



Quarterly Budget Statement

MFMA Section 52 Report

30 SEPTEMBER 2026

Govan Mbeki Municipality

Introduction

Purpose

To comply with section 52(d) of the Municipal Finance Management Act (MFMA), by submission of a report in a prescribed format to the Council on the implementation of the budget and financial state of affairs of the municipality.

The quarterly 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.

The report is tabled to council in order to ensure good governance and financial viability and to provide council with the necessary information to make informed decisions

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, Section 52 and Section 75(1)k
- 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.

QUALITY CERTIFICATE

I, **E.N. Maseko**, the Municipal Manager of **Govan Mbeki Municipality**, hereby certify that: -

- The Quarterly budget statement report

And supporting documentation for the third quarter (**30 September 2026**) has been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act.

Print Name: V.B Nkhata

Chief Financial Officer of Govan Mbeki Municipality (MP307)

Signature: 

Date: 09/10/26

Print Name: E.N. Maseko

Municipal Manager of Govan Mbeki Municipality (MP307)

Signature: 

Date:

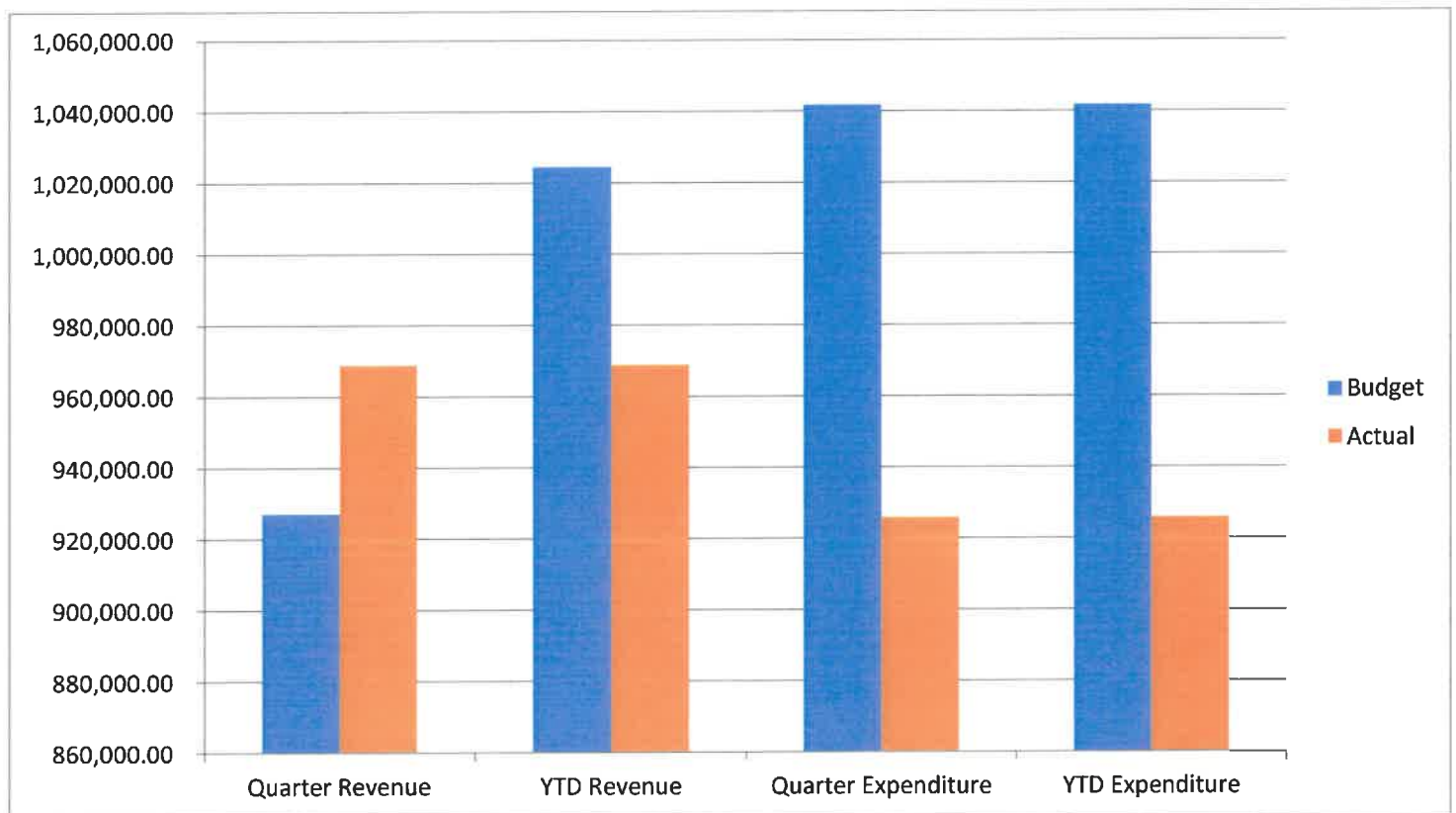
Quarterly Performance Report

1. DISCUSSION:

The overall financial performance indicators for the period under review are attached as **ANNEXURE "A"**.

EXECUTIVE SUMMARY:

Description	Original Budget 2026/2027	Adjusted Budget 2026/2027	Quarter 1 Actual	Year TD Actual	Year to Date Budget	YTD Variance	YTD Variance %
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Total Operating Revenue	3,708,074	-	968,871	968,871	1,024,441	-55,570	-5%
Less Total Operating Expenditure	4,166,747	-	925,866	925,866	1,041,702	-115,836	-11%
Surplus /(Deficit) for the year before grant capital revenue	-458,673	-	43,005	43,005	-17,261		
Add Grant capital revenue	107,609	-	16,972	16,972	26,902	-9,930	-37%
Surplus /(Deficit) before Capital Expenditure	-351,064	-	59,977	59,977	9,641		
Total Capital Expenditure	164,754	-	21,168	21,168	40,862	-19,694	-48%
