GOVAN MBEKI MUNICIPALITY

UTLANYELWE
UKUKHULA

Quarterly Budget Statement

MFMA Section 52 Report

30 JUNE 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 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 fourth quarter **(30 June 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: 14/07/2026

Print Name: E.N. Maseko

Municipal Manager of Govan Mbeki Municipality (MP307)

Signature:

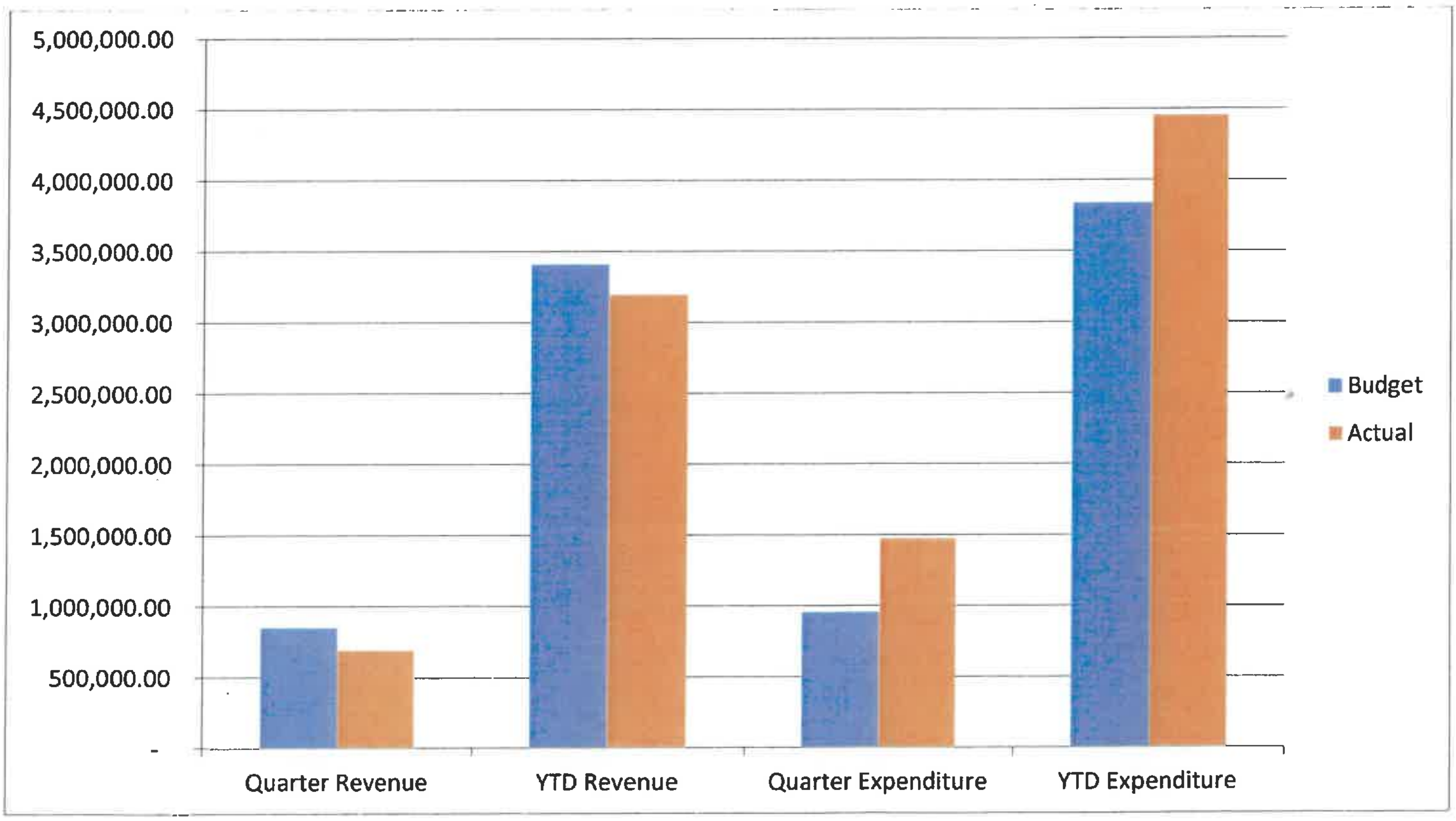
Date: 14/07/2026

1. DISCUSSION:

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

EXECUTIVE SUMMARY:

