MID-YEAR BUDGET ASSESSMENT REPORT

01 JULY 2024 - 31 DECEMBER 2024

GAMAGARA LOCAL MUNICIPALITY

NC453 - GAMAGARA MUNICIPALITY

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MAYOR'S FOREWORD – S72 (2024/25)

1. Introduction

Let me take this opportunity to greet you all and welcome everyone present in this important council meeting and would like to find out if there are any apologies from the colleagues.

Firstly, I would like to highlight the reason for this meeting and assure you that this meeting will have a fruitful outcome that would benefit the municipality

As you might all be aware the office of the mayor is the Centre of information for the Community and therefore it is compulsory for the mayor's office support staff to be visible at all times.

The service of this office and is to ensure that service delivery in general is not compromised and because of the inability of the consumers to pay their accounts it has become apparent that some of the municipality's legislated mandate (collection of revenue) has been affected. It is due to this reason that the office of the mayor and its council has been unable to achieve some of its objectives and particularly in the revenue collection stream.

We would like to emphasize that we acknowledge and understand the fundamental responsibility and core business of the Municipality which is service delivery and we have identified hot spots in our community for service delivery and trying our best to serve our community to achieve the required target.

Possible adjustment budget

Section 72 (3) of the Municipal Finance Management Act 56 of 2003 states that: The Accounting Officer must, as part of the review

a) make recommendations as to whether an adjustments budget is necessary: and

b) recommend revised projections for revenue and expenditure to the extent that it may be necessary.

Furthermore, Regulation 23 of the Municipal Budget and Reporting Regulations provides, inter alia, for the following: *"An adjustment budget may be tabled in the Municipal Council at any time after the Mid-year Budget and Performance Assessment has been tabled in the Council, but not later than 28 February of each year. Furthermore,* *except under certain circumstances only one adjustment budget may be tabled in Council during a financial year."*

The municipality has assessed its financial performance for the first six month and the necessary adjustments will be initiated on the financial system, from which a credible B Schedule document in the prescribed format will be generated. Furthermore, the adjustment budget strings will be submitted to National Treasury via Go-Muni Portal. Council will be informed of such if the need arises.

The Mayor of Gamagara Local Municipality (NC453)

Signature :

Date : 24/01/2025

To the Mayor

In accordance with Section 71(1) and Section 72 of the Municipal Management Act (MFMA), I submit on the state Gamagara Local Municpality's budget, reflecting the particulars up until the end of December 2024.

Section 54(1) of the MFMA requires from the mayor of the municipality to take certain actions if needed on the receipt of this report to ensure that the approved budget is implemented in accordance with the projections contained in the Service Delivery and Budget Implementation Plan (SDBIP).

Seetile .... 31 | Jan | 2025

Lebogang Seetile **Date**
Accounting Officer / Gamagara Local Municipality

COMPETENCY: MAYOR AND MAYORAL COMMITTEE

1. PURPOSE

The purpose of this report is to give an overview on the implementation of the approved annual budget 2024/25 in its mid-term ending 31 December 2024 as required by Section 72 of the Municipal Financial Management Act.

2. BACKGROUND

In terms of the provisions of sections 72 of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) the Accounting Officer of a Municipality must by 25 January of each year assess the performance of the municipality during the first half of the financial year and submit a report to the Mayor of the Municipality, the National Treasury and the relevant Provincial Treasury.

Furthermore, in terms of section 54 (1)(f) of that Act the Mayor must submit the annual performance report to Council by January of each year.

The review, which will influence and inform whether there is a need for an adjustments budget or not in terms of the MFMA S72 (3) read as follows;

The accounting officer must, as part of the review:

a) make recommendations as to whether an adjustments budget is necessary; and
b) recommend revised projections for revenue and expenditure to the extent that this may be necessary.

The monthly S71 reports which are primarily used to assess the mid-term budget and performance reflects the budget outcomes of:

- revenue anticipated to be collected and revenue as per DORA;and
- expenditure (operating and capital) as per the approved budgets.

The objective of the Act and Regulations is to secure sound and sustainable management of the budgeting and reporting practices of municipalities by establishing uniform norms and standards and other requirements for ensuring transparency, accountability and appropriate lines of responsibility in the budgeting and reporting process and other relevant matters as required by the Act.

REPORT

Section 72 of the MFMA requires that the Accounting Officer of the Municipality must by 25 January of each year assess the performance of the Muncipallity during the first half of the financial year.

This report is submitted in terms of the above-mentioned legislative requirements.

3. EXECUTIVE SUMMARY OF IN-YEAR FINANCIAL REPORTING

In compliance with Section 71 and Section 72 of the Municipal Finance Management Act and as per Schedule C of the Municipal Budget and Reporting Regulations.

REPORTING PERIOD: July - December 2024

SUMMARY OF FINANCIAL RESULTS

3.1 Operational Results

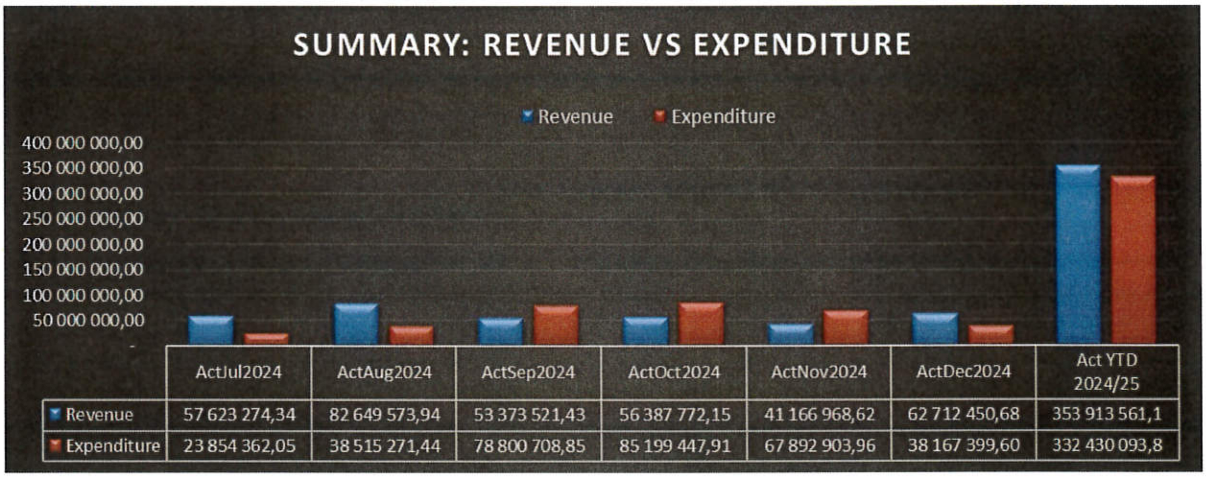
Description	Full Year Budget	Projected Budget - Dec 2024	Dec 2024 Actual	Year-to-Date Budget	Year-to-Date Actual	Monthly Budget Variance	% Monthl Spent vs
Operating Income	R767 197 341	R63 933 112	R61 588 699,00	R383 598 684,00	R350 247 573,21	-4%	96
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Income to an amount of R38 million was recognised for the month ended December 2024, with the revenue recognised for the year to date amounting to R350 million, which represents 46% of the annual budgeted revenue.There is a 4% Monthly under-collection / under-billing of revenue, however this variance is trivial and therefore below the threshold. There is continuous efforts of Revenue enhancement, which is one of the Six game changers of the Municipality (Revenue Optimization).

Expenditure to an amount of R38 million was incurred for the month ended December 2024. The Year-to-Date expenditure amounted to R332 million, which represents 40% of annual budgeted expenditure. Actual expenditure for December only accounts for 55% of Monthly Budgeted expenditure. Caution is given to all Departmental Heads to ensure that the spending reflects the plans for the year and that we spread out the spending evenly in the year and align with cashflow planning.

The diagram Below depicts the variance on the monthly revenue and expenditure:

A1 Schedule A4	ActJul2024	ActAug2024	ActSep2024	ActOct2024	ActNov2024	ActDec2024	Act YTD 2024/25	Total Bud 24/25	Full Year 4Variance	YTD Variance Shortfall
Revenue	- 57 623 274,34	- 82 649 573,94	- 53 373 521,43	- 56 387 772,15	- 41 166 968,62	- 62 712 450,68	- 353 913 561,16	- 767 197 341,00	46%	4%
Expenditure	23 854 362,05	38 515 271,44	78 800 708,85	85 199 447,91	67 892 903,96	38 167 399,60	332 430 093,81	829 968 284,00	40%	10%
TOTAL (Surplus) / Deficit	**- 33 768 912,29**	**- 44 134 302,50**	**25 427 187,42**	**28 811 675,76**	**26 725 935,34**	**- 24 545 051,08**	**- 21 483 467,35**	**62 770 943,00**	**-34%**	**-16%**



There was a Surplus of R24 million (Including Capital Receipts) for the month under review. The decrease in expenditure was mainly due to bulk electricity invoices not being capured timely. HODs are encouraged to ensure that invoices are processed timeously.

