Quarterly Monitoring Report
(Section 52 of MFMA)

Quarter: January to March 2026

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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 3 – January to March 2026.

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.

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2. FMCMM RATIO ANALYSIS

	Ratio	Norm/Range	Results
1. FINANCIAL POSITION			
A. Asset Management/Utilisation			
1	Capital Expenditure to Total Expenditure	10% - 20%	17%
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%	0.34%
A. Debtors Management			
1	Collection Rate	95%	49%
2	Bad Debts Written-off as % of Provision for Bad Debt	100%	6%
3	Net Debtors Days	30 Days	604 days
A. Liability Management			
1	Capital Cost(Interest Paid and Redemption) as a % of Total Operating Expenditure	6% - 8%	1.35%
2	Debt (Total Borrowings) / Revenue	45%	1.50%
A. Liquidity Management			
1	Cash / Cost Coverage Ratio (Excl. Unspent Conditional Grants)	1 - 3 Months	0.38
2	Current Ratio	1.5 - 2.1	0.70

Asset Mangement/Utilisation

- Repairs and Maintenance as a % of PPE - below norm - however the difference is mainly due to infrastructure being replaced and not repaired - pumps are replaced when damaged and not replaced this is then capital expenditure and not repairs and maintenance.

Debtors Management

- Debtors collection rate - below norm – Improving as debt collection strategies and implementation is improving however still due to staff shortages in the debt collection department collection rate improvement is difficult.

Liquidity Management

- Current ratio - below norm – Will improve with the debt relief program from NT relating to Eskom.

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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%	-8%
1	Net Surplus /Deficit Water	= or > 0%	-38%
1	Net Surplus /Deficit Refuse	= or > 0%	-14%
1	Net Surplus /Deficit Sanitation and Waste Water	= or > 0%	-6%
A. Expenditure Management			
1	Creditors Payment Period (Trade Creditors)	30 Days	636 days
1	Irregular, Fruitless and Wasteful and Unauthorised Expenditure / Total Operating Expenditure	0%	5%
1	Remuneration as % of Total Operating Expenditure	25% - 40%	43%
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	14.68%
1	Own funded Capital Expenditure (Internally Generated Funds) to Total Capital Expenditure	None	14.68%
1	Own Source Revenue to Total Operating Revenue(Including Agency Revenue)	None	66%

Distribution losses

- Below norm – smart meter installation on electrical meters is progressing – tender for water smart meters is yet to be finalized.

Expenditure management

- Creditors Payment Period (Trade Creditors) - below norm – mainly due to Eskom debt which comprises the majority of the outstanding creditors.

- Remuneration as a % of Total Operating Expenditure – below norm - Due to non-cash debt impairment not being processed before the end of the quarter as this was calculated annually.

- Contracted Services % of Total Operating Expenditure – below norm - Due to non-cash debt impairment not being processed before the end of the quarter as this was calculated annually.

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Ratio		Norm/Range	Results
3. BUDGET IMPLEMENTATION			
A. Budget Implementation Category			
1	Capital Expenditure Budget Implementation Indicator	95% - 100%	47%
1	Operating Expenditure Budget Implementation Indicator	95% - 100%	83%
1	Operating Revenue Budget Implementation Indicator	95% - 100%	99%
1	Service Charges and Property Rates Revenue Budget Implementation Indicator	95% - 100%	78%

Budget Implementation Category

- Capital Expenditure Budget Implementation Indicator - below norm – however will be in the normal range by the end of the financial year – due to slow progress on projects

- Operating Expenditure Budget Implementation Indicator - below norm – however will be in the normal range by the end of the financial year – due to non-financial debt impairment calculation being only performed at year end.

- Service Charges and Property Rates Revenue Budget Implementation Indicator - below norm – slow progress on the smart meter project which is showing performance below the budget norm.

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 (R244,240,288) and the pro- rata budgeted operating revenue (R247,144,707) has a negative variance of R2,904,419 or 1.18%.

(2) The variance between the actual operating expenditure (R166,439,643) and the pro-rata budgeted operating expenditure (R199,713,274) has a positive variance of R33,273,630 or 16.66%.

(3) The actual capital expenditure of R28,468,007 and the pro- rata budgeted capital expenditure of R60,147,000 realised underspending of R31,678,993 or 52.67%.

(4) Actual capital expenditure of R28,468,007 represents 35.50% of the total capital budget of R80,196,000 after 9 months of the financial year.

(5) External borrowings amounted to R3,903,609 as at 31 March 2026 and that it represents 1.18% 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 R16,552,392 at the end of March 2026.

(7) The actual employee related cost expenditure of R72,124,879 compared with the pro-rata budgeted expenditure of R74,051,438 relates to a positive variance of R1,926,559 or 2.60%.

(8) Total overtime expenditure amounted to R4,847,061 compared to the pro-rata budgeted expenditure of R4,523,372 relates to a negative variance of R323,689 or 7.16%.

(9) Total outstanding debtors as at 31 March 2026 amounted to R227,685,599 and that 90 days and older debt constitutes 92.69% of total outstanding debtors.

(10) Domestic consumers owe the municipality R166,693,881 or 73.21% of the municipality's total debtor's book.

(11) Outstanding creditors amounted to R290,460,705 as at 31 March 2026.

(12) The primary bank account had a positive bank balance at 31 March 2026 which amounted to R20,962,848.

(13) Total investments in call deposits amounted to R644,067 as at 31 March 2026 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 for year 2 and 3.

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4. SECTION 71 REPORTS