KOUGA MUNICIPALITY (EC 108)
FINANCE & ECONOMIC
DEVELOPMENT PORTFOLIO
COMMITTEE MEETING
FINANCE & ECONOMIC
DEVELOPMENT
OPEN
DATE:
ITEM NO:

MONTHLY BUDGET STATEMENTS FOR THE PERIOD JULY 2025 TO FEBRUARY 2026 AND FINANCIAL STATE OF AFFAIRS OF THE MUNICIPALITY AS AT 28 FEBRUARY 2025 (2025/26 FINANCIAL YEAR)543ewsadfrty

1. **Introduction**

The purpose of this report is to comply with Section 71 of the Municipal Finance Management Act (MFMA), read together with Regulation 28 of the Municipal Budget and Reporting Regulations as promulgated in the Government Gazette No 32141 of 17 April 2009, which requires that specific financial particulars be reported on and in the formats prescribed.

2. **Background**

MFMA Accountability cycle begins with the preparation and approval of the IDP, MTREF and SDBIP, which is followed by in year reporting, Annual Financial Statements, Annual Audit (Audit Report) and Annual and Oversight Reports. The MFMA legislates what must be reported on, by when, and the Municipal Budget and Reporting Regulations prescribes the format of the reports.

In accordance with Section 71(1) of the MFMA, the Accounting Officer must by no later than 10 working days after the end of each month, submit to the mayor of the municipality and the relevant provincial treasury a statement in the prescribed format on the state of the municipality's budget.

In accordance with regulation 28 of the MBRR, the monthly budget statements of a municipality must be in the format specified in Schedule C and include all the required tables, charts, and explanatory information, considering any guidelines issued by the Minister in terms of section 168(1) of the Municipal Management Finance Act".

3. **Discussion**

The monthly budget statement report provides a balance and consolidated financial performance overview to assist the Executive Mayor in his oversight role.

The report complies with Schedule C of the Municipal Budget and Reporting Regulations (MBRR), the following detailed schedules are attached for the period, ending 28 February 2026:

"**Annexure A"** – Financial Overview

"Annexure A1" – Operating Revenue and Expenditure Performance

"Annexure A2" - Capital Budget Performance

"Annexure A3" - Projected Cash Flow Statement

"Annexure A4" – Municipal Monthly Budget Tables

"Annexure A5" - Analysis of Municipality's Statement of Financial Performance

i. Overview of Outstanding Consumer Debtors
ii. Overview of Creditors position
iii. Grants' receipts and Expenditure
iv. Councillors & Employee benefits
v. Key performance Indicators

4. **Financial Implications**

Completed by BTO -	As stipulated in the report. Refer to **"Annexure A"**
Project Description	
Ukey no.	
Budgeted Amount	
Amount spent and committed to date	
Amount Available	
Comment	
BTO Signature	

5. **Applicable Legislation**

- Section 71 of the Local Government: Municipal Finance Management Act No. 56 of 2003.
- Local Government: Municipal Budget and Reporting Regulations, 17 April 2009.
- Local Government: Municipal Finance Management Act: Municipal Regulations on a Standard Chart of Accounts (mSCOA), 22 April 2014.

6. **Legal Implications**

The report relates to Section 71 of the Municipal Finance Management Act (MFMA) and Regulation 28 of the Municipal Budget and Reporting Regulations (MBRR).

7. **Other Implications**

None.

8. **Comments by Directorates:**

8.1 **Chief Financial Officer:**
[insert comment]

8.2 **Director: Planning & Development**

[insert comment]

8.3 **Director: Civil & Water Services**

[insert comment]

8.4 **Director: Electro and Mechanical Services**

[insert comment]

8.5 **Director: Community Services**

[insert comment]

8.6 **Deputy Municipal Manager**

[insert comment]

8.7 **Municipal Manager**

[insert comment]

9. **Delegated Authority**

To be noted by the Portfolio Committee.

10. **Municipal Manager's Quality Certificate**

I, Charl Du Plessis, Municipal Manager of Kouga Local Municipality hereby certify that the monthly budget statements have been prepared in accordance with the Municipal Finance Management act and regulations made under the Act, and that monthly budget statements are consistent with the Integrated Development Plan of the municipality.
Print Name _Charl Du Plessis
Municipal Manager of Kouga Local Municipal.

Signature………............ du Plessis ....

Date………..13 March 2026…………………….............

11. Recommendations

11.1. That the Executive Mayor notes Municipal Manager's report on the monthly budget statements, in accordance with Section 71(1) of the Municipal Finance Management Act.

11.2. That the Executive mayor notes the submission of the monthly budget statements report to provincial treasury as stipulated in section 71(1) of the MFMA.

Item prepared by the Manager Budget and Treasury:

Item approved by the Chief Financial Officer:

Item endorsed by the Municipal Manager:

Item noted by Portfolio Chairperson:

"ANNEXURE A"

1. FINANCIAL OVERVIEW

This report provides a balanced and consolidated financial performance overview to assist the Executive Mayor in his oversight role.

An analysis of the financial position and performance was undertaken to determine the relative financial strength and liquidity of the Municipality. This was complemented by analysing the cash flow position, the investment portfolio, ratios, the operating, and capital budget performance for the month of February 2026, to facilitate an informed assessment of the relative liquidity and financial position of the Municipality.

The financial performance highlights are as follows:

- Operating revenue amounted to R 955,748 million, whilst operating expenditure amounted to R927,664 million, resulting in an operating surplus of R 28,084 million.
- Capital expenditure constituted 17,65% of the 2025/26 Adjusted Capital Budget.
- Overdue consumer debts increased by R 28,068 million (10.95%) since June 2025.
- An amount of R 54,202 million is owing to creditors, 99.34% represent current creditors. Currently all outstanding creditors are not reflected on the creditors age analysis.

The municipality's investment portfolio has decreased by R 7,759,372 (4.30%) since June 2025, from R 180,581,218 to R172,821,846.

Below is an analysis of the Investment Portfolio as at 28 February 2026.

	Balance as at 30 June 2025	Invested	Interest	Withdrawals	Adjustments	Balance as at 28 February 2026
Standard Bank	22 335 077	13 504 899	1 176 441	15 504 899		21 511 518
ABSA	37 961 946	105 556 457	1 819 408	104 191 535	-	41 146 276
Nedbank	31 546 835	27 802 604	1 702 027	31 570 684		29 480 782
RMB	39 647 190	5 603 358	1 496 133	22 346 443		24 400 237
INVESTEC	29 600 838	29 262 662	1 542 732	31 497 466		28 908 765
Total	**161 091 885**	**181 729 980**	**7 736 740**	**205 111 027**	**-**	**145 447 578**

INVESTMENT	Balance as at 30 June 2025	Invested	Interest	Withdrawals	Adjustments	Balance as at 28 February 2026
General Account	23 745 388	129 482 180	6 896 765	131 730 967		28 393 367
Cash Reserves (DBSA)	92 170 550			25 212 274		66 958 277
Cash Reserves (ESKOM)		4 519 000				4 519 000
Unspent borrowings (DBSA)	14 500 000					14 500 000
Cash Reserves (Development Charges)	2 186 308	2 375 799				4 562 107
Conditional Grants	19 590 377	45 353 000		42 006 621		22 936 756
Housing Funds	8 899 262		839 975	6 161 165		3 578 071
Total	**161 091 885**	**181 729 980**	**7 736 740**	**205 111 027**	**-**	**145 447 578**

	Balance as at 30 June 2025	Invested	Interest	Withdrawals	Adjustments	Balance as at 28 February 2026
Cheque Accounts FNB 52540020791	800 205	965 594				1 765 799
Cheque Accounts FNB 52540033504	9 157 718			(119 496)		9 038 222
Cheque Accounts FNB 63022194441	513 734					652 087
Cheque Accounts ABSA 4114176482	5 899 110			(3 683 790)		2 215 319
Cheque Accounts ABSA 4114114771	2 052 903	10 504 961				12 557 865
Cheque Accounts ABSA 4114176474	935 410			(414 808)		520 601
Cheque Accounts ABSA 4114176490	130 253	494 122				624 375
	19 489 333	**11 964 677**	**-**	**(4 218 095)**	**-**	**27 374 268**
Total	**180 581 218**	**193 694 657**	**7 736 740**	**200 892 932**	**-**	**172 821 846**

The following analysis indicates the extent to which the investments are committed:

Cash backed Reserves.

Bank Balances and Cash	R 27,374,268
Short-term Investment Deposits	R 145,447,578
	R 172,821,846

Application of Cash

Unspent Conditional Grants	R 37,496,709
Unspent Borrowings (DBSA)	R 66,958,277
Cash Reserves – ESKOM	R 4,516,000
Cash Reserves – DBSA	R 14,500,000
Cash Reserves – Developmental Charges	R 4,562,107
Operational Commitments	R 13,290,006
Internally Generated Funds (Capital Commitments)	R 20,868,915
Outstanding Creditors Liability	R 54,202,112
	R 216,394,126
Cash Shortfall	**(R 43,572,280)**

The commitments exceed cash reserves at this stage by an amount of R 43,572 million.

The following key financial ratios are monitored on an on-going basis:

Ratio	Actuals as at 30 June 2024	Actuals as at 30 June 2025	MFMA Circular 71 Norms	Actuals as at 28 February 2025	Approved Adjusted Budget 2025/26	Actuals as at 31 January 2026	Actuals as at 28 February 2026
Current Ratio	0.87:1	1.04:1	1.5:1 to 2:1	1.04:1	0.98:1	1.40:1	1.37:1
Liquidity Ratio	0.47:1	0.50:1		0.40:1	0.37:1	0.55:1	0.52:1
Cost Coverage (Excluding unspent conditional grants)	1.19 Months	0.53 Months	1 Month to 3 Months	1. Months	0.94 Months	0.43 Months	0.39 Months
Debtors Collection Rate	91.01%	91.38%	95%	88.88%	95%	91.62%	92.02%
Capital Expenditure	71.38%	84.49%	95%	37.01%	95%	16.14%	17.65%

“ANNEXURE A1”

1. OVERVIEW OF OPERATING REVENUE AND EXPENDITURE PERFORMANCE FOR THE PERIOD JULY TO FEBRUARY 2026.

1.1. Summary Statement of Financial Performance

Description	Budget Year 2025/26					
R thousands	Original Budget	Adjusted Budget	Monthly Actual	Year TD Actual	Year TD Budget	YTD Variance
Revenue						
Total Revenue (excluding capital transfers and contributions)	1 468 686	1 461 865	95 945	955 748	974 576	18 828
Total Expenditure	1 581 117	1 545 173	110 983	927 664	1 030 113	(102 449)
Surplus/(Deficit)	(112 431)	(83 308)	(15 038)	28 084	(55 536)	83 574

The statement of financial performance reflects an operating surplus of R 28,084 million for the financial year. It must be noted that the operating surplus at this stage is largely influenced by a zero recognition of debt impairment.