Surplus /(Deficit)	(515,818)	-	38,809	38,809	-31,221		



Operating Performance

For the period under review, total operating revenue amounted to **R968 million** against a year-to-date budget of **R1,024 billion**, resulting in an unfavourable variance of **R55.5 million (-5%)**. Although revenue collections remained below the planned target, the variance reflects a slight improvement in the Municipality's overall revenue performance compared to previous reporting periods.

Total operating expenditure amounted to **R925.8 million**, compared to a budget of **R1,041 billion**, reflecting underspending of **R115.8 million (-11%)**. This indicates improved expenditure management and cost containment.

Consequently, the municipality recorded an operating surplus of **R43 million** before capital grant revenue, compared to a budgeted deficit of **R17.2 million**.

Capital Grants

Capital grant revenue recognised to date amounts to **R16.9 million**, which is **R9.9 million (-37%)** below the budgeted amount of **R26.9 million**. This indicates poor performance in grant funded projects due to delays in some of the projects.

After including capital grants, the municipality recorded a year-to-date surplus of **R59.9 million**, compared to a budgeted surplus of **R9.6 million**.

Capital Expenditure

Capital expenditure for the period amounted to **R21.1 million**, compared to a budget of **R40.8 million**, reflecting underspending of **R19.6 million (-48%)**. The underspending mainly is as results of delays in some of MIG funded projects and internally generated projects not fully implemented because of unavailability of cash.

Overall Financial Outcome

After accounting for capital expenditure, the municipality recorded an overall year-to-date surplus of **38.8 million**, compared to a budgeted deficit of **R31.2 million**. This position is as result of improved expenditure management and cost containment.

Quarterly Performance Report

The following table provides a summary of the municipality's performance on the Capital and Operational budget as at 30 September 2026