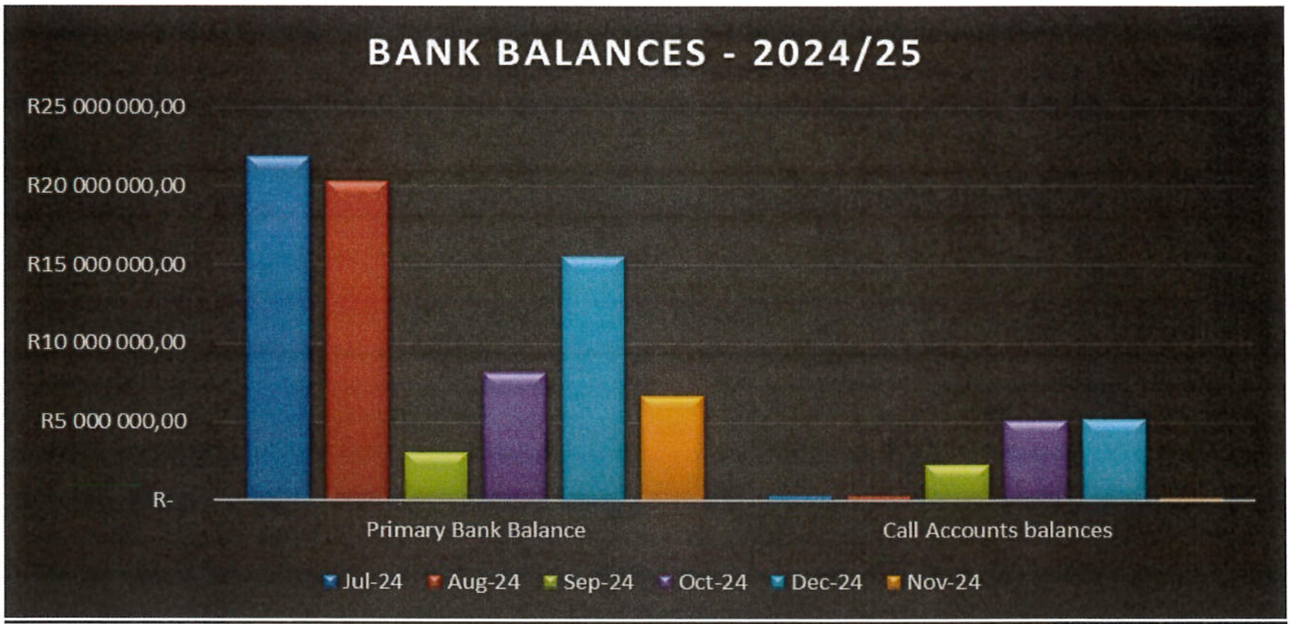
3.2 Debtors' Collection Rates (based on billed revenue)

The average collection rate for the month – 31 December 2024	85%
The average collection rate to date is	86%
The average collection rate for the month – 30 November 2024	85.5%

The municipality has a collection rate of 85% as at the end of December 2024. There was a 0.5% decrease in the collection rate when compared to November 2024, which relates mainly to the decrease in advance payments received. The average collection as at the end of December 2024 is 85%.

3.2 Cash and investments

Description	Dec-24	Nov-24	Difference	% Increase / Decrease	Jul-24	Aug-24	Sep-24	Oct-24
Bank Balance Closure	R 15 513 568,00	R 6 672 758,00	R 8 840 810,00	132%	R 21 890 176,86	R 20 317 091,45	R 3 054 555,00	R 8 132 868,00
Short-term Investment Closure	R 5 164 762,00	R 137 474,00	R 5 027 288,00	3656%	R 278 112,79	R 278 809,11	R 2 296 388,00	R 5 117 749,00
Total Cash	***R 20 678 330,00***	***R 6 810 232,00***	***R 13 868 098,00***	***204%***	***R 22 168 289,65***	***R 20 595 900,56***	***R 5 950 943,00***	**R 13 250 617,00**



Council noting:

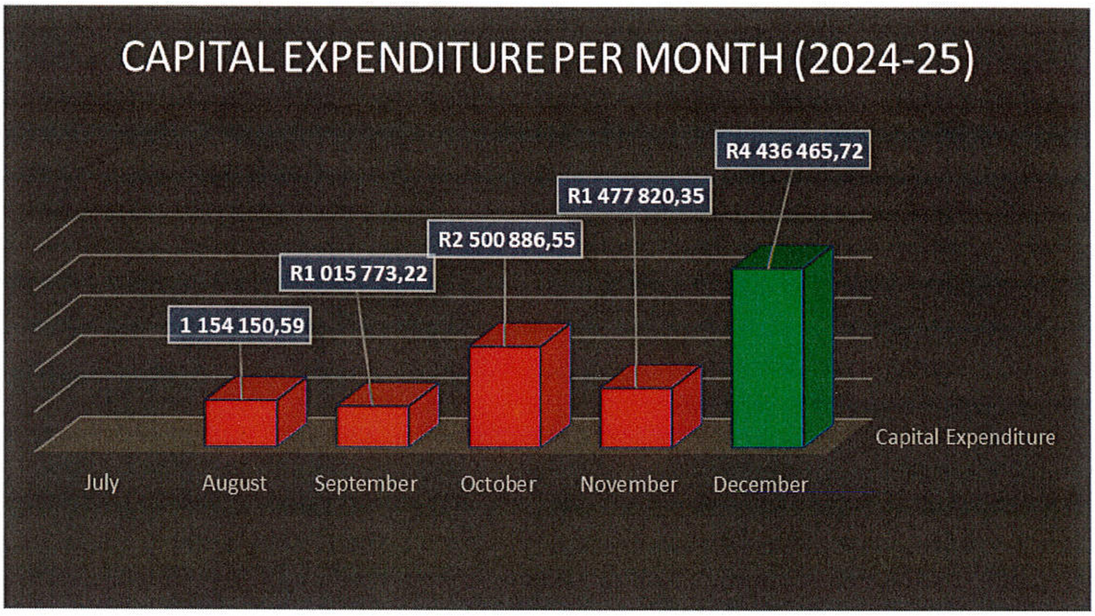
The municipality ended the month with a bank balance ***of R20 678 330*** (which includes call accounts). There was a ***204%*** increase of approximately R13 million in the cash and investment balance at the end of December 2024 compared to the November 2024 balance.

3.4 Capital Budget Results

Description	Full year Budget	Projected Budget - Dec 2024	Dec 2024 Actuals	YTD Budget	YTD Actuals	Monthly Budget Variance	% Spent to date
Capital Expenditure	R 43 464 000,00	R 3 622 000,00	R 4 436 465,72	R 21 731 994,00	R 10 581 130,11	122%	24%

Monthly expenditure summary:

Description	July	August	September	October	November	December
Capital Expenditure		1 154 150,59	R 1 015 773,22	R 2 500 886,55	R 1 477 820,35	R 4 436 465,72



The Year-to-date capital expenditure amounted to **R10.5 million** which is **24%** of the total annual budget. The monthly capital expenditure was **22%** above the monthly projected budget. Measures need to be put in place to ensure that capital projects are implemented timeously.

The resources for the projects were appropriated in the capital budget outrightly. Capital expenditure has been aligned with the overall MSCOA capitalisation treatment pertaining to National treasury asset(s) treatment, which includes but not limited to: New Projects, Upgrades, Refurbishment, renewal and/or replacement projects.