1.2. Revenue

Main revenue sources for 2025/26

Description	Budget Year 2025/26		
	Adjusted Budget	YearTD actual	
R thousands			%
Revenue	-	-	-
Exchange Revenue			
Service charges – Electricity	473 955	321 590	67,85%
Service charges - Water	123 885	79 139	63,88%
Service charges - Waste Water Management	71 792	48 944	68,18%
Service charges - Waste management	53 826	34 959	64,95%
Sale of Goods and Rendering of Services	10 044	5 147	51,24%
Agency services	4 554	1 120	24,59%
Interest earned from Receivables	11,618	8 424	72,51%
Interest earned from Current and Non-Current Assets	16,273	8 488	52,16%
Rental from Fixed Assets	4,312	3 940	91,36%
Licence and permits	2,856	2 218	77,67%
Special rating levies	15,436	9 828	63,67%
Operational Revenue	8,122	3 955	48,70%
Non-Exchange Revenue	**796 671**	**527 751**	
Property rates	307,899	217 441	70,62%
Surcharges and Taxes	25,277	15 829	62,62%
Fines, penalties and forfeits	90,465	12 427	13,74%
Licence and permits	3,139	2 868	91,38%

Transfer and subsidies - Operational	214,697	163 184	76,01%
Interest	4,050	2 458	60,70%
Operational Revenue	19,666	13 771	70,02%
Gains on disposal of Assets	-	20	
Total Revenue (excluding capital transfers and contributions)	**1,461,865**	**955,748**	**65,38%**

Reasons for major over-/under-recovery per revenue source

In terms of the National Treasury norms, a variance of 10% between the budgeted and actual amounts is considered material. Below is an explanation for variances above 10% of the budgeted amount and actual amounts.

- **Agency Services**
  Agency services relate to the Department of Transport, commission received by the municipality as an acting agency for the collection of motor registration licences, drivers' licences and other vehicle permits. An allocation is yet to be made in this regard.

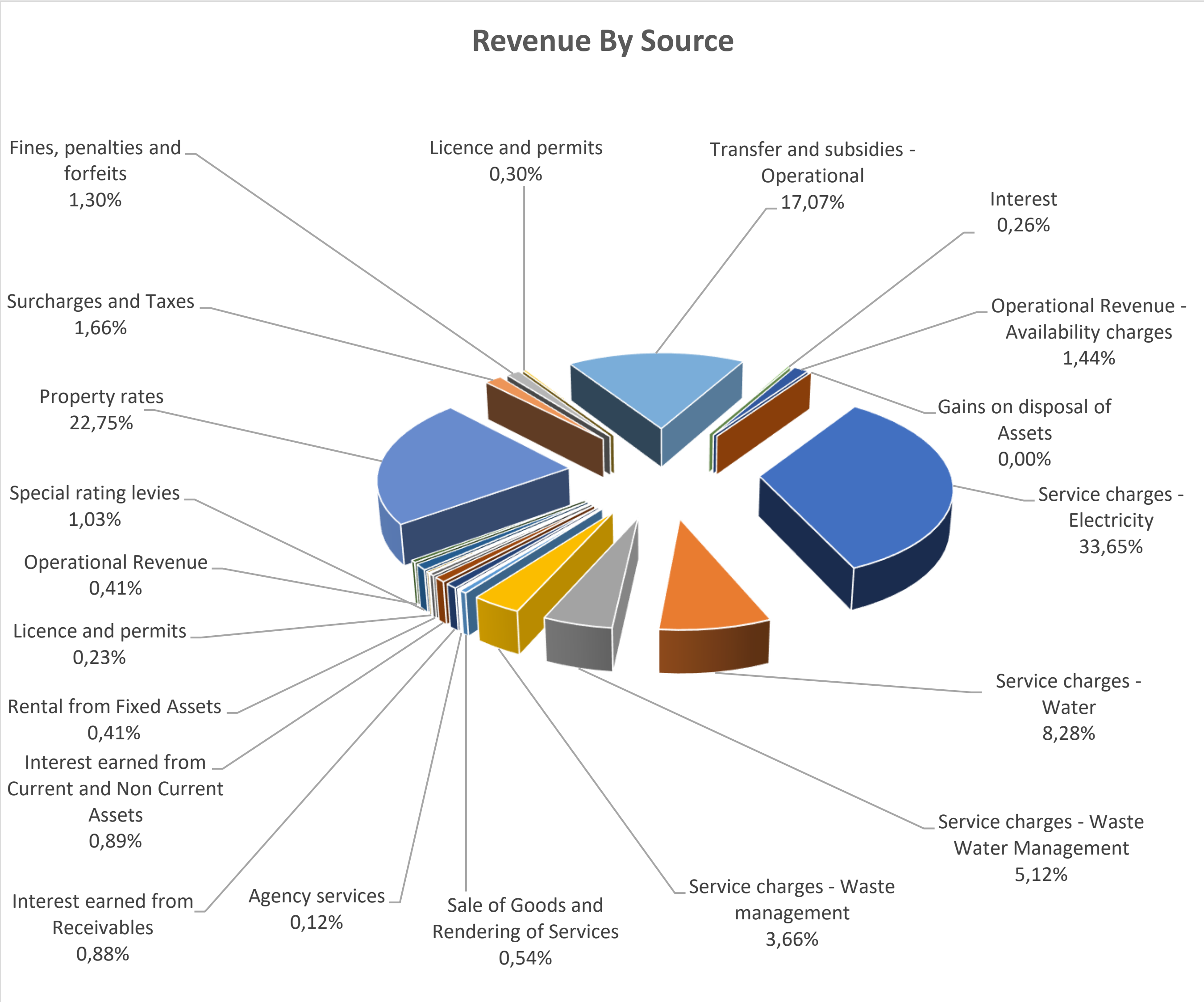
- **Interest earned from Current and Non-Current Assets**
  This interest relates to the interest earned from our bank accounts and investments which amounts to R 172,822 million as at 28 February 2026.

- **Rental from fixed assets**
  This relates to the rental of municipal buildings, community halls, caravans parks and camping sites, and other municipal facilities. The revenue is influenced by the extent of rental agreements and seasonal demands.

- **Operational Revenue (Exchange Revenue)**
  The other revenue relates to various sources of operating revenue such as staff recovery, insurance refunds and skills development levy refunds.
  The revenue is influenced by anticipated augmentation fees amounting to R 5 million.

- **Fines, Penalties and Forfeits**
  The fines, penalties and forfeits budget mostly relate to speeding camera fines and the high budget is mainly due to the accounting for traffic fines issued in line with the Generally Recognised Accounting Practice (GRAP) requirements. The actual traffic fines issued revenue recognition is done on yearly basis at this stage. We are in consultation with the service provider to do it monthly.

- **License and permits (Non-Exchange Revenue)**
  Licence and permits mostly relate to motor registrations and is influenced by the extent of vehicle registrations.


Revenue By Source
Fines, penalties and forfeits 1,30%
Licence and permits 0,30%
Transfer and subsidies - Operational 17,07%
Interest 0,26%
Operational Revenue - Availability charges 1,44%
Gains on disposal of Assets 0,00%
Service charges - Electricity 33,65%
Surcharges and Taxes 1,66%
Property rates 22,75%
Special rating levies 1,03%
Operational Revenue 0,41%
Licence and permits 0,23%
Rental from Fixed Assets 0,41%
Interest earned from Current and Non Current Assets 0,89%
Interest earned from Receivables 0,88%
Agency services 0,12%
Sale of Goods and Rendering of Services 0,54%
Service charges - Waste management 3,66%
Service charges - Waste Water Management 5,12%
Service charges - Water 8,28%

1.3. Expenditure

Main expenditure types for 2025/26

Description	Budget Year 2025/26		
	Adjusted Budget	YearTD actual	
R thousands			%
Revenue	-	-	-
Expenditure By Type	-	-	-
Employee Related Cost	440 383	36 935	68,52%
Remuneration of councillors	16 550	1 267	60,17%
Bulk purchases - electricity	440 010	35 613	71,23%
Inventory consumed	113 069	9 287	66,27%
Debt impairment	64 219	–	0,00%
Depreciation and amortisation	142 422	9 032	50,64%
Interest	39 542	344	21,19%
Contracted Services	121 729	10 708	58,44%
Transfers and subsidies	950	450	49,86%
Irrecoverable debts written off	54 197	1 306	15,36%
Operational Cost	97 051	6 036	69,19%
Losses on Disposal of Assets	-	5	
Other Losses	15,051	–	0,00%
Total Expenditure	**1,545,173**	**927 664**	**60,04%**

Reasons for major over-/under expenditure per type

In terms of the National Treasury norms, a variance of 10% between the budgeted and actual amounts is considered material. Below is an explanation for variances above 10% of the budgeted amount and actual amounts.

- **Inventory consumed.**
  Inventory consumed as at 28 February 2026 includes the following expenditure items:

Item Description	Adjusted Budget	YD Actuals	%
Standard Rated	4,577,808	1,860,407	40,64%
Materials and Supplies	46,796,815	28,144,665	60,14%
Zero Rated	21,000,000	14,568,674	69,37%
Water	40,694,032	30,356,836	74,60%
Total	**113,068,655**	**74,930,582**	**66,27%**

- **Debt impairment**
  At this stage, the municipality recognizes the debt impairment at the end of the financial year, rather than monthly.

- **Depreciation and amortization**
  Depreciation and amortization are mainly influenced by the level of capital acquisition to date, which currently reflects 50.64% expenditure, compared to the approved budget.

