GOVAN MBEKI MUNICIPALITY

UTLANYELWE UKUKHULA

Budget Statement

MFMA Section 71 Report

31 JULY 2026

Govan Mbeki Municipality

DISTRIBUTION:	
Executive Mayor:	**Mr. N.G. Zuma**
Municipal Manager:	**Mr. E.N. Maseko**
Chief Financial Officer:	**Mrs V.B. Nkhata**
Sector Departments:	**National and Provincial Departments**
	Uploaded to the National Treasury Go Muni portal

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List of Abbreviations and Acronyms used in the Monthly Budget Statement

AFS – Annual Financial Statements
AGSA - Auditor-General of South Africa
BTO - Budget and Treasury Office
CAPEX – Capital Expenditure
CFO - Chief Financial Officer

PART 1: IN-YEAR REPORT FOR THE PERIOD ENDING 31 JULY 2026

TO: THE EXECUTIVE MAYOR

FROM: THE DIRECTORATE: FINANCIAL SERVICES: BUDGET & TREASURY OFFICE

MUNICIPAL FINANCE MANAGEMENT ACT (MFMA): SECTION 71: IN-YEAR MONTHLY BUDGET STATEMENT FOR THE PERIOD ENDING 31 JULY 2026

1. Purpose

To comply with section 71(1) of the Municipal Finance Management Act (MFMA), by submission of a report in a prescribed format to the mayor within 10 working days after the end of each month on the state of the Municipality's budget.

The monthly Budget Statement also aims to provide an update on indicators critical to the municipality's viability and serve as an early warning indicator where remedial action is required. The consolidated performance is a high-level overview of the municipality's viability and sustainability.

2. Background

The Municipal Budget and Reporting Regulations (MBRR) are designed to achieve a range of objectives, including improving the local government sphere's ability to deliver basic services by facilitating sustainability and better medium-term planning and policy choices on service delivery.

The report has been prepared in terms of the following legislative framework:

i. The Municipal Finance Management Act – No.56 of 2003
ii. And the Municipal Budget and Reporting Regulations

The MBRR highlights the format of the monthly budget statements.

"28. the monthly budget statement of a municipality must be in the format specified in Schedule C and includes all the required tables, charts, and explanatory information, taking into account any guidelines issued by the Minister in terms of Section 168 (1) of the Act."

The objective of these Regulations is to ensure 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.

3. Executive summary

Summary of the Budget Performance for the reporting period ending 31 July 2026

Description	Original Budget 2026/2027	Monthly Actual	Year-to-date Actual	Year-to-date Budget	Variance	YTD Variance %
	R'000	R'000	R'000	R'000	R'000	%
Total Operating Revenue	3 708 074	471 825	471 825	495 194	-23 368	-5%
Less Total Operating Expenditure	4 166 752	276 455	276 455	347 234	-70 779	-20%
Surplus /(Deficit) for the year before grant capital revenue	**-458 677**	**195 370**	**195 370**	**147 960**	**47 411**	**32%**
Add Grant capital revenue	107 609	1 365	1 365	8 967	-7 603	-85%
Surplus /(Deficit) before Capital Expenditure	**-351 068**	**196 735**	**196 735**	**156 927**		
Total Capital Expenditure	164 754	2 211	2 211	13 621	-11 410	-84%
Surplus /(Deficit)	**-515 822**	**194 524**	**194 524**	**143 306**		

Operating Revenue

Actual operating revenue is 5 percent below the approved budget for the period. This indicates that collections and billing performance are slightly gone down than expectation. This below performance will have to improve to support cash flow and strengthen the municipality's ability to fund operations. Through the revenue enhancement strategies and the enforcement of credit control throughout all municipal regions' revenue is expected to improve in the near future.

Operating Expenditure

Actual operating expenditure is 20 percent below the approved budget for the period. Based on this performance municipality is reset to spending and improve cost management, especially given that the municipality is operating with an unfunded budget and must actively reduce expenditure to be financially stable.

Capital Expenditure

CAPEX	Approved Budget	Opening Balance 2026/2027	Received Including rollover	YTD Expenditure	Unspent Budget 2026/2027	YTD % Per Allocation
Integrated National Electrification Programme Grant	35,747,999.55	-	-	-	-	0%
Municipal Infrastructure Grant	68,268,949.60	467,844.15	30,696,000.00	957,458.02	29,738,541.98	3%
Financial Management Grants	1,500,000.00	-	-	-	-	0%
Municipal Disaster Recovery Grant	-	3,498,100.00		-	-	0%
Own Funding	83,949,994.95	-	83,949,994.95	1,585,162.30	82,364,832.65	2%
Total	**189,466,944.11**	**3,965,944.15**	**114,645,994.95**	**2,542,620.32**	**112,103,374.63**	**5%**

4. Budget performance overview

4.1 Operating Revenue by Source (Table 3: Table C4 Financial Performance Revenue)

MP307 Govan Mbeki - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M01 - July

Description	Ref	2025/26	Budget Year 2026/27							
R thousands		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<u>Revenue</u>										
Exchange Revenue										
Service charges - Electricity		977,053	1,151,240	–	87,550	87,550	95,937	(8,387)	-9%	1,151,240
Service charges - Water		714,667	792,634	–	66,891	66,891	66,053	838	1%	792,634
Service charges - Waste Water Management		165,980	202,804	–	13,701	13,701	16,900	(3,200)	-19%	202,804
Service charges - Waste management		163,676	186,697	–	10,727	10,727	15,558	(4,831)	-31%	186,697
Sale of Goods and Rendering of Services		6,867	10,121	–	11,811	11,811	843	10,968	1300%	10,121
Agency services		–	–	–	–	–	–	–		–
Interest		–	–	–	–	–	–	–		–
Interest earned from Receivables		231,326	243,796	–	18,867	18,867	20,316	(1,449)	-7%	243,796
Interest from Current and Non Current Assets		4,594	6,222	–	416	416	519	(102)	-20%	6,222
Dividends		–	20	–	–	–	2	(2)	-100%	20
Rent on Land		0	–	–	–	–	–	–		–
Rental from Fixed Assets		14,916	20,546	–	883	883	1,712	(829)	-48%	20,546
Licence and permits		84	80	–	16	16	7	9	137%	80
Special Rating Levies		–	–	–	–	–	–	–		–
Construction Contract Revenue		–	–	–	–	–	–	–		–
Development Charges		–	–	–	–	–	–	–		–
Operational Revenue		4,708	7,381	–	126	126	615	(489)	-79%	7,381
Non-Exchange Revenue								–		
Property rates		454,566	473,083	–	39,062	39,062	39,424	(362)	-1%	473,083
Surcharges and Taxes		–	–	–	–	–	–	–		–
Fines, penalties and forfeits		28,555	21,805	–	605	605	1,817	(1,212)	-67%	21,805
Licence and permits		–	–	–	–	–	–	–		–
Transfers and subsidies - Operational		525,423	556,218	–	218,100	218,100	232,539	(14,439)	-6%	556,218
Interest		32,520	32,898	–	3,070	3,070	2,741	328	12%	32,898
Fuel Levy		–	–	–	–	–	–	–		–
Operational Revenue		–	–	–	–	–	–	–		–
Gains on disposal of Fixed and Intangible Assets		2,306	2,500	–	–	–	208	(208)	-100%	2,500
Other Gains		141,816	30	–	–	–	3	(3)	-100%	30
Discontinued Operations		–	–	–	–	–	–	–		–
Total Revenue (excluding capital transfers and		**3,469,056**	**3,708,074**	–	**471,825**	**471,825**	**495,194**	**(23,368)**	**-5%**	**3,708,074**

All services charges performance is below target due to current year tariff increase which is not yet implemented as consumption relates to the previous financial year.

Fines and penalties revenue is performing 67% below target for the period under review due to implementation of the AARTO system. The Municipality has not yet commenced with the issuing of traffic fines under the new system.

Sale of goods and services rendered is reflecting 1300% above target due to Infrastructure Skills development Grant erroneously captured in this line item, the journal to correct will be processed during the month of August.

4.2 Operating Expenditure by Type (Table 4: C4 Financial Performance Expenditure)

MP307 Govan Mbeki - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M01 - July

Description	Ref	2025/26	Budget Year 2026/27							
R thousands		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Expenditure By Type										
Employee related costs		794 225	838 570	–	66 651	66 651	69 881	(3 230)	-5%	838 570
Remuneration of councillors		33 723	37 745	–	2 841	2 841	3 145	(305)	-10%	37 745
Bulk purchases - electricity		1 108 463	1 150 000	–	118 859	118 859	95 833	23 026	24%	1 150 000
Inventory consumed		624 410	632 763	–	53 272	53 272	52 730	541	1%	632 763
Debt impairment		81 663	396 655	–	–	–	33 055	(33 055)	-100%	396 655
Depreciation and amortisation		110 482	139 195	–	–	–	11 600	(11 600)	-100%	139 195
Interest		409 020	222 949	–	28 464	28 464	18 579	9 885	53%	222 949
Contracted services		356 199	427 198	–	693	693	35 600	(34 907)	-98%	427 198
Transfers and subsidies		19 663	–	–	–	–	–	–		–
Irrecoverable debts written off		610 302	146 134	–	(3 997)	(3 997)	12 178	(16 175)	-133%	146 134
Operational costs		124 644	175 537	–	9 673	9 673	14 633	(4 960)	-34%	175 537
Disposal of Fixed and Intangible Assets		31 835	–	–	–	–	–	–		–
Other Losses		41 836	–	–	–	–	–	–		–
Total Expenditure		4,346,464	4,166,747	–	276,455	276,455	347,234	(70,779)	-20%	4,166,747
Surplus/(Deficit)		(877,408)	(458,673)	–	195,370	195,370	147,960	47,411	32%	(458,673)
Transfers and subsidies - capital (monetary allocations)		116 236	107 609	–	1 365	1 365	8 967	(7 603)	-85%	107 609
Transfers and subsidies - capital (in-kind)		8 960	–	–	–	–	–	–		–
Surplus/(Deficit) after capital transfers & contributions		(752 212)	(351 064)	–	196 735	196 735	156 927			(351 064)
Income Tax		–	–	–	–	–	–	–		–
Surplus/(Deficit) after income tax		(752 212)	(351 064)	–	196 735	196 735	156 927			(351 064)
Share of Surplus/Deficit attributable to Joint Venture		–	–	–	–	–	–	–		–
Share of Surplus/Deficit attributable to Minorities		–	–	–	–	–	–	–		–
Surplus/(Deficit) attributable to municipality		(752 212)	(351 064)	–	196 735	196 735	156 927			(351 064)
Share of Surplus/Deficit attributable to Associate		–	–	–	–	–	–	–		–
Intercompany/Parent subsidiary transactions		–	–	–	–	–	–	–		–
Surplus/ (Deficit) for the year		(752 212)	(351 064)	–	196 735	196 735	156 927			(351 064)