MP307 Govan Mbeki - Table C1 Monthly Budget Statement Summary - M03 - Quarter 1

Description	2025/26	Budget Year 2026/27							
	Audited Outcome	Original Budget	Adjusted Budget	Quarter 1	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	454,566	473,083	–	116,899	116,899	118,271	(1,371)	-1%	473,083
Service charges	1,743,276	2,333,376	–	564,352	564,352	583,344	(18,992)	-3%	2,333,376
Investment revenue	4,594	6,222	–	1,477	1,477	1,556	(79)	-5%	6,222
Transfers and subsidies - Operational	525,423	556,218	–	218,183	218,183	236,477	(18,294)	-8%	556,218
Other own revenue	744,800	339,176	–	67,960	67,960	84,794	(16,834)	-20%	339,176
Total Revenue (excluding capital transfers and contributions)	3,472,660	3,708,074	–	968,871	968,871	1,024,441	(55,570)	-5%	3,708,074
Employee costs	792,414	838,570	–	204,019	204,019	209,644	(5,625)	-3%	838,570
Remuneration of Councilors	33,723	37,745	–	8,450	8,450	9,436	(986)	-10%	37,745
Depreciation and amortisation	111,461	139,195	–	33,092	33,092	34,799	(1,706)	-5%	139,195
Interest	409,020	222,949	–	97,810	97,810	55,737	42,073	75%	222,949
Inventory consumed and bulk purchases	1,721,550	1,782,763	–	500,476	500,476	445,691	54,785	12%	1,782,763
Transfers and subsidies	19,663	–	–	–	–	–	–	–	–
Other expenditure	1,595,760	1,145,524	–	82,018	82,018	286,395	(204,377)	-71%	1,145,524
Total Expenditure	4,683,591	4,166,747	–	925,866	925,866	1,041,702	(115,836)	-11%	4,166,747
Surplus/(Deficit)	(1,210,931)	(458,673)	–	43,005	43,005	(17,261)	60,266	-349%	(458,673)
Transfers and subsidies - capital (monetary allocations)	116,236	107,609	–	16,972	16,972	26,902	(9,930)	-37%	107,609
Transfers and subsidies - capital (in-kind)	9,125	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & Share of surplus/ (deficit) of associate	(1,085,571)	(351,064)	–	59,977	59,977	9,641	50,336	522%	(351,064)
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–
Surplus/ (Deficit) for the year	(1,085,571)	(351,064)	–	59,977	59,977	9,641	50,336	522%	(351,064)
Capital expenditure & funds sources									
Capital expenditure	304,591	164,754	–	21,168	21,168	40,862	(19,694)	-48%	164,754
Capital transfers recognised	89,748	91,754	–	14,423	14,423	22,612	(8,189)	-36%	91,754
Borrowing	–	–	–	–	–	–	–	–	–
Internally generated funds	151,348	73,000	–	6,745	6,745	18,250	(11,505)	-63%	73,000
Total sources of capital funds	241,096	164,754	–	21,168	21,168	40,862	(19,694)	-48%	164,754
Financial position									
Total current assets	3,764,329	3,337,813	–	–	4,110,243	–	–	–	3,337,813
Total non current assets	3,490,359	3,199,052	–	–	3,478,435	–	–	–	3,199,052
Total current liabilities	9,601,087	7,938,283	–	–	9,959,796	–	–	–	7,938,283
Total non current liabilities	612,242	2,798,380	–	–	527,546	–	–	–	2,798,380
Community wealth/Equity	(2,958,642)	(4,199,798)	–	–	(2,898,663)	–	–	–	(4,199,798)
Cash flows									
Net cash from (used) operating	1,086,282	114,773	–	317,458	317,458	163,423	(154,035)	-94%	114,773
Net cash from (used) investing	(203,172)	(189,467)	–	(44,233)	(44,233)	(46,992)	(2,759)	6%	(189,467)
Net cash from (used) financing	–	–	–	–	–	–	–	–	–
Cash/cash equivalents at the month/year end	932,933	5,760	–	–	319,531	196,885	(122,646)	-62%	(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	216,444	182,116	101,688	87,016	78,472	71,660	81,678	3,546,970	4,366,046
Creditors Age Analysis									
Total Creditors	226,912	221,887	156,293	219,933	50,657	119,073	73,081	7,161,960	8,229,796

Analysis of the performance (Table C-1)

Revenue Performance

Total operating revenue (excluding capital transfers) for the year-to-date amounts to R968.8 million against a budget of R1.024 billion, resulting in an unfavourable variance of R55.5 million (-5%).

