



# Quarterly Budget Statement

MFMA Section 52 Report

31 December 2024

**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 to 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.

## Section 13: Quality Certification by Accounting Officer

### 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 quarter of **December 2024** has been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act.

**Print Name: A.B.M. Mavimbela**

**Acting Chief Financial Officer of Govan Mbeki Municipality (MP307)**

**Signature:** 

**Date:** 18/1/2024

**Print Name: E.N. Maseko**

**Municipal Manager of Govan Mbeki Municipality (MP307)**

**Signature:** 

**Date:** 19/01/2025

## 1. DISCUSSION:

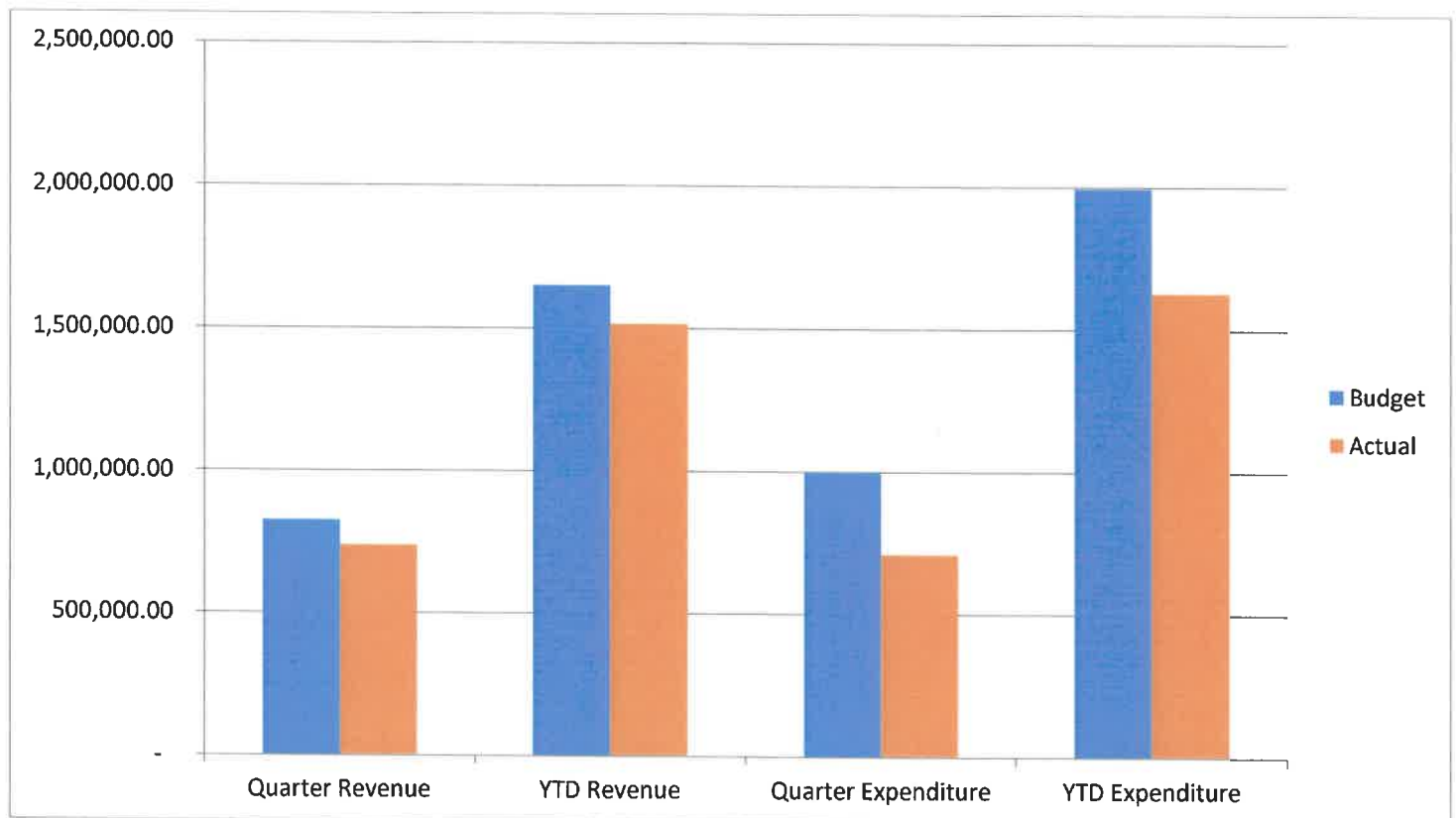
The overall financial performance indicators for the period under review are attached as ANNEXURE "A".

