



# Quarterly Budget Statement

MFMA Section 52 Report

30 JUNE 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.

**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 **JUNE 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:** 11/7/2024

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

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

**Signature:** 

**Date:** 12/07/2024

## 1. DISCUSSION:

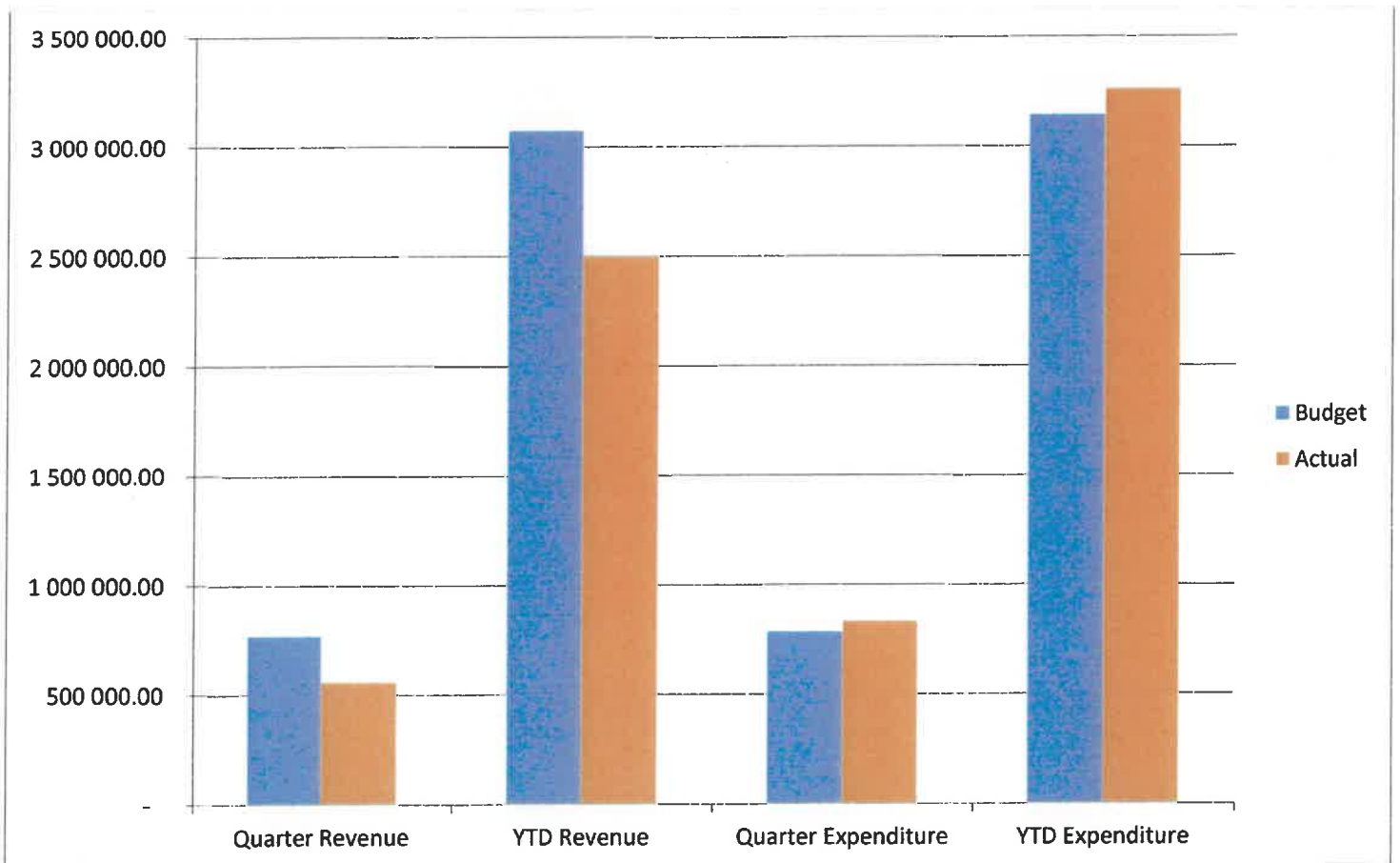
The overall financial performance indicators for the period under review are attached as **ANNEXURE "A"**.