Description	Original Budget 2025/2026	Adjusted Budget 2025/2026	Quarter 1 Actual	Quarter 2 Actual	Quarter 3 Actual	Quarter 4 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	R'000	R'000	R'000
Total Operating Revenue	3 359 877	3 410 870	937 032	875 243	691 996	694 333	3 198 603	3 410 871	(212 268)	-6%
Less Total Operating Expenditure	-3 788 023	-3 837 220	-916 298	-874 677	-1 187 746	-1 479 194	-4 457 916	-3 837 220	-620 696	16%
Surplus /(Deficit) for the year before grant capital revenue	**(428 146)**	**(426 349)**	**20 733**	**566**	**(495 751)**	**(784 862)**	**(1 259 313)**	**(426 349)**	**(832 964)**	**195%**
Grant capital revenue	110 975	120 202	25 589	46 809	24 648	19 984	117 030	120 202	(3 171)	-3%
Surplus /(Deficit) for the year	**-317 171**	**(306 147)**	**46 322**	**47 375**	**-471 103**	**(764 877)**	**(1 142 283)**	**(306 147)**		
Total Capital Expenditure	216 314	196 387	48 010	49 170	36 538	39 896	173 273	196 387	(22 773)	-12%
Surplus /(Deficit) for the year	**(533 485)**	**(502 534)**	**(1 688)**	**(1 795)**	**(434 565)**	**(804 773)**	**(1 315 556))**	**(502 534)**		



Operating Performance

For the period under review, total operating revenue amounted to **R3.198 billion** against a year-to-date budget of **R3.410 billion**, resulting in an unfavourable variance of **R212.2 million (-6%).** 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 **R4.458 billion**, compared to a budget of **R3.837 billion**, reflecting overspending of **R620.6 million (16%).** This indicates improved expenditure management and cost containment.

Consequently, the municipality recorded an operating deficit of **R1.259 billion** before capital grant revenue, compared to a budgeted deficit of **R426.3 million**. This represents a negative variance of **R832.9 million**, reflecting worser position from the budgeted position.

Capital Grants

Capital grant revenue recognised to date amounts to **R117 million**, which is **R3.1 million (-3%)** below the budgeted amount of **R120 million**. This indicates good performance in grant management and compliance with grant conditions; unspent grants mainly result from additional funding received from MDRG & INEP in the fourth quarter.

After including capital grants, the municipality recorded a year-to-date deficit of **R1.142 billion**, compared to a budgeted deficit of **R306 million**.

Capital Expenditure

Capital expenditure for the period amounted to **R173.2 million**, compared to a budget of **R196.3 million**, reflecting underspending of **R22.7 million (-12%).** This underspending mainly is as results of 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 deficit of **1.315 billion**, compared to a budgeted deficit of **R502 million**. This reflects a worse off position in the municipality's financial position compared to the approved budget. This position is as result of under budgeting on Electricity and Irrecoverable debt written-off.