- Employee Related Costs are below target by 5% due to vacant positions not yet filled.
- Remuneration of councillors is below target by 10%, this implies an over budget on the line item.
- Electricity bulk purchase expenses are 24% above target due to seasonal effect of winter months where the consumption and tariff are higher, this will self-correct during the summer months where consumption and tariff will be lower.
- Contracted services expenditure is 98% below target as a response to reduce expenditure for financial recovery plan implementation. This shows that the municipality is reducing reliance on contractors and utilising municipal workforce as part of cost containment strategy.
- Debt impairment is 100% below target, due to calculation that will only be done and processed at end of the quarter.
- Operational costs are below target by 34%, due to cashflow difficulties expenditures are controlled within municipalities means.
- Depreciation and impairment of asset is 100% below target, the journal for the month was not processed due to system challenges.
- Irrecoverable debt written off is below target by 133%. The notable credit on item is due to indigent benefit reversals captured. Due to property transfers, indigent monthly maintenance. The credit is notable because there aren't new indigent approvals for the current financial year.
- Finance charges are 53% above target due to cash constraint, Eskom account which is not serviced timely resulting to interest on overdue account. It should be noted that municipality has

entered with Rand Water into arrangement where no interest is not charge on the full payment of the current account.

4.3 Capital expenditure

MP307 Govan Mbeki - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M01 - July

Vote Description	Ref	2025/26	Budget Year 2026/27							
R thousands	1	Audited	Original	Adjusted	Monthly	YearTD actual	YearTD	YTD	YTD %	Full Year
Capital Expenditure - Functional Classification										
Governance and administration		8,439	16,652	–	–	–	1,279	(1,279)	-100%	16,652
Executive and council		162	652	–	–	–	54	(54)	-100%	652
Finance and administration		8,277	16,000	–	–	–	1,225	(1,225)	-100%	16,000
Internal audit		–	–	–	–	–	–	–		–
Community and public safety		24,877	11,043	–	–	–	920	(920)	-100%	11,043
Community and social services		17,848	10,609	–	–	–	884	(884)	-100%	10,609
Sport and recreation		7,030	–	–	–	–	–	–		–
Public safety		–	435	–	–	–	36	(36)	-100%	435
Housing		–	–	–	–	–	–	–		–
Health		–	–	–	–	–	–	–		–
Economic and environmental services		62,843	44,334	–	833	833	3,695	(2,862)	-77%	44,334
Planning and development		42,876	44,160	–	833	833	3,680	(2,847)	-77%	44,160
Road transport		19,967	174	–	–	–	14	(14)	-100%	174
Environmental protection		–	–	–	–	–	–	–		–
Trading services		162,296	92,724	–	1,378	1,378	7,727	(6,349)	-82%	92,724
Energy sources		68,378	31,259	–	–	–	2,606	(2,606)	-100%	31,259
Water management		21,843	20,870	–	–	–	1,739	(1,739)	-100%	20,870
Waste water management		11,574	25,217	–	1,378	1,378	2,101	(723)	-34%	25,217
Waste management		60,490	15,378	–	–	–	1,281	(1,281)	-100%	15,378
Other		–	–	–	–	–	–	–		–
Total Capital Expenditure - Functional Classification	3	258,445	164,754	–	2,211	2,211	13,621	(11,410)	-84%	164,754
Funded by:										
National Government		80,828	91,754	–	833	833	7,537	(6,705)	-89%	91,754
Provincial Government		–	–	–	–	–	–	–		–
District Municipality		–	–	–	–	–	–	–		–
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies		–	–	–	–	–	–	–		–
Transfers recognised - capital		80,828	91,754	–	833	833	7,537	(6,705)	-89%	91,754
Borrowing	6	–	–	–	–	–	–	–		–
Internally generated funds		77,327	73,000	–	1,378	1,378	6,083	(4,705)	-77%	73,000
Total Capital Funding		158,155	164,754	–	2,211	2,211	13,621	(11,410)	-84%	164,754

4.4 Cash flows

As of 31 July 2026, the municipality had a positive bank statement balance of R 29 414 885.13 and cashbook had a negative balance of R12 913 180.25. Below service charges include revenue collected from prepaid electricity (vending) of an amount of R41 245 155.08 for the reporting period.

MP307 Govan Mbeki - Table C7 Monthly Budget Statement - Cash Flow - M01 - July

Description	Ref	2025/26	Budget Year 2026/27							
R thousands	1	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		384,692	407,542	–	29,527	29,527	33,962	(4,434)	-13%	407,542
Service charges		1,728,366	2,201,482	–	116,396	116,396	183,457	(67,061)	-37%	2,201,482
Other revenue		59,213	86,588	–	16,533	16,533	7,216	9,317	129%	86,588
Transfers and Subsidies - Operational		527,945	556,218	–	218,281	218,281	230,913	(12,631)	-5%	556,218
Transfers and Subsidies - Capital		115,977	107,609	–	30,696	30,696	42,559	(11,863)	-28%	107,609
Interest		24,630	238,877	–	2,279	2,279	19,906	(17,627)	-89%	238,877
Dividends		–	20	–	–	–	2	(2)	-100%	20
Payments										
Suppliers and employees		(1,754,543)	(3,260,614)	–	(285,945)	(285,945)	(271,718)	(14,227)	5%	(3,260,614)
Interest		–	(222,949)	–	–	–	(18,579)	18,579	-100%	(222,949)
Transfers and Subsidies		–	–	–	–	–	–	–		–
NET CASH FROM/(USED) OPERATING ACTIVITIES		**1,086,282**	**114,773**	–	**127,768**	**127,768**	**227,717**	**99,949**	**44%**	**114,773**
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		–	–	–	–	–	–	–		–
Decrease (increase) in non-current receivables		–	–	–	–	–	–	–		–
Decrease (increase) in non-current investments		107	–	–	–	–	–	–		–
Insurance Refund - Capital		–	–	–	–	–	–	–		–
Term Investments		–	–	–	–	–	–	–		–
Payments										
Capital assets		(203,367)	(189,467)	–	(16,048)	(16,048)	(15,664)	(384)	2%	(189,467)
Retention (Capital)		–	–	–	–	–	–	–		–
NET CASH FROM/(USED) INVESTING ACTIVITIES		**(203,260)**	**(189,467)**	–	**(16,048)**	**(16,048)**	**(15,664)**	**(384)**	**0**	**(189,467)**
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		–	–	–	–	–	–	–		–
Borrowing long term/refinancing		–	–	–	–	–	–	–		–
Increase (decrease) in consumer deposits		–	–	–	–	–	–	–		–
Payments										
Repayment of borrowing		–	–	–	–	–	–	–		–
NET CASH FROM/(USED) FINANCING ACTIVITIES		–	–	–	–	–	–	–		–
NET INCREASE/ (DECREASE) IN CASH HELD		**883,022**	**(74,694)**	–	**111,720**	**111,720**	**212,053**			**(74,694)**
Cash/cash equivalents at beginning:		49,823	80,454	–		46,306	80,454			46,306
Cash/cash equivalents at month/year end:		932,845	5,760	–		158,026	292,507			(28,388)