4. Supporting Documentation

4.1 Debtors analysis

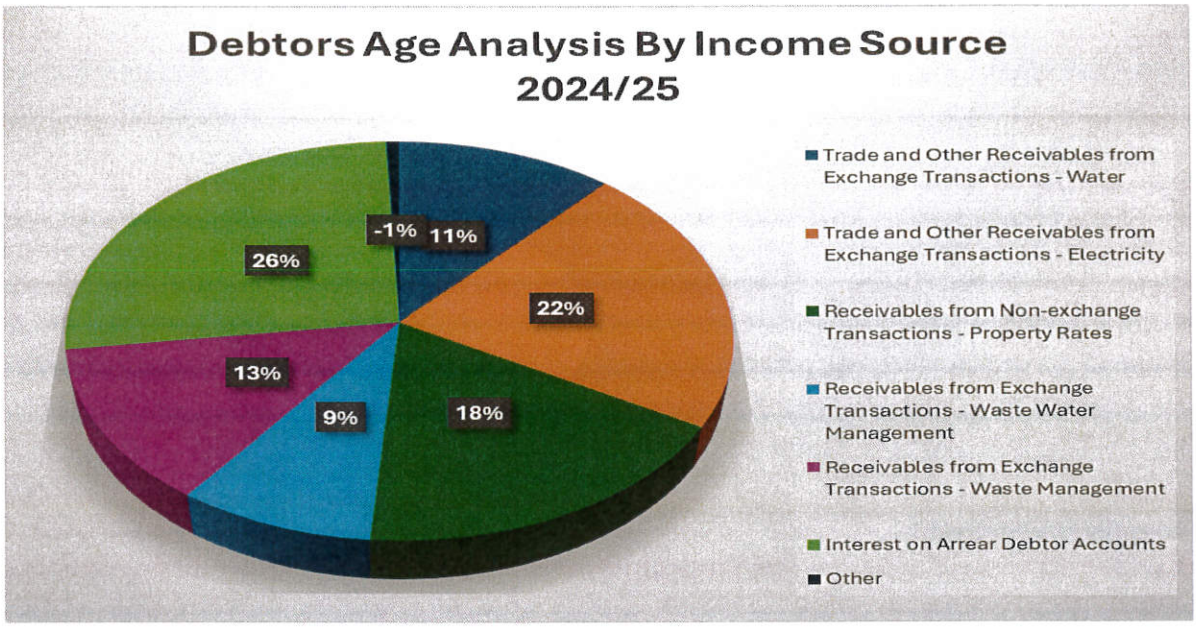
The debtors' age analysis at the end of the reporting period was as follows:

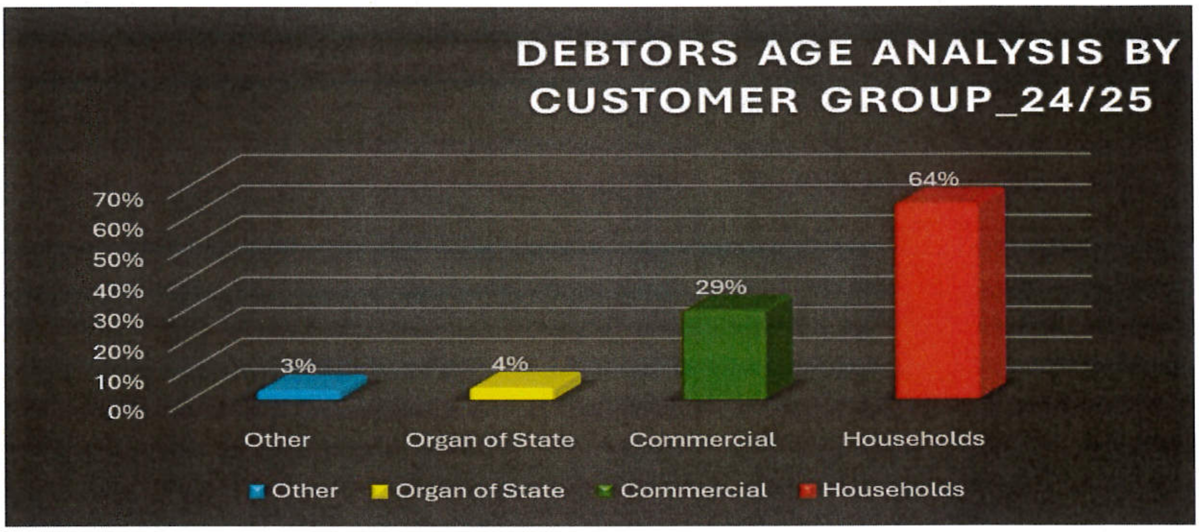
NC453 Gamagara - Supporting Table SC3 Monthly Budget Statement - aged debtors - M06 December								
Description	**Budget Year 2024/25**							
R thousands	**0-30 Days**	**31-60 Days**	**61-90 Days**	**91-120 Days**	**121-150 Dys**	**151-180 Dys**	**181 Dys-1 Yr**	**Total**
Debtors Age Analysis By Income Source								
Trade and Other Receivables from Exchange Transactions - Water	4 108 479,00	2 214 181,00	3 713 303,00	1 618 614,00	1 802 724,00	1 686 140,00	6 428 901,00	72 610 514,00
Trade and Other Receivables from Exchange Transactions - Electricity	9 311 306,00	6 126 300,00	5 962 842,00	4 437 033,00	3 846 196,00	3 237 971,00	16 762 192,00	137 939 761,00
Receivables from Non-exchange Transactions - Property Rates	11 715 447,00	4 366 001,00	3 140 341,00	2 719 299,00	2 580 460,00	5 043 128,00	12 309 667,00	112 097 087,00
Receivables from Exchange Transactions - Waste Water Management	4 051 553,00	2 414 340,00	2 360 145,00	1 875 491,00	2 058 927,00	1 967 306,00	9 021 078,00	54 858 565,00
Receivables from Exchange Transactions - Waste Management	4 343 666,00	2 516 993;00	2 314 262,00	2 121 235,00	2 204 878,00	2 178 814,00	9 770 980,00	80 411 296,00
Interest on Arrear Debtor Accounts	5 421 074,00	5 226 050,00	5 022 586,00	4 920 697,00	4 853 378,00	4 581 035,00	30 837 092,00	166 888 627,00
Other	- 18 083 255,00	1 135 254,00	994 855,00	663 674,00	564 063,00	501 581,00	5 971 161,00	- 4 200 972,00
Total By Income Source	**20 868 270,00**	**23 999 119,00**	**23 508 334,00**	**18 356 043,00**	**17 910 626,00**	**19 195 975,00**	**91 101 071,00**	**620 703 383,00**
2023/24 - totals only								-
Debtors Age Analysis By Customer Group								
Organs of State	288 961,00	620 680,00	615 694,00	594 825,00	566 526,00	2 939 490,00	5 966 012,00	23 471 180,00
Commercial	6 164 713,00	6 439 153,00	7 647 803,00	5 675 458,00	5 912 731,00	4 952 481,00	22 199 448,00	184 229 633,00
Households	5 282 350,00	16 020 680,00	14 397 118,00	11 541 075,00	10 967 584,00	10 929 116,00	57 351 633,00	394 810 412,00
Other	9 132 246,00	918 606,00	847 719,00	544 685,00	463 785,00	374 888,00	5 583 978,00	18 192 158,00
Total By Customer Group	**20 868 270,00**	**23 999 119,00**	**23 508 334,00**	**18 356 043,00**	**17 910 626,00**	**19 195 975,00**	**91 101 071,00**	**620 703 383,00**

The total receivables balance or debtors book as at the end of December 2024 amounts to R620 million with most of the debt being owed by households at R394 million or 64% of the total Debtors.

Organs of State and Commercial at 3.7% and 29.6% respectively. Other debtors only account for 2.7% of the outstanding debt. Debtors balance increased by R26 Millions in comparison with the previous Month (November – R594 Million)

The diagrams below depicts the spread of outstanding debtors by income source and customer group





From the graphs above, it can be noted that the majority of debt is from electricity, interest on outstanding debt and property rates debt. It can be further noted that households are the major contributor to the outstanding balance.

Council noting:

That it is noted that there was an increase of **4.37%** on debtors balance which is equivalent to a **R26 million** increase compared to November 2024 and the municipality has a collection rate of **85%** for December 2024. Measures need to be put in place to reduce the outstanding debt of the municipality in order to improve the financial situation.

4.2 Creditors analysis

The GLM aims to pay all creditor invoices which are not in dispute with the relevant creditor within 30 days.

The municipality owes Eskom a total debt of R 653 million. The debt was reduced by an August amount of R 31 million due to the interests that were written-of as part of the debt relief program.

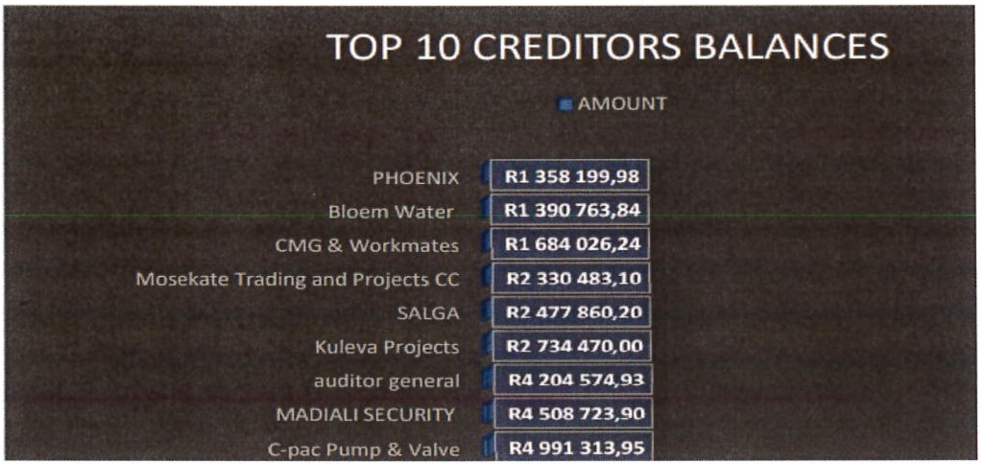
Stricter and rigorous debt collection measures have been put in place in order to pay and fulfill the ESKOM mandate of servicing the current account for 12 consecutive months.