Quarterly Performance Report

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

MP307 Govan Mbeki - Table C1 Monthly Budget Statement Summary - M12 - Quarter 4

Description	2024/25	Budget Year 2025/26							
R thousands	Audited Outcome	Original Budget	Adjusted Budget	Quarter 4	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Financial Performance									
Property rates	376,757	456,203	456,203	112,154	454,640	456,203	(1,563)	0%	456,203
Service charges	1,720,174	2,070,934	2,097,973	505,774	1,895,734	2,097,973	(202,239)	-10%	2,097,973
Investment revenue	3,793	15,943	8,000	782	4,594	8,000	(3,406)	-43%	8,000
Transfers and subsidies - Operational	491,443	522,875	525,805	3,021	525,411	525,805	(394)	0%	525,805
Other own revenue	858,999	293,923	322,889	72,603	318,223	322,889	(4,666)	-1%	322,889
Total Revenue (excluding capital transfers and contributions)	**3,451,166**	**3,359,877**	**3,410,871**	**694,333**	**3,198,603**	**3,410,871**	**(212,268)**	**-6%**	**3,410,871**
Employee costs	752,563	800,000	800,000	263,006	792,024	800,000	(7,977)	-1%	800,000
Remuneration of Councillors	33,386	37,005	37,005	9,434	33,723	37,005	(3,282)	-9%	37,005
Depreciation and amortisation	129,064	152,108	134,209	26,186	108,483	134,209	(25,725)	-19%	134,209
Interest	298,802	177,400	197,400	113,894	374,710	197,400	177,310	90%	197,400
Inventory consumed and bulk purchases	1,668,948	1,405,063	1,414,312	467,595	1,706,733	1,414,312	292,421	21%	1,414,312
Transfers and subsidies	39,531	–	–	7,960	19,472	–	19,472	#DIV/0!	–
Other expenditure	1,390,311	1,216,447	1,254,293	591,119	1,422,770	1,254,293	168,477	13%	1,254,293
Total Expenditure	**4,312,605**	**3,788,023**	**3,837,220**	**1,479,194**	**4,457,916**	**3,837,220**	**620,696**	**16%**	**3,837,220**
Surplus/(Deficit)	**(861,439)**	**(428,146)**	**(426,349)**	**(784,862)**	**(1,259,313)**	**(426,349)**	**(832,964)**	**195%**	**(426,349)**
Transfers and subsidies - capital (monetary allocations)	122,958	110,975	120,202	19,984	117,030	120,202	(3,171)	-3%	120,202
Transfers and subsidies - capital (in-kind)	3,917	–	–	–	–	–	–		–
Surplus/(Deficit) after capital transfers &	**(734,564)**	**(317,171)**	**(306,147)**	**(764,877)**	**(1,142,283)**	**(306,147)**	**(836,136)**	**273%**	**(306,147)**
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–		–
Surplus/ (Deficit) for the year	**(734,564)**	**(317,171)**	**(306,147)**	**(764,877)**	**(1,142,283)**	**(306,147)**	**(836,136)**	**273%**	**(306,147)**
Capital expenditure & funds sources									
Capital expenditure	**296,011**	**216,314**	**196,387**	**39,896**	**173,614**	**196,387**	**(22,773)**	**-12%**	**196,387**
Capital transfers recognised	167,835	107,426	101,437	18,644	78,483	101,437	(22,955)	-23%	101,437
Borrowing	–	–	–	–	–	–	–		–
Internally generated funds	112,744	108,888	94,950	21,253	94,790	94,950	(159)	0%	94,950
Total sources of capital funds	**280,579**	**216,314**	**196,387**	**39,896**	**173,273**	**196,387**	**(23,114)**	**-12%**	**196,387**
Financial position									
Total current assets	2,857,972	1,835,007	3,115,045		2,922,035				3,115,045
Total non current assets	3,209,993	3,116,399	3,286,025		3,275,231				3,286,025
Total current liabilities	7,553,079	4,121,951	8,106,559		8,825,060				8,106,559
Total non current liabilities	1,358,643	2,578,805	1,358,643		1,358,246				1,358,643
Community wealth/Equity	(2,842,401)	(1,749,350)	(3,064,132)		(3,986,040)				(3,064,132)
Cash flows									
Net cash from (used) operating	–	(360,007)	89,907	215,708	1,107,700	(216,193)	########	612%	89,907
Net cash from (used) investing	166,916	(216,314)	(220,540)	(41,356)	(203,260)	(220,540)	(17,280)	8%	(220,540)
Net cash from (used) financing	–	–	–	–	–	–	–		–
Cash/cash equivalents at the month/year end	**192,667**	**(550,570)**	**(80,810)**	–	**954,262**	**(386,910)**	**########**	**347%**	**(80,810)**
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	212,015	100,848	94,281	88,209	80,898	76,648	76,455	3,441,163	4,170,518
Creditors Age Analysis									
Total Creditors	350,891	169,145	151,376	98,694	96,434	110,186	152,033	6,926,344	8,055,103

Analysis of the performance (Table C-1)

Revenue Performance

Total operating revenue (excluding capital transfers) for the year-to-date amounts to R3.198 billion against a budget of R3.410 billion, resulting in an unfavourable variance of R212.2 million (-6%).

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 R505.7 million, R202 million (-10%) below targeted revenue.
- Investment revenue underperformed significantly, with R782 thousand collected against a budget of R2 million for the quarter, in an average the investment portfolio did not meet its target by (-43%).
- Operational grants and subsidies performed in line with the budget indicating improved grant drawdowns and compliance with reporting requirements.
- Other own revenue performed in line with the budget showing just (-1%) variance.