### EXECUTIVE SUMMARY:

#### Operating Results:

The table below shows the Operational Revenue of R 739 526 billion and Operating Expenditure of R 712 512 billion which resulted in a surplus of R 27 015 million before capital transfer of R 55 803 million which resulted in overall surplus of R 82 818 million.

Description	Original Budget 2024/2025	Quarter 1 Actual	Quarter 2 Actual	Year TD Actual	Year to Date Budget	Variance	YTD Variance %
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Total Operating Revenue	3 300 378	777 492	739 526	1 517 019	1 650 189	-133 170	-8%
Total Operating Expenditure	-3 988 528	-917 276	-712 512	-1 629 787	-1 994 264	-364 477	-18%
<b>Surplus /(Deficit) for the year before grant capital revenue</b>	<b>-688 150</b>	<b>-139 784</b>	<b>27 015</b>	<b>-112 769</b>	<b>-344 075</b>	<b>231 307</b>	<b>-67%</b>
Grant capital revenue	117 651	36 326	55 803	92 129	58 826	33 303	57%
<b>Surplus /(Deficit) for the year</b>	<b>-570 499</b>	<b>-103 458</b>	<b>82 818</b>	<b>-20 640</b>	<b>-285 250</b>		
Total Capital Expenditure	273 903	46 889	71 607	121 238	136 952	-15 714	-11%



The following table provides a summary of the municipality's performance on the Capital and Operational budget as at 31 December 2024

