOTAL		394 069.17	489 821.01	391 087.73	1 274 977.91
DAY TO DAY & INVESTMENT		435 921.08	516 159.89	391 087.73	1 351 754.06

Interest Portfolio: Interest earned as at 30 September 2023 sits at a balance of R 1 351 754.06. The municipality was able to meet its monthly fixed operating commitments from cash and short – term interest received for first quarter.

Attached please find the Section 52(d) Investment Portfolio Quarter Report ended 30 September 2023

Cash Balances at end September 2023		
ACCOUNT NAME	ACCOUNT NUMBER	FIRST QUARTER 2023
CHEQUE ACCOUNT	52003878794	1 505 156.71
TOTAL		1 505 156.71
SAVINGS AND INVESTMENT		
ACCOUNT NAME		
WSIG	62714846500	1 229 306.01
DISASTER MANAGEMENT	62822654530	1 443.60
EPWP	62627396915	66 580.00
FMG	62627396155	1 495 988.74
ENERGY	62289233547	5 000.03
LIBRARY	62627394498	-
MIG	62021476313	27 661 288.56
EQUITABLE SHARE	62627395347	5 000.00
7 DAYS INVESTMENT	76200036773	26 383 977.68
RETENTION	76200036773	3 235 737.37
TOTAL		60 084 321.99
DAY TO DAY & INVESTMENT		61 589 478.70

Investment Portfolio: Cash and Cash Equivalents as at 30 September 2023 sits at a balance of R 61 589 478.70. The municipality won't be able to meet its monthly fixed operating commitments on outstanding creditors due to cash flow problems will only be able to meet the one's of capital grants and operating grants.

Attached please find the Section 52(d) Revenue Reports Quarterly Report ended 30 September 2023

Description	Ref	Budget Year 2023/24								
		2022/23 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		24 653	25 468	-	2 273	7 339	6 367	972	15%	25 468
Service charges - Water		10 988	14 518	-	868	(317)	3 630	(3 947)	-109%	14 518
Service charges - Waste Water Management		4 466	7 226	-	400	1 055	1 806	(752)	-42%	7 226
Service charges - Waste management		7 617	11 542	-	697	2 078	2 885	(807)	-28%	11 542
Sale of Goods and Rendering of Services		90	56	-	7	21	14	7	50%	56
Agency services		-	100	-	-	-	25	(25)	-100%	100
Interest		-	-	-	-	-	-	-	-	-
Interest earned from Receivables		3 427	4 101	-	265	556	1 025	(469)	-46%	4 101
Interest from Current and Non Current Assets		5 605	3 570	-	399	1 337	892	-	-	3 570
Dividends		-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		149	189	-	14	41	47	(6)	-13%	189
Licence and permits		428	1 000	-	100	228	250	(22)	-9%	1 000
Operational Revenue		41	20	-	-	-	5	(5)	-100%	20
Non-Exchange Revenue										
Property rates		14 766	16 776	-	1 337	3 951	4 915	(965)	-20%	16 776
Surcharges and Taxes		-	9 146	-	-	-	2 286	(2 286)	-	9 146
Fines, penalties and forfeits		5	80	-	-	3	20	(17)	-	80
Licence and permits		-	-	-	-	-	-	-	-	-
Transfers and subsidies - Operational		35 663	38 448	-	-	13 924	9 612	4 312	-	38 448
Interest		1 086	1 116	-	103	215	279	(64)	-	1 116
Fuel Levy		-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		(1 338)	-	-	-	-	-	-	-	-
Other Gains		284	-	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		107 932	133 354	-	6 463	30 430	34 060	(3 630)	-11%	133 354

Revenue management report sits at 11% at the end of the first quarter, which is 14% less than what we have projected of 25%. We need to do credit control weekly so that we get what was projected on the Original Budget.