- **Interest**
  Interest relates to the DBSA loan, finance leases and the employee benefits provisions amounting to R 22,788 million. The interest is mainly influenced by the employee benefits provisions which are recognized at end year.

- **Contracted Services**
  Please refer to the contracted services breakdown on page 12.

- **Transfers and subsidies**
  Transfers and subsidies relate to grant-in-aid given by the municipality to various non-profit organisations, in line with the Council approved grant-in-aid policy.

- **Irrecoverable debts written off**

  Irrecoverable debts are written off upon Council approval.

- **Other Losses**
  Other losses relate to the water losses and at this stage, the municipality recognizes the water losses at the end of the financial year, rather than on monthly basis.

Contracted services as at **28 February 2026** are broken down as follows:

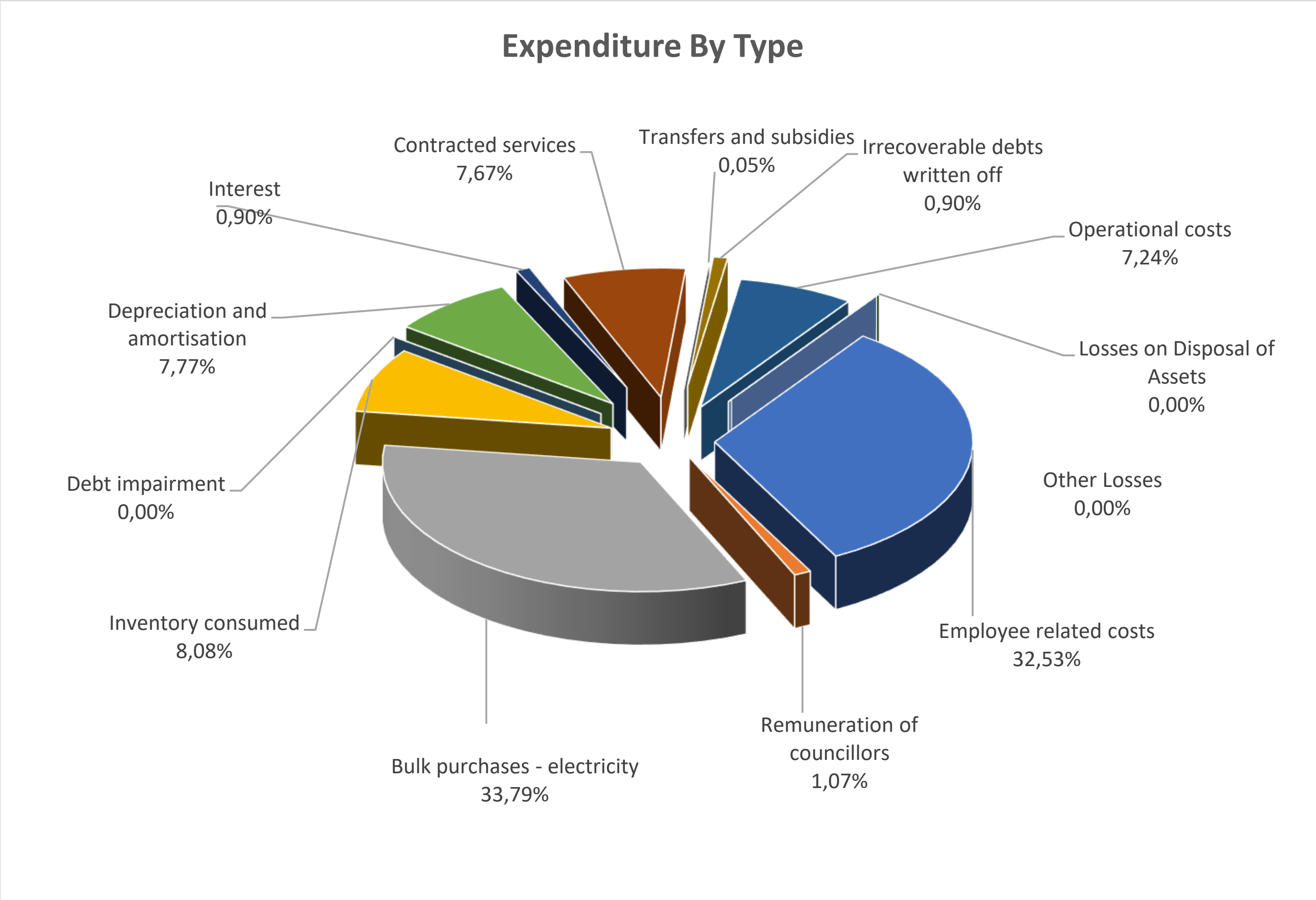
Item Description	Adjusted Budget 2025/26	YTD Actuals	%
Aloe Cup	68 000,00	-	0,00%
Animal Care	508 000,00	200 000,00	39,37%
Audit of Municipal Land & Properties	2 989 565,00	222 664,19	7,45%
BUILDING CONTROL	25 000,00	-	0,00%
Burial Services	52 000,00	24 500,00	47,12%
Calamari Festival	200 000,00	-	0,00%
Catering Services	771 500,00	360 759,68	46,76%
Clean up Operation	1 100 000,00	580 659,92	52,79%
Clearing and Grass Cutting Services	1 390 000,00	927 769,31	66,75%
Conducting of feasibility studies (EIA)	630 435,00	360 450,00	57,17%
Connection/Dis-connection:Electricity	475 000,00	174 320,00	36,70%
Consultants and Professional Services	10 601 000,00	4 595 002,66	43,34%
Destination Marketing & Promotion	400 000,00	61 310,91	15,33%
Drivers Licence Cards	453 000,00	283 215,00	62,52%
Dune Rehabilitation and Coastal Zone	1 520 000,00	391 435,04	25,75%
EC Tourism Awards	260 662,00	260 662,75	100,00%
Electricity Generation Project	1 350 000,00	-	0,00%
Environmental protection	312 000,00	233 700,00	74,90%
Event Promoters	18 000,00	3 745,00	20,81%
Internal Auditors	300 000,00	30 000,00	10,00%
KBF	100 000,00	100 000,00	100,00%
KLTO	360 000,00	-	0,00%
Kouga Family Fun Day	85 000,00	-	0,00%
Kouga Mayoral Summer Festival	850 000,00	850 000,00	100,00%
Laboratory Services:Water	(10 340 249,00)	729 518,26	-7,06%
Legal Advice and Litigation	1 800 000,00	1 379 344,39	76,63%
Legal Cost:Collection	2 100 000,00	1 483 018,74	70,62%
LTO Capacitation	109 000,00	22 352,93	20,51%
Maintenance of Buildings and Facilities	8 669 340,00	3 209 064,72	37,02%
Maintenance of Electrical Infrastructure	6 196 511,00	3 381 230,99	54,57%
Maintenance of Equipment	1 435 000,00	172 799,20	12,04%
Maintenance Of Fire Equipment	52 000,00	36 936,08	71,03%
Maintenance of Vehicles	9 373 000,00	6 137 206,45	65,48%
Maintenance STORMWATER	855 000,00	-	0,00%
Media Monitoring	120 000,00	69 560,00	57,97%
Mscoa Alignment	705 137,00	705 137,00	100,00%
New Meter Installations	2 250 000,00	45 026,00	2,00%
Occupational Health and Safety	1 400 000,00	838 878,00	59,92%
Oceans Economy Masterplan	300 000,00	-	0,00%
Other Contracted Services	7 798 000,00	3 871 649,57	49,65%
Personnel and Labour	19 701 000,00	12 556 401,92	63,73%
PGA Championship Sponsorship	288 750,00	288 750,00	100,00%
Pollution Control	200 000,00	54 850,00	27,43%
Precinct Plans Project Hankey and St Francis Bay C	425 000,00	-	0,00%
Private Plots_Alien Vegetation Control	360 000,00	319 576,64	88,77%
Qualification Verification	500 000,00	331 155,00	66,23%
Replacement of Stormwater Headwalls along Kouga Co	85 000,00	-	0,00%

Contracted services as at **28 February 2026** continue to:

Item Description	Adjusted Budget 2025/26	YTD Actuals	%
Resealing & Maintenance of Roads in KLM	10 000 000,00	6 292 405,94	62,92%
Restricted Water Flow	200 000,00	-	0,00%
Revision of SDF	170 000,00	-	0,00%
Roads Defects Repairs	360 000,00	35 000,00	9,72%
SA Longboard Championship	315 000,00	273 913,04	86,96%
SA Open water swim	175 000,00	175 000,00	100,00%
Security Services	10 301 000,00	7 741 161,76	75,15%
SMART City Strategy	300 000,00	-	0,00%
SMME Capacitation Program	200 000,00	118 762,12	59,38%
Special Rating Area	1 332 000,00	1 123 438,50	84,34%
Technical Support Services	785 000,00	344 774,68	43,92%
Tourism Branding	300 000,00	45 683,66	15,23%
Upgrade and Repair SCADA	823 000,00	453 599,19	55,12%
Valuer	14 651 880,00	8 827 878,13	60,25%
Winterfest	1 785 000,00	-	0,00%
WSL Music Festival	279 769,00	69 769,35	24,94%
WTM Africa, Indaba, Meetings Africa, Educationals,	550 000,00	342 756,52	62,32%
	121 729 300	**71 136 793**	**58,44%**

The other expenditure as at **28 February 2026** is broken down as follows:

Item Description	Adjusted Budget 2025/26	YTD Actuals	%
Achievements and Awards	3 732 000,00	1 427 537,17	38,25%
Advertising, Publicity and Marketing	5 149 000,00	2 712 579,00	52,68%
Bank Charges	1 100 000,00	1 141 737,15	103,79%
Bargaining Council	5 245 665,00	4 833 408,37	92,14%
Cellular Contract (Subscription and Calls)	3 597 000,00	2 314 346,92	64,34%
Claims paid to Third Parties	386 000,00	338 209,71	87,62%
External Audit Fees	4 500 000,00	4 388 832,00	97,53%
External Computer Service:Internet Charge	6 710 000,00	4 350 023,48	64,83%
Hire Charges	4 588 970,00	2 365 096,84	51,54%
Insurance Claims	254 000,00	179 676,54	70,74%
Insurance Underwriting:Premiums	3 844 237,00	3 530 339,28	91,83%
Leases:Furniture and Office Equipment	2 640 000,00	1 786 633,61	67,68%
Leases:Other Assets	4 923 500,00	3 706 066,55	75,27%
Motor Vehicle Licence and Registrations	1 741 446,00	684 109,08	39,28%
Other	1 044 772,00	3 522 707,59	337,17%
Postage/Stamps/Franking Machines	1 905 000,00	1 154 987,89	60,63%
Registration Fees:Professional and Regulatory Bodies	661 225,00	176 275,62	26,66%
Registration Fees:Seminars, Conferences, Workshops	2 057 457,00	641 358,87	31,17%
Remuneration to Ward Committees	1 980 000,00	1 322 400,00	66,79%
Riparian Levies	8 465 273,00	7 194 889,43	84,99%
SABC TV LICENCES	10 000,00	2 915,00	29,15%
Signage	625 500,00	377 949,68	60,42%
Skills Development Fund Levy	4 782 008,00	3 026 873,75	63,30%
Software Licences	11 000 275,00	6 705 171,51	60,95%
Storage of Files (Archiving)	330 000,00	30 657,17	9,29%
Third Party Vendors	3 637 000,00	1 964 170,01	54,01%
Travel and Subsistence	4 550 957,00	2 248 705,84	49,41%
Uniform and Protective Clothing	4 016 596,00	2 684 987,80	66,85%
Vehicle Tracking	895 300,00	733 435,04	81,92%
Workmen's Compensation Fund	2 677 639,00	1 605 170,54	59,95%
	97 050 820,00	**67 151 251,44**	**69,19%**



1.4. <u>Repairs and Maintenance</u>

Below is an analysis of actual repairs and maintenance expenditure as at 28 February 2026, compared to the 2025/26 Approved Budget.

Item Description	Budget Year 2025/26		
	Adjusted Budget 2025/26	**YearTD Actual**	**%**
Repairs and Maintenance by Expenditure Items			
Employee Related Cost	110,081,032	72,244,805	65,63%
Other materials	33,633,815	21,184,041	62,98%
Contracted Services	40,272,851	20,511,773	50,93%
Other expenditure	3,948,570	2,071,758	52,47%
Total	**187,936,268**	**116,012,377**	**61,73%**

1.5. Trading Services Performance

1.5.1. Electricity

Description	Budget Year 2025/26		
	Adjusted Budget	YearTD Actual	%
R thousands			
Revenue			
Exchange Revenue			
Service charges - Electricity	473 955	321 590	67,85%
Interest earned from Receivables	837	1 332	159,23%
Operational Revenue	1 630	826	50,64%
Non-Exchange Revenue			
Transfers and subsidies - Operational	2 243	1 681	74,94%
Service charges - Electricity	10 089	7 060	69,98%
Total Revenue	**488 754**	**332 489**	**68,03%**
Expenditure By Type			
Employee related costs	23 340	16 249	69,62%
Bulk purchases - electricity	440 010	313 435	71,23%
Inventory consumed	13 814	9 084	65,76%
Debt impairment	13 133	–	0,00%
Depreciation and amortisation	13 139	5 535	42,12%
Interest	488	331	67,92%
Contracted services	11 797	4 588	38,89%
Irrecoverable debts written off	5 573	481	8,63%
Operational costs	3 963	2 436	61,46%
Total Expenditure	**525 257**	**352 139**	**67,04%**
Surplus/(Deficit)	**(36 503)**	**(19 650)**	

1.5.1.1 Revenue

- The electricity service charges revenue reflects 68.03% of budget as at 28 February, and this is in line with the projected budget ratio of 66.67% as at 28 February 2026.
- Transfers and subsidies – operational relate to the Equitable share allocation for the indigent subsidy.

1.5.1.2 Expenditure

- the bulk electricity reflects 71.23% of budget expenditure as at 28 February 2026.

1.5.1.3 Net surplus/deficit of electricity ratio

- Electricity reflects a deficit of R 19,650 million as at 28 February 2026 and the deficit amount equates to 5.91%, compared to the revenue. The adjusted budget deficit for the 2025/26 amount to R 36,503 million and equates to 7.47%, compared to total revenue.

1.5.2 Water

Description	Budget Year 2025/26		
	Adjusted Budget	YearTD Actual	%
R thousands			
Revenue			
Exchange Revenue			
Service charges - Water	123 885	79 139	63,88%
Interest earned from Receivables	5 567	3 984	71,56%
Operational Revenue	681	277	40.70%
Non-Exhange Revenue			
Transfers and subsidies - Operational	22 970	17 214	74,94%
Service charges - Water	6 398	4 507	70,44%
Total Revenue	**159 501**	**105 121**	**65,91%**
Expenditure By Type			
Employee related costs	38 268	26 127	68,28%
Inventory consumed	49 917	37 024	74,17%
Debt impairment	(14 655)	–	0,00%
Depreciation and amortisation	22 378	13 504	60,34%
Interest	506	399	78,89%
Contracted services	(9 288)	1 575	-16,96%
Irrecoverable debts written off	21 454	3 528	16,44%
Operational costs	1 712	1 166	68,12%
Other Losses	15 051	–	0,00%
Total Expenditure	**125 343**	**83 324**	**66,48%**
Surplus/Deficit)	**34 159**	**21 797**	

1.5.2.1 Revenue

- The water service charges revenue reflects 53.88% of budget as at 28 February 2026.
- Transfers and subsidies – operational relate to the Equitable share allocation for the indigent subsidy.
- Operational revenue (non-exchange revenue) relates to the water availability charges.

1.5.2.2 Expenditure

- Inventory consumed includes a budget amount of R 40,694 million for the bulk water purchases and the expenditure amount of R 30,357 million (74.60% of budget).
- Debt impairment reflects a negative budget amount of R 14,656 million and this was influenced by the irrecoverable debts written off budget of R 21,454 million, this will be corrected in the next reporting period.
- Contracted services budget reflects a negative amount of R 9,288 million and this is influenced by the recognition of water inventory from natural resources.

1.5.2.3 Net surplus/deficit of water ratio

- The water reflects a surplus of R 21,797 million as at 28 February 2026 and equates to 20.74 % of total revenue.

1.5.3 Waste Water Management

Description	Budget Year 2025/26		
	Adjusted Budget	YearTD Actual	%
R thousands			
Revenue			
Exchange Revenue			
Service charges - Waste Water Management	71 792	48 944	68,18%
Interest earned from Receivables	572	349	61,06%
Operational Revenue	2 033	1 377	67,73%
Non-Exchange Revenue			
Transfers and subsidies - Operational	14 617	10 954	74,94%
Service charges - Waste Water Management	3 179	2 204	69,33%
Total Revenue	**92 192**	**63 828**	**69,23%**
Expenditure By Type			
Employee related costs	13 156	8 089	61,49%
Inventory consumed	15 919	9 167	57,59%
Debt impairment	(3 718)	–	0,00%
Depreciation and amortisation	36 895	19 407	52,60%
Interest	977	691	70,70%
Contracted services	4 133	2 626	63,54%
Irrecoverable debts written off	7 569	1 525	20,14%
Operational costs	5 673	3 692	65,08%
Total Expenditure	**80 603**	**45 197**	**56,07%**
Surplus/(Deficit)	**11 588**	**18 631**	

1.5.3.1 Revenue

- The waste water service charges revenue reflects 68.18% of budget as at 28 February, and this is in line with the projected budget ratio of 67.67% as at 28 February 2026.
- Transfers and subsidies – operational relate to the Equitable share allocation for the indigent subsidy.
- Operational revenue (non-exchange revenue) relates to the waste water availability charges.

1.5.3.2 Expenditure

- At this stage, the municipality recognises the debt impairment at the end of the financial year, rather than on the monthly basis.

1.5.3.3 Net surplus/deficit of wastewater management ratio

- The waste water management revenue reflects a surplus of R 18,631 million as at 28 February 2026 and equates to 29.19% of total revenue. Council approved a surplus budget of R 11,588 million for the 2025/26 financial year.

1.5.4. Waste Management

Description	Budget Year 2025/26		
	Adjusted Budget	YearTD Actual	YTD Variance
R thousands			%
Revenue			
Exchange Revenue			
Service charges - Waste	53 826	34 959	64,95%
Sale of Goods and Rendering of Services	122	65	53,64%
Interest earned from Receivables	9	1	15,34%
Operational Revenue	3 056	1 650	54,01%
Non-Exchange Revenue			
Transfers and subsidies - Operational	25 847	19 370	74,94%
Surcharges and Taxes - Waste	15 872	9 702	61,13%
Total Revenue	**98 730**	**65 747**	**66,59%**
Expenditure By Type			
Employee related costs	42 683	29 090	68,15%
Inventory consumed	7 812	5 533	70,82%
Debt impairment	(7 865)	–	0,00%
Depreciation and amortisation	3 195	783	24,50%
Interest	831	565	67,92%
Contracted services	16 380	8 669	52,92%
Irrecoverable debts written off	11 503	2 458	21,37%
Operational costs	3 795	1 994	52,55%
Total Expenditure	**78 334**	**49 091**	**62,67%**
Surplus/(Deficit)	**20 396**	**16 656**	

1.5.4.1 Revenue

- The waste service charges revenue reflects 64.95% of budget as at 28 February 2026, and this is in line with the projected budget ratio of 66.67% as at 28 February 2026.
- Transfers and subsidies – operational relate to the Equitable share allocation for the indigent subsidy.
- It must be noted that the waste management is the combination of waste services and environmental management services.

1.5.4.2 Expenditure

- At this stage, the municipality recognises the debt impairment at the end of the financial year, rather than monthly.

1.5.4.3 Net s.urplus/deficit of waste management ratio

- The waste management revenue reflects a surplus of R 16,656 million as at 28 February 2026 and equates to 25.33% of total revenue. Council approved a surplus budget of R 20,396million for the 2025/26 financial year.

1.6 Cost Containment Measures

The main purpose of the Municipal Cost Containment Regulations, 2019 is to ensure that the resources of the municipality are used effectively, efficiently, and economically by the implementation of cost containment measures. Cost containment measures policy was reviewed on 03 March 2025 and approved by Council on 29 May 2025.