5. In-year budget statement tables

MP307 Govan Mbeki - Table C1 Monthly Budget Statement Summary - M01 - July

Description	2025/26	Budget Year 2026/27							
R thousands	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Financial Performance									
Property rates	454,566	473,083	–	39,062	39,062	39,424	(362)	-1%	473,083
Service charges	2,021,375	2,333,376	–	178,869	178,869	194,448	(15,579)	-8%	2,333,376
Investment revenue	4,594	6,222	–	416	416	519	(102)	-20%	6,222
Transfers and subsidies - Operational	525,423	556,218	–	218,100	218,100	232,539	(14,439)	-6%	556,218
Other own revenue	463,098	339,176	–	35,378	35,378	28,265	7,114	25%	339,176
Total Revenue (excluding capital transfers and contributions)	**3,469,056**	**3,708,074**	–	**471,825**	**471,825**	**495,194**	**(23,368)**	**-5%**	**3,708,074**
Employee costs	794,225	838,570	–	66,651	66,651	69,881	(3,230)	-5%	838,570
Remuneration of Councillors	33,723	37,745	–	2,841	2,841	3,145	(305)	-10%	37,745
Depreciation and amortisation	110,482	139,195	–	–	–	11,600	(11,600)	-100%	139,195
Interest	409,020	222,949	–	28,464	28,464	18,579	9,885	53%	222,949
Inventory consumed and bulk purchases	1,732,873	1,782,763	–	172,131	172,131	148,564	23,567	16%	1,782,763
Transfers and subsidies	19,663	–	–	–	–	–	–		–
Other expenditure	1,246,478	1,145,524	–	6,369	6,369	95,465	(89,096)	-93%	1,145,524
Total Expenditure	**4,346,464**	**4,166,747**	–	**276,455**	**276,455**	**347,234**	**(70,779)**	**-20%**	**4,166,747**
Surplus/(Deficit)	**(877,408)**	**(458,673)**	–	**195,370**	**195,370**	**147,960**	**47,411**	**32%**	**(458,673)**
Transfers and subsidies - capital (monetary allocations)	116,236	107,609	–	1,365	1,365	8,967	(7,603)	-85%	107,609
Transfers and subsidies - capital (in-kind)	8,960	–	–	–	–	–	–		–
Surplus/(Deficit) after capital transfers &	**(752,212)**	**(351,064)**	–	**196,735**	**196,735**	**156,927**	**39,808**	**25%**	**(351,064)**
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–		–
Surplus/ (Deficit) for the year	**(752,212)**	**(351,064)**	–	**196,735**	**196,735**	**156,927**	**39,808**	**25%**	**(351,064)**
Capital expenditure & funds sources									
Capital expenditure	**258,445**	**164,754**	–	**2,211**	**2,211**	**13,621**	**(11,410)**	**-84%**	**164,754**
Capital transfers recognised	80,828	91,754	–	833	833	7,537	(6,705)	-89%	91,754
Borrowing	–	–	–	–	–	–	–		–
Internally generated funds	**77,327**	**73,000**	–	**1,378**	**1,378**	**6,083**	**(4,705)**	**-77%**	**73,000**
Total sources of capital funds	**158,155**	**164,754**	–	**2,211**	**2,211**	**13,621**	**(11,410)**	**-84%**	**164,754**
Financial position									
Total current assets	3,077,761	3,337,813	–		3,234,409				3,337,813
Total non current assets	3,449,006	3,199,052	–		3,451,217				3,199,052
Total current liabilities	9,510,493	7,938,283	–		9,557,314				7,938,283
Total non current liabilities	612,242	2,798,380	–		527,546				2,798,380
Community wealth/Equity	**(3,986,040)**	**(4,199,798)**	–		**(3,399,234)**				**(4,199,798)**
Cash flows									
Net cash from (used) operating	1,086,282	114,773	–	127,768	127,768	227,717	99,949	44%	114,773
Net cash from (used) investing	(203,260)	(189,467)	–	(16,048)	(16,048)	(15,664)	384	-2%	(189,467)
Net cash from (used) financing	–	–	–	–	–	–	–		–
Cash/cash equivalents at the month/year end	**932,845**	**5,760**	–	–	**158,026**	**292,507**	**134,482**	**46%**	**(28,388)**
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	247,558	110,525	86,853	79,524	86,829	79,381	75,463	3,492,768	4,258,902
Creditors Age Analysis									
Total Creditors	222,900	289,587	77,500	131,077	74,961	83,638	105,250	7,013,115	7,998,028

MP307 Govan Mbeki - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M01 - July

Description	Ref	2025/26	Budget Year 2026/27							
		Audited	Original	Adjusted	Monthly	YearTD actual	YearTD	YTD	YTD	Full Year
R thousands	1								%	
Revenue - Functional										
Governance and administration		**1,169,174**	**1,095,899**	–	**261,805**	**261,805**	**276,221**	(14,416)	-5%	**1,095,899**
Executive and council		–	518	–	–	–	43	(43)	-100%	518
Finance and administration		1,168,555	1,095,380	–	261,805	261,805	276,178	(14,373)	-5%	1,095,380
Internal audit		619	–	–	–	–	–	–		–
Community and public safety		**48,351**	**21,056**	–	**618**	**618**	**1,855**	(1,237)	-67%	**21,056**
Community and social services		19,987	2,775	–	112	112	231	(119)	-51%	2,775
Sport and recreation		203	20	–	–	–	2	(2)	-100%	20
Public safety		28,069	18,261	–	505	505	1,622	(1,116)	-69%	18,261
Housing		93	–	–	–	–	–	–		–
Health		–	–	–	–	–	–	–		–
Economic and environmental services		**77,775**	**10,563**	–	**11,667**	**11,667**	**2,072**	9,595	463%	**10,563**
Planning and development		74,752	7,624	–	11,651	11,651	635	11,016	1734%	7,624
Road transport		3,023	2,939	–	16	16	1,436	(1,420)	-99%	2,939
Environmental protection		–	–	–	–	–	–	–		–
Trading services		**2,298,951**	**2,580,556**	–	**197,736**	**197,736**	**215,046**	**(17,311)**	-8%	**2,580,556**
Energy sources		1,181,218	1,317,679	–	93,247	93,247	109,807	(16,559)	-15%	1,317,679
Water management		737,794	853,091	–	74,576	74,576	71,091	3,485	5%	853,091
Waste water management		184,221	214,421	–	16,539	16,539	17,868	(1,330)	-7%	214,421
Waste management		195,718	195,366	–	13,373	13,373	16,281	(2,907)	-18%	195,366
Other	4	–	–	–	–	–	–	–		–
Total Revenue - Functional	2	**3,594,252**	**3,708,074**	–	**471,825**	**471,825**	**495,194**	**(23,368)**	**-5%**	**3,708,074**
Expenditure - Functional										
Governance and administration		**1,307,671**	**1,005,826**	–	**57,918**	**57,918**	**83,823**	(25,905)	-31%	**1,005,826**
Executive and council		89,281	108,053	–	7,811	7,811	9,008	(1,197)	-13%	108,053
Finance and administration		1,213,997	893,882	–	49,814	49,814	74,490	(24,676)	-33%	893,882
Internal audit		4,393	3,891	–	292	292	324	(32)	-10%	3,891
Community and public safety		**289,679**	**297,463**	–	**17,859**	**17,859**	**24,790**	(6,931)	-28%	**297,463**
Community and social services		128,481	117,190	–	7,299	7,299	9,766	(2,467)	-25%	117,190
Sport and recreation		11,204	12,791	–	(1,498)	(1,498)	1,066	(2,564)	-241%	12,791
Public safety		139,405	155,172	–	11,243	11,243	12,932	(1,689)	-13%	155,172
Housing		9,555	10,926	–	696	696	911	(215)	-24%	10,926
Health		1,035	1,384	–	119	119	115	3	3%	1,384
Economic and environmental services		**99,989**	**115,576**	–	**7,251**	**7,251**	**9,631**	(2,380)	-25%	**115,576**
Planning and development		36,476	51,218	–	3,573	3,573	4,268	(696)	-16%	51,218
Road transport		63,513	63,533	–	3,679	3,679	5,294	(1,616)	-31%	63,533
Environmental protection		–	825	–	–	–	69	(69)	-100%	825
Trading services		**2,649,125**	**2,747,882**	–	**193,428**	**193,428**	**228,990**	(35,563)	-16%	**2,747,882**
Energy sources		1,499,472	1,603,098	–	128,661	128,661	133,592	(4,931)	-4%	1,603,098
Water management		600,859	708,301	–	52,197	52,197	59,025	(6,828)	-12%	708,301
Waste water management		221,189	244,571	–	6,369	6,369	20,381	(14,011)	-69%	244,571
Waste management		327,604	191,912	–	6,200	6,200	15,993	(9,793)	-61%	191,912
Other		–	–	–	–	–	–	–		–
Total Expenditure - Functional	3	**4,346,464**	**4,166,747**	–	**276,455**	**276,455**	**347,234**	**(70,779)**	**-20%**	**4,166,747**
Surplus/ (Deficit) for the year		**(752,212)**	**(458,673)**	–	**195,370**	**195,370**	**147,960**	**47,411**	**32%**	**(458,673)**

MP307 Govan Mbeki - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M01 - July

Vote Description	Ref	2025/26	Budget Year 2026/27							
R thousands		Audited	Original	Adjusted	Monthly	YearTD actual	YearTD	YTD	YTD %	Full Year
Revenue by Vote	1									
Vote 1 - 01 EXECUTIVE AND COUNCIL		111	539	–	–	–	45	(45)	-100.0%	539
Vote 2 - 02 CORPORATE SERVICES		23,945	25,300	–	–	–	12,754	(12,754)	-100.0%	25,300
Vote 3 - 03 PLANNING AND DEVELOPMENT		146,795	28,981	–	12,497	12,497	2,415	10,082	417.5%	28,981
Vote 4 - 04 COMMUNITY SERVICES		48,142	21,052	–	610	610	1,854	(1,244)	-67.1%	21,052
Vote 5 - 05 FINANCIAL SERVICES		1,002,852	1,048,703	–	260,956	260,956	261,642	(686)	-0.3%	1,048,703
Vote 6 - 06 ENERGY & MECHANICAL ENGINEERING		1,181,218	1,317,679	–	93,247	93,247	109,807	(16,559)	-15.1%	1,317,679
Vote 7 - 07 CIVIL ENGINEERING		994,823	1,070,450	–	91,131	91,131	90,395	735	0.8%	1,070,450
Vote 8 - 01 EXECUTIVE AND COUNCIL continued		619	–	–	–	–	–	–		–
Vote 9 - 04 COMMUNITY SERVICES continued		195,746	195,370	–	13,383	13,383	16,281	(2,897)	-17.8%	195,370
Vote 10 -		–	–	–	–	–	–	–		–
Vote 11 -		–	–	–	–	–	–	–		–
Vote 12 -		–	–	–	–	–	–	–		–
Vote 13 -		–	–	–	–	–	–	–		–
Vote 14 -		–	–	–	–	–	–	–		–
Vote 15 -		–	–	–	–	–	–	–		–
Total Revenue by Vote	2	**3,594,252**	**3,708,074**	**–**	**471,825**	**471,825**	**495,194**	**(23,368)**	**-4.7%**	**3,708,074**
Expenditure by Vote	1									
Vote 1 - 01 EXECUTIVE AND COUNCIL		99,511	118,306	–	6,492	6,492	9,862	(3,370)	-34.2%	118,306
Vote 2 - 02 CORPORATE SERVICES		166,894	205,725	–	11,293	11,293	17,144	(5,851)	-34.1%	205,725
Vote 3 - 03 PLANNING AND DEVELOPMENT		42,851	58,500	–	3,912	3,912	4,875	(964)	-19.8%	58,500
Vote 4 - 04 COMMUNITY SERVICES		254,607	266,063	–	17,119	17,119	22,172	(5,053)	-22.8%	266,063
Vote 5 - 05 FINANCIAL SERVICES		976,699	614,536	–	38,006	38,006	51,211	(13,205)	-25.8%	614,536
Vote 6 - 06 ENERGY & MECHANICAL ENGINEERING		1,499,472	1,603,098	–	128,661	128,661	133,592	(4,931)	-3.7%	1,603,098
Vote 7 - 07 CIVIL ENGINEERING		892,574	1,024,558	–	62,771	62,771	85,380	(22,608)	-26.5%	1,024,558
Vote 8 - 01 EXECUTIVE AND COUNCIL continued		4,433	3,978	–	292	292	332	(39)	-11.8%	3,978
Vote 9 - 04 COMMUNITY SERVICES continued		409,424	271,983	–	7,908	7,908	22,666	(14,758)	-65.1%	271,983
Vote 10 -		–	–	–	–	–	–	–		–
Vote 11 -		–	–	–	–	–	–	–		–
Vote 12 -		–	–	–	–	–	–	–		–
Vote 13 -		–	–	–	–	–	–	–		–
Vote 14 -		–	–	–	–	–	–	–		–
Vote 15 -		–	–	–	–	–	–	–		–
Total Expenditure by Vote	2	**4,346,464**	**4,166,747**	**–**	**276,455**	**276,455**	**347,234**	**(70,779)**	**-20.4%**	**4,166,747**
Surplus/ (Deficit) for the year	2	**(752,212)**	**(458,673)**	**–**	**195,370**	**195,370**	**147,960**	**47,411**	**32.0%**	**(458,673)**

