Quarterly Monitoring Report (Section 52 of MFMA)

Quarter: October to December 2025

ANNEXURE A

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 2 – October to December 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 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%	19%
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%	0.22%
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	776 days
A. Liability Management			
1	Capital Cost(Interest Paid and Redemption) as a % of Total Operating Expenditure	6% - 8%	0.38%
2	Debt (Total Borrowings) / Revenue	45%	2.66%
A. Liquidity Management			
1	Cash / Cost Coverage Ratio (Excl. Unspent Conditional Grants)	1 - 3 Months	0.11
2	Current Ratio	1.5 - 2.1	0.56

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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%	-19%
1	Net Surplus /Deficit Water	= or > 0%	-58%
1	Net Surplus /Deficit Refuse	= or > 0%	-22%
1	Net Surplus /Deficit Sanitation and Waste Water	= or > 0%	-16%
A. Expenditure Management			
1	Creditors Payment Period (Trade Creditors)	30 Days	605 days
1	Irregular, Fruitless and Wasteful and Unauthorised Expenditure / Total Operating Expenditure	0%	0%
1	Remuneration as % of Total Operating Expenditure	25% - 40%	48%
1	Contracted Services % of Total Operating Expenditure	2% - 5%	7%
A. Grant Dependency			
1	Own funded Capital Expenditure (Internally generated funds + Borrowings) to Total Capital Expenditure	None	21.36%
1	Own funded Capital Expenditure (Internally Generated Funds) to Total Capital Expenditure	None	21.36%
1	Own Source Revenue to Total Operating Revenue(Including Agency Revenue)	None	53%

Ratio		Norm/Range	Results
3. BUDGET IMPLEMENTATION			
A. Budget Implementation Category			
1	Capital Expenditure Budget Implementation Indicator	95% - 100%	46%
1	Operating Expenditure Budget Implementation Indicator	95% - 100%	76%
1	Operating Revenue Budget Implementation Indicator	95% - 100%	84%
1	Service Charges and Property Rates Revenue Budget Implementation Indicator	95% - 100%	95%

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 (R152,612,467) and the pro- rata budgeted operating revenue (R193,801,581) has a negative variance of R41,189,113 or 21.25%.

(2) The variance between the actual operating expenditure (R98,677,215) and the pro-rata budgeted operating expenditure (R129,648,521) has a positive variance of R30,971,306 or 23.89%.

(3) The actual capital expenditure of R18,391,865 and the pro- rata budgeted capital expenditure of R40,098,000 realised underspending of R21,706,135 or 54.13%.

(4) Actual capital expenditure of R18,391,865 represents 22.93% of the total capital budget of R80,196,000 after 6 months of the financial year.

(5) External borrowings amounted to R4,066,231 as at 31 December 2025 and that it represents 1.26% 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 R9,624,793 at the end of December 2025.

(7) The actual employee related cost expenditure of R47,220,569 compared with the pro-rata budgeted expenditure of R48,224,252 relates to a positive variance of R1,003,683 or 2.08%.

(8) Total overtime expenditure amounted to R3,165,582 compared to the pro-rata budgeted expenditure of R2,210,473 relates to a negative variance of R955,110 or 43.21%.

(9) Total outstanding debtors as at 31 December 2025 amounted to R222,962,988 and that 90 days and older debt constitutes 90.24% of total outstanding debtors.

(10) Domestic consumers owe the municipality R154,245,458 or 69.18% of the municipality's total debtor's book.

(11) Outstanding creditors amounted to R328,123,832 as at 31 December 2025.

(12) The primary bank account had a positive bank balance at 31 December 2025 which amounted to R8,158,897.

(13) Total investments in call deposits amounted to R634,793 as at 31 December 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 off has been approved by NT and the municipality will be receiving the write off to be processed on the system.

4. SECTION 71 REPORTS