Attached please find the Section 52(d) Revenue Reports Quarterly Report ended 30 September 2023

Expenditure By Type										
Employee related costs		42 346	50 164	-	3 564	11 272	12 340	(1 068)	-9%	50 164
Remuneration of councillors		4 714	3 885	-	411	1 188	971	217	22%	3 885
Bulk purchases - electricity		24 352	25 622	-	-	7 453	6 406	1 048	-	25 622
Inventory consumed		3 438	2 100	-	3	299	525	(226)	-	2 100
Debt impairment		-	4 687	-	-	-	1 172	(1 172)	-100%	4 687
Depreciation and amortisation		14 949	15 463	-	-	-	3 866	(3 866)	-100%	15 463
Interest		2 607	1 200	-	-	135	300	(165)	-55%	1 200
Contracted services		17 542	13 951	-	1 341	3 891	3 488	403	12%	13 951
Transfers and subsidies		-	-	-	-	-	-	-	-	-
Irrecoverable debts written off		9 349	-	-	-	-	-	-	-	-
Operational costs		12 377	15 827	-	442	2 897	3 957	(1 059)	-27%	15 827
Losses on Disposal of Assets		-	-	-	-	-	-	-	-	-
Other Losses		-	-	-	-	-	-	-	-	-
Total Expenditure		131 675	132 898	-	5 762	27 134	33 024	(5 890)	-18%	132 898

Expenditure management report sits at 18% at the end of the first quarter, which is 7% less than what we have projected of 25%. More expenditure is expected to be incurred in the up-and-coming quarters as more contracts will be awarded going forward and some projects are planned to take place during the 2nd and 4th quarters as per approved procurement plan. Please note that all creditors weren't paid within 30 days as stipulated in Section 65 of the MFMA.

Attached please find the Section 52(d) Allocations and Grants Quarter Report ended 30 September 2023

Allocations	Original Budget 2023-2024	Actuals Received YTD	Actual Expenditure - September 2023	Expenditure YTD - 2023	Unspent YTD	% Expenditure Against Allocation
Financial Management Grant	3 100 000.00	3 100 000.00	1 631 593.00	1 631 593.00	1 468 407.00	53%
Library Grant	1 147 000.00	-	187 811.48	187 811.48	-	16%
EPWP	960 000.00	240 000.00	173 420.00	173 420.00	66 580.00	72%
Municipal Infrastructure Grant	8 677 000.00	800 000.00	636 352.40	636 352.40	163 647.60	80%
Water Service Infrastructure Grant	12 975 000.00	6 488 000.00	4 601 101.15	4 601 101.15	1 886 898.85	71%
Total	26 859 000.00	10 628 000.00	7 230 278.03	7 230 278.03	3 585 533.45	68%

Financial Management Grant (FMG) – The municipality had spent 53% on this grant, the municipality is on track to achieve its 100% target.

Library grant no allocation was received for first quarter but follow up emails was sent to provincial department, the R 187 811.48 will be transfer back to the main account of the municipality.

EPWP R240 000 received, expenditure for first quarter R 173 420 the municipality had spent 72% the target achieved for first quarter.

Municipal Infrastructure Grant received R 800 000, expenditure for first quarter

R 636 352.40 the municipality achieve the target of 80% but on the 22 September 2023, we didn't receive the second allocation according to payment schedule of National Treasury because there wasn't expenditure for two months July and August but follow up email was sent to National Treasury.

Water Service Infrastructure Grant the municipality received R 6 488 000, expenditure for first quarter R 4 601 101.15, the municipality had spent 71% on this grant, the spending is on track to achieve its 100% target.

The municipality has spent 68% of the allocated amount which is above 50% projected at the beginning of the financial year, more expenditure is expected to be incurred in the coming quarters as this is still first quarter.