### EXECUTIVE SUMMARY:

#### Operating Results:

The table below shows the Operational Revenue of R 2 499 billion and Operating Expenditure of R 3 260 billion which resulted in a deficit of R 760 million before capital transfer of R 118 million which resulted in overall deficit of R 642 million.

Description	Original Budget 2023/2024	Adjustment Budget 2023/2024	Actual (Q1)	Actual (Q2)	Actual (Q3)	Actual (Q4)	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	3 087 553	3 071 842	639 775	655 380	646 117	558 680	2 499 952	3 071 842	-571 890	-19%
Total Operating Expenditure	3 019 754	3 140 957	880 096	785 039	760 224	835 201	3 260 561	3 140 957	119 604	4%
<b>Surplus /(Deficit) for the year before grant capital revenue</b>	<b>67 799</b>	<b>(69 115)</b>	<b>(240 322)</b>	<b>-129 660</b>	<b>(114 107)</b>	<b>-276 521</b>	<b>-760 609</b>	<b>-69 115</b>	<b>-691 494</b>	<b>1000%</b>
Grant capital revenue	111 490	146 258	18 840	52 976	43 426	2 776	118 018	146 336	-28 162	-19%
<b>Surplus /(Deficit) for the year</b>	<b>179 289</b>	<b>77 221</b>	<b>(221 482)</b>	<b>-76 683</b>	<b>(70 681)</b>	<b>-273 745</b>	<b>-642 591</b>	<b>77 221</b>	<b>-719 812</b>	<b>-100%</b>
Total Capital Expenditure	172 677	217 093	48 663	38 309	45 503	30 378	162 852	217 093	54 241	-26%



The following table provides a summary of the municipality's performance on the Capital and Operational budget as at 30 June 2024  
 Choose name from list - Table C1 Monthly Budget Statement Summary - M12 - Quarter 4