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

Expenditure Performance

Total operating expenditure for the year-to-date amounts to R4.457 billion against a budget of R3.837 billion, resulting in overspending of R620 million (16%).

Key expenditure trends

- Employee costs are slightly below budget by R7.9 million (-1%), reflecting controlled personnel spending.
- Remuneration of councillors is underspent by R3.2 million (-9%).
- Depreciation and amortisation are lower than budget by R25.7 million (-19%), mainly due to asset register adjustments.
- Interest paid is significantly above budget by R117.3 million (90%), driven by overdue creditor balances and interest penalties.
- Bulk purchases and inventory are over budget by R264.3 million (32%), mainly due to under budgeting on electricity and water purchases.
- Other expenditure shows overspending of R168.4 million (13%), mainly due to irrecoverable debt written-off of R579 million for the year

Overall, expenditure control remains effective, although bulk purchases and interest costs remain a risk area.

Overview on performance of Budget Funding Plan

- Council approved the **2025/26 Budget Funding Plan (BFP)** together with the budget on **28 May 2025**. In addition, Council noted a revised Budget Funding Plan in October 2025, which was implemented with effect from **1 November 2025**.
- As at **30 June 2026**, the municipality had achieved **43%** of the full-year anticipated revenue. The revised total anticipated revenue for the 2025/26 financial year amounts to **R2 633 995 000**, of which **R 1 143 545 690** has been collected to date.
- The Budget Funding Plan was revised to ensure alignment with the **Medium-Term Revenue and Expenditure Framework (MTREF) for the 2026–2028 period**, taking into account updated revenue projections and funding assumptions.

Capital Expenditure

Performance of Capital Expenditure

CAPEX	Approved Budget	Received Including rollover	YTD Expenditure	Unspent Budget 2025/2026	YTD % Per Allocation
Integrated National Electrification Programme Grant	40,000,000.00	40,000,000.00	40,000,000.00	0.00	100%
Municipal Infrastructure Grant	67,426,250.00	67,426,250.00	67,426,250.00	0.00	100%
Municipal Disaster Recovery Grant	7,254,153.22	7,254,153.22	3,756,179.22	3,497,974.00	52%
Water Services Infrastructure	1,972,377.75	1,972,377.75	1,972,377.75	-	100%
Own Funding	108,888,000.00	0	101,681,884.20	-	93%
Total	**225,540,780.97**	**116,652,780.97**	**214,836,691.17**	**3,497,974.00**	**95%**

Grants Performance

Performance of Capital Grants

Grants	Allocation per DoRA	Received Including rollover	YTD Expenditure	Unspent 2025/2026	YTD % Per Allocation
Integrated National Electrification Programme Grant	40,000,000.00	40,000,000.00	40,000,000.00	0.00	100%
Municipal Infrastructure Grant	70,975,000.00	70,975,000.00	70,975,000.00	0.00	100%
Municipal Disaster Recovery Grant	0	7,254,153.22	3,756,179.22	3,497,974.00	52%
Water Services Infrastructure	0	1,972,377.75	1,972,377.75	0	100%
Total	**110,975,000.00**	**120,201,530.97**	**116,703,556.97**	**3,497,974.00**	**97%**

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	Received Including rollover	YTD Expenditure	Unspent 2025/2026	YTD %
Extended Public works Programme	2,939,000.00	3,133,000.00	2,939,000.00	194,000.00	94%
Financial Management Grants	3,500,000.00	3,500,000.00	3,500,000.00	0.00	100%
Infrastructure Skills Development Grant	22,774,000.00	22,774,000.00	22,774,000.00	0.00	100%
LG Seta	0	1,625,251.73	1,181,431.81	443,819.92	86%
Point Duty Officer (SASOL)	0	2,159,733.50	2,159,733.50	0.00	100%
Art and Culture	0	91,608.25	91,608.25	0.00	100%
Pre-capacity Grant	0	92,528.63	70,966.00	21,562.63	0%
Economic Development and Tourism	0	313,901.00	0	313,901.00	0%
Gert Sibande District Municipality	0	274,580.00	231,778.24	42,801.76	84%
Energy Efficiency Demand Grant	0	2,003,470.00	3,470.00	2,000,000.00	0%
Equitable share	492,462,000.00	492,462,000.00	492,462,000.00	0.00	100%
Total	**521,675,000.00**	**527,909,432.88**	**525,413,987.80**	**3,016,085.31**	**99%**