MP307 Govan Mbeki - Table C1 Monthly Budget Statement Summary - M06 - Quarter 2

Description	2023/24	Budget Year 2024/25							
	Audited Outcome	Original Budget	Adjusted Budget	Quarter 2	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>Financial Performance</b>									
Property rates	396 103	445 250	-	98 052	194 914	222 625	(27 712)	-12%	445 250
Service charges	1 309 477	2 070 934	-	390 812	794 521	1 035 467	(240 945)	-23%	2 070 934
Investment revenue	14 911	16 375	-	1 613	3 263	8 188	(4 924)	-60%	16 375
Transfers and subsidies - Operational	459 861	492 163	-	170 590	366 933	246 081	120 851	49%	492 163
Other own revenue	319 599	275 656	-	78 459	157 388	137 828	19 560	14%	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>2 499 952</b>	<b>3 300 378</b>	<b>-</b>	<b>739 526</b>	<b>1 517 019</b>	<b>1 650 189</b>	<b>(133 170)</b>	<b>-8%</b>	<b>3 300 378</b>
Employee costs	636 744	787 368	-	185 207	354 805	393 684	(38 880)	-10%	787 368
Remuneration of Councillors	35 846	35 480	-	8 996	16 702	17 740	(1 038)	-6%	35 480
Depreciation and amortisation	126 208	165 837	-	29 205	61 727	82 918	(21 192)	-26%	165 837
Interest	279 604	140 087	-	43 410	91 455	70 043	21 411	31%	140 087
Inventory consumed and bulk purchases	1 669 211	1 369 246	-	279 505	855 557	684 623	170 934	25%	1 369 246
Transfers and subsidies	38 490	28 361	-	9 109	18 727	14 180	4 547	32%	28 361
Other expenditure	474 457	1 462 150	-	157 079	230 815	731 075	(500 260)	-68%	1 462 150
<b>Total Expenditure</b>	<b>3 260 561</b>	<b>3 988 528</b>	<b>-</b>	<b>712 512</b>	<b>1 629 787</b>	<b>1 994 264</b>	<b>(364 477)</b>	<b>-18%</b>	<b>3 988 528</b>
<b>Surplus/(Deficit)</b>	<b>(760 609)</b>	<b>(688 150)</b>	<b>-</b>	<b>27 015</b>	<b>(112 769)</b>	<b>(344 075)</b>	<b>231 307</b>	<b>-67%</b>	<b>(688 150)</b>
Transfers and subsidies - capital (monetary allocations)	118 018	117 651	-	55 803	92 129	58 826	33 303	57%	117 651
Transfers and subsidies - capital (in-kind)	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; Share of surplus/ (deficit) of associate</b>	<b>(642 591)</b>	<b>(570 499)</b>	<b>-</b>	<b>82 818</b>	<b>(20 640)</b>	<b>(285 250)</b>	<b>264 610</b>	<b>-93%</b>	<b>(570 499)</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>	<b>(642 591)</b>	<b>(570 499)</b>	<b>-</b>	<b>82 818</b>	<b>(20 640)</b>	<b>(285 250)</b>	<b>264 610</b>	<b>-93%</b>	<b>(570 499)</b>
<b>Capital expenditure &amp; funds sources</b>									
Capital expenditure	162 852	273 903	-	71 607	121 238	136 952	(15 714)	-11%	273 903
Capital transfers recognised	109 407	114 053	-	41 200	79 495	57 027	22 468	39%	114 053
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	48 844	159 600	-	30 407	41 743	79 800	(38 057)	-48%	159 600
<b>Total sources of capital funds</b>	<b>158 251</b>	<b>273 653</b>	<b>-</b>	<b>71 607</b>	<b>121 238</b>	<b>136 827</b>	<b>(15 589)</b>	<b>-11%</b>	<b>273 653</b>
<b>Financial position</b>									
Total current assets	2 637 780	1 244 845	-	-	2 480 880	-	-	-	1 244 845
Total non current assets	2 942 622	2 936 479	-	-	3 110 763	-	-	-	2 936 479
Total current liabilities	7 551 067	4 141 563	-	-	5 238 381	-	-	-	4 141 563
Total non current liabilities	373 318	369 440	-	-	2 574 995	-	-	-	369 440
Community wealth/Equity	(2 343 983)	(329 679)	-	-	(2 221 734)	-	-	-	(329 679)
<b>Cash flows</b>									
Net cash from (used) operating	782 945	491 806	491 806	221 319	516 120	245 903	(270 217)	-110%	491 806
Net cash from (used) investing	181 843	(192 253)	(192 253)	(46 718)	(102 967)	(96 127)	6 840	-7%	(192 253)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-
<b>Cash/cash equivalents at the month/year end</b>	<b>1 085 332</b>	<b>555 998</b>	<b>555 998</b>	<b>-</b>	<b>438 904</b>	<b>406 222</b>	<b>(32 682)</b>	<b>-8%</b>	<b>325 303</b>
<b>Debtors &amp; creditors analysis</b>									
	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
<b>Debtors Age Analysis</b>									
Total By Income Source	174 535	87 408	83 557	77 150	78 281	76 922	73 427	3 124 560	3 775 840
<b>Creditors Age Analysis</b>									
Total Creditors	86 197	111 206	111 120	145 379	202 113	181 891	174 847	5 057 469	6 070 221

## Analysis of the performance

### Operating Revenue

The overall performance on the revenue component is 8% below target. Property rates, service charges and other own revenue are the main items to contribute in this negative performance.

### Operating Expenditure

The overall performance on the expenditure component is 18% below target.

Bulk purchases, finance charges and transfers and subsidies are above target by 43%, 31% and 32% respectively. Should the trend continue at the same rate there will be an unauthorized expenditure in these line items at the end of the financial year.

### Progress on the budget funding plan

Council approved the 2024/25 Budget Funding Plan (BFP) together with the budget on the 31st of May 2024.

The progress recorded as at 31 December 2024 is at 21.85%. The total anticipated revenue is R1 926 713 000 of which an amount of R421 009 720.60 has been collected to date.