Key revenue trends

- Property rates performed in line with the year-to-date budget, reflecting stable and consistent billing during the reporting period.
- Service charges recorded R564.3 million, against R583.3million (-3%) below targeted revenue.
- Investment revenue underperformed by 5%, with R1.4 million collected against a quarterly budget of R1.5 million. The underperformance is primarily attributable to the limited availability of cash for investment, which constrained the Municipality's ability to invest surplus funds and generate additional interest income.
- Other own revenue underperformed by 20% against the budgeted target for the period under review. One of the contributing factors is the delay in receiving traffic fine revenue, as payments are not being received by the Municipality timeously due to the implementation of the AARTO system.

Overall, revenue performance is below target, mainly due to service charge, investment revenue and other own revenue performing below the targets.

Expenditure Performance

Total operating expenditure for the year-to-date amounts to R925.8 million against a budget of R1,041 billion, resulting in overspending of R115.8 million (-11%).

Key expenditure trends

- Employee costs are slightly below budget by R5.6 million (-3%), reflecting controlled personnel spending.
- Remuneration of councillors is underspent by R986 thousand million (-10%).
- Depreciation and amortisation are lower than budget by R1.7 million (-5%), mainly due to asset register adjustments.
- Interest paid is significantly above budget by R42 million (75%), driven by overdue creditor balances and interest penalties.
- Bulk purchases and inventory are over budget by R54 million (12%), mainly due to Eskom's winter tariffs, which are significantly higher and may be up to three times the summer rates. The variance is expected to reduce during the summer months when both tariffs and consumption are lower.
- Operational costs are below target by 71%, due to cashflow constraints and expenditures are controlled within municipalities affordability and debt impairment calculation will only be performed and processed as part of the Mid-Year assessment.

Quarterly Performance Report
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 30 September 2026 is 13 % 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 265 163 654.76 has been collected to date.

Capital Expenditure

CAPEX	Approved Budget	Opening Balance 2026/2027	YTD Receipts	YTD Expenditure	Unspent Budget 2026/2027	YTD % Per Allocation
Integrated National Electrification Programme Grant	35,747,999.55	-	20,000,000.00	11,495,930.39	8,504,069.61	32%
Municipal Infrastructure Grant	68,268,949.60	467,844.15	30,696,000.00	5,090,555.47	26,073,288.68	7%
Financial Management Grants	1,500,000.00	-	1,500,000.00			0%
Municipal Disaster Recovery Grant	-	3,498,100.00		-	3,498,100.00	0%
Own Funding	83,949,994.95	-	-	6,745,123.25	-	8%
Total	189,466,944.11	3,965,944.15	52,196,000.00	23,331,609.11	38,075,458.29	12%

The Financial Management Grant (FMG) allocation in terms of DoRA is R3,500,000.00. For reporting purposes, this allocation has been split between capital expenditure of R1,500,000.00 and operational expenditure of R2,000,000.00.

Quarterly Performance Report

Grants Performance

Performance of Capital Grants

Grants	Allocation per DoRA	Opening Balance 2026/2027	YTD Receipts	YTD Expenditure	Unspent 2026/2027	YTD % Per Allocation
Integrated National Electrification Programme Grant	35,748,000.00	-	20,000,000.00	11,495,930.39	8,504,069.61	32%
Municipal Infrastructure Grant	71,861,000.00	467,844.15	30,696,000.00	5,476,035.34	25,219,964.66	8%
Municipal Disaster Recovery Grant	-	3,498,100.00	-	-	-	0%
Total	107,609,000.00	3,965,944.15	50,696,000.00	16,971,965.73	33,724,034.27	16%

MIG disclosure above includes PMU operation allocation and expenditure. Thus, the difference from above CAPEX allocation and expenditure amounts.

Performance of Operational Grants

Grants	Allocation per DoRA	Opening Balance 2026/2027	YTD Receipts	YTD Expenditure	Unspent 2026/2027	YTD %
Extended Public works Programme	2,859,000.00	194,000.00	714,000.00	2,859,000.00	- 1,951,000.00	100%
Financial Management Grants	2,000,000.00	-	2,000,000.00	239,206.47	3,260,793.53	12%
Infrastructure Skills Development Grant	24,000,000.00	-	13,000,000.00	13,000,000.00	- 0.00	54%
LG Seta	-	443,819.12	490,337.22	13,564.22	920,592.12	3%
Point Duty Officer (SASOL)	-	47,673.38	-	848,384.40	- 800,711.02	1780%
Economic Development and Tourism	-	313,901.00	-	-	-	0%
Gert Sibande District Municipality	-	8,035.02	-	-	-	0%
Energy Efficiency Demand Grant	-	2,000,000.00	-	-	2,000,000.00	0%
Equitable share	523,359,000.00	-	218,066,000.00	218,066,000.00	-	42%
Total	552,218,000.00	3,007,428.52	234,270,337.22	235,026,155.09	2,251,610.65	43%