Description	Budget Year 2025/26			
	Adjusted Budget	YearTD Actual	YearTD Budget	YTD Variance
R Thousands				
1. Temporary Appointments, Contractual Appointments, Unemployed Graduates and Experiential Learners	19,701	12,556	13,134	(578)
2. Travel claims	4,551	2,249	3,034	(785)
3. Overtime	28,771	22,547	19,180	3 367
4. Catering Costs	772	361	514	(154)
5. Events, Advertising and sponsorships	5,851	2,808	3,901	(1 092)
6. Attendance of Conferences, Seminars & Workshops	2,057	641	1,372	(730)
7. Municipal Workshops, Retreats, Strategic Sessions and Internal training	988	352	659	(307)
9. Essential User Scheme	1,665	1,665	1,665	–
Total	**64,356**	**43,180**	**43,459**	**(279)**

A comparison of the year-to-date actuals to the adjusted budget reflects savings, amounting to R 279 thousand as at 28 February 2026.

1.7 Unauthorised Expenditure by Directorate

Below is an assessment table for the unauthorised expenditure in terms of MFMA requirements and National Treasury MFMA Circular No. 68 guidelines.

Description	Budget Year 2025/26			Actuals as at 28 February 2026			
R thousands	Approved Adjusted Budget- Operating	Approved Adjusted Budget- Capital Budget	Appproved Adjusted Budget 2025/26	Operating Expenditure	Capital Actuals	Total Expenditure	Unathorised Expenditure
Expenditure by Vote							
Civil & Water Services	326 829	247 075	573 903	191 912	34 656	226 568	–
Community Services	330 563	4 890	335 453	167 420	1 928	169 348	–
Electro & Mechanical Services	550 690	42 935	593 625	372 115	15 072	387 187	–
Finance and Economic Development	126 066	1 335	127 400	70 520	163	70 684	–
Office of the DMM	154 776	2 660	157 436	92 554	1 016	93 571	–
Office of the MM	17 968	5	17 973	11 979	–	11 979	–
Planning and Development	38 281	23 666	61 947	21 164	4 081	25 245	–
Total Expenditure by Vote	**1 545 173**	**322 565**	**1 867 738**	**927 664**	**56 917**	**984 581**	-

No unauthorised expenditure reported for the period ended 28 February 2026.

Annexure "A2"

1. CAPITAL BUDGET PERFORMANCE

1.1. Summary Capital Expenditure and Funding

The capital expenditure as at 28 February 2026, constituted 17.65% of adjusted capital budget and the funding is broken down as follows:

- Grant funding is 34.5% of approved grant funding budget.
- Borrowing funding is 5.43% of approved borrowing funding budget.
- Internally generated funds are 17.49% at this stage.

Capital budget by municipal vote for 2025/26

Vote Description	Budget Year 2025/26			
	Original Budget	Adjusted Budget	YearTD Actual	%
R thousands				
Multi-Year expenditure appropriation				
Vote 1 - OFFICE OF THE MUNICIPAL MANAGER	–	5	–	0,00%
Vote 2 - OFFICE OF THE DEPUTY MUNICIPAL MANAGER	1,050	2,660	1,016	38,21%
Vote 3 - FINANCE AND ECONOMIC DEVELOPMENT	621	1,335	163	12,25%
Vote 4 - COMMUNITY SERVICES	4,891	4,890	1,928	39,43%
Vote 5 - CIVIL AND WATER SERVICES	206,142	247,075	34,656	14,03%
Vote 6 - ELECTRO/MECHANICAL SERVICES	49,509	42,935	15,072	35,10%
Vote 7 - PLANNING AND DEVELOPMENT	3,250	23,666	4,081	17,25%
Total Capital Multi-year expenditure	**265,462**	**322,565**	**56,917**	**17,65%**

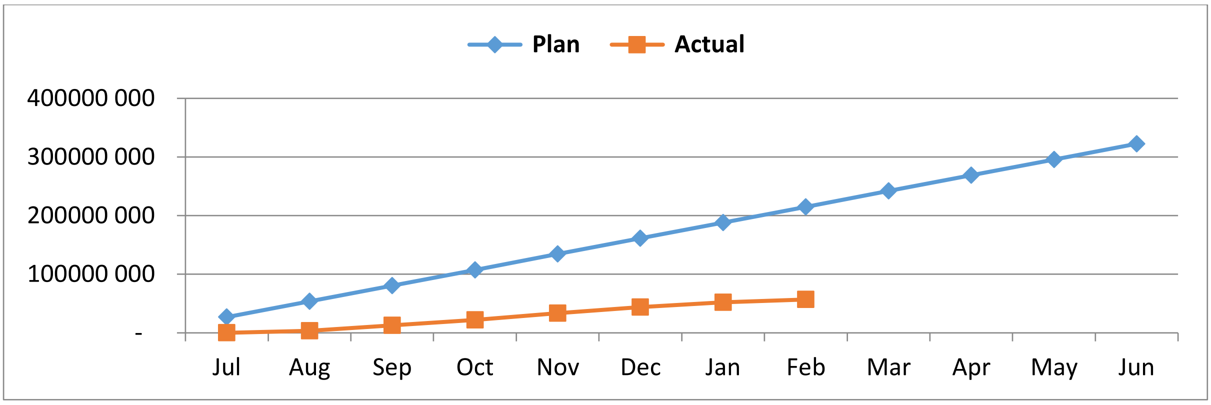
The capital expenditure as at 28 February 2026, constituted 17.65% of adjusted capital budget.

The capital expenditure is broken down per directorate as follows:

- Office Of the Municipal Manager is 0% of R 5 thousand budget.
- Office Of the Deputy Municipal Manager is 38.21% of R 2,660 million budget.
- Finance & Economic Development is 12.25% of R 1,335 million budget.
- Community Services is 39.43% of R 4,890 million budget.
- Civil & Water Services 14.03% of R 247,075 million budget.
- Electro & Mechanical Services is 35.10% of R 42,935 million budget.
- Planning & Development is 17.25% of R 23,666 million budget.

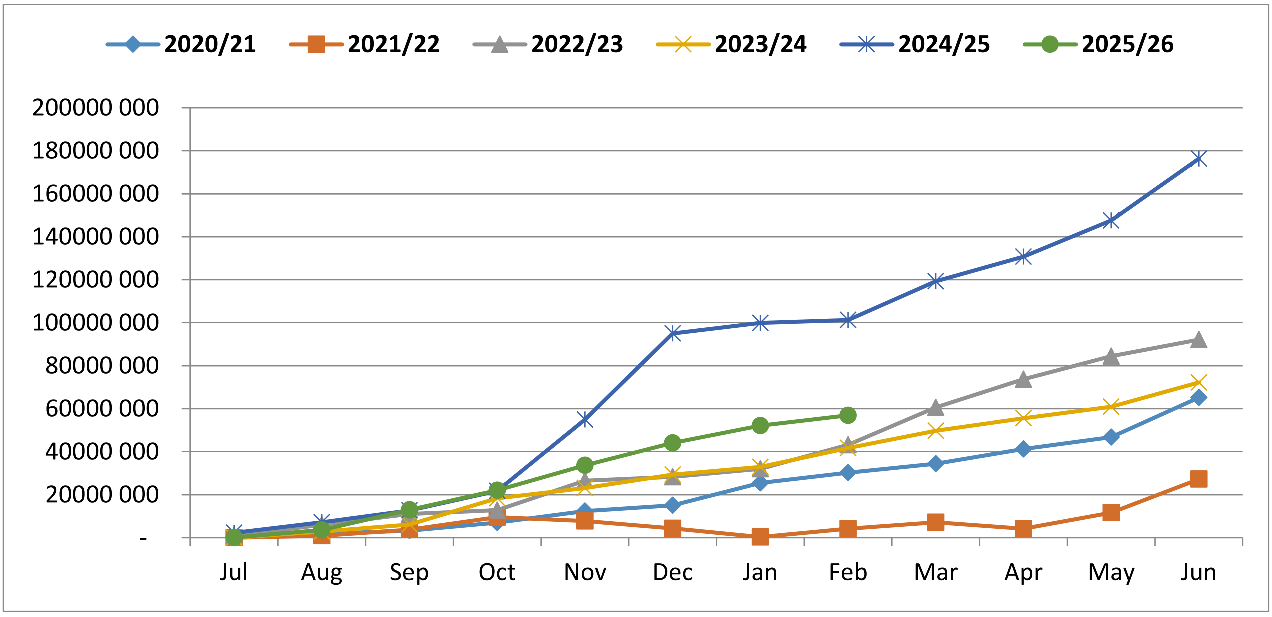
1.2. Monthly capital expenditure

The graph below reflects the municipality's monthly capital expenditure to date measured against the 2025/26 current budget.



Capital expenditure trend over the current- and past two years.

The graph below shows the municipality's capital expenditure trend for 2020/21, 2021/22, 2022/23, 2023/24, 2024/25 and 2025/26.



