

XHARIEP DISTRICT MUNICIPALITY



FINANCIAL REPORT (SECTION 52(d) of MFMA)

Period ending in 31 December 2024/2025_Quarter 2



Xhariep District Municipality – 2024/25 Section 52(d) report

In accordance with Section 52(d)(1) of the Municipal Finance Management Act, I submit the required statement on the state of Xhariep District Municipality's budget reflecting the particulars for Quarter Two 2024/2025.

Ms. LY Moletsane
MUNICIPAL MANAGER



INTRODUCTION

This report is a summary of the main budget issues arising from the budget monitoring process. It compares the progress of the budget in terms of actual income and expenditure to the projections contained in the Services Delivery and Budget Implementation Plan (SDBIP).

FINANCIAL OVERVIEW

- a) The budget is been monitored through Budget C-Schedule reports on a monthly basis.
- b) The Municipality's overall reliance on government grants and subsidies is at 98% of the total revenue budget
- c) Employee Cost budget accounts for 85% of the total revenue budget of the Municipality
- d) Operating expenditure is sitting at 132% for the period while the operating revenue collected is at 60%.
- e) The balance of Investments for the period amounted to R 6,329,498.67 and interest gained on investments amounted to R 919,426.04 for the period.



1.1.1 Table C1 Budget Statement Summary

The attached report provides a summary of the Municipality's financial performance, Capital expenditure, Financial Position, Cash flow, Debtors Age Analysis and Creditors analysis for the period.

This report is based upon financial information for the period. All variances are calculated against the approved Original budget and Adjustment Budget figures. The results for the month ended 31 December 2024 are summarized as follows:



Xhariep District Municipality – 2024/25 Section 52(d) report

DC16 Xhariep - Table C1 Monthly Budget Statement Summary - M06 December

Description	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									
Financial Performance									
Property rates	-	-	-	-	-	-	-		-
Service charges	-	-	-	-	-	-	-		-
Investment revenue	1,414	-	-	-	-	-	-		-
Transfers and subsidies - Operational	1,414	950	1,500	77	934	750	184	25%	950
Other own revenue	66,358	63,218	63,218	9,611	34,846	31,609	3,237	10%	-
Total Revenue (excluding capital transfers and contributions)	69,186	64,168	64,718	9,688	35,780	32,359	3,421	11%	64,168
Employee costs	47,237	51,023	51,023	4,921	25,094	25,512	(417)		51,023
Remuneration of Councillors	5,467	4,892	4,892	433	2,627	2,446	181		4,892
Depreciation and amortisation	1,205	500	500	-	-	250	(250)		500
Interest	630	50	50	25	62	25	37		50
Inventory consumed and bulk purchases	-	-	-	-	-	-	-		-
Transfers and subsidies	17	62	62	28	51	31	20	63%	62
Other expenditure	45,413	7,386	7,746	671	10,241	3,873	6,368	164%	7,386
Total Expenditure	99,969	63,913	64,273	6,078	38,075	32,137	5,938	18%	63,913
Surplus/(Deficit)	(30,783)	255	445	3,610	(2,295)	222	(2,517)	-1132%	255
Transfers and subsidies - capital (monetary allocations)	23,972	-	44,705	-	389	22,353	###	-98%	-
Transfers and subsidies - capital (in-kind)	-	-	-	-	-	-	-		-
Surplus/(Deficit) after capital transfers & contributions	(6,811)	255	45,150	3,610	(1,906)	22,575	(24,481)	-108%	255
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-		-
Surplus/ (Deficit) for the year	(6,811)	255	45,150	3,610	(1,906)	22,575	(24,481)	-108%	255
Capital expenditure & funds sources									
Capital expenditure	201	200	380	25	115	190	(76)	-40%	200
Capital transfers recognised	-	-	180	-	-	90	(90)	-100%	-
Borrowing	-	-	-	-	-	-	-		-
Internally generated funds	106	200	200	25	75	100	(26)	-26%	200
Total sources of capital funds	106	200	380	25	75	190	(116)	-61%	200
Financial position									
Total current assets	6,738	716	726		30,009				716
Total non current assets	8,457	(300)	(120)		8,572				(300)
Total current liabilities	25,570	161	44,544		50,861				161
Total non current liabilities	2,504	-	-		2,504				-
Community wealth/Equity	(12,878)	255	-		(14,784)				255
Cash flows									
Net cash from (used) operating	207,676	(989)	43,392	45	15,864	26,650	10,786	40%	(989)
Net cash from (used) investing	2,481	(230)	(410)	(25)	115	(205)	(320)	156%	(230)
Net cash from (used) financing	-	-	-	-	-	-	-		-
Cash/cash equivalents at the month/year end	220,527	(1,219)	42,982	-	(27,243)	26,445	53,689	203%	-
Debtors & creditors analysis	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
Debtors Age Analysis									
Total By Income Source	62	-	61	61	61	94	9,279	-	9,618
Creditors Age Analysis									
Total Creditors	1,395	1,475	1,997	-	-	-	-	6,810	11,678