Sasol point duty officer's grant is reflecting 1780% due to payments still outstanding from Sasol after invoices were sent for point duty officer's stipend.

Quarterly Performance Report

Repairs and Maintenance Analysis

Repairs and maintenance spending per quarter (with percentage of budget spent to date)

Row Labels	Total Budget	Quarter 1	Total Actual	Remaining Budget	% Spent
Community and Social Services	18,347,079.00	233,222.54	233,222.54	18,113,856.46	1%
Energy Sources	75,640,750.00	1,401,000.00	1,401,000.00	74,239,750.00	2%
Finance and Administration	1,127,985.00	131,422.00	131,422.00	996,563.00	12%
Planning and Development	52,912.00	-	-	52,912.00	0%
Public Safety	463,251.00	26,075.00	26,075.00	437,176.00	6%
Road Transport	17,720,632.00	463,421.43	463,421.43	17,257,210.57	3%
Sport and Recreation	2,386,453.00	60,367.60	60,367.60	2,326,085.40	3%
Waste Management	20,916,000.00	3,199,005.12	3,199,005.12	17,716,994.88	15%
Waste Water Management	44,673,127.00	693,859.04	693,859.04	43,979,267.96	2%
Water Management	11,961,915.00	-	-	11,961,915.00	0%
Grand Total	193,290,104.00	6,208,372.73	6,208,372.73	187,081,731.27	3%

CASH MANAGEMENT

As of 30 September 2026 (Quarter 1), the municipality had a positive bank statement balance of R 7 248 459.83 on primary account. Cash book had a positive balance of R4 893 078.94. A total amount of R31 879 357.78 was collected for prepaid sales(vending) in the first quarter

INVESTMENT PORTFOLIO ANALYSIS

The following table displays the investments portfolio and indicates a closing balance of R 70 082 967.55 invested (including long-term investments) as at quarter 1 ended 30 September 2026.

Description	Account Nr	Quarter 1
Long-Investments		
Old Mutual Shares	Share nr C0777197766	29,349.54
Old Mutual Shares	Share nr 1521053495	403,942.00
Sanlam	Share nr U0063349159	216,339.96
Nedbank	Share nr 1521053495	367,941.85
Quilter plc (624)	Share nr 1521061685	26,232.96
Quilter plc (8599)	Share nr 1521053495	361,501.96
Sub Total		1,405,308.27
Short-term Investments		
Standard Bank Money Market Call Account	038787024(003)	R542 085.81
Standard Bank Tiered Rate Call Account	038787024(008)	R24 540 093.83
Standard Bank Money Market Call Account	038787024(009)	R37 175 941.68
Standard Bank Retention Call Account	038787024(010)	R6 615 265.04
Sub Total		R68 873 386.36
Grand Total		R70 082 967.55

Quarterly Performance Report

DEBTORS MANAGEMENT

The total debtors balance for the first quarter ended September 2026 amounted to R 4 366 046 000. The debtors' payment rate for the quarter is 69%.

MP307 Govan Mbeki - Supporting Table SC2 Monthly Budget Statement - aged debtors – Q1 September 2026