MP307 Govan Mbeki - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M01 - July

Description	Ref	2025/26	Budget Year 2026/27						
R thousands		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Revenue										
Exchange Revenue										
Service charges - Electricity		977,053	1,151,240	–	87,550	87,550	95,937	(8,387)	-9%	1,151,240
Service charges - Water		714,667	792,634	–	66,891	66,891	66,053	838	1%	792,634
Service charges - Waste Water Management		165,980	202,804	–	13,701	13,701	16,900	(3,200)	-19%	202,804
Service charges - Waste management		163,676	186,697	–	10,727	10,727	15,558	(4,831)	-31%	186,697
Sale of Goods and Rendering of Services		6,867	10,121	–	11,811	11,811	843	10,968	1300%	10,121
Agency services		–	–	–	–	–	–	–		–
Interest		–	–	–	–	–	–	–		–
Interest earned from Receivables		231,326	243,796	–	18,867	18,867	20,316	(1,449)	-7%	243,796
Interest from Current and Non Current Assets		4,594	6,222	–	416	416	519	(102)	-20%	6,222
Dividends		–	20	–	–	–	2	(2)	-100%	20
Rent on Land		0	–	–	–	–	–	–		–
Rental from Fixed Assets		14,916	20,546	–	883	883	1,712	(829)	-48%	20,546
Licence and permits		84	80	–	16	16	7	9	137%	80
Special Rating Levies		–	–	–	–	–	–	–		–
Construction Contract Revenue		–	–	–	–	–	–	–		–
Development Charges		–	–	–	–	–	–	–		–
Operational Revenue		4,708	7,381	–	126	126	615	(489)	-79%	7,381
Non-Exchange Revenue								–		
Property rates		454,566	473,083	–	39,062	39,062	39,424	(362)	-1%	473,083
Surcharges and Taxes		–	–	–	–	–	–	–		–
Fines, penalties and forfeits		28,555	21,805	–	605	605	1,817	(1,212)	-67%	21,805
Licence and permits		–	–	–	–	–	–	–		–
Transfers and subsidies - Operational		525,423	556,218	–	218,100	218,100	232,539	(14,439)	-6%	556,218
Interest		32,520	32,898	–	3,070	3,070	2,741	328	12%	32,898
Fuel Levy		–	–	–	–	–	–	–		–
Operational Revenue		–	–	–	–	–	–	–		–
Gains on disposal of Fixed and Intangible Assets		2,306	2,500	–	–	–	208	(208)	-100%	2,500
Other Gains		141,816	30	–	–	–	3	(3)	-100%	30
Discontinued Operations		–	–	–	–	–	–	–		–
Total Revenue (excluding capital transfers and		**3,469,056**	**3,708,074**	–	**471,825**	**471,825**	**495,194**	**(23,368)**	**-5%**	**3,708,074**
Expenditure By Type										
Employee related costs		794,225	838,570	–	66,651	66,651	69,881	(3,230)	-5%	838,570
Remuneration of councillors		33,723	37,745	–	2,841	2,841	3,145	(305)	-10%	37,745
Bulk purchases - electricity		1,108,463	1,150,000	–	118,859	118,859	95,833	23,026	24%	1,150,000
Inventory consumed		624,410	632,763	–	53,272	53,272	52,730	541	1%	632,763
Debt impairment		81,663	396,655	–	–	–	33,055	(33,055)	-100%	396,655
Depreciation and amortisation		110,482	139,195	–	–	–	11,600	(11,600)	-100%	139,195
Interest		409,020	222,949	–	28,464	28,464	18,579	9,885	53%	222,949
Contracted services		356,199	427,198	–	693	693	35,600	(34,907)	-98%	427,198
Transfers and subsidies		19,663	–	–	–	–	–	–		–
Irrecoverable debts written off		610,302	146,134	–	(3,997)	(3,997)	12,178	(16,175)	-133%	146,134
Operational costs		124,644	175,537	–	9,673	9,673	14,633	(4,960)	-34%	175,537
Disposal of Fixed and Intangible Assets		31,835	–	–	–	–	–	–		–
Other Losses		41,836	–	–	–	–	–	–		–
Total Expenditure		**4,346,464**	**4,166,747**	–	**276,455**	**276,455**	**347,234**	**(70,779)**	**-20%**	**4,166,747**
Surplus/(Deficit)		**(877,408)**	**(458,673)**	–	**195,370**	**195,370**	**147,960**	**47,411**	**32%**	**(458,673)**
Transfers and subsidies - capital (monetary allocations)		116,236	107,609	–	1,366	1,365	8,967	(7,603)	-85%	107,609
Transfers and subsidies - capital (in-kind)		8,960	–	–	–	–	–	–		–
Surplus/(Deficit) after capital transfers & contributions		**(752,212)**	**(351,064)**	–	**196,735**	**196,735**	**156,927**			**(351,064)**
Income Tax		–	–	–	–	–	–	–		–
Surplus/(Deficit) after income tax		**(752,212)**	**(351,064)**	–	**196,735**	**196,735**	**156,927**			**(351,064)**
Share of Surplus/Deficit attributable to Joint Venture		–	–	–	–	–	–	–		–
Share of Surplus/Deficit attributable to Minorities		–	–	–	–	–	–	–		–
Surplus/(Deficit) attributable to municipality		**(752,212)**	**(351,064)**	–	**196,735**	**196,735**	**156,927**			**(351,064)**
Share of Surplus/Deficit attributable to Associate		–	–	–	–	–	–	–		–
Intercompany/Parent subsidiary transactions		–	–	–	–	–	–	–		–
Surplus/ (Deficit) for the year		**(752,212)**	**(351,064)**	–	**196,735**	**196,735**	**156,927**			**(351,064)**

MP307 Govan Mbeki - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M01 - July