Status of capital programmes/projects in the Municipality as at 28 February 2026 :

DEPARTMENT	FUNDING SOURCE	PROJECT DESCRIPTION	Adjusted Budget 2025/26	YearTD actuals	%
CIVIL AND WATER SERVICES					
DEVELOPMENTAL BANK OF SOUTH AFRICA					
ROADS AND STORMWATER	DBSA-LOAN	Roads Infrastructure	153 002 755	7 821 645	5,11%
			153 002 755	**7 821 645**	**5,11%**
INTERNALLY FUNDED					
PROJECT MANAGEMENT UNIT (PMU)	INTERNAL	Upgrading/Improvement of Sport Facilities within K	630 816	84 486	13,39%
PROJECT MANAGEMENT UNIT (PMU)	INTERNAL	Paving of Main Beach	44 029	44 029	100,00%
ROADS AND STORMWATER	INTERNAL	Jeffreys Bay CBD Precinct Upgrades	1 000 000	-	0,00%
ROADS AND STORMWATER	INTERNAL	George Road, Re-instatement of Embankment, Water &	1 226 900	-	0,00%
ROADS AND STORMWATER	INTERNAL	Seekoei Estuary Causeway	3 535 940	1 742 810	49,29%
ROADS AND STORMWATER	INTERNAL	Umzamowethu SW Management Plan	400 000	-	0,00%
SEWERAGE	INTERNAL	Hankey: Refurbishment of WWTW	2 296 691	365 330	15,91%
SEWERAGE	INTERNAL	Oyster Bay: Umzamowethu WWTW – Planning Stag	637 410	113 746	17,85%
SEWERAGE	INTERNAL	Fencing of Sewer Pump Station	800 000	532 744	66,59%
SEWERAGE	INTERNAL	La Mer: Construction of New Sewer Rising Main	811 148	86 809	10,70%
WATER	INTERNAL	Storage Containers	200 000	-	0,00%
WATER	INTERNAL	Machinery at WTW Facilities	868 120	95 655	11,02%
WATER	INTERNAL	Humansdorp: Gill Marcus Water Supply	108 674	108 675	100,00%
WATER	INTERNAL	ProtAPP Software	300 000	208 696	69,57%
WATER	INTERNAL	MIMOSA STREET PIPELINE REPLACEMENT	105 152	-	0,00%
WATER	INTERNAL	Construction of Civil Services in Donkerhoek & Hum	678 345	-	0,00%
			13 643 225	**3 382 981**	**24,80%**
MUNICIPAL DISASTER RESPONSE GRANT					
ROADS AND STORMWATER	MDRG	Re-instatement of Sherley Street	1 539 318	736 027	47,82%
ROADS AND STORMWATER	MDRG	Re-instatement of Mountain Road and upgrade of sto	914 386	408 066	44,63%
ROADS AND STORMWATER	MDRG	Re-instatement of Da Gama Road in the Kabeljous ar	1 048 958	26 859	2,56%
ROADS AND STORMWATER	MDRG	George Road, Re-instatement of Embankment, Water &	753 391	38 667	5,13%
ROADS AND STORMWATER	MDRG	Re-instatement of Phillip Street low level water c	1 652 292	198 478	12,01%
ROADS AND STORMWATER	MDRG	Sea Vista Access ring road damaged pavement layers	765 960	33 250	4,34%
ROADS AND STORMWATER	MDRG	Re-instatement of Ketse Street and stormwater infr	1 138 688	503 963	44,26%
ROADS AND STORMWATER	MDRG	Re-instatement of Nanto Street and stormwater infr	1 276 986	381 283	29,86%
ROADS AND STORMWATER	MDRG	Re-instatement of Meyer Street and stormwater infr	1 002 820	590 662	58,90%
			10 092 799	**2 917 254**	**28,90%**
MUNICIPAL INFRASTRUCTURE GRANT					
PROJECT MANAGEMENT UNIT (PMU)	MIG	Specialized Waste Management Vehicles	2 816 677	2 816 678	100,00%
PROJECT MANAGEMENT UNIT (PMU)	MIG	Upgrade of Phillipsville Sportsfield	95 652	-	0,00%
ROADS AND STORMWATER	MIG	Upgrading of Kouga Gravel Roads	13 478 100	4 580 226	33,98%
SEWERAGE	MIG	Arcadia Street: Refurbishment of Sewer Pump Station	262 016	-	0,00%
SEWERAGE	MIG	La Mer: Construction of New Sewer Rising Main	52 600	-	0,00%
SEWERAGE	MIG	Jeffreys Bay: Upgrade of Ocean View Sewer Pipe	261 915	69 565	26,56%
SEWERAGE	MIG	Kwanomzamo: Upgrading of WWTW	6 763 810	5 357 936	79,21%
WATER	MIG	Infrastructure Management Plan	1 717 311	421 657	24,55%
			25 448 081	**13 246 061**	**52,05%**

DEPARTMENT	FUNDING SOURCE	PROJECT DESCRIPTION	Adjusted Budget 2025/26	YearTD actuals	%
CIVIL AND WATER SERVICES					
DEPARTMENT		**PROJECT DESCRIPTION**	**Adjusted Budget 2025/26**	**YearTD actuals**	**%**
UPGRADING OF INFORMAL SETTLEMENTS PROGRAMME					
SEWERAGE	UISP	Kwanomzamo: New Sewer Pump Station & Rising Main - Bulk Sanitation	183 706	-	0,00%
SEWERAGE	UISP	Kruisfontein: Bulk Sewer Link Line	191 464	-	0,00%
SEWERAGE	UISP	Design: Upgrade Weston WWTW Outfall & Reticulation	1 141 258	547 012	47,93%
SEWERAGE	UISP	Apiesdraai: Sewer Pump Station	3 544 185	46 445	1,31%
SEWERAGE	UISP	Ramaphosa Sewer Pump Station Upgrade	5 239 443	65 940	1,26%
SEWERAGE	UISP	Upgrade of Thornhill Sewer Treatment Works - Phase	2 219 112	17 285	0,78%
WATER	UISP	Humansdorp: Upgrading of Kwanomzamo Informal Settl	2 734 069	1 121 479	41,02%
WATER	UISP	Thornhill: Upgrading of Informal Settlement	419 403	93 112	22,20%
WATER	UISP	Patensie: Upgrading of Cyril Ramaphosa Informal Se	1 146 142	105 110	9,17%
WATER	UISP	Jeffreys Bay: Upgrading of Ocean View Informal Set	2 926 119	722 854	24,70%
WATER	UISP	Humansdorp: Upgrading of Kruisfontein Informal Set	2 118 388	1 576 582	74,42%
WATER	UISP	Kruisfontein: Upgrade of Gill Marcus Bulk Water Reservoir & Pipeline	5 780 466	309 636	5,36%
WATER	UISP	Kwanomzamo: New Bulk Water Pipeline	8 870 938	-	0,00%
			36 514 693	**4 605 454**	**12,61%**
WATER SERVICES INFRASTRUCTURE GRANT					
SEWERAGE	WSIG	Beach Sewer Pump Station and New Sewer Bypass	200 000	-	0,00%
SEWERAGE	WSIG	Loerie: Upgrade of Sewer Pump Station & New Sewer	5 396 909	2 234 509	41,40%
WATER	WSIG	St Francis Bay: Replacement of Waterpipe	100 000	-	0,00%
WATER	WSIG	St Francis Bay: Groundwater Supply	2 576 130	447 767	17,38%
WATER	WSIG	St Francis Bay: Replacement of Main Waterline (Sout River Bridge Crossing)	100 000	-	0,00%
			8 373 039	**2 682 276**	**32,03%**
SUB-TOTAL			**247 074 592**	**34 655 671**	**14,03%**

DEPARTMENT	FUNDING SOURCE	PROJECT DESCRIPTION	Adjusted Budget 2025/26	YearTD actuals	%
COMMUNITY SERVICES					
DISTRICT					
FIRE SERVICES	DISTRICT	Fire Services - Vehicle (DISTRICT)	955 034	1 389 675	145,51%
			955 034	**1 389 675**	**145,51%**
INTERNALLY FUNDED					
FIRE SERVICES	INTERNAL	Fire Services - Vehicle (District)	434 642	-	0,00%
FIRE SERVICES	INTERNAL	Extension of Incident Command Centre (ICC)	1 000 000	12 000	1,20%
LAW ENFORCEMENT	INTERNAL	Security Cameras	1 000 000	526 199	52,62%
WASTE SERVICES	INTERNAL	Fencing of Humansdorp Landfill Site	1 500 000	-	0,00%
			3 934 642	**538 199**	**13,68%**
SUB-TOTAL			**4 889 676**	**1 927 874**	**39,43%**
ELECTRO AND MECHANICAL SERVICES					
INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME					
METERING AND REVENUE	INEP	Electrification of 1250 houses in Kouga	4 730 433	4 074 114	86,13%
			4 730 433	**4 074 114**	**86,13%**
INTERNALLY FUNDED					
METERING AND REVENUE	INTERNAL	Shore Road Miniature Substation & Associated Switc	2 000 000	1 142 914	57,15%
METERING AND REVENUE	INTERNAL	Battery Storage	22 500 000	4 056 808	18,03%
METERING AND REVENUE	INTERNAL	SeaVista Electrification	2 000 000	-	0,00%
METERING AND REVENUE	INTERNAL	Thornhill Electrification	1 500 000	-	0,00%
METERING AND REVENUE	INTERNAL	OceanView Electrification	2 500 000	-	0,00%
METERING AND REVENUE	INTERNAL	Electrical Oil circuit breakers replacement with v	1 560 165	-	0,00%
			32 060 165	**5 199 722**	**16,22%**
MUNICIPAL INFRASTRUCTURE GRANT					
METERING AND REVENUE	MIG	Design of New High Mast Lights - Construction	6 086 955	5 277 014	86,69%
			6 086 955	**5 277 014**	**86,69%**
UPGRADING OF INFORMAL SETTLEMENTS PROGRAMME					
METERING AND REVENUE	UISP	Kwanomzamo Bulk Electrical - Boskloof Secondary Feeder Line & Substation	29 703	-	0,00%
METERING AND REVENUE	UISP	Oceanview Substation Upgrade	27 938	27 939	100,00%
			57 641	**27 939**	**48,47%**
FINANCE LEASE					
FLEET AND WORKSHOP	LEASE	Vehicle	-	493 606	
			-	**493 606**	
SUB-TOTAL			**42 935 194**	**15 072 395**	**35,10%**