R thousands	Description	Budget Year 2023/24							YTD variance	YTD variance %	Fm Yr Forecast
		2022/23 Audited Outcome	Original Budget	Adjusted Budget	Quarter 4	YearTD actual	YearTD budget	YTD variance			
<b>Financial Performance</b>											
	Property rates	380 366	424 452	424 452	104 873	396 103	424 452	(28 349)	-7%	424 452	
	Service charges	1 406 333	1 900 537	1 900 537	377 610	1 309 477	1 900 537	(591 059)	-31%	1 900 537	
	Investment revenue	17 937	15 610	15 610	2 164	14 911	15 610	(999)	-4%	15 610	
	Transfers and subsidies - Operational	412 330	457 114	461 402	1 556	459 861	461 402	(1 542)	0%	461 402	
	Other own revenue	275 437	289 841	269 841	72 477	319 599	269 841	49 758	18%	-	
	<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>2 492 402</b>	<b>3 067 553</b>	<b>3 071 842</b>	<b>558 689</b>	<b>2 499 952</b>	<b>3 071 842</b>	<b>(571 890)</b>	<b>-19%</b>	<b>3 071 842</b>	
	Employee costs	611 264	680 420	680 420	160 710	636 744	680 420	(43 676)	-6%	680 420	
	Remuneration of Councillors	25 691	33 822	33 822	7 718	35 846	33 822	2 024	6%	33 822	
	Depreciation and amortisation	131 248	205 829	205 829	31 212	126 208	205 829	(79 621)	-39%	205 829	
	Interest	365 477	140 087	140 087	23 432	279 604	140 087	139 518	100%	140 087	
	Inventory consumed and bulk purchases	1 295 907	1 262 306	1 322 861	454 873	1 669 211	1 322 861	346 350	26%	1 322 861	
	Transfers and subsidies	23 010	28 461	36 361	9 471	38 490	36 361	2 129	6%	36 361	
	Other expenditure	954 006	668 830	721 577	147 784	474 457	721 577	(247 121)	-34%	721 577	
	<b>Total Expenditure</b>	<b>3 406 604</b>	<b>3 019 754</b>	<b>3 140 957</b>	<b>835 291</b>	<b>3 260 581</b>	<b>3 140 957</b>	<b>119 604</b>	<b>4%</b>	<b>3 140 957</b>	
	<b>Surplus/(Deficit)</b>	<b>(914 201)</b>	<b>67 799</b>	<b>(69 115)</b>	<b>(276 521)</b>	<b>(766 629)</b>	<b>(69 115)</b>	<b>(691 494)</b>	<b>1000%</b>	<b>(69 115)</b>	
	Transfers and subsidies - capital (monetary allocations)	137 065	111 490	146 268	2 776	118 018	146 268	(28 240)	-19%	146 268	
	Transfers and subsidies - capital (in-kind)	5 987	-	78	-	-	78	(78)	-100%	78	
	<b>Surplus/(Deficit) after capital transfers &amp; Share of surplus/ (deficit) of associate</b>	<b>(771 159)</b>	<b>179 289</b>	<b>77 221</b>	<b>(273 745)</b>	<b>(642 591)</b>	<b>77 221</b>	<b>(719 812)</b>	<b>-932%</b>	<b>77 221</b>	
	<b>Surplus/ (Deficit) for the year</b>	<b>(771 159)</b>	<b>179 289</b>	<b>77 221</b>	<b>(273 745)</b>	<b>(642 591)</b>	<b>77 221</b>	<b>(719 812)</b>	<b>-932%</b>	<b>77 221</b>	
	<b>Capital expenditure &amp; funds sources</b>										
	Capital expenditure	203 697	172 677	217 693	30 376	162 852	217 693	(54 241)	-25%	217 693	
	Capital transfers recognised	99 041	115 557	142 903	2 114	109 407	142 903	(33 495)	-23%	142 903	
	Borrowing	-	-	-	-	-	-	-	-	-	
	Internally generated funds	43 892	7 870	71 690	25 388	48 844	71 690	(22 846)	-32%	71 690	
	<b>Total sources of capital funds</b>	<b>142 933</b>	<b>123 427</b>	<b>214 593</b>	<b>27 592</b>	<b>158 251</b>	<b>214 593</b>	<b>(56 341)</b>	<b>-26%</b>	<b>214 593</b>	
	<b>Financial position</b>										
	Total current assets	1 858 707	853 075	1 395 911	-	2 726 099	-	-	-	1 395 911	
	Total non current assets	3 053 666	2 810 848	2 824 961	3 074 897	3 074 897	2 824 961	259 936	9%	2 824 961	
	Total current liabilities	6 013 798	3 873 373	4 546 693	7 549 048	7 549 048	4 546 693	3 002 355	76%	4 546 693	
	Total non current liabilities	377 355	369 440	369 440	373 318	373 318	369 440	889	0%	369 440	
	Community wealth/Equity	(1 454 691)	(578 890)	(695 261)	(2 121 371)	(2 121 371)	(695 261)	(1 426 110)	-23%	(695 261)	
	<b>Cash flows</b>										
	Net cash from (used) operating	912 248	111 269	188 874	44 490	782 945	491 806	(291 139)	-59%	188 874	
	Net cash from (used) investing	158 429	(172 677)	(227 412)	(21 775)	(210 843)	(192 253)	18 590	-10%	(227 412)	
	Net cash from (used) financing	-	-	-	-	-	-	-	-	-	
	<b>Cash/cash equivalents at the month/year end</b>	<b>1 340 810</b>	<b>195 038</b>	<b>217 908</b>	<b>91-120 Days</b>	<b>692 654</b>	<b>555 998</b>	<b>(136 656)</b>	<b>-25%</b>	<b>82 015</b>	
	<b>Debtors &amp; creditors analysis</b>										
	<b>Debtors Age Analysis</b>	<b>0-30 Days</b>	<b>31-60 Days</b>	<b>61-90 Days</b>	<b>91-120 Days</b>	<b>121-150 Days</b>	<b>151-180 Days</b>	<b>181 DYS-1 Yr</b>	<b>Over 1Yr</b>	<b>Total</b>	
	Total By Income Source	168 836	95 323	91 229	90 682	80 038	83 390	81 869	3 428 389	4 119 755	
	Creditors Age Analysis	324 666	85 994	135 780	115 022	7 529	106 865	77 996	5 121 763	5 975 615	

## **Analysis of the performance**

### **Operating Revenue**

The overall performance on the revenue component is 19% below target. Property rates, service charges and other own revenue are the main items to contribute in this negative performance.