Vote Description	Ref	2025/26	Budget Year 2026/27							
R thousands	1	Audited	Original	Adjusted	Monthly	YearTD actual	YearTD	YTD	YTD %	Full Year
Multi-Year expenditure appropriation	2									
Vote 1 - 01 EXECUTIVE AND COUNCIL		–	–	–	–	–	–	–		–
Vote 2 - 02 CORPORATE SERVICES		–	–	–	–	–	–	–		–
Vote 3 - 03 PLANNING AND DEVELOPMENT		–	–	–	–	–	–	–		–
Vote 4 - 04 COMMUNITY SERVICES		–	–	–	–	–	–	–		–
Vote 5 - 05 FINANCIAL SERVICES		–	–	–	–	–	–	–		–
Vote 6 - 06 ENERGY & MECHANICAL ENGINEERING		–	–	–	–	–	–	–		–
Vote 7 - 07 CIVIL ENGINEERING		–	–	–	–	–	–	–		–
Vote 8 - 01 EXECUTIVE AND COUNCIL continued		–	–	–	–	–	–	–		–
Vote 9 - 04 COMMUNITY SERVICES continued		–	–	–	–	–	–	–		–
Vote 10 -		–	–	–	–	–	–	–		–
Vote 11 -		–	–	–	–	–	–	–		–
Vote 12 -		–	–	–	–	–	–	–		–
Vote 13 -		–	–	–	–	–	–	–		–
Vote 14 -		–	–	–	–	–	–	–		–
Vote 15 -		–	–	–	–	–	–	–		–
Total Capital Multi-year expenditure	4,7	–	–	–	–	–	–	–		–
Single Year expenditure appropriation	2									
Vote 1 - 01 EXECUTIVE AND COUNCIL		7,192	652	–	–	–	54	(54)	-100%	652
Vote 2 - 02 CORPORATE SERVICES		4,065	9,304	–	–	–	775	(775)	-100%	9,304
Vote 3 - 03 PLANNING AND DEVELOPMENT		97	174	–	–	–	14	(14)	-100%	174
Vote 4 - 04 COMMUNITY SERVICES		17,848	11,043	–	–	–	920	(920)	-100%	11,043
Vote 5 - 05 FINANCIAL SERVICES		4,212	5,826	–	–	–	377	(377)	-100%	5,826
Vote 6 - 06 ENERGY & MECHANICAL ENGINEERING		68,378	31,259	–	–	–	2,605	(2,605)	-100%	31,259
Vote 7 - 07 CIVIL ENGINEERING		96,163	90,247	–	2,211	2,211	7,521	(5,310)	-71%	90,247
Vote 8 - 01 EXECUTIVE AND COUNCIL continued		–	–	–	–	–	–	–		–
Vote 9 - 04 COMMUNITY SERVICES continued		60,490	16,247	–	–	–	1,354	(1,354)	-100%	16,247
Vote 10 -		–	–	–	–	–	–	–		–
Vote 11 -		–	–	–	–	–	–	–		–
Vote 12 -		–	–	–	–	–	–	–		–
Vote 13 -		–	–	–	–	–	–	–		–
Vote 14 -		–	–	–	–	–	–	–		–
Vote 15 -		–	–	–	–	–	–	–		–
Total Capital single-year expenditure	4	258,445	164,754	–	2,211	2,211	13,621	(11,410)	-84%	164,754
Total Capital Expenditure		258,445	164,754	–	2,211	2,211	13,621	(11,410)	-84%	164,754
Capital Expenditure - Functional Classification										
Governance and administration		8,439	16,652	–	–	–	1,279	(1,279)	-100%	16,652
Executive and council		162	652	–	–	–	54	(54)	-100%	652
Finance and administration		8,277	16,000	–	–	–	1,225	(1,225)	-100%	16,000
Internal audit		–	–	–	–	–	–	–		–
Community and public safety		24,877	11,043	–	–	–	920	(920)	-100%	11,043
Community and social services		17,848	10,609	–	–	–	884	(884)	-100%	10,609
Sport and recreation		7,030	–	–	–	–	–	–		–
Public safety		–	435	–	–	–	36	(36)	-100%	435
Housing		–	–	–	–	–	–	–		–
Health		–	–	–	–	–	–	–		–
Economic and environmental services		62,843	44,334	–	833	833	3,695	(2,862)	-77%	44,334
Planning and development		42,876	44,160	–	833	833	3,680	(2,847)	-77%	44,160
Road transport		19,967	174	–	–	–	14	(14)	-100%	174
Environmental protection		–	–	–	–	–	–	–		–
Trading services		162,286	92,724	–	1,378	1,378	7,727	(6,349)	-82%	92,724
Energy sources		68,378	31,259	–	–	–	2,605	(2,605)	-100%	31,259
Water management		21,843	20,870	–	–	–	1,739	(1,739)	-100%	20,870
Waste water management		11,574	25,217	–	1,378	1,378	2,101	(723)	-34%	25,217
Waste management		60,490	15,378	–	–	–	1,281	(1,281)	-100%	15,378
Other		–	–	–	–	–	–	–		–
Total Capital Expenditure - Functional Classification	3	258,445	164,754	–	2,211	2,211	13,621	(11,410)	-84%	164,754
Funded by:										
National Government		80,828	91,754	–	833	833	7,537	(6,705)	-89%	91,754
Provincial Government		–	–	–	–	–	–	–		–
District Municipality		–	–	–	–	–	–	–		–
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies,		–	–	–	–	–	–	–		–
Transfers recognised - capital		80,828	91,754	–	833	833	7,537	(6,705)	-89%	91,754
Borrowing	6	–	–	–	–	–	–	–		–
Internally generated funds		77,327	73,000	–	1,378	1,378	6,083	(4,705)	-77%	73,000
Total Capital Funding		158,155	164,754	–	2,211	2,211	13,621	(11,410)	-84%	164,754

MP307 Govan Mbeki - Table C6 Monthly Budget Statement - Financial Position - M01 - July

Description	Ref	2025/26	Budget Year 2026/27			
R thousands	1	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
ASSETS						
Current assets						
Cash and cash equivalents		46,306	5,090	–	58,734	5,090
Short term investments		–	–	–	–	–
Trade and other receivables from exchange transactions		800,811	684,274	–	1,844,481	684,274
Receivables from non-exchange transactions		158,610	132,865	–	168,744	132,865
Current portion of non-current receivables		–	–	–	–	–
Inventory		142,383	96,365	–	137,152	96,365
VAT		1,929,651	2,419,188	–	1,025,298	2,419,188
Other current assets		0	30	–	0	30
Total current assets		3,077,761	3,337,813	–	3,234,409	3,337,813
Non current assets						
Investments		1,317	1,210	–	1,317	1,210
Investment property		1,482,158	1,373,123	–	1,482,158	1,373,123
Property, plant and equipment		1,959,981	1,817,910	–	1,962,192	1,817,910
Biological assets		–	–	–	–	–
Living resources		–	–	–	–	–
Heritage assets		5,431	5,431	–	5,431	5,431
Intangible assets		119	1,379	–	119	1,379
Trade and other receivables from exchange transactions		–	–	–	0	–
Non-current receivables from non-exchange transactions		–	–	–	–	–
Other non-current assets		–	–	–	–	–
Total non current assets		3,449,006	3,199,052	–	3,451,217	3,199,052
TOTAL ASSETS		6,526,767	6,536,865	–	6,685,626	6,536,865
LIABILITIES						
Current liabilities						
Bank overdraft		–	–	–	–	–
Financial liabilities		397	3,612	–	397	3,612
Consumer deposits		36,056	34,715	–	36,168	34,715
Trade and other payables from exchange transactions		7,997,807	5,767,986	–	8,241,730	5,767,986
Trade and other payables from non-exchange transactions		6,973	1,212	–	36,477	1,212
Provision		16,189	52,039	–	9,125	52,039
VAT		1,453,070	2,078,719	–	1,233,417	2,078,719
Other current liabilities		–	–	–	–	–
Total current liabilities		9,510,493	7,938,283	–	9,557,314	7,938,283
Non current liabilities						
Financial liabilities		(0)	–	–	(0)	–
Provision		568,722	401,175	–	527,546	401,175
Long term portion of trade payables		0	2,397,204	–	0	2,397,204
Other non-current liabilities		43,520	–	–	–	–
Total non current liabilities		612,242	2,798,380	–	527,546	2,798,380
TOTAL LIABILITIES		10,122,736	10,736,663	–	10,084,860	10,736,663
NET ASSETS	2	(3,595,969)	(4,199,798)	–	(3,399,234)	(4,199,798)
COMMUNITY WEALTH/EQUITY						
Accumulated surplus/(deficit)		(3,986,040)	(4,199,798)	–	(3,399,234)	(4,199,798)
Reserves and funds		–	–	–	–	–
Other		–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2	(3,986,040)	(4,199,798)	–	(3,399,234)	(4,199,798)

MP307 Govan Mbeki - Table C7 Monthly Budget Statement - Cash Flow - M01 - July

Description	Ref	2025/26	Budget Year 2026/27							
R thousands	1	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		384,692	407,542	–	29,527	29,527	33,962	(4,434)	-13%	407,542
Service charges		1,728,366	2,201,482	–	116,396	116,396	183,457	(67,061)	-37%	2,201,482
Other revenue		59,213	86,588	–	16,533	16,533	7,216	9,317	129%	86,588
Transfers and Subsidies - Operational		527,945	556,218	–	218,281	218,281	230,913	(12,631)	-5%	556,218
Transfers and Subsidies - Capital		115,977	107,609	–	30,696	30,696	42,559	(11,863)	-28%	107,609
Interest		24,630	238,877	–	2,279	2,279	19,906	(17,627)	-89%	238,877
Dividends		–	20	–	–	–	2	(2)	-100%	20
Payments										
Suppliers and employees		(1,754,543)	(3,260,614)	–	(285,945)	(285,945)	(271,718)	(14,227)	5%	(3,260,614)
Interest		–	(222,949)	–	–	–	(18,579)	18,579	-100%	(222,949)
Transfers and Subsidies		–	–	–	–	–	–	–		–
NET CASH FROM/(USED) OPERATING ACTIVITIES		**1,086,282**	**114,773**	–	**127,768**	**127,768**	**227,717**	**99,949**	**44%**	**114,773**
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		–	–	–	–	–	–	–		–
Decrease (increase) in non-current receivables		–	–	–	–	–	–	–		–
Decrease (increase) in non-current investments		107	–	–	–	–	–	–		–
Insurance Refund - Capital		–	–	–	–	–	–	–		–
Term Investments		–	–	–	–	–	–	–		–
Payments										
Capital assets		(203,367)	(189,467)	–	(16,048)	(16,048)	(15,664)	(384)	2%	(189,467)
Retention (Capital)		–	–	–	–	–	–	–		–
NET CASH FROM/(USED) INVESTING ACTIVITIES		**(203,260)**	**(189,467)**	–	**(16,048)**	**(16,048)**	**(15,664)**	**(384)**	**0**	**(189,467)**
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		–	–	–	–	–	–	–		–
Borrowing long term/refinancing		–	–	–	–	–	–	–		–
Increase (decrease) in consumer deposits		–	–	–	–	–	–	–		–
Payments										
Repayment of borrowing		–	–	–	–	–	–	–		–
NET CASH FROM/(USED) FINANCING ACTIVITIES		–	–	–	–	–	–	–		–
NET INCREASE/ (DECREASE) IN CASH HELD		**883,022**	**(74,694)**	–	**111,720**	**111,720**	**212,053**			**(74,694)**
Cash/cash equivalents at beginning:		49,823	80,454	–		46,306	80,454			46,306
Cash/cash equivalents at month/year end:		932,845	5,760	–		158,026	292,507			(28,388)

PART 2: SUPPORTING DOCUMENTATION

6. Debtors' Analysis

The total debtors book balance as at 31 July 2026 amounts to R 4 258 902 000. The debtor's payment rate has been assessed against the debtors' book to determine collection performance. Based on this assessment, the debtors book movement rate is **70%,** indicating that just under one-third of billed revenue remains uncollected for the period.