2.1 Revenue Vs Expenditure Comparison Statement of Financial Performance (SFP) Table C4

The Statement of Financial Performance shown in Annexure A is prepared on a similar basis to the prescribed budget format, detailing revenue by source, excluding capital transfers and contributions, and expenditure by type.

The summary report indicates the following:



Xhariep District Municipality – 2024/25 Section 52(d) report

DC16 Xhariep - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December

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										
Revenue										
Exchange Revenue										
Service charges - Electricity		—	—	—	—	—	—	—		—
Service charges - Water		—	—	—	—	—	—	—		—
Service charges - Waste Water Management		—	—	—	—	—	—	—		—
Service charges - Waste management		—	—	—	—	—	—	—		—
Sale of Goods and Rendering of Services		79	48	48	6	40	24	16	68%	48
Agency services		—	—	—	—	—	—	—		—
Interest		—	—	—	—	—	—	—		—
Interest earned from Receivables		1,085	5	5	1	4	3	1	48%	5
Interest from Current and Non Current Assets		1,414	950	1,500	77	934	750			950
Dividends		—	—	—	—	—	—	—		—
Rent on Land		—	—	—	—	—	—	—		—
Rental from Fixed Assets		696	755	755	60	359	378	(18)	-5%	755
Licence and permits		—	—	—	—	—	—	—		—
Operational Revenue		148	—	—	—	—	—	—		—
Non-Exchange Revenue										
Property rates		—	—	—	—	—	—	—		—
Surcharges and Taxes		—	—	—	—	—	—	—		—
Fines, penalties and forfeits		—	—	—	—	—	—	—		—
Licence and permits		44	270	270	29	65	135	(70)		270
Transfers and subsidies - Operational		65,720	62,140	62,140	9,515	34,377	31,070	3,307		62,140
Interest		—	—	—	—	—	—	—		—
Fuel Levy		—	—	—	—	—	—	—		—
Operational Revenue		—	—	—	—	—	—	—		—
Gains on disposal of Assets		—	—	—	—	—	—	—		—
Other Gains		—	—	—	—	—	—	—		—
Discontinued Operations		—	—	—	—	—	—	—		—
Total Revenue (excluding capital transfers and contributions)		69,186	64,168	64,718	9,688	35,780	32,359	3,421	11%	64,168
Expenditure By Type										
Employee related costs		47,237	51,023	51,023	4,921	25,094	25,512	(417)	-2%	51,023
Remuneration of councillors		5,467	4,892	4,892	433	2,627	2,446	181	7%	4,892
Bulk purchases - electricity		—	—	—	—	—	—	—		—
Inventory consumed		—	—	—	—	—	—	—		—
Debt impairment		1,859	—	—	—	—	—	—		—
Depreciation and amortisation		1,205	500	500	—	—	250	(250)	-100%	500
Interest		630	50	50	25	62	25	37	147%	50
Contracted services		34,753	4,188	4,188	462	4,326	2,094	2,233	107%	4,188
Transfers and subsidies		17	62	62	28	51	31	20	63%	62
Irrecoverable debts written off		—	—	—	—	—	—	—		—
Operational costs		8,800	3,198	3,558	209	5,915	1,779	4,136	232%	3,198
Losses on Disposal of Assets		—	—	—	—	—	—	—		—
Other Losses		—	—	—	—	—	—	—		—
Total Expenditure		99,969	63,913	64,273	6,078	38,075	32,137	5,938	18%	63,913
Surplus/(Deficit)		(30,783)	255	445	3,610	(2,295)	222	(2,517)	(0)	255
Transfers and subsidies - capital (monetary allocations)		23,972	—	44,705	—	389	22,353	(21,963)	(0)	—
Transfers and subsidies - capital (in-kind)		—	—	—	—	—	—	—		—
Surplus/(Deficit) after capital transfers & contributions		(6,811)	255	45,150	3,610	(1,906)	22,575			255
Income Tax		—	—	—	—	—	—	—		—
Surplus/(Deficit) after income tax		(6,811)	255	45,150	3,610	(1,906)	22,575			255
Share of Surplus/Deficit attributable to Joint Venture		—	—	—	—	—	—			—
Share of Surplus/Deficit attributable to Minorities		—	—	—	—	—	—			—
Surplus/(Deficit) attributable to municipality		(6,811)	255	45,150	3,610	(1,906)	22,575			255
Share of Surplus/Deficit attributable to Associate		—	—	—	—	—	—			—
Intercompany/Parent subsidiary transactions		—	—	—	—	—	—			—
Surplus/ (Deficit) for the year		(6,811)	255	45,150	3,610	(1,906)	22,575			255
References										
1. Material variances to be explained on Table SC1										
Total Revenue (excluding capital transfers and contributions) including capi										
		93,158	64,168	109,423	9,688	36,169	54,712			64,168