DEPARTMENT	FUNDING SOURCE	PROJECT DESCRIPTION	Adjusted Budget 2025/26	YearTD actuals	%
FINANCE AND ECONOMIC DEVELOPMENT					
FINANCIAL MANAGEMENT GRANT					
BUDGET AND FINANCIAL REPORTING	FMG	FMG Interns Laptops	128 700	128 620	99,94%
			128 700	128 620	**99,94%**
INTERNALLY FUNDED					
ASSET MANAGEMENT	INTERNAL	AIR CONDITIONERS-WHOLE OF MUNICIPALITY	150 000	-	0,00%
ECONOMIC DEVELOPMENT	INTERNAL	Furniture and Office Equipment	10 000	-	0,00%
EXPENDITURE	INTERNAL	Computer Equipment	57 000	-	0,00%
EXPENDITURE	INTERNAL	Furniture and Office Equipment	50 000	-	0,00%
LOCAL ECONOMIC DEVELOPMENT	INTERNAL	Computer Equipment	28 500	-	0,00%
REVENUE	INTERNAL	Vehicle	570 600	-	0,00%
REVENUE	INTERNAL	Furniture and Office Equipment	60 561	22 776	37,61%
REVENUE	INTERNAL	Computer Equipment	114 000	-	0,00%
SUPPLY CHAIN AND CONTRACT MANAGEMENT	INTERNAL	Furniture and Office Equipment	10 700	-	0,00%
SUPPLY CHAIN AND CONTRACT MANAGEMENT	INTERNAL	Computer Equipment	154 575	12 075	7,81%
			1 205 936	**34 851**	**2,89%**
SUB-TOTAL			**1 334 636**	**163 471**	**12,25%**
OFICCE OF THE DMM					
INTERNALLY FUNDED					
ADMINISTRATION SERVICES	INTERNAL	Generator - Humansdorp Main Building	300 000	-	0,00%
ADMINISTRATION SERVICES	INTERNAL	Furniture and Office Equipment	180 000	-	0,00%
HUMAN RESOURCES	INTERNAL	Furniture and Office Equipment	50 000	-	0,00%
HUMAN RESOURCES	INTERNAL	HR Sound System	15 000	-	0,00%
HUMAN RESOURCES	INTERNAL	Recording Devices: Labour Relations	15 000	-	0,00%
INFORMATION COMMUNICATION TECHNOLOGY (ICT)	INTERNAL	Computer Equipment	2 000 000	987 743	49,39%
LEGAL SERVICES	INTERNAL	Furniture and Office Equipment	50 000	-	0,00%
MEDIA LIAISON	INTERNAL	Camera Equipment	50 000	28 661	57,32%
SUB-TOTAL			**2 660 000**	**1 016 404**	**38,21%**
OFICCE OF THE MM					
INTERNALLY FUNDED					
RISK AND INTERNAL AUDIT	INTERNAL	Furniture and Office Equipment	5 000	-	0,00%
SUB-TOTAL			**5 000**	**-**	**0,00%**
PLANNING AND DEVELOPMENT					
INTERNALLY FUNDED					
LAND AND PROPERTY ADMINISTRATION	INTERNAL	Acquisition of Land	2 900 000	-	0,00%
LAND AND PROPERTY ADMINISTRATION	INTERNAL	Furniture and Office Equipment	175 000	-	0,00%
LAND AND PROPERTY ADMINISTRATION	INTERNAL	Computer Equipment	175 000	-	0,00%
LAND AND PROPERTY ADMINISTRATION	INTERNAL	Fencing (Oceanview)	1 200 000	-	0,00%
LAND AND PROPERTY ADMINISTRATION	INTERNAL	Fencing (Sea Vista)	200 000	-	0,00%
			4 650 000	**-**	**0,00%**
DEPARTMENT OF HUMAN SETTLEMENTS					
HUMAN SETTLEMENT	DOHS	HANKEY 990-PHASE 2	6 731 296	4 081 499	60,63%
HUMAN SETTLEMENT	DOHS	HANKEY 990-PHASE 3	12 284 786	-	0,00%
			19 016 082	**4 081 499**	**21,46%**
SUB-TOTAL			**23 666 082**	**4 081 499**	**17,25%**
TOTAL			**322 565 180**	**56 917 314**	**17,65%**

Annexure "A3"

1. PROJECTED CASH FLOW STATEMENT FOR THE 2025/26 FINANCIAL YEAR

1.1. Projected Cash Flow Statement as at 28 February 2026

The purpose of the cash flow statement is to compare the cash inflows (receipts) with the cash outflows (payments), to ascertain the adequacy of the cash inflows to cover the cash outflows.

Table C7 Monthly Budget Statement – Cash Flow – M08 February 2026

EC108 Kouga - Table C7 Monthly Budget Statement - Cash Flow -										
Description	Ref	2024/25	Budget Year 2025/26							
R thousands		Audited Outcome	Original Budget	Adjusted Budget	Monthly Actual	YearTD Actual	YearTD Budget	YTD Variance	YTD Variance	Full Year Forecast
CASH FLOW FROM OPERATING ACTIVITIES	1								%	
Receipts										
Property rates		263 763	294 809	296 352	24 520	224 940	196 539	28 401	14%	296 352
Service charges		719 038	908 343	846 520	64 547	470 528	605 562	(135 033)	-22%	846 520
Other revenue		52 563	112 594	131 358	14 575	155 371	75 063	80 308	107%	131 358
Transfers and Subsidies - Operational		201 325	214 766	214 845	625	163 500	143 177	20 323	14%	214 845
Transfers and Subsidies - Capital		57 409	82 934	104 291	2 448	66 150	61 861	4 290	7%	104 291
Interest		1 659 179	16 273	16 273	1 874	9 845	10 849	(1 003)	-9%	16 273
Dividends		–	–	–	–	–	–	–		–
Payments										
Suppliers and employees		(298 661)	(1 485 124)	(1 422 023)	(102 848)	(1 004 720)	(978 179)	26 542	-3%	(123 760)
Interest		–	(19 267)	(19 267)	(344)	(8 378)	(12 845)	(4 466)	35%	(19 267)
Transfers and Subsidies		–	(950)	(950)	–	–	(633)	(633)	100%	(950)
NET CASH FROM/(USED) OPERATING ACTIVITIES		2 654 615	124 378	167 398	5 397	77 237	101 394	24 157	24%	1 465 660
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		–	–	–	–	–	–	–		–
Decrease (increase) in non-current receivables		–	–	–	–	–	–	–		–
Decrease (increase) in non-current investments		–	–	–	–	–	–	–		–
Payments										
Capital assets		(130 825)	(265 462)	(318 092)	(5 585)	(65 455)	–	65 455	0%	318 092
NET CASH FROM/(USED) INVESTING ACTIVITIES		(130 825)	(265 462)	(318 092)	(5 585)	(65 455)	–	65 455	0%	318 092
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		–	–	–	–	–	–	–		–
Borrowing long term/refinancing		(120 000)	100 000	100 000	–	–	–	–		100 000
Increase (decrease) in consumer deposits		–	–	–	–	–	66 667	(66 667)	-100%	–
Payments										
Repayment of borrowing		–	–	–	(3 909)	(19 541)	–	19 541	0%	–
NET CASH FROM/(USED) FINANCING ACTIVITIES		(120 000)	100 000	100 000	(3 909)	(19 541)	66 667	86 208	129%	100 000
NET INCREASE/ (DECREASE) IN CASH HELD		2 403 790	(41 084)	(50 694)	(4 098)	(7 759)	168 060			1 883 752
Cash/cash equivalents at beginning:		297 312	194 402	180 582		180 581	180 582			180 581
Cash/cash equivalents at month/year end:		2 701 102	153 318	129 888		172 822	348 642			2 064 333

Annexure "A4"

1. MUNICIPAL MONTHLY BUDGET TABLES

1.1. MONTHLY BUDGET TABLES

The seven main budget tables, as required in terms of the Municipal Budget and Reporting Regulations, are included in this section of the report. These tables set out the Municipality's 2025/26 budget performance for the period of February 2026 and are to be noted. Each table is accompanied by explanatory notes.

Table C1 Monthly Budget Statement Summary – M08 February 2026

EC108 Kouga - Table C1 Monthly Budget Statement Summary -

Description	2024/25	Budget Year 2025/26							
R thousands	Audited Outcome	Original Budget	Adjusted Budget	Monthly Actual	YearTD Actual	YearTD Budget	YTD Variance	YTD Variance	Full Year Forecast
Financial Performance								%	
Property rates	298 334	304 484	307 899	22 391	217 441	205 266	12 175	6%	307 899
Service charges	629 997	761 356	723 457	64 635	484 632	482 305	2 327	0%	723 457
Investment revenue	13 689	16 273	16 273	920	8 488	10 849	(2 361)	-22%	16 273
Transfers and subsidies - Operational	205 382	214 766	214 697	1 058	163 184	143 131	20 053	14%	214 697
Other own revenue	174 612	171 808	199 539	6 940	82 005	133 026	(51 021)	-38%	199 539
Total Revenue (excluding capital transfers and contributions)	**1 322 015**	**1 468 686**	**1 461 865**	**95 945**	**955 748**	**974 576**	**(18 828)**	**-2%**	**1 461 865**
Employee costs	418 731	525 261	440 383	36 935	301 751	293 588	8 163	3%	440 383
Remuneration of Councillors	15 443	15 988	16 550	1 267	9 959	11 034	(1 074)	-10%	16 550
Depreciation and amortisation	115 298	142 422	142 422	9 032	72 119	94 948	(22 829)	-24%	142 422
Interest	13 825	20 106	39 542	344	8 378	26 361	(17 983)	-68%	39 542
Inventory consumed and bulk purchases	521 483	555 432	553 078	44 900	388 366	368 718	19 647	5%	553 078
Transfers and subsidies	447	950	950	450	474	633	(160)	-25%	950
Other expenditure	333 344	320 959	352 247	18 055	146 617	234 830	(88 212)	-38%	352 247
Total Expenditure	**1 418 571**	**1 581 117**	**1 545 173**	**110 983**	**927 664**	**1 030 113**	**(102 449)**	**-10%**	**1 545 173**
Surplus/(Deficit)	**(96 556)**	**(112 431)**	**(83 308)**	**(15 038)**	**28 084**	**(55 536)**	**83 621**	**-151%**	**(83 308)**
Transfers and subsidies - capital (monetary allocations)	109 313	82 934	125 262	2 946	40 442	83 508	(43 066)	-52%	125 262
Transfers and subsidies - capital (in-kind)	15 000	–	–	–	–	–	–		–
Surplus/(Deficit) after capital transfers & contributions	**27 757**	**(29 497)**	**41 953**	**(12 091)**	**68 526**	**27 971**	**40 555**	**145%**	**41 953**
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–		–
Surplus/ (Deficit) for the year	**27 757**	**(29 497)**	**41 953**	**(12 091)**	**68 526**	**27 971**	**40 555**	**145%**	**41 953**
Capital expenditure & funds sources									
Capital expenditure	**151 442**	**265 462**	**322 565**	**4 857**	**56 917**	**215 043**	**(158 126)**	**-74%**	**322 565**
Capital transfers recognised	103 754	72 117	111 403	2 610	38 430	74 269	(35 839)	-48%	111 403
Borrowing	69 882	152 174	153 003	364	8 315	102 002	(93 687)	-92%	153 003
Internally generated funds	44 891	41 172	58 159	1 883	10 172	38 772	(28 600)	-74%	58 159
Total sources of capital funds	**218 527**	**265 462**	**322 565**	**4 857**	**56 917**	**215 043**	**(158 126)**	**-74%**	**322 565**
Financial position									
Total current assets	378 763	266 780	318 686		432 410				318 686
Total non current assets	2 364 279	2 577 825	2 592 388		2 397 021				2 592 388
Total current liabilities	364 097	285 984	326 173		333 354				326 173
Total non current liabilities	368 452	465 849	473 581		369 093				473 581
Community wealth/Equity	2 058 459	2 092 771	2 111 322		2 058 459				2 111 322
Cash flows									
Net cash from (used) operating	2 654 615	124 378	167 398	147 825	1 641 477	111 599	(1 529 878)	-1371%	1 465 660
Net cash from (used) investing	(130 825)	(265 462)	(318 092)	(4 186)	(64 870)	212 061	276 930	131%	318 092
Net cash from (used) financing	(120 000)	100 000	100 000	(67)	(623)	66 667	67 290	101%	100 000
Cash/cash equivalents at the month/year end	**2 701 102**	**153 318**	**129 888**	**–**	**2 041 044**	**570 908**	**(1 470 136)**	**-258%**	**2 348 812**