### Capital Expenditure

Total Capital Expenditure to date amounts to R 136 431 418.21. R 21 041 941.53 relates to INEP funding, R 56 920 640.61 relates to MIG funding, R10 416 647.71 relates to MDRG funding whilst R48 052 188.36 is from internally generated funds.

Grants	Allocation per DoRA	Received Including rollover	YTD Expenditure	Balance on Approved Budget	YTD %
Integrated National Electrification Programme Grant	32 240 000.00	32 240 000.00	21 041 941.53	11 198 058.47	65%
Municipal Infrastructure Grant	73 547 100.00	69 285 000.00	56 920 640.61	16 626 459.39	77%
Municipal Disaster Recovery Grant	7 883 000.00	9 451 000.00	10 416 647.71	- 2 533 647.71	132%
Water Services Infrastructure	-	1 972 377.75	-	-	0%
Own Funding	159 600 000.00	-	48 052 188.36	111 547 811.64	30%
<b>Total</b>	<b>273 270 100.00</b>	<b>112 948 377.75</b>	<b>136 431 418.21</b>	<b>136 838 681.79</b>	<b>50%</b>

### Performance of Operational Grants

Grants	Allocation per DoRA	Received Including rollover	Expenditure as at 31 December 2024	Unspent 2024/2025	YTD %
Extended Public works Programme	1 597 000.00	1 118 000.00	1 597 000.00	- 479 000.00	100%
Financial Management Grants	3 500 000.00	3 500 000.00	R910 054.60	R2 589 945.40	26%
Infrastructure Skills Development Grant	24 400 000.00	14 000 000.00	14 000 000.00	-	57%
Arts and Culture	-	91 608.25	-	91 608.25	0%
LG Seta	1 000 000.00	1 153 860.68	876 571.20	277 289.48	88%
Economic Development and Tourism	-	313 901.00	-	313 901.00	0%
Gert Sibande District Municipality	-	274 580.00	-	274 580.00	0%
Energy Efficiency Demand Grant	-	3 469.83	-	3 469.83	0%
Point Duty Officer (SASOL)	3 400 000.00	687 174.00	1 310 018.50	-622 844.50	39%
Pre-Capacity grant	-	165 007.63	72 479.00	92 528.63	44%
Equitable share	458 066 000.00	343 096 000.00	343 096 000.00	-	75%
<b>Total</b>	<b>491 963 000.00</b>	<b>364 899 034.39</b>	<b>361 862 123.30</b>	<b>3 643 322.59</b>	<b>74%</b>

## Repairs and Maintenance Analysis

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

Description	Total Budget	Q1 Actual	Q2 Actual	Balance	% Spent
Community and Social Services	20 252 382.00	2 401 421.80	7 742 640.55	12 509 741.45	38.23
Energy Sources	34 581 360.00	10 803 401.88	29 470 654.28	5 110 705.72	85.22
Finance and Administration	2165257	11 100.00	209 625.00	1 955 632.00	9.68
Planning and Development	50 682.00	0.00	1 800.00	48 882.00	3.55
Public Safety	1 473 820.00	0.00	177 225.00	1 296 595.00	12.02
Road Transport	21 951 513.00	641 618.56	8 509 825.56	13 441 687.44	38.77
Sport and Recreation	2 464 103.00	69 528.82	342 971.16	2 121 131.84	13.92
Waste Management	16 500 000.00	1 275 313.12	3 193 716.17	13 306 283.83	19.36
Waste Water Management	29 820 266.00	1 464 117.40	14 098 868.63	15 721 397.37	47.28
Water Management	7 595 111.00	1 531 680.00	4 297 223.16	3 297 887.84	56.58
<b>Grand Total</b>	<b>136 854 494.00</b>	<b>18 198 181.58</b>	<b>68 044 549.51</b>	<b>68 809 944.49</b>	<b>49.72</b>

## CASH MANAGEMENT

As at 31 December 2024 (Quarter 2), the municipality had a positive bank statement balance of R21 392 063.41 and R 756 776.32 in the current account and traffic fine account respectively. In the period ending 31 December 2024 cash book had negative balance of (R45 847 233).