### **Operating Expenditure**

The overall monthly performance on the expenditure component is 4% above target.

Bulk purchases and inventory consumed are above monthly target by 39% and 9% respectively.

Finance charges is above target by 100%.

Employee related cost is 6% below budget

### **Progress on the budget funding plan**

Council approved the 2023/24 Budget Funding Plan (BFP) together with the budget on the 31<sup>st</sup> of May 2023.

The progress recorded as at 30 June 2024 is at 46.08%. The total anticipated revenue is R1 123 525 000.00 of which an amount of R 546 682 542.74 has been collected to date. It should be noted the funding plan was developed to address the cash deficit of R398 486 264 and the R 546 682 542.74 performance far exceeds this deficit. The budget funding plan has thus achieved its objective.

## Capital Expenditure

Total Capital Expenditure to date is R 185 501 585.64 of this amount R 42 307 767.01 relates to INEP funding, R 80 802 550.00 relates to MIG funding, R 1 075 023.11 relates to WSIG, R 11 048 829.08 relates to Provincial Treasury funding whilst R 50 267 416.44 is from internally generated funds.

Grants	Funding	Allocation per DoRA	Received Including rollover	YTD Actual	Overspent/ Underspent	YTD %
Integrated National Electrification Programme Grant	INEP	41 080 000.00	41 080 000.00	42 307 767.01	-1 227 767.01	103%
Municipal Infrastructure Grant	MIG	80 802 550.00	80 802 550.00	80 802 550.00	0.00	100%
Water Services Infrastructure	WSIG	-	3 047 401.00	1 075 023.11	1 972 377.89	35%
Provincial Treasury Grant	PT Grant	-	10 020 000.00	11 048 829.08	-1 028 829.08	110%
Municipal Disaster Recovery Grant	MDRG	7 875 000.00	7 875 000.00	0	7 875 000.00	0%
Sasol	Sasol		77 554.00	0	77 554.00	0%
Own Funding	Revenue	74 190 000.00	74 190 000.00	50 267 416.44	23 922 583.56	68%
<b>Total</b>		<b>203 947 550.00</b>	<b>217 092 505.00</b>	<b>185 501 585.64</b>	<b>35 992 176.84</b>	<b>85%</b>

## Performance of Capital Grants

Grants	Allocation per DoRA	Received Including rollover	YTD Expenditure	Unspent 2023/2024	YTD %
Integrated National Electrification Programme Grant	41 080 000.00	41 080 000.00	42 307 767.01	-1 227 767.01	103%
Municipal Infrastructure Grant	80 802 550.00	80 802 550.00	80 802 550.00	0.00	100%
Mining company: Sasol	0	77 554.38	0	77 554.38	0%
Water Services Infrastructure	0	3 047 401.00	1 075 023.11	1 972 377.89	35%
Disaster Recovery Grant	0	7 875 000.00	0	7 875 000.00	0%
Provincial Treasury Grant	0	10 020 000.00	11 48 829.08	-1 028 829.08	110%
<b>Total</b>	<b>121 882 550.00</b>	<b>142 912 505.38</b>	<b>135 234 169.20</b>	<b>7 668 336,18</b>	<b>95%</b>

- The municipality received the MDRG funding of R 7 875 000.00 during the month of March 2024 which is allocated to be spent between March 2024 to February 2025.
- The municipality appointed the consultant in April 2024 to do the design of the stormwater management.
- The projects are at the procurement stage to appoint the contractors from the panel of Civil Engineering Contractors to start possibly on the 19<sup>th</sup> July 2024
- The two funded projects are anticipated to be complete by November 2024.

### Performance of Operational Grants

Grants	Allocation per DoRA & Revised Gazette & MOU	Received Including rollover	Expenditure as at 30 June 2024	Unspent 2023/2024	YTD %
Extended Public works Programme	1 900 000.00	1 900 000.00	23 842 383.30	-21 942 383.30	1255%
Financial Management Grants	2 100 000.00	2 100 000.00	2 100 000.00	-	100%
Infrastructure Skills Development Grant	23 000 000.00	23 000 000.00	23 000 000.00	-	100%
Arts and Culture	-	234 858.00	124 565.00	110 293.00	53%
LG Seta	1 000 000.00	2 805 043.00	1 901 747.65	903 295.35	68%
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	-	406 149.00	-	406 149.00	0%
Point Duty Officer (SASOL)	3 400 000.00	1 508 527.00	1 844 108.50	-335 581.50	122%
Pre-Capacity grant	-	266 086.00	101 872.03	164 213.97	38%
Equitable share	426 701 000.00	426 701 000.00	426 701 000.00	-	100%
<b>Total</b>	<b>458 101 000.00</b>	<b>459 510 144.00</b>	<b>479 615 676.48</b>	<b>-20 105 532.48</b>	<b>104.38%</b>