TOP 10 Creditors

Top 10 Creditors - December 2024	AGING					
Supplier	**Current**	**01-30 days**	**31-60 days**	**61-90 days**	**91-120 days**	**12**
Eskom	R 19 197 491,31	R 19 015 877,33	R 18 437 731,75	R 16 987 913,98	R 28 471 165,98	R
Transport, Safety and Liaison - Northern cape	R 168 355,83	R 473 447,39	R 355 468,29	R 295 811,52	R 318 504,39	R
C-pac Pump & Valve	R 289 800,00	R 3 630 135,25	R 3 773 428,30	R -	R -	R
MADIALI SECURITY	R 2 804 361,95	R 1 304 361,95	R -	R -	R -	R
auditor general	R 419 621,47	R 2 200 520,53	R 1 001 681,06	R 13 836,00	R -	R
Kuleva Projects	R 2 620 850,00	R -	R -	R -	R -	R
SALGA	R -	R -	R -	R -	R 2 477 860,20	R
Mosekate Trading and Projects CC	R 463 806,04	R -	R -	R -	R -	R
CMG & Workmates	R 1 162 033,92	R -	R -	R -	R -	R

The top 10 creditors for the month ending December 2024 amounted to **R709 million** which shows an increase of **R65 million (Nov R644 million)** on top 10 creditiors compared to November 2024. **R653 Million** of the debt outstanding is owed to Eskom, and this amount continues to increase due to the municipality encountering a challenge to adhere to its payment arrangements due to moderate collection rate.

The top 10 creditors is compiled using the statements as received from the service providers, The diagram below depicts the spread of outstanding creditors:



From the diagram above, it can be noted that the highest outstanding debt the municipality owes relates to bulk electricity. The municipality has entered into a payment arrangement with Eskom (Debt Relief program),

Council noting:

Council needs to take note that there was an increase of **10%** on top 10 creditiors compared to November 2024. Repayment of creditors need to be prioritized in order for the municipality to address the unfunded status and measures must be put in place for the municipality to adhere to the payment agreements entered into with Eskom.

4.3 External Loans

External loan balances are as follows:

External Loans Liabilities (DBSA)	R 43 221 528

Payment arrangement was entered into with DBSA to make quareterly payments, the outstanding balance as at the end of December 2024 amounted to R43 221 528.

Council noting:

Council need to take note that the outstanding balance on the DBSA account amount to R43 221 528.

5. OPERATING INCOME : Actual revenue, per revenue source and explanation of variances

The revenue performance for the period to date is reflected in the table below. The one table summarises the revenue per main revenue category and the other table summarises the revenue per responsible Head of Department.

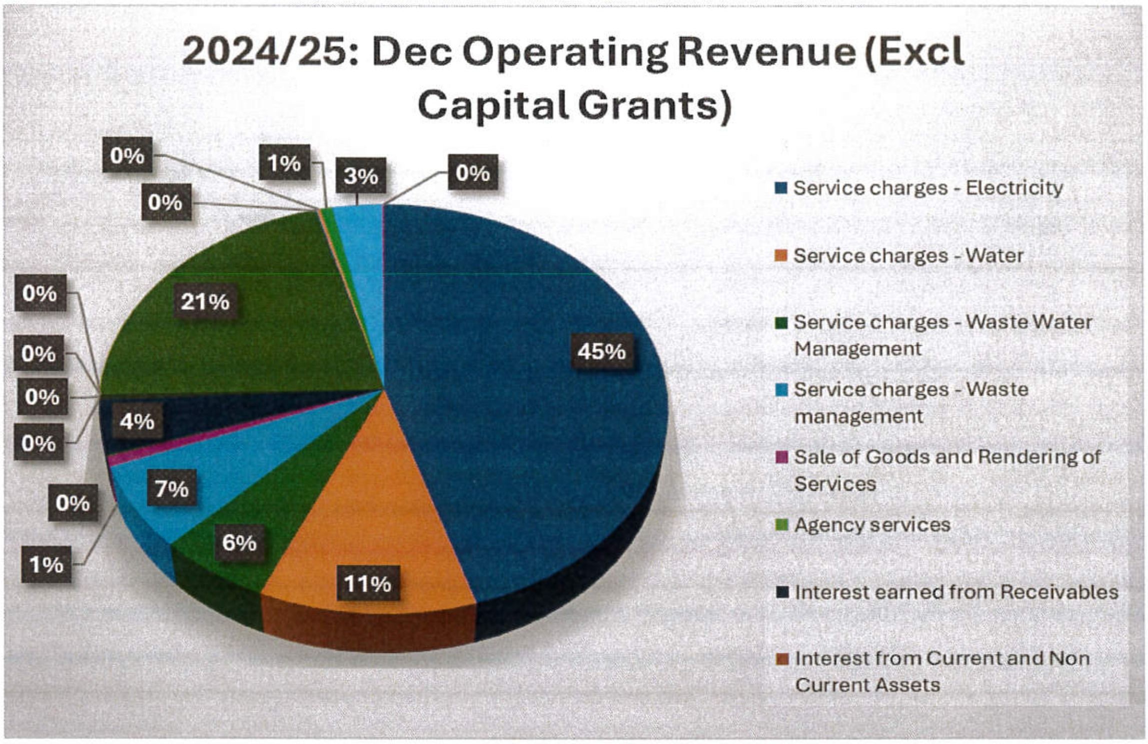
The following information is provided in each table:

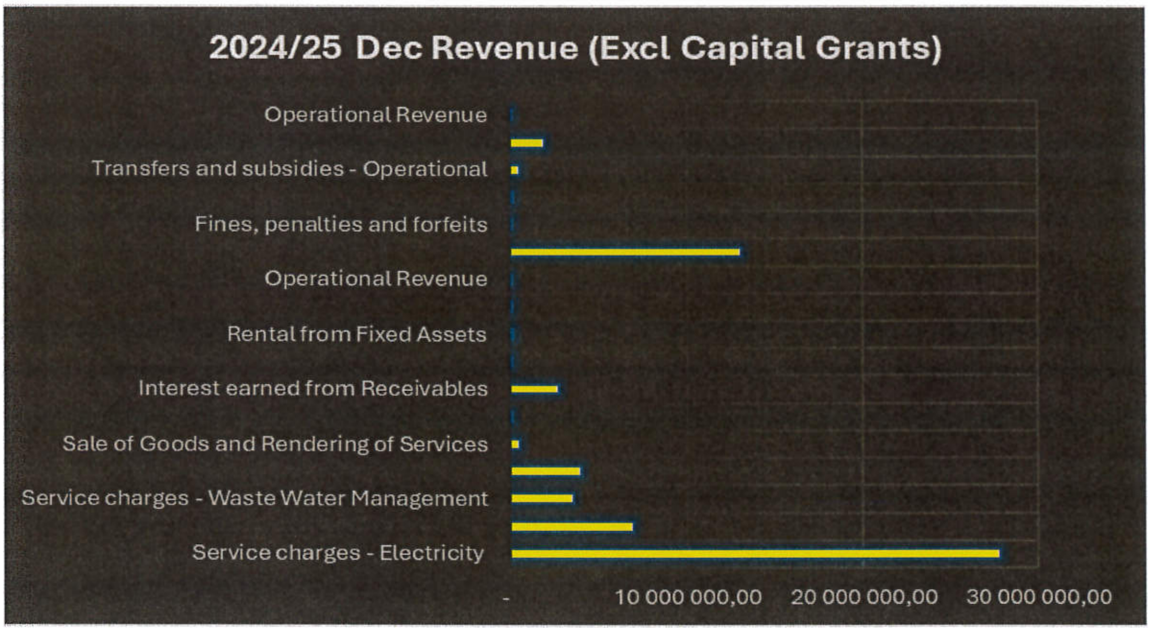
- Budget for the year
- Actual revenue for the month / quarter
- Actual revenue for the year to date
- Variance for every type of expenditure item between the current year and those of the previous year.