Repairs and Maintenance Analysis

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

Description	Original Budget	Adjustment Budget	Quarter 1 Actual	Quarter 2 Actual	Quarter 3 Actual	Quarter 4 Actual	Total Actual	Remaining Budget	% Spent
Community and Social Services	8,859,487.00	17,389,032.00	244 599.96	405,399.73	359,105.37	5,291,420.11	11,024,324.11	6,364,707.89	63%
Energy Sources	78,793,866.00	75,640,751.00	0	6,053,261.76	3,362,151.72	24,711,980.47	34,127,393.95	41,513,357.05	45%
Executive and Council	22,891.00	978,049.00	0	-	-	-	95,000.00	883,049.00	10%
Finance and Administration	741,553.00	52,912.00	0	95,000.00	-	-	9,112.00	43,800.00	17%
Public Safety	1,016,239.00	803,239.00	0	26,070.00	-	241,765.00	267,835.00	535,404.00	33%
Road Transport	10,633,271.00	17,645,352.00	394 936.01	667,551.30	609,580.16	8,315,693.91	13,762,472.47	3,882,879.53	78%
Sport and Recreation	113,570.00	2,546,453.00	91 430.00	-	-	35,670.00	236,619.68	2,309,833.32	9%
Waste Management	14,616,000.00	20,916,000.00	2 696 366.28	4,912,775.60	4,804,967.90	6,520,107.99	18,934,217.77	1,981,782.23	91%
Waste Water Management	30,347,575.00	49,673,127.00	5 961 021.99	13,930,785.07	3,065,220.17	19,329,474.85	42,813,269.24	6,859,857.76	86%
Water Management	3,524,173.00	11,962,852.00	130 000.00	1,781,424.54	409,111.02	4,492,913.51	10,174,205.98	1,788,646.02	85%
Grand Total	**148,668,625.00**	**197,607,767.00**	**9 518 354.24**	**27,872,268.00**	**12,610,136.34**	**68,939,025.84**	**131,444,450.20**	**66,163,316.80**	**67%**

CASH MANAGEMENT

As of 30 June 2026 (Quarter 4), the municipality had a positive bank statement balance of R 18,377,803.76 on primary account. Cash book had a positive balance of R 18,311,485.76. A total amount of R107 488 397.8 was collected for prepaid sales(vending) in the fourth quarter.

INVESTMENT PORTFOLIO ANALYSIS

The following table displays the investments portfolio and indicates a closing balance of R 29 112 604.15 invested (including long-term investments) as at quarter 4 ended June 2026.

Description	Account Nr	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Long-Investments					
Old Mutual Shares C0777197766	Share nr C0777197766	R26 397.09	R26 397.09	34 117.20	29 349.54
Old Mutual Shars C0777027950	Share nr C0777027950	R363 307.00	R363 307.00	469 560.00	403 942.00
Sanlam U0063349159	Share nr U0063349159	R217 418.84	R217 418.84	247 652	216 339.96
Nedbank (70) Withdrawal	70 Shares	R17 013.50	R17 013.50	18 573.80	18 896.50
Nedbank (966) Withdrawal	966Shares	R234 786.30	R234 786.30	256 318.44	260 771.70
Quilter plc (624)	Share nr 1521061685	R23 724.48	R23 724.48	26 551.20	26 232.96
Quilter plc (8599)	Share nr 1521053495	R326 933.98	R326 933.98	365 887.45	361 501.96
Sub Total		**R1 209 581.19**	**R1 209 581.19**	**1 418 660.09**	**1 317 034.62**
Short-term Investments					
Standard Bank Money Market Call Account	038787024(003)	R542 085.81	559,994.11	565 870.21	575 001.47
Standard Bank Tiered Rate Call Account	038787024(008)	R24 540 093.83	30,426,636.23	25 809 994.71	9 014 620.74
Standard Bank Money Market Call Account	038787024(009)	R37 175 941.68	4,728,508.22	4 174 6451.10	11 200 401.20
Standard Bank Retention Call Account	038787024(010)	R6 615 265.04	6,782,445.17	6 891 731.25	7 005 546.12
Sub Total		**R68 873 386.36**	**42,497,583.73**	**75 014 047.27**	**27 795 569.53**
Grand Total		**R70 082 967.55**	**43 707 164.92**	**76 432 707.36**	**29 112 604.15**

DEBTORS MANAGEMENT

The total debtors balance for the fourth quarter ended June 2026 amounted to R 4 170 518 000 indicating a decrease of R317 880 000 when compared to closing amount of R4 488 398 000 in March 2026 (quarter 3). The debtors' payment rate for the quarter is 66% showing 2% increase when compared to previous quarter.