## Repairs and Maintenance Analysis

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

Description	Total Budget	Total Actual	Total Unspent	% Spent
Community and Social Services	20 052 382.00	11 168 973.95	8 883 408.05	55.70%
Energy Sources	48 881 360.00	40 113 358.66	8 768 001.34	82.06%
Environmental Protection	-	8 270.37	- 8 270.37	0.00%
Finance and Administration	1 230 650.00	529 492.62	701 157.38	43.03%
Planning and Development	50 682.00	-	50 682.00	0.00%
Public Safety	2 378 820.00	927 124.69	1 451 695.31	38.97%
Road Transport	19 451 513.00	16 456 698.14	2 994 814.86	84.60%
Sport and Recreation	764 103.00	159 620.13	604 482.87	20.89%
Waste Management	18 600 000.00	9 027 217.65	9 572 782.35	48.53%
Waste Water Management	29 520 266.00	21 314 769.72	8 205 496.28	72.20%
Water Management	9 195 111.00	5 355 851.05	3 839 259.95	58.25%
<b>Grand Total</b>	<b>150 124 887.00</b>	<b>105 061 376.98</b>	<b>45 063 510.02</b>	<b>69.98%</b>

## CASH MANAGEMENT

As of 30 June 2024 (Quarter 4) we had a positive bank statement balance of R 10 217 854.85 and a positive cash book balance of R 7 828 686.78 compared to a positive bank statement balance of R 22 931 563.95 and a negative cash book balance of R 9 553 154.00 as at 31 March 2024 (Quarter 3)

## INVESTMENT PORTFOLIO ANALYSIS

The following table displays the investments portfolio and indicates that R 18.8 million was invested in the quarter ended June 2024 (Quarter 4) compared R 189.3 million in March 2024 (Quarter 3).

Investment Type	Institution	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Short term fixed deposits	Absa 3 Months Fixed Deposit	101 645 972.44	104 079 293.04	106 463 155.95	-
	Nedbank 3 Months Fixed Deposit	102 910 077.60	-	-	-
Listed Investments	Old Mutual Shares	26 506.44	26 506.44	26 506.44	27 096.93
	Old Mutual Shares	364 812.00	364 812.00	364 812.00	372 939.00
	Sanlam	143 147.76	143 147.76	143 147.76	198 415.84
	Shares Nedbank	16 000.60	16 000.60	16 000.60	17 948.70
	Shares Nedbank	220 808.28	220 808.28	220 808.28	247 692.06
	Quilter PLC	12 036.96	12 036.96	12 036.96	17 228.64
	Quilter PLC	165 874.71	165 874.71	165 874.71	237 418.39
Short term Call Investment	Standard Bank Cheque 038787024003	472 327.86	481 879.44	491 311.10	500 821.06
	Standard Bank Cheque MIG 38787024008	4 620 941.36	4 700 532.00	53 048 238.65	10 463 753.19
	Standard Bank Call Account 038787024009	25 222 720.72	9 642 004.40	23 911 223.09	5 527 843.70
	Standard Bank Current 030195276000	4 088 696.47	4 287 158.33	4 514 456.33	1 221 083.99
<b>Total Investments</b>		<b>239 909 923.20</b>	<b>124 140 053.96</b>	<b>189 377 571.87</b>	<b>18 832 241.50</b>

## DEBTORS MANAGEMENT

The total debtors balance for the quarter ended June 2024 (quarter 4) amounted to R 4 119 755 000 compared to R 3 926 728 000 in March 2024 (quarter 3). The debtors' payment rate for the quarter is 66%.