Attached please find the Section 52(d) Outstanding debtors Report – First Quarter Report ended 30 September 2023

NC086 Kgatelopele - Supporting Table SC3 Monthly Budget Statement - aged debtors - Q1 First Quarter

Description	NT Code	Budget Year 2023/24										Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.to 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	2 233	-	646	441	670	466	3 350	14 794	22 602	19 722	-	-
Trade and Other Receivables from Exchange Transactions - Electricity	1300	1 952	-	354	189	103	113	656	3 466	6 835	4 528	-	-
Receivables from Non-exchange Transactions - Property Rates	1400	2 339	-	556	492	478	1 087	2 461	8 188	15 601	12 706	-	-
Receivables from Exchange Transactions - Waste Water Management	1500	812	-	426	225	216	210	1 535	7 221	10 644	9 406	-	-
Receivables from Exchange Transactions - Waste Management	1600	1 500	-	774	543	294	290	1 601	6 745	11 747	9 473	-	-
Receivables from Exchange Transactions - Property Rental Debtors	1700	22	-	5	2	2	2	10	37	79	52	-	-
Interest on Arrear Debtor Accounts	1810	882	-	24	359	336	332	2 463	5 573	9 970	9 064	-	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-
Other	1900	(29)	(7)	(13)	(9)	(4)	(7)	(48)	1 205	1 088	1 137	-	-
Total By Income Source	2000	9 711	(7)	2 772	2 242	2 096	2 493	12 030	47 229	78 565	66 089	-	-
2022/23 - totals only													
Debtors Age Analysis By Customer Group													
Organs of State	2200	272	-	84	24	15	172	157	499	1 224	868	-	-
Commercial	2300	2 363	(1)	556	433	142	166	836	2 741	7 236	4 318	-	-
Households	2400	5 981	(7)	1 795	1 443	1 639	1 688	9 904	38 590	61 032	53 263	-	-
Other	2500	1 095	-	337	343	300	467	1 133	5 398	9 073	7 641	-	-
Total By Customer Group	2600	9 711	(7)	2 772	2 242	2 096	2 493	12 030	47 229	78 565	66 089	-	-

The municipality is seeing improvement in the collection rate of our debtors. Municipality is still looking for improvement in the next quarter as we have a debtor's balance of R 78 565 million. We have appointed a new det collector and we are seeing improvement in our debt collection rate.

Attached please find the Section 52(d) Outstanding Creditors – First Quarter Report ended 30 September 2023

NC086 Kgatelopele - Supporting Table SC4 Monthly Budget Statement - aged creditors - Q1 First Quarter

Description R thousands	NT Code	Budget Year 2023/24									Prior year totals for chart (same period)
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total	
Creditors Age Analysis By Customer Type											
Bulk Electricity	0100	-	4 434	-	3 898	-	-	6 384	2 138	16 854	16 854
Bulk Water	0200	-	-	-	-	-	-	-	-	-	-
PAYE deductions	0300	-	-	-	-	-	-	-	-	-	-
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-	-
Loan repayments	0600	-	-	-	-	-	-	-	-	-	-
Trade Creditors	0700	162	108	177	240	0	93	1	6 936	7 716	7 716
Auditor General	0800	117	8	-	140	125	115	2 172	8 745	11 422	11 422
Other	0900	738	441	20	372	-	(1)	-	244	1 814	1 814
Total By Customer Type	1000	1 017	4 991	196	4 650	126	207	8 557	18 062	37 806	37 806

The municipality outstanding creditors is R 37 876 million, creditors are not paid according to Section 65 of the MFMA due to cash flow problem, The municipalities highest three creditors are Eskom, Auditor general and Department Transport, Safety and Liaison

Staff Implication

Case of the Technical Manager

Financial Implications

Invoices received legal fees – R 516 754

Other Parties Consulted

1. Office of the Municipal Manager
2. Provincial Treasury

Recommendations:

1. That Council take notes of the Budget & Treasury Finance Management Report (MFMA Section 52 Report) for the quarter ending 30 September 2023 on the implementation of the budget and the financial state of affairs of the municipality and that the quarterly report tabled in the council in terms of Section 52(d) council must therefore take note this report will be published in official website of the Municipality.