## INVESTMENT PORTFOLIO ANALYSIS

The following table displays the investments portfolio and indicates a closing balance of R37 291 727.67 invested as at quarter ended December 2024 (Quarter 2) compared to R83 442 823.89 in (Quarter 1)

Description	Account Nr	Quarter 1	Quarter 2
<b>Long-Investments</b>			
Old Mutual Shares C0777197766	Share nr C0777197766	27 096.93	27 096.93
Old Mutual Shars C0777027950	Share nr C0777027950	372 939.00	372 939.00
Sanlam U0063349159	Share nr U0063349159	198 415.84	198 415.84
Nedbank (70) Withdrawal	70 Shares	17 948.70	17 948.70
Nedbank (966) Withdrawal	966Shares	247 692.06	247 692.06
Quilter plc (624)	Share nr 1521061685	17 228.64	17 228.64
Quilter plc (8599)	Share nr 1521053495	237 418.39	237 418.39
<b>Sub Total</b>		<b>1 118 739.56</b>	<b>1 118 739.56</b>
<b>Short-term Investments</b>			
ABSA Fixed Deposit	2081676199	30 643 989.04	
Standard Bank Money Market Call Account	038787024(003)	510 652.06	520 358.63
Standard Bank Tiered Rate Call Account	038787024(008)	29 958 272.46	16 032 287.17
Standard Bank Money Market Call Account	038787024(009)	21 211 170.77	19 620 342.31
<b>Sub Total</b>		<b>82 324 084.33</b>	<b>36 172 988.11</b>
<b>Grand Total</b>		<b>83 442 823.89</b>	<b>37 291 727.67</b>

## DEBTORS MANAGEMENT

The total debtors balance for the quarter ended December 2024 (quarter 2) amounted to R 3 775 840 000 indicating an increase of R182 596 000 when compared to R 3 593 244 000 in September 2024 (quarter 1). The debtors' payment rate for the quarter is 66%.

MP307 Govan Mbeki - Supporting Table SC3 Monthly Budget Statement - aged debtors - Q2 December

Description	NT Code	Budget Year 2024/25			
		QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4
<b>R thousands</b>					
<b>Debtors Age Analysis By Income Source</b>					
Trade and Other Receivables from Exchange Transactions - Water	1200	1 102 260	1 147 225	-	-
Trade and Other Receivables from Exchange Transactions - Electricity	1300	460 425	476 079	-	-
Receivables from Non-exchange Transactions - Property Rates	1400	353 474	369 353	-	-
Receivables from Exchange Transactions - Waste Water Management	1500	398 898	421 337	-	-
Receivables from Exchange Transactions - Waste Management	1600	367 686	389 384	-	-
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-
Interest on Arrear Debtor Accounts	1810	876 765	939 480	-	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-
Other	1900	33 736	32 982	-	-
<b>Total By Income Source</b>	<b>2000</b>	<b>3 593 244</b>	<b>3 775 840</b>	-	-
<b>Debtors Age Analysis By Customer Group</b>					
Organs of State	2200	53 455	51 017	-	-
Commercial	2300	293 765	292 338	-	-
Households	2400	3 246 024	3 432 485	-	-
Other	2500	-	-	-	-
<b>Total By Customer Group</b>	<b>2600</b>	<b>3 593 244</b>	<b>3 775 840</b>	-	-



The following table indicates the consumer debtor's payment rate at the end of quarter 2

	Quarter 1	Quarter 2
Debtors Opening Balance	4 119 755 000.00	3 593 244 000.00
Add: Billing for the Quarter	646 448 279.27	551 292 375.86
Debtors Write off	(753 031 644)	
Less: Debtors Closing Balance	3 593 244 000.00	3 775 840 000
	<b>419 927 635.27</b>	<b>368 696 375.86</b>
<b>Payment rate</b>	<b>65%</b>	<b>66%</b>

The following table indicates payment rate per month.