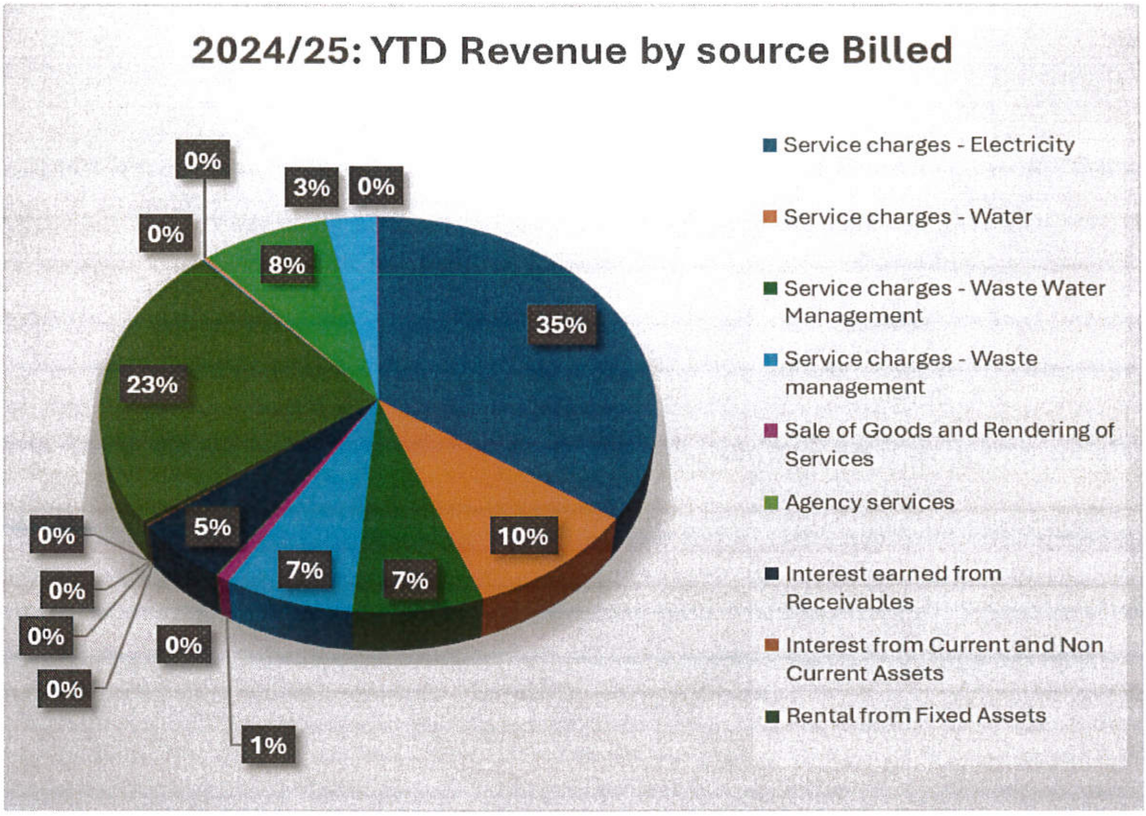
Description	Budget Year 2024/25									Budget Year 2023/24		
	Original Budget	Monthly Actual JUL	Monthly Actual AUG	Monthly Actual SEP	Monthly Actual OCT	Monthly Actual NOV	Monthly Actual DEC	YTD 2024/25		M06 Actuals (2023/24)	Variance (Dec 2024/25) Less (Dec 2023/24)	% M06 of 2023/24 to M06 of 2024/25 %
								YearTD actual	% of YTD / Total budget			
Revenue	**752 977**	**57 623**	**82 650**	**51 916**	**55 303**	**41 167**	**61 589**	**350 248**	**47%**	**43 329**	**18 260**	**42%**
Exchange Revenue												
Service charges - Electricity	250 960	21 701	22 088	20 300	19 935	10 008	27 843	121 874	49%	13 317	14 526	109%
Service charges - Water	68 717	5 301	5 147	4 651	7 754	3 558	6 976	33 386	49%	4 657	2 319	50%
Service charges - Waste Water Management	52 124	4 218	4 107	3 936	4 296	4 503	3 584	24 643	47%	3 587	(3)	0%
Service charges - Waste management	43 001	4 389	4 238	4 075	3 955	3 971	4 043	24 671	57%	3 782	261	7%
Sale of Goods and Rendering of Services	7 798	183	627	243	561	370	489	2 473	32%	152	337	222%
Agency services	594	4	47	44	42	50	48	235	40%	67	(19)	-29%
Interest earned from Receivables	36 115	3 112	3 077	3 190	3 177	3 335	2 709	18 600	52%	3 400	(691)	-20%
Interest from Current and Non Current Assets	627	41	50	46	30	63	28	258	41%	–	28	
Rental from Fixed Assets	2 003	232	97	168	223	166	167	1 053	53%	160	7	4%
Licence and permits	33	2	–	4	4	4	1	15	45%	–	1	
Operational Revenue	21 479	37	42	29	31	24	21	183	1%	25	(4)	-17%
Non-Exchange Revenue											–	
Property rates	177 554	16 346	13 497	13 136	13 113	13 085	13 083	82 260	46%	12 665	418	3%
Fines, penalties and forfeits	699	186	46	65	23	9	33	361	52%	10	23	228%
Licence and permits	1 814	26	167	145	143	146	132	759	42%	198	(66)	-34%
Transfers and subsidies - Operational	70 797	–	27 529	8	232	–	480	28 250	40%	–	480	
Interest	18 163	1 782	1 828	1 815	1 817	1 855	1 889	10 986	60%	1 253	636	51%
Operational Revenue	500	63	63	61	(32)	22	62	240	48%	56	6	11%
Total Revenue (excluding capital transfers and contributions)	**752 977**	**57 623**	**82 650**	**51 916**	**55 303**	**41 167**	**61 589**	**350 248**	**47%**	**43 329**	**18 260**	**42%**

The Municipality had a total income billed amounting to **R43 million** in December of the previous year (2023/24). For 2024/25 financial year, there was a total Income billed to an amount of **R61 million** excluding capital transfers. Revenue billed in December 2024 is higher than that of December 2023, there was a **41.8%** increase in the 2024/2025 Financial year.

The diagrams below depicts the spread of the revenue by source:


2024/25: Dec Operating Revenue (Excl Capital Grants)
45%
11%
6%
7%
4%
21%
3%
1%
0%
Service charges - Electricity
Service charges - Water
Service charges - Waste Water Management
Service charges - Waste management
Sale of Goods and Rendering of Services
Agency services
Interest earned from Receivables
Interest from Current and Non Current Assets


2024/25 Dec Revenue (Excl Capital Grants)
Operational Revenue
Transfers and subsidies - Operational
Fines, penalties and forfeits
Operational Revenue
Rental from Fixed Assets
Interest earned from Receivables
Sale of Goods and Rendering of Services
Service charges - Waste Water Management
Service charges - Electricity
-
10 000 000,00
20 000 000,00
30 000 000,00



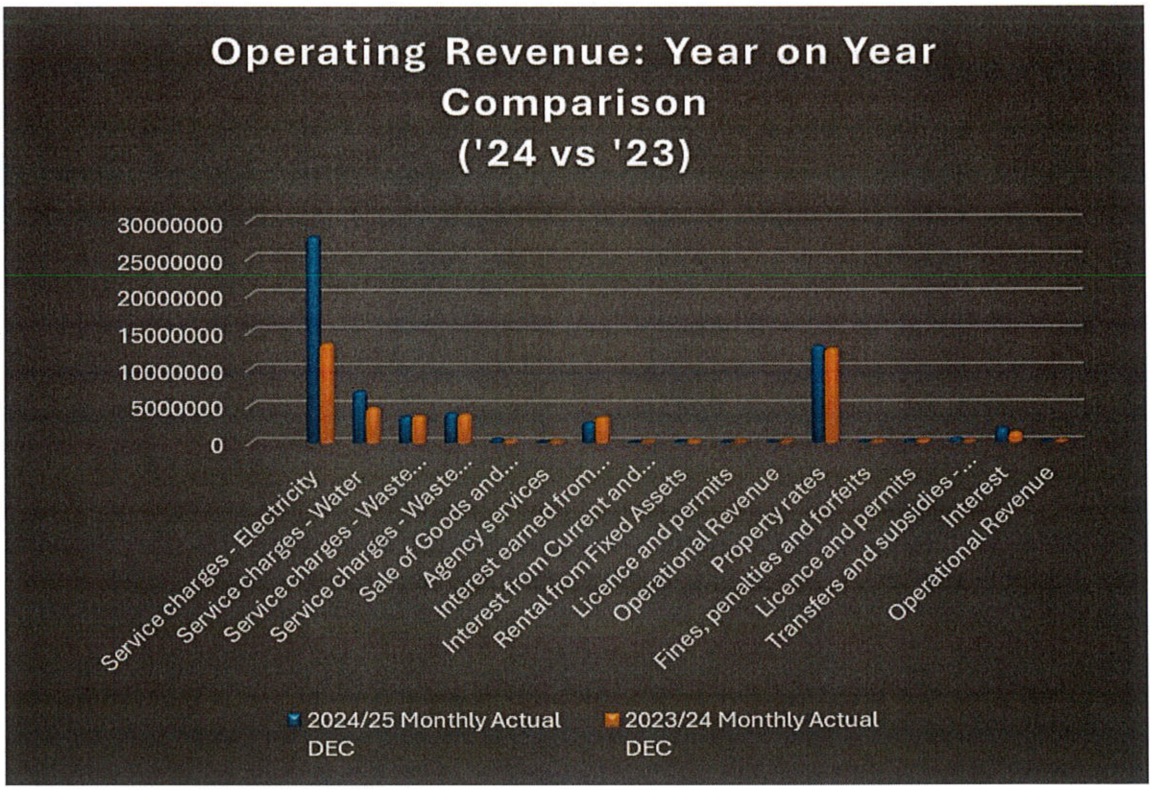
The major portion for the month of December was billed on Electricity revenue, followed by property rates. The major portion of the year-to-date revenue is billed on electricity followed by Property Rates.