2.1.1.1 Operating Revenue

The detailed cumulative year to date performance for the period is outlined below:

The revenue variances against the original budget are:

- **Total revenue:**
 - Total revenue collected amounted to R 36,169,438, the major contributor is the transfer and subsidies (Grants) at R 34,766,881 and the remainder is shared among other revenue streams.
- **Transfer and subsidies:**
 - Transfers and Subsidies amount to the total of R 34,766,881 for the period.
- **Interest earned on external investment:**
 - An amount of R 919,426 was received during the period which is consistent with the investment rates provided by our main banking institution and R 14,566 from our current account.
- **Other income:**
 - The municipality received R 468,565 on other income for the period.



2.1.1.2. GRANTS SUMMARY

Level of Reliance on Government Grants

Purpose: The purpose of this ratio is to determine what percentage of the municipality's revenue is made up of grants to determine the level of reliance on government funding by the municipality for its operations.

Formula: Grants & Subsidies/Total Revenue

Description	Total Budget	Actual Receipts
Operational Grants	R'000	R'000
Equitable Share	52,396	31,177
Financial Management Grant	1,700	1,700
Expanded Public Works Program	1,241	869
Rural Roads Assets Management System	2,411	1,688
LG SETA	-	35
INEP Grant (Mohokare Local Municipality)	-	-
MIG (Kopanong & Mohokare Local Municipalities)	44,705	23,944
Financial Assistance (COGTA)	4,392	-
Total Operational Income	106,845	59,413

- ✓ The Municipality's overall reliance on grants and subsidies is at 98% of the total revenue budget
- ✓ The Municipality received R 31,177,000 was received as Equitable Share. R 8,120,000 was withheld by National Revenue Fund for MIG which was unspent during 2023/2024 Financial year.
- ✓ A total of R 1,700,000 was received as Financial Management Grant.
- ✓ A total of R 869,000 was received as the first tranche of Expanded Public Works Grant.
- ✓ A total of R 1,688,000 was received as the first tranche of Rural Roads Assets Management System grant
- ✓ A total of R 23,944,000.00 was received as part of Municipal Infrastructure Grant on behalf of Kopanong and Mohokare Local Municipality
- ✓ A total of R 35,038 was received as part of LG SETA Grant



2.1.1 Conditional Grants Expenditure

The following table provides information on grants receipts and expenditure for the period ending on 31 December 2024/2025.