Month	2022/23	2023/24	2024/25
July	65%	103%	69%
August	61%	82%	64%
September	61%	83%	62%
October	35%	82%	69%
November	63%	98%	66%
December	56%	67%	64%
January	56%	82%	
February	55%	69%	
March	60%	70%	
April	57%	64%	
May	76%	76%	
June	56%	57%	
<b>Total Average Rate</b>	<b>58%</b>	<b>78%</b>	<b>66%</b>

Note: Limited Credit Control was exercised as per council resolution A085/08/2024 which is limited to the review of Debt and Credit Control Policy.

Council has since resolved to uplift the suspension of credit control on domestic customers. This will result improvements in the overall collection rate. However, there is still a backlog on collection of the following townships.

Name of Town	Current Collection Rate %
Embalenhle	27.07%
Charl Cilliers	22.04%
Emzinoni	8.29%
Eendracht	35.77%
Lebohang	3.66%
Bethal Rand	14.76%
Sorrento Park	7.63%
Farm Division - IR	32.60%

Management has set targets for improvement to remedy the slow collection on above towns as the follows;

- Collection rates below 20% target 30%
- Collection rates above 20% and below 30% target 40%.

This will be done through;

1. enhanced campaign led by the MMC Finance.
2. Improved communication strategies.
3. Water restrictions for commercial debtors in townships.
4. Public participation

**Accounts owed by Councillors  
December 2024**

ACCOUNT	COUNCILLOR'S NAME	TOTAL AMOUNT	CURRENT	30 DAYS	60 DAYS	90 DAYS	120 + DAYS	COMMENTS
2001414	NKWANYANA SE	6 576.33	1 977.18	3 427.19	1 171.96	0.00	0.00	
2008379	KUBHEKA MA	43 438.16	615.91	517.62	681.44	353.80	41 219.39	
2010079	MOFOKENG TS	1 848.79	1 825.89	22.90	0	0.00	0.00	
2101798	SIERANA GC	95 125.92	4 791.09	2 713.20	2 406.27	2 901.35	82 314.01	AOD SGNE
2109271	MASINGA MM	135.34	135.34	0.00	0.00	0.00	0.00	
2109708	NGWENYA LP	2 349.76	880.45	1 289.22	0.00	0.00	0.00	
2109867	SEHLALO MS	94 715.02	1 122.38	1 530.54	1 588.43	1 512.90	88 960.77	AOD SIGNED
2204337	MAKHADO TC	67.99	67.99	0.00	0.00	0.00	0.00	
2204708	THUKWANE KS	62 251.79	1 334.15	1 334.15	1 334.15	1 334.15	56 915.19	AOD SIGNED
2205558	MAGAGAMELA FF	12 847.04	881.46	983.44	949.45	745.49	9 287.20	AOD SIGNED
2206183	SINDELO S	1 956.03	713.12	713.12	344.61	93.01	92.17	
2300001	MTHEMBU AP	3 522.31	808.41	841.18	808.41	873.94	190.37	
2010766	MTHEMBU BE	4 716.22	4 716.22	0.00	0.00	0.00	0.00	
2301068	MABIZELA TM	5 067.59	615.14	547.15	697.45	623.87	2 583.98	AOD SIGNED
2601472	MASITENG SM	1 077.61	1 077.61	0.00	0.00	0.00	0.00	
6510278	MTSHALI PD	888.53	888.53	0.00	0.00	0.00	0.00	
7000472	NSIBANDE ME	196.58	196.58	0.00	0.00	0.00	0.00	
7001671	MALUKA JM	1 074.77	1 074.77	0.00	0.00	0.00	0.00	
7009206	MASEKO TM	527.24	209.01	47.70	47.86	47.70	174.97	
8502782	PETTERSON MR	1 178.09	548.76	450.62	67.21	67.21	44.29	
2105266	PUNGWAYO SM	42 196.59	1 027.78	1 027.62	1 020.68	1 013.75	38 106.76	
2402301	CHAUKE EW	6 459.33	286.04	317.50	542.11	667.19	4 646.49	
5555848	NDWANYAZA PN	30 840.96	1 900.15	1 889.97	1 874.19	1 808.15	23 368.50	
8500134	MASEKO BS	5 914.62	837.37	830.83	855.70	782.92	2 607.80	
2109348	ZUMA NG	1 733.60	1 733.60	0.00	0.00	0.00	0.00	
4007858	ZUMA NG	82 416.63	2 201.50	3 015.36	2 792.49	2 368.03	72 039.25	AOD SIGNED
6000606	ZUMA NG	6 407.08	1 505.12	1 391.12	1 530.60	1 516.27	463.97	AOD SIGNED
		<b>515 529.92</b>	<b>33 971.55</b>	<b>22 890.43</b>	<b>18 713.01</b>	<b>16 709.73</b>	<b>423 015.11</b>	