Reason for variances above 10%:

Description	Budget Year 2024/25				
	Monthly Actual NOV	Monthly Actual DEC	Variance (Dec - Nov)	% of Variance (Dec-Nov)	Reasons for Variances above 10%
Exchange Revenue					
Service charges - Electricity	10 008	27 843	17 835	178%	Increase is due to Revenue enhancement carried out as part of the SDBIP Milestones, and continued efforts to eradicate Bypassing of meters.
Service charges - Water	3 558	6 976	3 418	96%	Increase is due to Revenue enhancement carried out as part of the SDBIP Milestones, and continued efforts to eradicate Bypassing of meters.
Service charges - Waste Water Management	4 503	3 584	(919)	-20%	A decrease is due to office closure coupled with many residents going on Holiday.
Service charges - Waste management	3 971	4 043	72	2%	Not Applicable as it is below the variance Threshold
Sale of Goods and Rendering of Services	370	489	119	32%	Due to an increase in building plan approvals and other miscellaneous income
Agency services	50	48	(2)	-5%	Not Applicable as it is below the variance Threshold
Interest earned from Receivables	3 335	2 709	(626)	-19%	Decrease is due to certain consumers maintaining their current accounts due to the cut offs or restrictions of services stemming from non-payment.
Interest from Current and Non Current Assets	63	28	(34)	-55%	Due to amounts spent in order to make payments to suppliers, most especially projects (Service delivery and infrastructure projects)
Rental from Fixed Assets	166	167	1	0%	Not Applicable as it is below the variance Threshold
Licence and permits	4	1	(2)	-64%	Lesser fines were issued in December
Operational Revenue	24	21	(4)	-15%	Based on Demand, less services required due to Holiday period.
Non-Exchange Revenue					
Property rates	13 085	13 083	(2)	0%	Not Applicable as it is below the variance Threshold
Fines, penalties and forfeits	9	33	24	284%	Lesser fines and penalties were issued in December due to Holiday period
Licence and permits	146	132	(14)	-10%	Not Applicable as it is below the variance Threshold
Transfers and subsidies - Operational	–	480	480	0%	Not Applicable as it is below the variance Threshold
Interest	1 855	1 889	35	2%	Not Applicable as it is below the variance Threshold
Operational Revenue	22	62	41	188%	Based on Demand, less services required due to Holiday period.
Total Revenue (excluding capital transfers and contributions)	**41 167**	**61 589**	**20 422**	**50%**	

Year on year comparison

Description	2024/25 Monthly Actual DEC	2023/24 Monthly Actual DEC
Revenue	**61 589**	**43 329**
Exchange Revenue		
Service charges - Electricity	27 843	13 317
Service charges - Water	6 976	4 657
Service charges - Waste Water Management	3 584	3 587
Service charges - Waste management	4 043	3 782
Sale of Goods and Rendering of Services	489	152
Agency services	48	67
Interest earned from Receivables	2 709	3 400
Interest from Current and Non Current Assets	28	–
Rental from Fixed Assets	167	160
Licence and permits	1	–
Operational Revenue	21	25
Non-Exchange Revenue		
Property rates	13 083	12 665
Fines, penalties and forfeits	33	10
Licence and permits	132	198
Transfers and subsidies - Operational	480	–
Interest	1 889	1 253
Operational Revenue	62	56
Total Revenue (excluding capital transfers and contributions)	**61 589**	**43 329**



<u>Council noting:</u>

Council needs to take note that the total revenue for December 2024 far exceeded that of December 2023. There was an increase of **42%.** Electricity revenue coupled with Property rates remain the highest revenue sources with the highest billing among all other revenue sources for both December 2023 and December 2024.

OPERATING EXPENDITURE : Actual expenditure, per category and explanation of variances

The expenditure performance for the period to date is reflected in the table below. The table summarises the expenditure per main expenditure category.

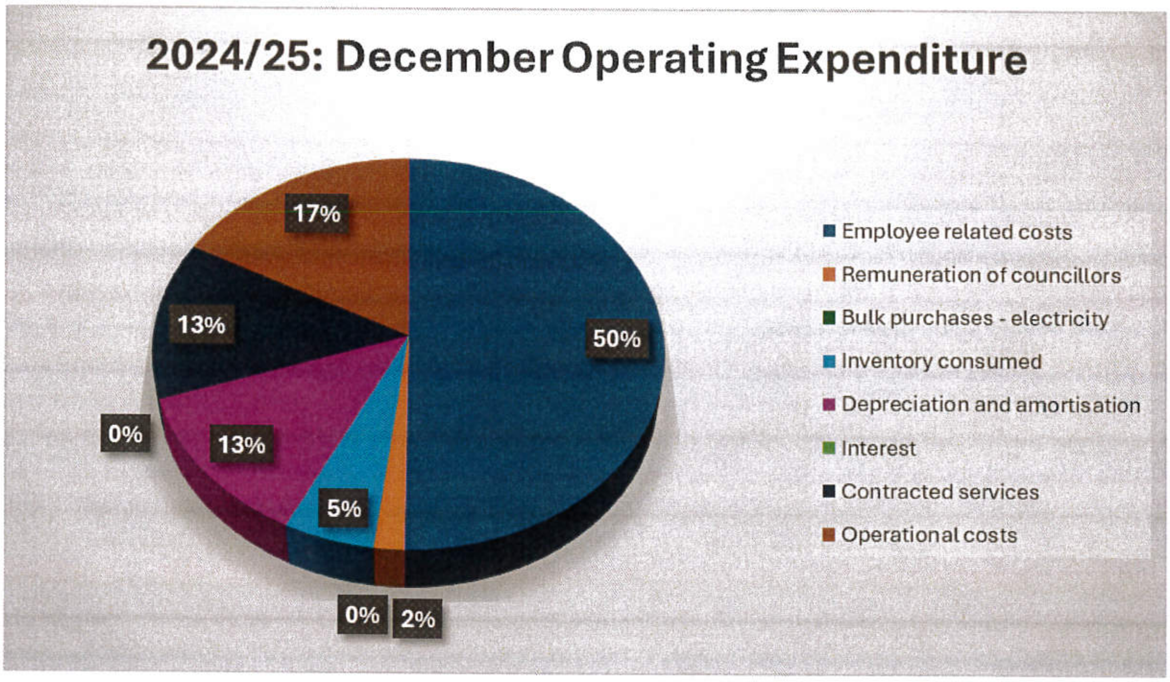
The following information is provided in each table:

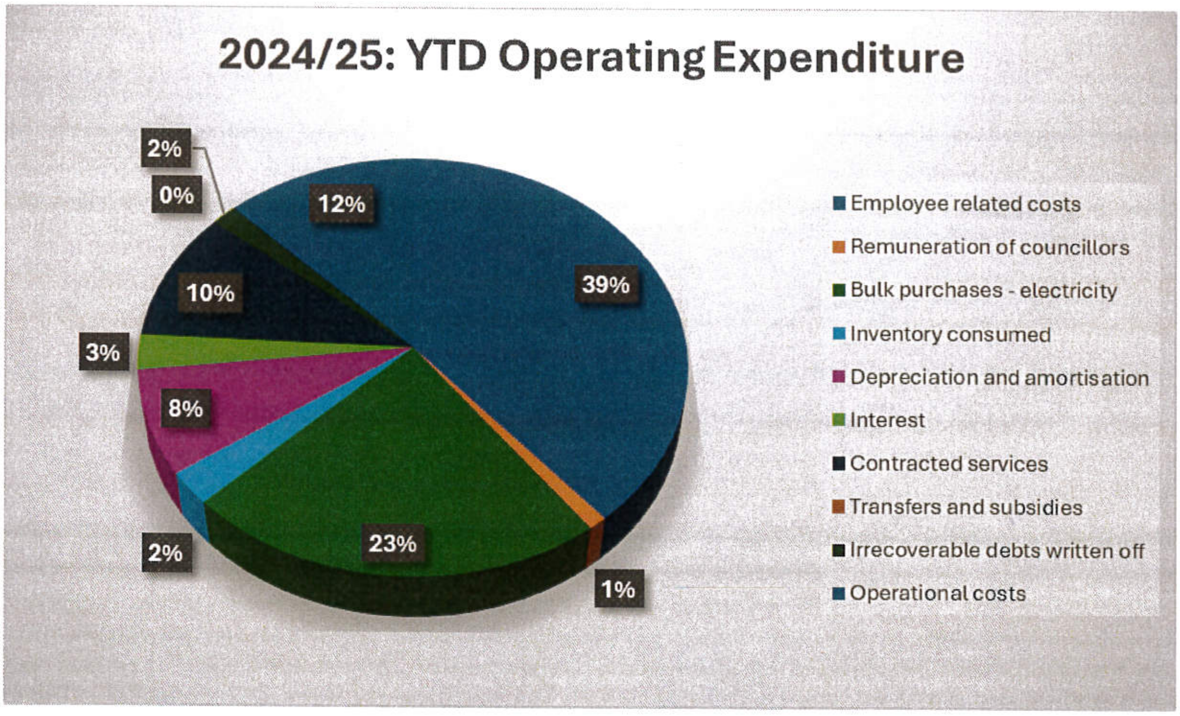
- Budget for the year
- Actual expenditure for the month
- Actual expenditure for the year to date
- Variance between current year figures and those of the previous year

Description	Budget Year 2024/25									Budget Year 2023/24		
	Original Budget	Monthly Actual JUL	Monthly Actual AUG	Monthly Actual SEP	Monthly Actual OCT	Monthly Actual NOV	Monthly Actual DEC	YTD 2024/25 YearTD actual	YTD 2024/25 % of YTD / Total budget	M06 Actuals (2023/24)	Variance (Dec 2024/25) Less (Dec 2023/24)	% M06 of 2023/24 to M06 of 2024/25
Expenditure	829 968	23 854	38 515	78 801	85 199	67 893	38 167	332 430	357%	16 484	21 683	18678%
Expenditure By Type												
Employee related costs	282 209	19 214	19 048	21 097	19 623	30 608	19 163	128 752	46%	106	19 057	17978%
Remuneration of councillors	6 831	524	524	581	524	524	676	3 355	49%	–	676	
Bulk purchases - electricity	191 095	–	–	22 657	39 473	13 758	–	75 888	40%	–	–	
Inventory consumed	24 362	654	1 131	1 453	1 672	1 545	2 002	8 458	35%	357	1 645	461%
Debt impairment	24 547	–	–	–	–	–	–	–	0%	–	–	
Depreciation and amortisation	55 155	–	–	12 432	4 747	4 747	4 747	26 673	48%	5 596	(849)	-15%
Interest	25 250	–	4	2 417	3 924	2 617	8	8 970	36%	3	5	182%
Contracted services	103 400	1 824	7 210	7 416	4 790	7 557	5 011	33 809	33%	7 178	(2 167)	-30%
Transfers and subsidies	500	–	–	–	16	–	–	16	3%	–	–	
Irrecoverable debts written off	23 890	–	–	5 341	–	–	–	5 341	22%	–	–	
Operational costs	91 050	1 638	10 598	5 406	10 429	6 536	6 560	41 167	45%	3 244	3 316	102%
Other Losses	1 678										–	
TOTAL EXPENDITURE	829 968	23 854	38 515	78 801	85 199	67 893	38 167	332 430	0	16 484	21 683	0

Expenditure totalling R38 million was incurred during December 2024 and R332 million has been spent to date. Expenditure incurred during December 2024 is 137% higher than the expenditure incurred in the previous year December 2023, due to the non capturing of the electricity (Eskom) invoice, and other expenditure items. The transactions for December 2023 were understated.

The diagrams below depicts the spread of the operating expenditure:





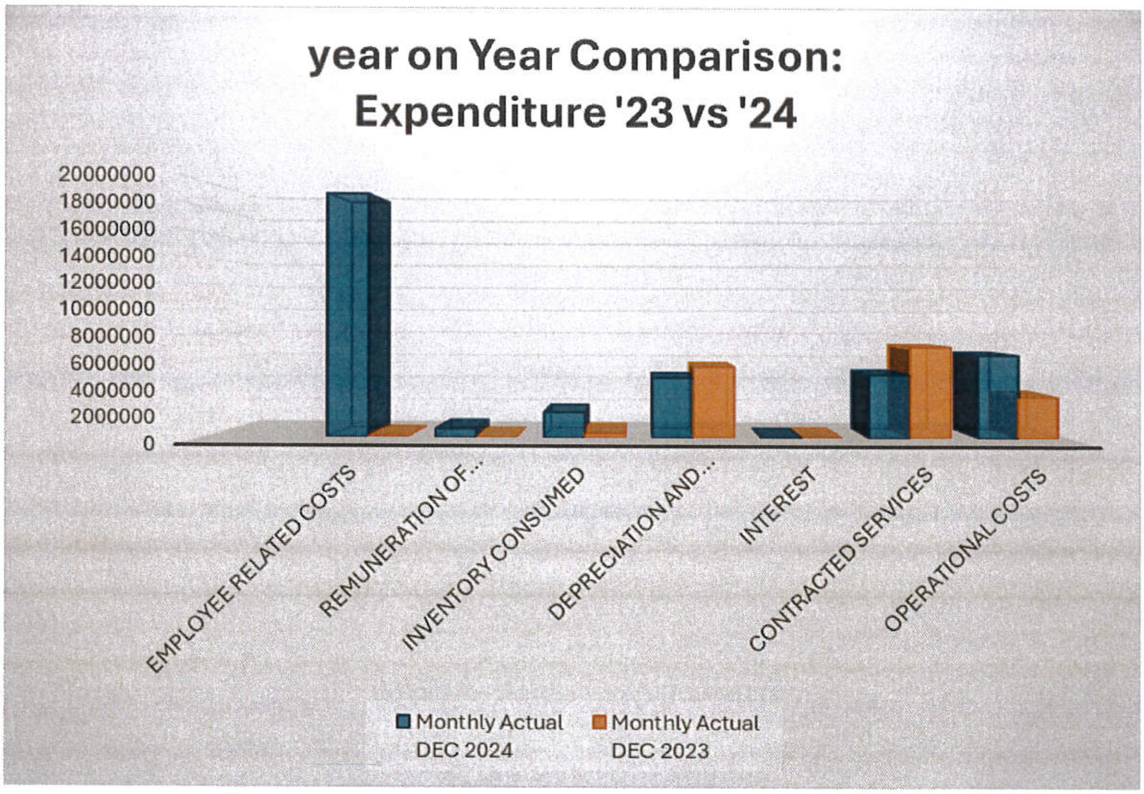
From the graphs above, it can be noted that during December 2024, the major expenditure item relates to employee related costs. On the year-to-date graph it is noted that the major expenditure for the year-to-date relate to Employee related costs and this is due to non-capturing of invoices and other expenditure transactions that lead to an understatement of other expenditure items such as Bulk-Purchases (Elesctricity).

Reason for variances (10%):

Description	Budget Year 2024/25				
	Monthly Actual NOV	Monthly Actual DEC	Variance 2024/25 (NOV-DEC)		Reasons for Variances above 10%
			Variance	% Incr / (Decr)	
Expenditure	**67 893**	**38 167**	**(29 726)**	**-212%**	
Employee related costs	30 608	19 163	(11 445)	-37%	The difference is due to employee savings that were paid out in december. Deductions are done during the year and paid out in Dec/Jan
Remuneration of councillors	524	676	152	29%	This comprises other expencidure items relating to remuneration of Councillors which accounted for an additional 29% in comparison with November 2024,
Bulk purchases - electricity	13 758	–	(13 758)	-100%	The difference is due to the December invoices were not captured.
Inventory consumed	1 545	2 002	456	30%	The inventory consumed is dependent upon requirements from user departments, there were more inventory items needed in December 2024, as opposed to November 2024,
Debt impairment	–	–	–		To be brought in at year end
Depreciation and amortisation	4 747	4 747	–	0%	Not Applicable as it is below the variance Threshold
Interest	2 617	8	(2 609)	-100%	The difference is due to the December invoices were not captured.
Contracted services	7 557	5 011	(2 546)	-34%	Outstanding invoices to be captured in Jan
Operational costs	6 536	6 560	25	0%	Not Applicable as it is below the variance Threshold
TOTAL EXPENDITURE	**67 893**	**38 167**	**(29 726)**	**-212%**	–

Year on year comparison

Description	2024/25 Monthly Actual DEC	2023/24 Monthly Actual DEC
Expenditure	**38 167**	**16 484**
Expenditure By Type		
Employee related costs	19 163	106
Remuneration of councillors	676	–
Bulk purchases - electricity	–	–
Inventory consumed	2 002	357
Debt impairment	–	–
Depreciation and amortisation	4 747	5 596
Interest	8	3
Contracted services	5 011	7 178
Transfers and subsidies	–	–
Irrecoverable debts written off	–	–
Operational costs	6 560	3 244
Other Losses		
TOTAL EXPENDITURE	**38 167**	**16 484**



The major decrease year on year is on Bulk Purchases – electricity and interest, which is mainly due to the delay in capturing invoices.