MP307 Govan Mbeki - Supporting Table SC2 Monthly Budget Statement - aged debtors - M01 - July

Description	NT Code	Budget Year 2026/27											
R thousands		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	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200	74,837	28,524	24,796	21,699	25,616	23,205	25,171	1,093,547	1,317,395	1,189,238	(31,579)	–
Trade and Other Receivables from Exchange Transactions - Electricity	1300	55,230	14,601	12,527	11,104	10,850	10,098	9,244	409,426	533,082	450,723	(66,744)	–
Receivables from Non-exchange Transactions - Property Rates	1400	33,001	11,502	10,648	10,224	9,854	9,276	8,312	347,460	440,276	385,125	(9,091)	–
Receivables from Exchange Transactions - Waste Water Management	1500	14,205	9,331	8,612	7,908	9,645	8,293	7,738	419,077	484,708	452,560	(58,254)	–
Receivables from Exchange Transactions - Waste Management	1600	14,793	9,096	8,065	7,806	7,962	7,640	7,257	382,129	444,738	412,794	(179,896)	–
Receivables from Exchange Transactions - Property Rental Debtors	1700	730	293	287	175	135	141	130	12,384	14,274	12,964	–	–
Interest on Arrear Debtor Accounts	1810	22,974	23,604	21,430	20,324	21,967	20,001	17,522	819,264	967,086	899,078	–	–
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	–	–	–	–	–	–	–	–	–	–	–	–
Other	1900	31,786	13,575	499	385	802	727	90	9,481	57,343	11,483	339,900	–
Total By Income Source	**2000**	**247,558**	**110,525**	**86,853**	**79,524**	**86,829**	**79,381**	**75,463**	**3,492,768**	**4,258,902**	**3,813,965**	**(5,665)**	–
2025/26 - totals only		185,559	108,998	86,754	80,422	79,643	79,079	70,422	3,374,089	4,064,967	3,683,655	–	–
Debtors Age Analysis By Customer Group													
Organs of State	2200	6,671	2,158	1,804	1,596	1,455	1,181	1,129	39,130	55,123	44,490	9	–
Commercial	2300	74,313	8,035	8,462	7,169	7,896	6,941	5,538	261,064	379,417	288,607	348	–
Households	2400	166,575	100,332	76,588	70,760	77,478	71,258	68,796	3,192,575	3,824,361	3,480,867	(6,022)	–
Other	2500	–	–	–	–	–	–	–	–	–	–	–	–
Total By Customer Group	**2600**	**247,558**	**110,525**	**86,853**	**79,524**	**86,829**	**79,381**	**75,463**	**3,492,768**	**4,258,902**	**3,813,965**	**(5,665)**	–

Debtors Movement rate

	July
Debtors Opening Balance	4,170,518,000.00
Add: Billing for the Month	234,396,844.23
Billing Adjustments	5,665,000.00
Less: Debtors Write-off	4,258,902,000.00
Less: Debtors Closing Balance	151,677,844.23
Payment rate	70%

Reason for current performance in debtor's book movement of 70% is attributable to the following reasons

- Collection movement for July is affected by higher clearance applications and subsequent payments received more especially of business debtors where the collection is at 100% for the month.
- Credit control focused directly on debtors' book and actions were done directly from the debtor's book which contributed 30 million towards the total collection.
- On government debtors a collection of 114% was realised, indicating that departments were clearing older debts.

The following table indicates the consumer debtor's payment rate for the month:

Type Of Service	Total Settlements	Total Movement	Net Billing	Billing	Credit Notes	Debit Notes	Other Adjustments	Payment Rate (Net Billing)
Payment	35,938.62	4,075.87	-	-	-	-	4,075.87	
Deposits	323,763.24	121,943.83	-	-	-	-	121,943.83	
Agreements	40,467.93	-	-	-	-	-	-	-
Indigent flat credit	6,913.89	-2,872,170.13	89,275.97	-	-	89,275.97	-2,961,446.10	-
Water	45,744,668.30	64,229,259.94	63,892,031.00	61,159,642.00	-275,508.85	3,007,897.85	337,228.94	72
Electricity	39,895,163.17	45,779,693.78	45,702,896.48	45,684,875.98	-150,646.80	168,667.30	76,797.30	87
Rates	36,005,132.34	37,493,454.96	37,468,195.57	37,729,614.14	-439,897.90	178,479.33	25,259.39	96
Annual rates	20,437.45	-	-	-	-	-	-	
Refuse	6,800,034.39	13,572,320.96	13,511,767.54	13,482,870.10	-13,403.98	42,301.42	60,553.42	50
Sewerage	6,641,757.15	13,431,071.66	13,327,868.86	13,330,413.84	-43,954.98	41,410.00	103,202.80	50
Miscellaneous	977,033.50	14,412,995.38	325,683.68	325,165.61	-	518.07	14,087,311.70	300
Miscellaneous(no vat)	442,951.74	704,444.13	704,444.13	625,690.25	-	78,753.88	-	63
Vat	15,464,762.45	20,064,303.91	20,080,606.40	20,071,280.89	-72,527.33	81,852.84	-16,302.49	77
Interest	2,186,954.59	21,509,777.87	21,509,777.87	21,886,231.06	-376,503.81	50.62	-	10
Payment advanced	5,322,043.70	-	-	-	-	-	-	
Total	**159,908,022.46**	**228,451,172.16**	**216,612,547.50**	**214,295,783.87**	**-1,372,443.65**	**3,689,207.28**	**11,838,624.66**	**74**

In June, the municipality billed R218,609,097.93 and collected R145,610,744.98, resulting in a payment rate of 67 percent.

In July, net billing decreased by R1,996,550.43 to R216,612,547.50, while collections increased by R14,297,277.48 to R159,908,022.46. Consequently, the payment rate improved by 7 percentage points, from **67 %** in June to **74 %** percent in July. All collection figures exclude prepaid electricity sales.

Comparison:

When comparing the two periods, Billing decreased by **R1.9 million**, and collections has increased by **R14.2 million**.

Prepaid sales for July amounted to R **41 245 155.08**, increasing total revenue collected to **R 201 153 177.54.** When prepaid sales are included, the overall payment rate improves to **93 percent**.

Prepaid sales for June amounted to R **36 892 045.29**, increasing total revenue collected to **R 182 502 790.27.** When prepaid sales are included, the overall payment rate improves to **71 percent**.

Total prepaid revenue received increased by **R4.3 million** from June to July.

Actual Billing for July	216,612,547.50
Pre Paid Sales For July	41,245,155.08
Total Collection Including Pre Paid Sales Received	201,153,177.54
Payment rate	93%

Payment Rate (Billing vs Collection)	74%

Pre Paid Sales Performance July	44,722,420.77
Region 1	8,725,881.55
Region 2 & 3	35,996,539.22

Year-to-date payment trend (Billing Vs Collection on Billing)

Reporting Month	Total Billing	Total Adjustment on Billing	Other Adjustments	Revenue Movement	Net Billing	Revenue Collected	Collection Rate %
Jul-26	214,295,784	2,316,764	11,838,625	228,451,172	216,612,548	159,908,022	74%
Total	**214,295,784**	**2,316,764**	**11,838,625**	**228,451,172**	**216,612,548**	**159,908,022**	**74%**

Above year-to-date payment trend shows that the municipality's average payment rate is currently sitting at 74% which is below the target payment rate of 85% as per the municipal debt relief requirements. This payment rate is highly affected by the below towns with payment rates below 40%.

Towns with low payment rate:

Area	Total Levied (Incl Adjustments)	Total Receipts	Amount not collected	%
0200 EMBALENHLE	46,204,005	13,607,591	32,596,414	29%
0800 EMZINONI	12,618,100	1,957,343	10,660,757	16%
0900 EENDRACHT	1,005,751	286,959	718,792	29%
1100 LEBOHANG	12,289,281	359,245	11,930,035	3%
2000 SORRENTO PARK	30,272	3,731	26,542	12%
RES1 RESIDENTIAL	39,507	11,039	28,468	28%

Soft Block Analysis

As at end of July 2026, the municipality implemented soft blocking of prepaid meters as part of the revenue enhancement strategy. To date, **1025 meters have been soft-blocked**, with a total outstanding balance of **R66 391 302.04** linked to these accounts.

From this intervention:

- **R 1 448 971.31** has been collected, and
- **R 3 717 872.47** has been placed on payment arrangements.

Notes: July Outstanding debt linked to meters and the response in cash collected is not relative. Pointing at increasing number of illegal connections and illegal reconnections. Possible hijacked and dilapidated buildings.

JULY PAYMENT RATE PER AREA

Area	Total Levied (Incl Adjustments)	Total Receipts	Amount not collected	%
0100 SECUNDA	71,999,878	73,311,484	-1,311,606	102%
0200 EMBALENHLE	46,204,005	13,607,591	32,596,414	29%
0300 KINROSS	20,017,255	17,556,457	2,460,798	88%
0400 TRICHARDT	7,891,930	7,825,158	66,772	99%
0500 EVANDER	12,426,176	11,424,478	1,001,697	92%
0700 BETHAL	15,682,674	12,778,905	2,903,769	81%
0800 EMZINONI	12,618,100	1,957,343	10,660,757	16%

High-performing areas such as Trichardt, Evander, Kinross, Bethal and Secunda recorded payment rates above 80%. A lower compliance was noted in Emzinoni with 16% and Embalenhle showing 29%.

The results of the soft blocking exercise indicate a positive response across the municipality. Areas with historically higher payment compliance, such as Trichardt, Evander, Kinross, Bethal and Secunda, responded positively to the intervention, with payment rates above 80%. In comparison with the June rate Embalenhle and Emzinoni township displayed a slight increase.

The proportion of outstanding amounts placed under arrangements (5.59%) suggests that while some customers are willing to settle their debt over time, the municipality will need to monitor adherence to these arrangements closely. Lessons from this phase will inform the targeting, communication and operational approach for the second phase of soft blocking to maximise revenue recovery.

Advantages of Using Soft Blocking Over Engaging a Service Provider

The soft blocking of prepaid meters provides several operational and financial advantages for the municipality:

1. **Cost Savings:**
    - Soft blocking is implemented internally using the municipality's existing systems and staff, eliminating the need to pay external service providers.
    - This ensures that **100% of the revenue collected flows directly into the municipality's accounts**, improving cash flow and reducing revenue leakage through service provider fees.
2. **Direct Control and Oversight:**

- The municipality retains full control over the blocking, monitoring, and reconnection process, ensuring compliance with internal credit control policies.
- Reduces the risk of disputes or mismanagement by third parties and expenses to service providers for charging cut-offs and reconnections.