**DISTRIBUTION LOSSES**

**Water and Electricity Distribution Losses: Accumulated: July 2024 to December 2024 (KL / Units)**

Service	Purchased	Sold	Current % Loss	Average 23/24	Average 22/23
Electricity	307,548,570	138,359,085	-55.01%	-58.92%	-64.48%
Water	14,254,901	7,979,067	-44.03%	-46.92%	-38.38%

## LIABILITIES

### Creditors

The total creditors balance for the quarter ended December 2024 (quarter 2) amounted to R 6 070 221 000 showing an increase of R91 029 000 when compared to R 5 979 192 000 in September 2024 (quarter 1).

In terms of the MFMA all creditors should be paid within 30 days of receiving the invoice or statement. For the month of December 2024, R 6 070.2 billion was outstanding and of this 98.5% is outstanding for more than 30 days. The cash flow challenges continue to affect timeous payments to creditors.

**MP307 Govan Mbeki - Supporting Table SC4 Monthly Budget Statement - aged creditors - Quarter 2**

Description	NT Code	Budget year 2024/2025			
		Quarter 1 R'000	Quarter 2 R'000	Quarter 3 R'000	Quarter 4 R'000
<b>R thousands</b>					
<b>Creditors Age Analysis by Customer Type</b>					
Bulk Electricity	0100	5 074 649	5 196 638	-	-
Bulk Water	0200	825 200	794 789	-	-
PAYE deductions	0300	0	-	-	-
VAT (output less input)	0400	0	-	-	-
Pensions / Retirement deductions	0500	0	-	-	-
Loan repayments	0600	0	-	-	-
Trade Creditors	0700	79 286	78 739	-	-
Auditor General	0800	55	54	-	-
Other	0900	-	-	-	-
<b>Total By Customer Type</b>	<b>1000</b>	<b>5 979 192</b>	<b>6 070 221</b>	<b>-</b>	<b>-</b>

## FINANCIAL RATIOS:

### **Current Ratio: 0.47:1**

*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: 1.40:1**

*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: 0.27:1**

*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 **62 389 880** as **Appendix "C"**;
- ✓ Disclosure of irregular expenditure amounting to R **19 590 598.98** as **Appendix "D"**
- ✓ Disclosure of tenders awarded for the quarter ending 31 December 2024 are as **Appendix "E"**

### **Insurance Claims**

- 46 insurances have been lodged in the 2<sup>nd</sup> quarter, outstanding claims year to date amounts to R **1 151 487.00**  
The details of insurance claims are attached as **Appendix "F"**.

### **Highest Debtors per Town Appendix "G"**

- The table shows the 10 highest Outstanding Debtors per Town at the status as at the period ending 31 December 2024.
- Government Debtors for the quarter ending 31 December 2024 amount to R**52 562 932.86** **Appendix "H"**

### **Fruitless and Wasteful Expenditure**

- For the quarter under review fruitless and wasteful expenditure is **R 52 251 514.79**, details are attached as **Appendix "I"**. This relates to interest and penalty charged by Eskom and Rand Water for late payment.

### **Capital Expenditure**

- Disclosure of capital expenditure amounting to **R 136 431 418.21** as **Appendix "J"**

### **Budget Funding Plan**

- Council approved the 2023/24 Budget Funding Plan (BFP) together with the budget on the 31st of May 2024
- The progress recorded as at 31 December 2024 is at **21.85%**. The total anticipated revenue is R1 926 713 000 of which an amount of **R 421 009 720.60** has been collected to date. **Appendix "K"**