Description	Total Budget	Expenditure	Expenditure
	R	R	%
Financial Management Grant	1,700,000	998,944	59%
Expanded Public Works Program	1,241,000	535,220	43%
Rural Roads Assets Management System	2,411,000	1,631,275	68%

1. **Financial Management Grant** – the spending for the period is 59%.
2. **Expanded Public Works Program**– the spending for the period amounts to 43%.
3. **Rural Roads Assets Management System** – the spending for the period amounts to 58%.

It is confirmed that all the grants will be fully spent by the end of the financial year.



Xhariep District Municipality – 2024/25 Section 52(d) report

2.1.1.3 Investments and Cash Management

Investments made with the various financial institutions are strictly in accordance with Municipal Finance Management Act and in terms of the Investment Framework Policy and Guidelines.

The Municipality had investments balance of R 376,221 in the beginning of July 2024. A total of R 34,304,512 was invested and R 31,860,000 was redeemed to cover salaries and other operational expenses and payments of grants projects.

Investment Balances as at 31 December 2024/2025.

Institution	Investment Reference	Vote Ref	Account Type 2024/2025	Opening Balance 7/1/2024	Deposits	Withdrawals	Penalty Interest	Closing Balance 12/31/2024	Interest Accrued 2024/2025	Interest YTD 2024/2025	GL Balance		
ABSA	9309672913	D0001/IA02100 /F0001/X049/R 0374/001/46	Call Account	R 13,161.85	R 1,004,512.45	R 0.00	R 0.00	R 1,022,898.48		R 5,224.18	R 1,022,898.48		
ABSA	9358190966	D0001/IA09128 /F0001/X049/R 0374/001/46	Call Account	R 225,271.31	R 33,300,000.00	R 31,860,000.00	R 0.00	R 2,169,412.92	R 27,582.33	R 504,141.61	R 2,169,412.92		
ABSA	9384564278	D0001/IA09128 /F0001/X049/R 0374/001/46	Call Account	R 22,171.78	R 23,944,000.00	R 21,354,660.56	R 0.00	R 2,945,830.02	R 43,416.14	R 334,318.80	R 2,945,830.02	MIG FUNDS	
NEDBANK	03/766202252 8/000016	D0001/IA09346 /F0001/X049/R 0374/001/46	Call Account	R 115,615.80	R 0.00	R 0.00	R 0.00	R 119,576.65	R 782.13	R 3,960.85	R 119,576.65		
Total				R 376,220.74	R 58,248,512.45	R 53,214,660.56	R 0.00	R 6,257,718.07	R 71,780.60	R 847,645.44	R 6,257,718.07		

NB: THE FUNDS IN THE INVESTMENT HIGHLIGHTED IN YELLOW BELONGS TO MIG FOR KOPANONG AND MOHOKARE LOCAL MUNICIPALITIES



2.1.2 OPERATIONAL EXPENDITURE

Expenditure items	Total Budget	Actual Expenditure to date	Spending
	(R)	(R)	(%)
Employee related costs	49,352,108	25,094,201	51%
Councillors Allowances	4,116,858	2,627,135	64%
Other Expenditure	7,998,000	10,334,185	129%

Employee related costs: The average spending is at 51% of the total employee cost budget allocation and accounts.

The councilor's remuneration: Councilors allowances spending is 64% of the total allocation.