When Service Providers Are Still Needed:

While soft blocking is effective for prepaid customers, there remains a need to engage service providers in certain situations, such as:

- **Postpaid accounts** where physical disconnection is required.
- **Tampered or bridged meters** where specialised technical intervention is needed to restore proper metering and billing.

This blended approach ensures that the municipality uses the most cost-effective method for prepaid customers while still addressing technical and enforcement challenges in other account categories

7. Creditors' Analysis

The total creditors balance for the month of July 2026 amounted to R7 998 133 000, 97% of creditors are above 30 days. The major creditors remain Eskom and Rand Water. An arrangement has been signed with Rand Water to pay-off historical or legacy debt.

MP307 Govan Mbeki - Supporting Table SC4 Monthly Budget Statement - aged creditors – M01 July 2026

Description	NT Code	Budget Year 2025/26								
R thousands		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	100	164,876	178,521	64,785	128,455	72,901	81,896	112,034	6,229,388	**7,032,856**
Bulk Water	200	53,731	18,706		66		81,896	7,099	665,137	**826,636**
PAYE deductions	300	–	–	–	–	–	–	–	–	–
VAT (output less input)	400	–	–	–	–	–	–	–	–	–
Pensions / Retirement deductions	500	–	–	–	–	–	–	–	–	–
Loan repayments	600	–	–	–	–	–	–	–	–	–
Trade Creditors	700	4,293	92,359	12,715	2,556	26,613		–	–	**138,526**
Auditor General	800					115	–	–	–	**115**
Other	900	–	–	–	–	–	–	–	–	–
Total By Customer Type	**1000**	**222,900**	**169,166**	**77,500**	**131,077**	**99,629**	**163,792**	**119,133**	**6,894,525**	**7,998,133**

8. Investment portfolio analysis

The following table displays the investments portfolio and indicates a closing balance of R 72 529 018.80 invested (including long-term investments).

	Account Nr	Date of Investment	Opening Balance 01/07/2026	Investments Made	Investment Withdrawals	Fair Value Adjustment	Interest Capitalized/ Accrued	Closing Balance 31/07/2026
Long-Investments								
Old Mutual Shares C0777197766	Share nr C0777197766		29,349.54	-	-	-	-	29,349.54
Old Mutual Shars C0777027950	Share nr C0777027950		403,942.00	-	-	-	-	403,942.00
Sanlam U0063349159	Share nr U0063349159		216,339.96	-	-	-	-	216,339.96
Nedbank (70) Withdrawal	70 Shares		18,896.50	-	-	-	-	18,896.50
Nedbank (966) Withdrawal	966Shares		260,771.70	-	-	-	-	260,771.70
Quilter plc (624)	Share nr 1521061685		26,232.96	-	-	-	-	26,232.96
Quilter plc (8599)	Share nr 1521053495		361,501.96	-	-	-	-	361,501.96
			1,317,034.62	**-**	**-**	**-**	**-**	**1,317,034.62**
Short-term Investments								
Standard Bank MoneyMarket Call Account	038787024(003)	26/11/2014	575,001.47	-	-	-	3,223.16	578,224.63
Standard Bank TieredRate Call Account	038787024(008)	13/08/2014	9,014,620.74	80,000,000.00	63,000,000.00	-	159,663.31	26,174,284.05
Standard Bank MoneyMarket Call Account	038787024(009)	05/06/2016	11,200,401.20	30,000,000.00	17,000,000.00	-	179,325.05	24,379,726.25
Standard Bank Retention Call Account	038787024(010)	01/08/2025	7,005,546.12	13,000,000.00		-	74,203.13	20,079,749.25
			27,795,569.53	**123,000,000.00**	**80,000,000.00**	**-**	**416,414.65**	**71,211,984.18**
			29,112,604.15	**123,000,000.00**	**80,000,000.00**	**-**	**416,414.65**	**72,529,018.80**

9. DISTRIBUTION LOSSES

Water and Electricity Distribution Losses for July 2026. (KL / Units)

Service	Purchased	Sold	Current % Loss	Average 25/26	Average 24/25
Electricity	42,162,868	24,765,297	-41.26%	-37.59%	-47 99%
Water	2,489,231	1,791,689	-28.02%	-39.85%	-53.47%

Water and Electricity Distribution Losses: Accumulated: July 2026 to July 2026 (KL / Units)

Service	Purchased	Sold	Current % Loss	Average 25/26	Average 24/25
Electricity	42,162,868	24,765,297	-41.26%	-37.59%	-47 99%
Water	2,489,231	1,791,689	-28.02%	-39.85%	-53.47%

Electricity

Distribution losses relating to electricity, the department has identified few elements which affect or cause the high percentages. Those elements include but not limited to; unmeasured connections, illegal connection and tempered meters. The department is currently attending to the said issues which to date is bearing positive results. Accumulated electricity losses were reduced from 64% for the financial year 2022/23 to 37% for the previous financial year 2025/26 through the implementation of departmental interventions, with the current losses for July sitting at 41.26%

Water

Due to high number of meters replaced, rapid response to pipe bursts and improved billing for the month of July 2026. The municipality has managed to reduce water loss with 11.83% compared to last financial year.

10. Performance of Grants

10.1 Performance of Capital Grants

Grants	Allocation per DoRA	Opening Balance 2026/2027	Received Including rollover	YTD Expenditure	Unspent 2026/2027	YTD % Per Allocation
Integrated National Electrification Programme Grant	35,748,000.00	-	-	-	-	0%
Municipal Infrastructure Grant	71,861,000.00	467,844.15	30,696,000.00	1,364,760.94	29,331,239.06	4%
Municipal Disaster Recovery Grant	-	3,498,100.00	-	-	-	0%
Total	**107,609,000.00**	**3,965,944.15**	**30,696,100.00**	**1,364,760.94**	**29,331,239.06**	**4%**

- Above total Municipal Infrastructure Grant allocation and expenditure is inclusive of Project Management Unit operational allocation with a budget of R 3 421 952.38.
- Furthermore, the Capital budget YTD reflecting on page 9 (C5 Schedule) excludes VAT thus budget and expenditure notable differences.

10.2 Performance of Operational Grants

Grants	Allocation per DoRA	Opening Balance 2026/2027	Received Including rollover	YTD Expenditure	Unspent 2026/2027	YTD %
Extended Public works Programme	2,859,000.00	194,000.00	-	1,801,011.80	- 1,801,011.80	0%
Financial Management Grants	3,500,000.00	-	-	33,999.96	- 33,999.96	0%
Infrastructure Skills Development Grant	24,000,000.00	-	13,000,000.00	-	13,000,000.00	0%
LG Seta	-	443,819.12	-	-	-	0%
Point Duty Officer (SASOL)	-	47,673.38	-	411,150.35	- 363,476.97	0%
Economic Development and Tourism	-	313,901.00	-	-	-	0%
Gert Sibande District Municipality	-	8,035.02	-	-	-	0%
Energy Efficiency Demand Grant	-	2,000,000.00	-	-	-	0%
Equitable share	523 359,000.00	-	218,066,000.00	218,066,000.00	-	100%
Total	**553,718,000.00**	**3,007,428.52**	**231,066,000.00**	**220,312,162.11**	**10,801,511.27**	95%

- The Public Works Programme and Financial Management Grant are reflecting negative unspent balances because expenditure has been incurred against the approved grant allocations and the grant allocation will be received during the month of August 2026.

11. Capital programme performance

Project Name	Funding	2026-2027 Original Budget	Monthly Expenditure July 2026	Vat	Amount Inclusive Vat	YTD Expenditure	Available Balance as at July 2026
Procurement of Financial Management System	FMG	1,304,347.83	0.00	0.00	0.00	0.00	0.00
88/11 KVA Emzinoni Substation Capacity increase	INEP	29,618,261.00	0.00	0.00	0.00	0.00	0.00
Electrification of Emzinoni Extension 11	INEP	1,466,956.00	0.00	0.00	0.00	0.00	0.00
Construction of stormwater concrete pipeline EXT22 Emba	MDRG	-	0.00	0.00	0.00	0.00	0.00
Rehabilitation of Stormwater in Trichardt	MDRG	-	0.00	0.00	0.00	0.00	0.00
Procurement of Specialised Vehicles for Waste Management	MIG	15,377,863.00	0.00	0.00	0.00	0.00	0.00
Construction of Bulk water line and reservoir in Leandra	MIG	2,782,609.00	0.00	0.00	0.00	0.00	0.00
Upgrading of Lebohang Stadium in Leandra (Phase 2)	MIG	4,347,826.00	832,572.19	124,885.83	957,458.02	957,458.02	3,390,367.98
Embalenhle Bulk Replacement/Upgrade (Phase1)	MIG	6,956,522.00	0.00	0.00	0.00	0.00	0.00
Emzinoni Bulk water supply	MIG	29,899,484.00	0.00	0.00	0.00	0.00	0.00
Insurance	Revenue	4,347,826.00	0.00	0.00	0.00	0.00	4,347,826.00
Furniture & Equipment (Corporate Services)	Revenue	173,913.00	0.00	0.00	0.00	0.00	173,913.00
Completion of Floating roof in Secunda Ext 22	Revenue	10,434,783.00	0.00	0.00	0.00	0.00	10,434,783.00
Installation of Bulk Check Meter with Chambers	Revenue	2,608,696.00	0.00	0.00	0.00	0.00	2,608,696.00
Acquisition of Water Meters	Revenue	7,826,087.00	0.00	0.00	0.00	0.00	7,826,087.00
Firearms	Revenue	869,562.00	0.00	0.00	0.00	0.00	869,562.00
Fencing of pump stations and WWTW	Revenue	4,347,826.00	0.00	0.00	0.00	0.00	4,347,826.00
Charl cilliers sewer reticulation and pump station	Revenue	4,347,826.00	0.00	0.00	0.00	0.00	4,347,826.00
Installation of sewer network pipeline in Eendracht	Revenue	7,826,087.00	1,378,402.00	206,760.30	1,585,162.30	1,585,162.30	6,240,924.70
Kinross waste treatment plant	Revenue	8,695,652.00	0.00	0.00	0.00	0.00	8,695,652.00
Furniture & Equipment (Financial Services)	Revenue	173,913.00	0.00	0.00	0.00	0.00	173,913.00
Furniture & Equipment (Community Services)	Revenue	173,913.00	0.00	0.00	0.00	0.00	173,913.00
Jaws of life (Capital)	Revenue	434,782.61	0.00	0.00	0.00	0.00	434,782.61
Lillian Ngoyi Refurbishment	Revenue	1,739,130.00	0.00	0.00	0.00	0.00	1,739,130.00
Fencing of Facilities	Revenue	8,695,652.00	0.00	0.00	0.00	0.00	8,695,652.00
Furniture & Equipment (Civil)	Revenue	173,913.00	0.00	0.00	0.00	0.00	173,913.00
Crane Truck	Revenue	3,913,043.00	0.00	0.00	0.00	0.00	3,913,043.00
TLB	Revenue	3,478,261.00	0.00	0.00	0.00	0.00	3,478,261.00
Furniture & Equipment (Energy)	Revenue	173,913.00	0.00	0.00	0.00	0.00	173,913.00
Furniture and Equipment (Speaker)	Revenue	173,913.00	0.00	0.00	0.00	0.00	173,913.00
Furniture & Equipment (Executive and Council)	Revenue	173,913.00	0.00	0.00	0.00	0.00	173,913.00
Hailing system	Revenue	130,435.00	0.00	0.00	0.00	0.00	130,435.00
Furniture & Equipment (Planning and Development)	Revenue	173,913.00	0.00	0.00	0.00	0.00	173,913.00
Furniture & Equipment (MM's Office)	Revenue	173,913.00	0.00	0.00	0.00	0.00	173,913.00