MP307 Govan Mbeki - Supporting Table SC3 Monthly Budget Statement - aged debtors – Q4 June 2026

Description R thousands	NT Code	Budget Year 2025/26			
		QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4
Debtors Age Analysis by Income Source					
Trade and Other Receivables from Exchange Transactions - Water	1200	1 333 858	1 373 683	1 397 774	1 274 141
Trade and Other Receivables from Exchange Transactions - Electricity	1300	561 815	571 493	582 724	517 278
Receivables from Non-exchange Transactions - Property Rates	1400	420 223	436 581	446 230	446 361
Receivables from Exchange Transactions - Waste Water Management	1500	507 106	523 443	535 356	481 266
Receivables from Exchange Transactions - Waste Management	1600	483 160	511 176	498 66	440 312
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	–	–	–
Interest on Arrear Debtor Accounts	1810	915 648	967 302	1 015 030	953 829
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	–	–	–
Other	1900	11 407	11 294	12 624	57 332
Total By Income Source	**2000**	**4 233 217**	**4 394 972**	**4 488 398**	**4 170 518**
Debtors Age Analysis by Customer Group					
Organs of State	2200	54 393	53 075	55 643	52 731
Commercial	2300	351 239	344 893	342 243	340 915
Households	2400	3 827 585	3 997 004	4 090 512	3 776 872
Other	2500	-	–	–	–
Total By Customer Group	**2600**	**4 233 217**	**4 394 972**	**4 488 398**	**4 170 518**

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

	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Debtors Opening Balance	4,003,754,000.00	4,233,217,000.00	4,394,972,000.00	4,488,398,000.00
Add: Billing for the Quarter	664,495,802.68	673,975,277.10	642,490,593.23	636,386,494.40
Billing Adjustment				14 155 388.12
Less: Debtors Write off	46,085,000.00	56,084,000.00	1,415,260.00	454,081,000.00
Less: Debtors Closing Balance	4,233,217,000.00	4,394,972,000.00	4,488,398,000.00	4,170,518,000.00
Movement	388,947,802.68	456,136,277.10	468,126,593.23	514,340,882.52
Movement Rate	**63%**	**66%**	**71%**	**81%**

The following table indicates payment rate per month.

Month	2023/24	2024/25	2025/26
July	103%	69%	64%
August	82%	64%	66%
September	83%	62%	66%
October	82%	69%	66%
November	98%	66%	63%
December	67%	64%	69%
January	82%	70%	60%
February	69%	65%	66%
March	70%	62%	65%
April	64%	60%	62%
May	76%	72%	68%
June	57%	67%	67%
Total Average Rate	**78%**	**66%**	**65%**

