Quarterly Monitoring Report (Section 52 of MFMA)

Quarter: July to September 2025

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To the Municipal Council

I hereby wish to submit a report to the Municipal Council on the implementation of the budget and the financial state-of-affairs of the Municipality, as at the end of Quarter 1 – July to September 2025.

Further to the above, In accordance of Section 52 (d) of the MFMA no 56 of 2003, the mayor of a municipality must within 30 days of the end of each quarter, submit a report to council on the implementation of the budget and the financial affairs of the municipality.

PATRICK MC KLEIN
MAYOR

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1. INTRODUCTION

Section 52(d) of the Municipal Finance Management Act (MFMA) requires from the Mayor of the Municipality, to submit a report in a prescribed format to council within 30 days after the end of each quarter on the state of the implementation of the budget and financial state of affairs of the municipality:-

The report is a summary of the main budget issues arising from the monitoring process. It compares the ratio analysis of the quarter and contains the monthly Section 71 word reports as detail to substantiate the quarter report.

The main budget monitoring issues will now be discussed through paragraphs 2 to 4 of this report and will include appropriate recommendations as set out in paragraph 3 of the report.

2. FMCMM RATIO ANALYSIS

	Ratio	Norm/Range	Results
1. FINANCIAL POSITION			
A. Asset Management/Utilisation			
1	Capital Expenditure to Total Expenditure	10% - 20%	10%
2	Impairment of Property, Plant and Equipment, Investment Property and Intangible assets (Carrying Value)	0%	0.00%
3	Repairs and Maintenance as a % of Property, Plant and Equipment and Investment Property (Carrying Value)	8%	0.12%
A. Debtors Management			
1	Collection Rate	95%	49%
2	Bad Debts Written-off as % of Provision for Bad Debt	100%	0%
3	Net Debtors Days	30 Days	522 days
A. Liability Management			
1	Capital Cost(Interest Paid and Redemption) as a % of Total Operating Expenditure	6% - 8%	0.51%
2	Debt (Total Borrowings) / Revenue	45%	5.35%
A. Liquidity Management			
1	Cash / Cost Coverage Ratio (Excl. Unspent Conditional Grants)	1 - 3 Months	2.43
2	Current Ratio	1.5 - 2.1	0.47

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Ratio		Norm/Range	Results
2. FINANCIAL PERFORMANCE			
A. Distribution Losses			
1	Electricity Distribution Losses (Percentage) - LMs	7% - 10%	30.26%
1	Water Distribution Losses (Percentage) - LMs	15% - 30%	21.58%
A. Efficiency			
1	Net Operating Surplus Margin	= or > 0%	
1	Net Surplus /Deficit Electricity	0% -15%	-24%
1	Net Surplus /Deficit Water	= or > 0%	-15%
1	Net Surplus /Deficit Refuse	= or > 0%	-7%
1	Net Surplus /Deficit Sanitation and Waste Water	= or > 0%	-2%
A. Expenditure Management			
1	Creditors Payment Period (Trade Creditors)	30 Days	525 days
1	Irregular, Fruitless and Wasteful and Unauthorised Expenditure / Total Operating Expenditure	0%	0%
1	Remuneration as % of Total Operating Expenditure	25% - 40%	55%
1	Contracted Services % of Total Operating Expenditure	2% - 5%	6%
A. Grant Dependency			
1	Own funded Capital Expenditure (Internally generated funds + Borrowings) to Total Capital Expenditure	None	78.73%
1	Own funded Capital Expenditure (Internally Generated Funds) to Total Capital Expenditure	None	78.73%
1	Own Source Revenue to Total Operating Revenue(Including Agency Revenue)	None	59%

Ratio		Norm/Range	Results
3. BUDGET IMPLEMENTATION			
A. Budget Implementation Category			
1	Capital Expenditure Budget Implementation Indicator	95% - 100%	21%
1	Operating Expenditure Budget Implementation Indicator	95% - 100%	64%
1	Operating Revenue Budget Implementation Indicator	95% - 100%	98%
1	Service Charges and Property Rates Revenue Budget Implementation Indicator	95% - 100%	110%

3. RECOMMENDATIONS

Based on the contents of this report it is recommended to the Finance Committee and Executive Committee that it be noted that:

(1) The variance between the actual operating revenue (R78,932,269) and the pro- rata budgeted operating revenue (R80,829,040) has a negative variance of R1,896,771 or 2.35%.

(2) The variance between the actual operating expenditure (R41,295,466) and the pro-rata budgeted operating expenditure (R64,824,261) has a positive variance of R23,528,795 or 36.30%.

(3) The actual capital expenditure of R4,183,869 and the pro- rata budgeted capital expenditure of R20,049,000 realised underspending of R15,865,131 or 79.13%.

(4) Actual capital expenditure of R4,183,869 represents 5.22% of the total capital budget of R80,196,000 after one month of the financial year.

(5) External borrowings amounted to R4,225,775 as at 30 September 2025 and that it represents 1.31% of Siyancuma's total budgeted operating revenue of R323,316,161 for the 2025/2026 financial year.

(6) Unspent conditional and unconditional grants amounted to R15,364,797 at the end of September 2025.

(7) The actual employee related cost expenditure of R22,818,408 compared with the pro-rata budgeted expenditure of R24,112,126 relates to a positive variance of R1,293,718 or 5.37%.

(8) Total overtime expenditure amounted to R1,543,570 compared to the pro-rata budgeted expenditure of R1,105,236 relates to a negative variance of R438,333 or 39.66%.

(9) Total outstanding debtors as at 30 September 2025 amounted to R208,867,146 and that 90 days and older debt constitutes 86.43% of total outstanding debtors.

(10) Domestic consumers owe the municipality R141,453,528 or 67.72% of the municipality's total debtor's book.

(11) Outstanding creditors amounted to R330,071,065 as at 30 September 2025.

(12) The primary bank account had a positive bank balance at 30 September 2025 which amounted to R22,386,333.

(13) Total investments in call deposits amounted to R625,535 as at 30 September 2025 which is held at Standard bank.

(14) Considering the above the focus is still to improve overall debt collection and thus to remain on the Eskom Debt relief program in order to have a major portion of the outstanding creditors written off – The 1st year write has been approved by NT before the compilation of the report to be effective in the next quarter.

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4. SECTION 71 REPORTS