Project Name	Funding	2026-2027 Original Budget	Monthly Expenditure July 2026	Vat	Amount Inclusive Vat	YTD Expenditure	Available Balance as at July 2026
Acquisition Computer Equipment	Revenue	1,739,130.00	0.00	0.00	0.00	0.00	1,739,130.00
TOTAL		**164,753,864.43**	**2,210,974.19**	**331,646.13**	**2,542,620.32**	**2,542,620.32**	**74,805,201.29**

12. Councillor and board member allowances and employee benefits for July 2026

Total staff compliment	1204 (Permanent)
Staff resignations	1
Staff Appointments	9

13. Other supporting documents

See Attached Annexure C

14. Conclusion

The financial performance for July 2026 reflects some improvement in revenue collection, with the payment rate increasing from 67 % in June to 74 % in July, excluding prepaid electricity sales. When prepaid electricity sales are included, the payment rate was 93 percent. Operating revenue was, however, 5 percent below the year-to-date budget, while operating expenditure was 20 percent below budget due to cash-flow constraints and expenditure controls. Capital expenditure remained low at R2.21 million, representing an 84 percent underperformance against the year-to-date budget.

The municipality remains under serious financial pressure. The debtors' book amounted to R4.26 billion, while creditors totalled R8.00 billion, of which 97 percent was outstanding for more than 30 days. Eskom and Rand Water remain the municipality's largest creditors. The negative cashbook balance, high electricity and water losses, and underperformance against the Budget Funding Plan continue to affect the municipality's ability to meet its obligations.

The municipality will intensify credit control and debt collection, reduce distribution losses, control expenditure, accelerate capital project implementation and comply with the Municipal Debt Relief conditions. Particular attention should be given to collecting outstanding debt from businesses, government departments and high-value consumers, while ensuring that current Eskom and Rand Water accounts are paid within the required periods.

12.1 Progress on Budget Funding Plan

Performance over 12 months in Financial Year 2026/2027				
Year-to-Date Target	Year-to-Date Target %	Year-to-Date Actual	Year-to-Date Actual %	Underperformance
R175,893,274	8.3%	R97,213,077	4.6%	R78,680,197

Overview on performance of Budget Funding Plan

Council approved the 2026/27 Budget Funding Plan (BFP) together with the budget on the 27th of May 2026.

The progress recorded as at 31 July 2026 is 4.6 % of the year to date anticipated revenue. The total anticipated revenue for the year is R2 110 719 282 of which an amount of R 97 213 076 has been collected to date.

15. Annexure B: Compliance with the conditions for Municipal Debt Relief

Summary of June Compliance Assessment Report

National Treasury
Municipal Debt Relief
MFMA Circular No. 124
Municipal Finance Management Act No. 56 of 2003

Province		
MP		
Code	District	Code Description
MP307	Gert Sibande	Govan Mbeki

Monthly Performance Report

Municipal Details			Part A: Eskom And Bulk water current account						Part B: Compliance with a funded MTREF					Part C: FRP/BFP & Tariff Assessment			Part D: Electricity and water as collection tools			
Month	Code Descr	Code	C1	C2	C3	C4	C5	C6	C7	C8	C9	C10	C11	C12	C13	C14	C15	C16	C17	C18
25.July25	Govan Mbeki	MP307	Yes	Yes	Yes	No	Yes	Yes	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
26.August25	Govan Mbeki	MP307	Yes	Yes	Yes	No	Yes	Yes	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
27.September25	Govan Mbeki	MP307	Yes	Yes	Yes	No	Yes	Yes	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
28.October25	Govan Mbeki	MP307	Yes	Yes	Yes	No	Yes	Yes	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
29.November25	Govan Mbeki	MP307	Yes	Yes	Yes	No	Yes	Yes	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
30.December25	Govan Mbeki	MP307	Yes	Yes	Yes	No	Yes	Yes	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
31.January26	Govan Mbeki	MP307	Yes	Yes	Yes	No	Yes	Yes	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
32.February26	Govan Mbeki	MP307	Yes	Yes	Yes	No	Yes	Yes	No	No	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	No	No
33.March26	Govan Mbeki	MP307	Yes	Yes	Yes	No	Yes	Yes	No	No	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	No	No
34.April26	Govan Mbeki	MP307	Yes	Yes	Yes	No	Yes	Yes	No	No	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	No	No
35.May26	Govan Mbeki	MP307	Yes	Yes	Yes	No	Yes	Yes	No	No	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	No	No
36.June26	Govan Mbeki	MP307	Yes	Yes	Yes	No	Yes	Yes	No	No	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	No	No

Month	Part C: Quarterly collection of property rates and services charges							Maximization of Revenue Base			Part … Oversi…						
Month	C19	C20	C21	C22	C23	C24	C25	C26	C27	C28	C29	C30	C31	C32	C33	C34	C3
25.July25	No	Yes	Yes	No	Yes	No	Yes	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	[illegible]
26.August25	No	Yes	Yes	No	Yes	No	Yes	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	[illegible]
27.September25	No	Yes	Yes	No	Yes	No	Yes	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	[illegible]
28.October25	No	Yes	Yes	No	Yes		Yes	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Y
29.November25	No	Yes	Yes	No	Yes	No	Yes	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Y
30.December25	No	Yes	Yes	No	Yes	No	Yes	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Y
31.January26	No	Yes	Yes	No	Yes	No	Yes	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Y
32.February26	N/A	N/A	N/A	N/A	Yes	Yes	Yes	Yes	N/A	Yes	Yes	N/A	Yes	Yes	Yes	Yes	Y
33.March26	No	Yes	Yes	No	Yes	Yes	Yes	Yes	N/A	Yes	Yes	N/A	Yes	Yes	Yes	Yes	Y
34.April26	No	Yes	Yes	No	Yes	Yes	Yes	Yes	N/A	No	Yes	N/A	Yes	Yes	Yes	Yes	Y
35.May26	No	Yes	Yes	No	Yes	Yes	Yes	Yes	N/A	No	Yes	No	Yes	Yes	Yes	Yes	Y
36.June26	No	Yes	Yes	No	Yes	Yes	Yes	Yes	N/A	No	Yes	No	Yes	Yes	Yes	Yes	Y

Feedback on Compliance with the conditions for Municipal Debt Relief (June 2026)

Compliance status as per treasury feedback for the reporting period ending May 2026 is non-compliance. The non-compliance results from municipal debt relief conditions not fully met by the municipality.

From the feedback letter it is recommended that;

- The Municipality ring fence all service charges revenue to honour the current bulk accounts in full monthly.
- The Municipality intensifies credit control and debt collection processes.
- The Council supports the implementation of credit control and revenue improvement initiatives.
- The Municipality must provide monthly progress reports on actions taken to reconcile variances between the valuation roll and financial system.
- The municipality targets the top 100 consumers, primarily business, and implements credit control to collect from this sector.
- The Municipality institutionalizes the reviewed Budget Funding Plan and submits monthly progress reports to both Provincial Treasury and National Treasury.

16. Municipal Manager's quality certification

QUALITY CERTIFICATE

I EN Maseko, the Municipal Manager of **Govan Mbeki Municipality**, hereby certify that:

☐ The monthly budget statement report; and

☐ The supporting documentation for the month of **July 2026** has been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act.

Print Name: Ms. VB Nkhata

Chief Financial Officer of Govan Mbeki Municipality (MP307)

Signature:

Date: 14/08/2026

Print Name: Mr. EN Maseko

Municipal Manager of Govan Mbeki Municipality (MP307)

Signature:

Date: 14/08/26

17. Recommendations

It is recommended that that the Mayoral Committee meeting takes note of -

1. The monthly **budget statement for the month ending 31 July 2026.**
2. **The non-compliance emanating from the municipality's debt relief self-assessment as well as the Provincial Treasury's independent assessment set-out in paragraph 15 above;**
3. **The following remedial actions necessary and / or undertaken to** improve the municipality's monthly compliance in terms of the Debt Relief Conditions:

    - Increase collection rate to enable the municipality to pay its Eskom current account within 30 days.
    - Continuous implementation of revenue enhancement to improve cashflow status of the municipality.
    - Initiate a cut-off drive to enforce compliance, targeting businesses & government that have not met their payment obligations to improve cashflow status of the municipality.

4. The balance of the Eskom bulk account amounting to **R 7 032 856 000.00** and Rand Water bulk water account **R 826 636 000.00**