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

R thousands	Description	NT Code	Budget Year 2023/24			
			QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4
	<b>Debtors Age Analysis By Income Source</b>					
	Trade and Other Receivables from Exchange Transactions - Water	1200	1 044 567	1 087 229	1 119 051	1 166 004
	Trade and Other Receivables from Exchange Transactions - Electricity	1300	443 476	437 054	438 477	460 260
	Receivables from Non-exchange Transactions - Property Rates	1400	335 345	337 282	344 960	359 296
	Receivables from Exchange Transactions - Waste Water Management	1500	390 530	411 851	425 033	445 013
	Receivables from Exchange Transactions - Waste Management	1600	359 039	375 814	390 678	407 495
	Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-
	Interest on Arrear Debtor Accounts	1810	694 624	747 306	814 228	882 492
	Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-
	Other	1900	370 367	380 119	394 300	399 195
	<b>Total By Income Source</b>	<b>2000</b>	<b>3 637 948</b>	<b>3 776 654</b>	<b>3 926 728</b>	<b>4 119 755</b>
	<b>Debtors Age Analysis By Customer Group</b>					
	Organs of State	2200	54 993	45 342	45 729	49 937
	Commercial	2300	373 937	433 585	446 693	467 089
	Households	2400	3 209 018	3 297 727	3 434 307	3 602 729
	Other	2500	-	-	-	-
	<b>Total By Customer Group</b>	<b>2600</b>	<b>3 637 948</b>	<b>3 776 654</b>	<b>3 926 728</b>	<b>4 119 755</b>

The following table indicates the consumer debtor's payment rate at the end of quarter 4 compared to Quarter 3:

	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Debtors Opening Balance	3 677 337 665.46	3 637 948 000.00	3 776 654 000.00	3 926 728 000.00
Add: Billing for the Quarter	551 167 983.09	561 674 277.18	537 057 250.74	551 889 205.00
Debtors Write off				
Less: Debtors Closing Balance	3 637 948 000.00	3 776 654 000.00	3 926 728 000.00	4 119 755 000.00
	<b>590 557 648.55</b>	<b>422 968 277.18</b>	<b>386 987 250.74</b>	<b>358 862 205.00</b>
<b>Payment rate</b>	<b>89%</b>	<b>75%</b>	<b>72%</b>	<b>66%</b>

The following table indicates payment rate per month.

Month	2021/22	2022/23	2023/24
July	63%	65%	103%
August	57%	61%	82%
September	65%	61%	83%
October	60%	35%	82%
November	58%	63%	98%
December	61%	56%	67%
January	70%	56%	82%
February	58%	55%	69%
March	63%	60%	70%
April	69%	57%	64%
May	70%	76%	76%
June	59%	56%	57%

#### Accounts owed by Councilors'

ACCOUNT	COUNCILLOR'S NAME	TOTAL AMOUNT	CURRENT	30 DAYS	60 DAYS	90 DAYS	120 + DAYS
2001414	NKWANYANA SE	7 848.24	1 737.25	2 417.48	3 693.51	-	-
2008379	KUBHEKA MA	41 544.70	1 632.79	1 632.79	1 632.79	1 632.79	35 013.54
2010079	MOFOKENG TS	8 194.24	1 519.76	1 752.57	2 335.62	1 386.74	1 199.55
2101798	SIERANA GC	88 969.69	2 457.92	3 286.50	3 119.72	2 485.13	77 620.42
2109271	MASINGA MM	136.36	136.36	-	-	-	-
2109867	SEHLALO MS	96 224.01	1 527.11	1 167.54	1 510.62	1 500.66	90 518.08
2204337	MAKHADO TC	5 261.38	3 839.38	1 422.00	-	-	-
2204708	THUKWANE KS	65 435.17	1 251.63	1 251.63	1 251.63	1 251.63	60 428.65
2205558	MAGAGAMELA FF	17 972.78	1 018.49	986.39	9 824.86	1 018.49	5 124.55
2206183	SINDELO S	64.84	64.84	-	-	-	-
2300001	MTHEMBU BE	66.26	66.26	-	-	-	-
2301068	MABIZELA TM	3 221.31	354.12	350.92	347.72	344.51	1 824.04
2601472	MASITENG SM	3 082.03	979.38	1 011.32	979.46	111.87	-
2601906	VILAKAZI P	7 854.17	911.52	911.52	911.52	911.52	4 208.09
4006463	NKABINDE ER	189.71	189.71	-	-	-	-
6510278	MTSHALI PD	80.47	80.47	-	-	-	-
7001671	MALUKA JM	26 483.07	1 149.50	1 252.10	1 135.18	1 146.94	21 799.35
7009035	NKUNA MM	10 505.94	1 039.90	1 039.90	1 039.90	1 039.90	6 346.34
7009206	MASEKO TM	1 390.76	347.32	347.32	347.32	76.55	272.25
		<b>384 525.13</b>	<b>20 303.71</b>	<b>18 829.98</b>	<b>28 129.85</b>	<b>12 906.73</b>	<b>304 354.86</b>