Councilor's arrear account as at 30 JUNE 2026

ACCOUNT	COUNCILLOR'S NAME	TOTAL AMOUNT	CURRENT	30 DAYS	60 DAYS	90 DAYS	120 + DAYS
1003869	PHIRI (NEE NGXONONO) YT	4125.64	4125.64	-	-	-	-
1076484	MAGAGAMELA FF	46 791.37	10 193.84	30 060.66	6526.88	-	-
2001414	NKWANYANA ML	1144.73	1144.73	-	-	-	-
2004791	NTULI NM	172 728.80	3319.28	3435.10	3365.81	3349.29	159,259.34
2008379	KUBHEKA AM	2138.07	2138.07	-	-	-	-
2109867	SEHLAO MS	80 069.34	-	-	779.45	1328.14	77,961.75
2204708	THUKWANE KS	24 477.95	2935.38	1657.37	1730.15	1748.50	16,406.55
2208666	MASINA NA	248.01	248.01	-	-	-	-
2300071	DUMA MP	41 221.50	1467.14	1467.14	1467.14	1467.14	35,352.94
2601472	MASITENG SM	1031.20	1031.20	-	-	-	-
2601906	VILAKAZI P	122.75	122.75	-	-	-	-
5509969	SEIMELA MF	41.69	41.69	-	-	-	-
5555848	NDWANYAZA BL & PN	7123.22	1978.59	1978.59	2267.61	898.43	-
5555904	ZIWELE L	59 880.99	6533.25	6488.99	6488.99	6643.69	33,726.07
6510278	MTSHALI PD	306.16	306.16	-	-	-	-
4013361	CONWAY SG	8050.00	8050.00	-	-	-	-
8001230	MAHLANGU SV	45 457.27	2978.41	2948.40	2925.52	2902.64	33,702.30
8505785	NKABINDE BJ	69 780.56	2135.53	2378.75	2384.37	3506.46	59,375.46
		564 729.26	**48 749.67**	**50 415.00**	**27 935.92**	**21 884.26**	**415,784.41**

DISTRIBUTION LOSSES

Water and Electricity Distribution Losses: Accumulated: July 2025 to June 2026 (KL / Units)

Service	Purchased	Sold	Previous % Loss Month	Current % Loss	Average 24/25	Average 23/24
Electricity	454 944 640	279 659 756	-38.63%	-38.53%	-47.98%	-58.92%
Water	31 307 427	18 830 726	-39.22%	-39.85%	-53.47%	-46.92%

LIABILITIES

Creditors

The total creditors balance for the fourth quarter ending June 2026 amounted to R8 billion showing an increase of R443 million when compared to R7.6 billion in March 2026 (quarter 3).

In terms of the MFMA all creditors should be paid within 30 days of receiving the invoice or statement. For the month of March 2026, R8 billion was outstanding and of this 96% 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 3

Description	NT Code	Budget year 2025/2026			
R thousands		Quarter 1 R'000	Quarter 2 R'000	Quarter 3 R'000	Quarter 4 R'000
Creditors Age Analysis by Customer Type					
Bulk Electricity	0100	6 118 008	6 346 160	6 587 937	6 908 708
Bulk Water	0200	840 590	858 613	862 826	869 718
PAYE deductions	0300	–	–	–	–
VAT (output less input)	0400	–	–	–	–
Pensions / Retirement deductions	0500	–	–	–	–
Loan repayments	0600	–	–	–	–
Trade Creditors	0700	205 063	180 316	161 489	276 676
Auditor General	0800	–	6 255	119	685
Other	0900	–	–	–	–
Total By Customer Type	**1000**	**7 163 661**	**7 391 344**	**7 612 371**	**8 055 787**

FINANCIAL RATIOS:

Current Ratio: 0.33:1

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: 0.15:1

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 48,919,788.44 as Appendix "C"**:
- ✓ Disclosure of irregular expenditure amounting to **R 637 494.47**as **Appendix "D"**
- ✓ Disclosure of tenders awarded amounting to **R8 067 248.67** for the quarter ending 30 June 2026 are as **Appendix "E"**

Insurance Claims

- 44 insurance claims have been lodged in the 4th quarter, outstanding claims year to date amounts to **R1 954 983.48** The details of insurance claims are attached as **Appendix "F"**.

Creditors Management

- Ten highest Outstanding Debtors per Town at the status as at the period ending 30 June 2026, **Appendix "G".**

- Government Debtors for the quarter ending 30 June 2026 amount to **R 51,672,000.11 Appendix "H"**

Fruitless and Wasteful Expenditure

- For the quarter under review fruitless and wasteful expenditure is **R 104,126,534.31,** 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 214,697,716.40** as **Appendix "J"**

The progress Budget Funding Plan

- Council approved the 2025/26 Budget Funding Plan (BFP) together with the budget on the 28th of May 2025. In addition, Council noted a revised Budget Funding Plan in October 2025, which was implemented with effect from 1 November 2025.
- Revenue recognized as at 31 March 2026 amounts to 43% of the total anticipated revenue. The revised total anticipated revenue as approved by council R2 633 995 000 of which an amount of R1 143 545 690 has been collected to date. The Budget Funding Plan has been revised to accommodate the Medium-Term Revenue and Expenditure Framework (2026-2028).