R thousands	Description	NT Code	Budget Year 2026/27			
			QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4
Debtors Age Analysis by Income Source						
	Trade and Other Receivables from Exchange Transactions - Water	1200	1,374,896	-	-	-
	Trade and Other Receivables from Exchange Transactions - Electricity	1300	558,502	-	-	-
	Receivables from Non-exchange Transactions - Property Rates	1400	446,430	-	-	-
	Receivables from Exchange Transactions - Waste Water Management	1500	494,342	-	-	-
	Receivables from Exchange Transactions - Waste Management	1600	453,916	-	-	-
	Receivables from Exchange Transactions - Property Rental Debtors	1700	14,472	-	-	-
	Interest on Arrear Debtor Accounts	1810	1,003,574	-	-	-
	Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-
	Other	1900	19,914	-	-	-
	Total By Income Source	2000	4,366,046	-	-	-
Debtors Age Analysis by Customer Group						
	Organs of State	2200	60,330	-	-	-
	Commercial	2300	371,564	-	-	-
	Households	2400	3,934,151	-	-	-
	Other	2500	-	-	-	-
	Total By Customer Group	2600	4,366,046	-	-	-

Quarterly Performance Report

The following table indicates the debtor's book movement rate per quarter.

	Quarter 1
Debtors Opening Balance	4,170,518,000.00
Add: Billing for the Quarter	719,214,416.33
Less: Debtors Write off	31,193,000.00
Less: Debtors Closing Balance	4,366,046,000.00
	492,493,416.33
Payment rate	70%

The following table indicates payment rate per month.

Month	2024/25	2025/26	2026/27
July	69%	64%	74%
August	64%	65%	67%
September	62%	65%	69%
October	69%	65%	
November	66%	62%	
December	64%	69%	
January	70%	71%	
February	65%	64%	
March	62%	77%	
April	60%	62%	
May	72%	68%	
June	67%	67%	
Total Average Rate	66%	65%	70%

Councilor's arrear account as at 30 September 2026

ACCOUNT	COUNCILLOR'S NAME	TOTAL AMOUNT	CURRENT	30 DAYS	60 DAYS	90 DAYS	120 + DAYS
1003869	PHIRI (NEE NGXONONO) YT	4 362.89	4 362.89	-	-	-	-
2205558	MAGAGAMELA FF	2 241.84	1 164.42	1 077.42	-	-	-
6514126	MTSHALI PD	431 923.35	1 210.98	430 712.37	-	-	-
1076484	MAGAGAMELA FF	50 792.35	8 010.98	7 901.38	7 503.77	10 162.35	17 213.24
2004791	MTAHANE AN	177 773.05	3 301.17	4 993.62	3 526.01	3 172.98	162 779.27
5555801	ZWANE PJ	109 070.42	7 004.97	7 106.94	6 986.16	6 993.81	80 978.54
2008379	KUBHEKA AM	51 451.01	359.90	2497.97	48 593.14		
2109867	SEHLAO MS	80 069.34	-	-	-	-	80 069.34
2204708	THUKWANE KS	23 403.15	1743.60	2 103.18	1 682.34	2 908.74	14 965.29
2208666	MASINA NA	3 386.68	3 272.16	114.52	-	-	-
2300071	DUMA MP	36 169.60	1 554.59	1 618.04	1 541.15	1467.14	29 988.68
5555848	NDWANYAZA BL & PN	5 696.11	2 096.10	2 096.10	1 503.91	-	-
5555904	ZIWELE L	73 057.75	6 567.38	6 645.64	6 552.08	6 527.26	46 765.39
6510278	MTSHALI PD	933.46	927.41	6.05	-	-	-
4013361	CONWAY SG	20 125.00	4025	4025	4025	8050	-
8505785	NKABINDE BJ	68 898.29	2 072.21	1 875.32	1 434.14	2 093.42	61 423.20
2200840	NZIMANDE FJ	74 664.95	2 457.70	3 718.72	1 489.21	3 356.90	63 642.42
8009948	MNYUKANA MD	962.38	959.68	3	-	-	-
7000472	NSIBANDE ME	1 225.62	1 195.42	30.19	-	-	-
4006463	NKABINDE ER	1 946.15	1 583.26	362.89	-	-	-
2301068	MABIZELA TM	798.33	676.76	121.57	-	-	-
2010079	MOFOKENG TS	2 001.18	1 707.38	293.80	-	-	-
2109271	MASINGA MM	1 373.22	1 293.99	79.23	-	-	-
		1 221 726.41	57 547.95	476 782.95	84 836.91	44 732.60	557 825.37

Quarterly Performance Report
DISTRIBUTION LOSSES

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

Service	Purchased	Sold	Current % Loss	Average 25/26	Average 24/25
Electricity	118,468,178	74,605,003	-37.03%	-38.53%	-47.99%
Water	7,847,943	5,089,278	-35.15%	-39.85%	-53.47%

LIABILITIES

Creditors

The total creditors balance for the first quarter ending September 2026 amounted to R 8 billion.