## Distribution losses

### Water and Electricity Distribution Losses: Accumulated: July 2023 to June 2024 (KL / Units)

Service	Purchased	Sold	Current % Loss	Average 22/23	Average 21/22
Electricity	543,258,632	225,477,914	-58.50%	-64.48%	-64.46%
Water	31,552,435	16,747,277	-46.92%	-38.38%	-34.38%

Service	Purchased May 2024	Sold May 2024	Purchased June 2024	Sold June 2024	May 2024 %Loss	June 2024 %Loss
Electricity	43,028,941	19,882,457	46,474,807	20,924,180	-53.79%	-54.98%
Water	2,623,802	1,402,166	2,841,571	1,334,320	46.56%	-53.04%

The Electricity distribution losses have increased from 53.79% in the prior month to 54.98% in the current month due to winter demand effect on the bridged meters. The smart meter installation program will be accelerated to combat this phenomenon.

The Water distribution losses have increased from 46.56 in the prior month to 53.04 in the current month due to continuous asbestos pipe burst at Evander, dilapidated infrastructure of water, supply of water through water tankers to rural areas and the planned and unplanned Rand Water interruptions.

## LIABILITIES

### Creditors

The total creditors balance for the quarter ended June 2024 (quarter 4) amounted to R 5 975 615 000 compared to R5 627 939 000 in March 2024 (quarter 3).

In terms of the MFMA all creditors should be paid within 30 days of receiving the invoice or statement. For the quarter ended in June 2024, R 5 975 billion was outstanding and of this 95% 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 4

Description	NT Code	Budget year 2023/2024			
		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	4 360 072	4 553 091	4 751 886	4 998 343
Bulk Water	0200	750 858	730 722	818 063	838 179
PAYE deductions	0300	0	-	-	-
VAT (output less input)	0400	0	-	-	-
Pensions / Retirement deductions	0500	0	-	-	-
Loan repayments	0600	0	-	-	-
Trade Creditors	0700	47 881	75 299	57 912	138 139
Auditor General	0800	43	2 775	78	952
Other	0900	-	-	-	-
<b>Total By Customer Type</b>	<b>1000</b>	<b>5 158 854</b>	<b>5 361 888</b>	<b>5 627 939</b>	<b>5 975 615</b>

## FINANCIAL RATIOS:

### **Current Ratio: 0.36:1**

*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: 1.36:1**

*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: 0.09:1**

*Formula: Cash and cash equivalents (Available cash +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 68 228 028.11 as **Appendix "C"**:
- ✓ Disclosure of irregular expenditure amounting to R 25 482 776.21 as **Appendix "D"**
- ✓ Disclosure of tenders awarded amounting to R 529 615.30 as **Appendix "E"**

### **Insurance Claims**

39 insurances have been lodged in the 4<sup>th</sup> quarter, outstanding claims year to date amounts to **R 2 540 604.94**. The details of insurance claims are attached as **Appendix "F"**.

**Highest Debtors per Town** amounting to R 141 555 429.04 as **Appendix "G"** and **Government Debt** amounting to R 34 203 398.44 as **Appendix "H"**

The table shows the 10 highest Outstanding Debtors per Town at the status as at the period ending 30 June 2024.

### **Fruitless and Wasteful Expenditure**

For the quarter under review fruitless and wasteful expenditure is **R 33 393 921.44**, 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 185 501 585.64** as **Appendix "J"**

### **Budget Funding Plan**

Disclosure of revenue collected to date on 2023/24 Budget funding plan amounting to **R 546 682 542.74** as **Appendix "K"**