Council noting:

Council take note that the expenditure for the month of December 2024 amount to **R38 million**, with major decreases in bulk purchases – electricity and interest. Measures to be put in place to ensure that transactions are captured within the month in which they are incurred.

6. SURPLUS/DEFICIT : Actual revenue vs actual expenditure

NC453 Gamagara - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 Deceml							
		2023/24	Budget Year 2024/25				
Description R thousands	Ref	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget
Total Expenditure		732 535	829 968	–	38 167	332 430	414 984

As depicted in the table above, the revenue for the month of December 2024 is higher than the expenditure incurred, which gives rise to a surplus of **R26 million**. The surplus may be a result of the non captuting of Eskom invoice for December 2024 and other transactions. There is also a Surplus on the Year-to-Date (July-December 2024) of **R17 Million**

Council Noting:

Council take note of the surplus for December 2024 of R23 million and the year to date surplus of R17 million.

Summary of Grant Receipts

Grants	Unspent grant - PY 2023/2024	Roll over of Grants (approved/ denied)	Stopping of funds/Withheld	Total roll over approved	Amount as per DoRAOR Provisional Gazatte 2024/25 OR Adjusted DoRA	Adjusted DORA allocation	Amount Received to Date	Bank Statement	Trace to GL (income) - 2024/25	Outstanding Recepits -2024/25	Amount spent July 2024-December 2024	Unspent as at October 2024
Equitable share					66 070 000,00		27 529 000,00	✔	✔	38 541 000,00		
					66 070 000,00	-	**27 529 000,00**	-				
Conditional Grants												
FMG					2 000 000,00		2 000 000,00	✔	✔	-	**329 410,13**	1 670 589,87
EPWP					1 217 000,00		852 000,00	✔	✔	365 000,00	266 666,33	585 333,67
MIG	6 383 326,27	Denied			23 149 000,00		2 557 000,00	✔	✔	20 592 000,00	-	2 557 000,00
EEDSM	4 000 000,00	Denied			-			✔	✔	-	-	-
INEP					4 825 000,00		1 500 000,00	✔	✔	3 325 000,00	1 123 751,02	376 248,98
WSIG	1 438 207,15	Approved		1 438 207,15	15 000 000,00		12 000 000,00	✔	✔	3 000 000,00	9 457 379,09	2 542 620,92
LIBRARY GRANT							549 000,00				-	549 000,00
TOTAL	**11 821 533,42**	**-**	**-**	**1 438 207,15**	**46 191 000,00**	**-**	**19 458 000,00**	**-**		**27 282 000,00**	**11 177 206,56**	**7 731 793,44**

The municipality has received a total of R46 million for the year under review, and had a total of R1.4 WSIG roll over approved. The total grants spent to date amount to R11.1 million, the municipality therefore has unsepnt grants of approximately R7.7 million as at the end of December 2024.

Council Noting:

Council take note that the unspent grant as at the end of December 2024 amounted to R7.7 million which is cashed back by the cash and cash equivalent balance of the municipality for the month of December 2024.

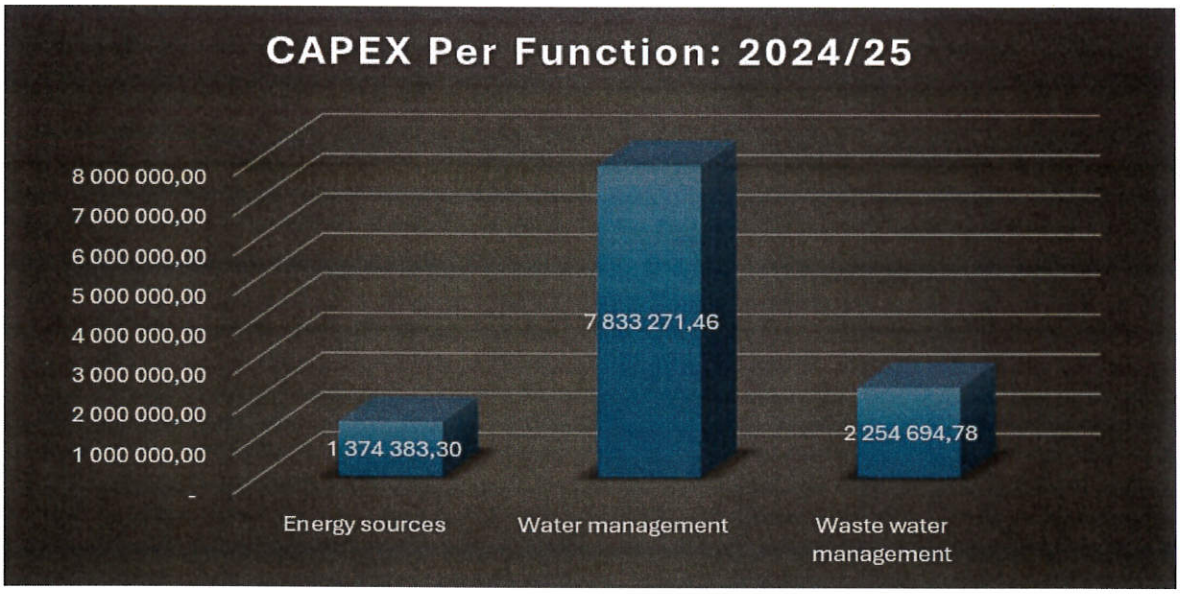
7. Capital Expenditure By Function and Funding Source

NC453 Gamagara - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - I

Vote Description	Ref	2023/24	Budget Year 2024/25				
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget
R thousands	1						
Trading services		24 858	64 382	–	3 757	11 462	32
Energy sources		340	10 125	–	79	1 374	5
Water management		20 200	29 448	–	3 678	7 833	14
Waste water management		4 318	24 809	–	–	2 255	12

The municipality incurred Year-to- date capital expenditure of R11 million during July - December 2024. measures need to be put in place to ensure spending of grant funded projects.

The graphs below depicts the Year-to-date Grant actuals per Function :



Council Noting:

Council take note that R11 million has been incurred on capital projects, which is an indication of slow progress on projects, However there is an indication that there will major improvement in subsequent months.

8. Summary of points for Council to take note of

That council take note of the Section 72 report, with the following recommendations:

1. The municipality ended the month with a bank balance of *R20 678 330* (which includes call accounts). There was a *204%* increase of approximately R13 million in the cash and investment balance at the end of December 2024 compared to the November 2024 balance.
2. That it is noted that there was an increase of 4.3% on debtors balance which is equivalent to a R26 million increase compared to November 2024 and the municipality has a collection rate of 85% for December 2024. Measures need to be put in place to reduce the outstanding debt of the municipality in order to improve the financial situation.
3. Council need to take note that there was a 10% increase on the top ten creditors from November to December 2024. This amount to 65 Million. Repayment of creditors need to be prioritized in order for the municipality to address the unfunded status and measures must be put in place for the municipality to adhere to the payment agreements entered into with all creditors.
4. Council need to take note that the outstanding balance on the DBSA account amount to R43 million.
5. Council need to take note of the actual billing (Including Miscellaneous Reveneu) amount for December 2024, which amounted to R61 million
6. Council take note that the expenditure for the month of December 2024 amount to R38 million, with major decreases on bulk purchases – electricity and interest. Measures to be put in place to ensure that transactions are captured within the month in which they are incurred.
7. Council take note of the surplus for December 2024 of R23 million and the year to date surplus of R17 million.
8. Council take note that the unspent grant as at the end of December 2024 amounted to R7.7 million which is cashed back by the cash and cash equivalent balance of the municipality for the month of December 2024.
9. Council take note that R11 million has been incurred on capital projects, which is an indication of slow progress on projects.

9. Recommendation/s

That council take note of the mid year budget assessment.

That Council approves that the approved annual budget be revised through an adjustments budget and the adjustments budget be tabled in the municipal council in terms of section 28 of the MFMA Act.

[an adjustments budget referred to in section 28 (2) (b), d and (f) of the Act may be tabled in the municipal council at any time after the mid-year budget and performance assessment has been tabled in council, but not later than 28 February of the current year.