In terms of the MFMA all creditors should be paid within 30 days of receiving the invoice or statement. For the month of September 2026, R8 billion was outstanding and of this 97% is outstanding for more than 30 days and relate to bulk suppliers. The cash flow challenges continue to affect timeous payments to creditors.

MP307 Govan Mbeki - Supporting Table SC4 Monthly Budget Statement - aged creditors - Quarter 1

MP307 Govan Mbeki - Supporting Table SC4 Monthly Budget Statement - Aged Creditors - Quarter 1						
Description	NT Code	Budget year 2026/2027				
		Quarter 1 R'000	Quarter 2 R'000	Quarter 3 R'000	Quarter 4 R'000	
R thousands						
Creditors Age Analysis by Customer Type						
Bulk Electricity	0100	7,272,805	—	—	—	
Bulk Water	0200	846,036	—	—	—	
PAYE deductions	0300	—	—	—	—	
VAT (output less input)	0400	—	—	—	—	
Pensions / Retirement deductions	0500	—	—	—	—	
Loan repayments	0600	—	—	—	—	
Trade Creditors	0700	109,897	—	—	—	
Auditor General	0800	1,058	—	—	—	
Other	0900	—	—	—	—	
Total By Customer Type	1000	8,229,796	—	—	—	

FINANCIAL RATIOS:

Current Ratio: 0.41:1

Formula: Current assets / Current Liabilities

The municipality will not be able to meet its short-term obligations as they fall due as current liabilities are not covered in full by our current assets. Ideally this ratio should always be greater than one to make sure we pay our creditors as they fall due.

Debt Ratio: 1.64:1

Formula: Total liabilities / Total assets

A lower debt ratio usually implies a more stable business with the potential of longevity, which means that lower ratio also has lower overall debt. The ratio indicates the municipality is financial unable to pay commitments as they fall due using its assets.

Cost Coverage Ratio: 0.44:1

Formula: Cash and cash equivalents (Available cash – Unspent grants + short-term investments) / fixed operating expenditure

The municipality will encounter difficulties in meeting its monthly obligation as the cost coverage ratio is below 1. This is an indication that the municipality has cash constraints and that there isn't sufficient cash to cover expenditures. Good practice will be to have a cost coverage ratio of 3:1.

Additional Reports Annexures

ANNEXURE B: Annexure is comprised of the following Appendices

C SCHEDULES as Appendix “A”.

Supply Chain Management that comprises of the following items

- ✓ Deviation from Supply Chain Management process in terms of Section 36 of the regulation is attached as **Appendix “B”**:
- ✓ Disclosure of Supply Chain Management purchase above **R100 000** amounting to **R 174 280 818.25** as **Appendix “C”**:
- ✓ Disclosure of irregular expenditure amounting to **R 3 498 031.33** **Appendix “D”**
- ✓ Disclosure of tenders awarded amounting to **R 63 624 197.12** for the quarter ending 30 September 2026 are as **Appendix “E”**

Insurance Claims

- 36 insurance claim have been lodged in the 1st quarter, outstanding claims year to date amounts to **R2 083 884.76** details of insurance claims are attached as **Appendix “F”**.

Debtors Management

- Ten highest Outstanding Debtors per Town at the status as at the period ending 30 September 2026, **Appendix “G”**.
- Government Debtors for the quarter ending 30 September 2026 amount to **R 46 779 973.92** **Appendix “H”**

Fruitless and Wasteful Expenditure

- For the quarter under review fruitless and wasteful expenditure is **R 100 316 146.88**, details are attached as **Appendix “I”**. This relates to interest and penalty charged by Eskom for late payment.

Capital Expenditure

- Disclosure of capital expenditure amounting to **R 21,168,154.43** as **Appendix “J”**

The progress 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 30 September 2026 is 13 % 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 265 163 654.76 has been collected to date.