Other Expenditure: Other Expenditure included grants payments, repairs and maintenance, personal protective clothing, water sampling, cleaning material, finance charges, telephone expenses, accommodation etc

Capital Expenditure

The total capital expenditure amounted to R115 thousand for the period against the budget of R200 thousands



Xhariep District Municipality – 2024/25 Section 52(d) report

Outstanding Debtors

The total debtors of the municipality are at R9.6 million. The main contributor to the total debtor's book is Kopanong Local Municipality on rental of facilities while the rest is shared amongst other debtors

Age analysis of Debtors – December 2024/2025

Xhariep District Municipality									
Exclude Zero Balances					2024/12/31				
Customer	180 Days	150 Days	120 Days	90 Days	60 Days	Days	Current	Balance	
DEP001 (Deposit : Bloemfontein Electricity)	78,190.34							78,190.34	
FRE001 (Free State Gambling, Liquor and Tourism Authority)		12,024.00	20,149.11	20,118.64	20,147.59		20,296.54	92,735.88	
FRI001 (Friday Management Solutions)	0.50							0.50	
KOP001 (Kopanong Local Municipality)	8,960,970.75	81,892.72	40,946.36	40,946.36	40,946.36		40,946.36	9,206,648.91	
MIS001 (Missao Ponto Investment)	240,000.00							240,000.00	
NYDA (National Youth Development Agency)							534.42	534.42	
	180 Days	150 Days	120 Days	90 Days	60 Days	Days	Current	Balance	
Totals:	9,279,161.59	93,916.72	61,095.47	61,065.00	61,093.95		61,777.32	9,618,110.05	
% of Balance:	96.48	0.98	0.64	0.63	0.64	0.00	0.64		



Xhariep District Municipality – 2024/25 Section 52(d) report

Outstanding Creditors

The total creditors of the municipality are at R11.6 million. The main contributors to the creditor's books are Government garage with R1.9 million, Kopanong Local Municipality with R2.8 million and others. Due to cash flow challenges the municipality was unable to pay all monies owing to certain Creditors within 30 days of receiving a valid invoice.

Age analysis of Creditors – December 2024/2025

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
0100	Bulk Electricity	0	0	0	0	0	0	0	0	0
0200	Bulk Water	0	0	0	0	0	0	0	0	0
0300	PAYE deductions	0	0	0	0	0	0	0	0	0
0400	VAT (output less input)	0	0	0	0	0	0	0	0	0
0500	Pensions / Retirement deductions	0	0	0	0	0	0	0	0	0
0600	Loan repayments	0	0	0	0	0	0	0	0	0
0700	Trade Creditors	0	0	945,995	0	0	0	0	6,810,247	7,756,242
0800	Auditor General	1,395,048	1,475,055	1,051,192	0	0	0	0	0	3,921,295
0900	Other	0	0	0	0	0	0	0	0	0
1000	Total	1,395,048	1,475,055	1,997,187	0	0	0	0	6,810,247	11,677,537
TP01	Top 1 Creditor	0	0	0	0	0	0	0	0	0
TP02	Top 2 Creditor	0	0	0	0	0	0	0	0	0
TP03	Top 3 Creditor	0	0	0	0	0	0	0	0	0
TP04	Top 4 Creditor	0	0	0	0	0	0	0	0	0
TP05	Top 5 Creditor	0	0	0	0	0	0	0	0	0
TP06	Top 6 Creditor	0	0	0	0	0	0	0	0	0
TP07	Top 7 Creditor	0	0	0	0	0	0	0	0	0
TP08	Top 8 Creditor	0	0	0	0	0	0	0	0	0
TP09	Top 9 Creditor	0	0	0	0	0	0	0	0	0
TP10	Top 10 Creditor	0	0	0	0	0	0	0	0	0
TOT	Total	0	0	0	0	0	0	0	0	0

CONCLUSION

The budget is prepared and generated from the financial system. The forecast of the Municipality's budget statement going forward is that reliance is on Grants and stringent use of such is important to address the main expenditure and creditors. Management will strive to implement credit control and debt collection measures in order to collect outstanding debtors.