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	103 667	15 408	12 875	12 109	11 656	10 581	143 581	78 161	388 038
Creditors Age Analysis									
Total Creditors	53 844	557	33	60	35	12	175	(514)	54 202

Explanatory notes to Table C1 – Monthly Budget Summary

The aim of the Budget Summary is to provide a concise overview of the actual budget performance from all of the major financial perspective (operating expenditure, capital expenditure, financial position, cash flow, and MFMA funding compliance).

The table provides an overview of the actual amounts spent compared to the monthly budget projections within the context of operating performance, resources utilised for capital expenditure, financial position, cash and funding compliance.

Table C2 Monthly Budget Statement – Financial Performance (standard classification) – M08 February 2026

EC108 Kouga - Table C2 Monthly Budget Statement - Financial Performance (functional classification) -										
Description	Ref	2024/25	Budget Year 2025/26							
R thousands		Audited Outcome	Original Budget	Adjusted Budget	Monthly Actual	YearTD Actual	YearTD Budget	YTD Variance	YTD Variance	Full Year Forecast
Revenue - Functional									%	
Governance and administration		**551 646**	**530 621**	**576 997**	**3 682**	**356 429**	**384 664**	(28 235)	-7%	**576 997**
Executive and council		53	142	165	–	–	110	(110)	-100%	165
Finance and administration		551 593	530 479	576 831	3 682	356 429	384 554	(28 125)	-7%	576 831
Internal audit		–	–	–	–	–	–	–		–
Community and public safety		**68 805**	**50 121**	**81 763**	**465**	**24 506**	**54 509**	(30 002)	-55%	**81 763**
Community and social services		3 335	3 385	3 464	33	3 314	2 309	1 005	44%	3 464
Sport and recreation		7 349	12 255	13 245	417	9 078	8 830	248	3%	13 245
Public safety		1 535	1 870	1 368	5	60	912	(853)	-93%	1 368
Housing		53 075	30 000	61 074	5	9 275	40 716	(31 442)	-77%	61 074
Health		3 511	2 612	2 612	5	2 780	1 741	1 039	60%	2 612
Economic and environmental services		**49 967**	**40 955**	**58 069**	**4 072**	**33 410**	**38 713**	(5 303)	-14%	**58 069**
Planning and development		8 979	10 838	11 675	765	8 361	7 783	578	7%	11 675
Road transport		21 204	10 185	23 787	729	9 658	15 858	(6 199)	-39%	23 787
Environmental protection		19 784	19 932	22 608	2 579	15 391	15 072	319	2%	22 608
Trading services		**775 911**	**929 924**	**870 298**	**90 672**	**581 845**	**580 198**	1 647	0%	**870 298**
Energy sources		417 937	501 093	494 194	43 874	337 141	329 463	7 679	2%	494 194
Water management		165 405	203 581	169 130	21 818	108 142	112 753	(4 611)	-4%	169 130
Waste water management		121 149	141 631	128 457	13 250	83 771	85 638	(1 867)	-2%	128 457
Waste management		71 420	83 619	78 517	11 730	52 791	52 344	447	1%	78 517
Other	4	–	–	–	–	–	–	–		–
Total Revenue - Functional	2	**1 446 328**	**1 551 621**	**1 587 126**	**98 891**	**996 190**	**1 058 084**	**(61 894)**	**-6%**	**1 587 126**
Expenditure - Functional										
Governance and administration		**310 795**	**402 672**	**376 867**	**26 521**	**228 382**	**251 243**	(22 861)	-9%	**376 867**
Executive and council		49 885	66 561	60 963	3 579	39 974	40 641	(667)	-2%	60 963
Finance and administration		260 774	332 893	312 685	22 728	187 659	208 456	(20 796)	-10%	312 685
Internal audit		136	3 218	3 219	213	749	2 146	(1 398)	-65%	3 219
Community and public safety		**109 518**	**141 482**	**119 944**	**9 944**	**78 315**	**79 962**	(1 647)	-2%	**119 944**
Community and social services		12 638	12 289	13 480	970	7 938	8 987	(1 048)	-12%	13 480
Sport and recreation		60 815	73 671	62 665	4 765	42 737	41 776	961	2%	62 665
Public safety		29 230	35 167	31 428	3 261	21 722	20 952	770	4%	31 428
Housing		1 253	11 626	9 446	629	5 160	6 297	(1 138)	-18%	9 446
Health		5 583	8 729	2 924	320	757	1 949	(1 192)	-61%	2 924
Economic and environmental services		**207 757**	**206 880**	**251 754**	**10 814**	**96 831**	**167 836**	(71 005)	-42%	**251 754**
Planning and development		33 240	39 914	33 922	2 671	19 756	22 614	(2 858)	-13%	33 922
Road transport		162 100	158 635	198 503	6 748	66 506	132 335	(65 829)	-50%	198 503
Environmental protection		12 417	8 331	19 329	1 396	10 569	12 886	(2 317)	-18%	19 329
Trading services		**790 138**	**830 084**	**796 244**	**63 675**	**523 902**	**530 829**	(6 927)	-1%	**796 244**
Energy sources		467 394	527 947	528 425	41 221	354 881	352 283	2 597	1%	528 425
Water management		177 229	121 164	126 271	11 179	83 988	84 180	(193)	0%	126 271
Waste water management		86 800	109 169	80 603	5 956	45 197	53 735	(8 538)	-16%	80 603
Waste management		58 714	71 803	60 945	5 319	39 836	40 630	(794)	-2%	60 945
Other		**363**	**–**	**363**	**28**	**234**	**242**	**(8)**	**-3%**	**363**
Total Expenditure - Functional	3	**1 418 571**	**1 581 117**	**1 545 173**	**110 983**	**927 664**	**1 030 113**	**(102 449)**	**-10%**	**1 545 173**
Surplus/ (Deficit) for the year		**27 757**	**(29 497)**	**41 953**	**(12 091)**	**68 526**	**27 971**	**40 555**	**145%**	**41 953**

Explanatory notes to Table C2 – Budgeted Financial Performance (revenue and expenditure by standard classification)

The standard classification refers to a modified Government Finance Statistics (GFS) reporting structure. The aim of the standard classification approach is to ensure that all municipalities report their operations in one common format, to facilitate comparison across all municipalities.

Table C3 Monthly Budget Statement – Financial Performance (revenue and expenditure by municipal vote – M08 Feruary 2026

EC108 Kouga - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) -

Vote Description	Ref	2024/25	Budget Year 2025/26							
R thousands		Audited Outcome	Original Budget	Adjusted Budget	Monthly Actual	YearTD Actual	YearTD Budget	YTD Variance	YTD Variance %	Full Year Forecast
Revenue by Vote	1									
Vote 1 - OFFICE OF THE MUNICIPAL MANAGER		–	–	–	–	–	–	–		–
Vote 2 - OFFICE OF THE DEPUTY MUNICIPAL MANAGER		2 268	1 115	1 138	77	1 541	759	782	103,0%	1 138
Vote 3 - FINANCE AND ECONOMIC DEVELOPMENT		459 109	484 342	485 848	3 558	343 577	323 898	19 678	6,1%	485 848
Vote 4 - COMMUNITY SERVICES		205 341	176 939	219 749	15 061	98 522	146 499	(47 978)	-32,7%	219 749
Vote 5 - CIVIL AND WATER SERVICES		301 230	349 202	315 179	35 588	199 934	210 119	(10 185)	-4,8%	315 179
Vote 6 - ELECTRO/MECHANICAL SERVICES		418 360	501 094	494 372	43 875	337 248	329 581	7 667	2,3%	494 372
Vote 7 - PLANNING AND DEVELOPMENT		60 017	38 929	70 840	732	15 368	47 227	(31 858)	-67,5%	70 840
Vote 8 - [NAME OF VOTE 8]		–	–	–	–	–	–	–		–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–		–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–		–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–		–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–		–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–		–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–		–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–		–
Total Revenue by Vote	2	**1 446 326**	**1 551 621**	**1 587 126**	**98 891**	**996 189**	**1 058 084**	**(61 895)**	**-5,8%**	**1 587 126**
Expenditure by Vote	1									
Vote 1 - OFFICE OF THE MUNICIPAL MANAGER		12 834	18 128	17 968	908	11 979	11 979	0	0,0%	17 968
Vote 2 - OFFICE OF THE DEPUTY MUNICIPAL MANAGER		117 742	165 192	148 703	10 046	88 878	99 135	(10 256)	-10,3%	148 703
Vote 3 - FINANCE AND ECONOMIC DEVELOPMENT		101 376	139 445	126 048	8 269	70 513	84 031	(13 518)	-16,1%	126 048
Vote 4 - COMMUNITY SERVICES		305 104	314 436	331 157	21 993	168 942	220 770	(51 829)	-23,5%	331 157
Vote 5 - CIVIL AND WATER SERVICES		363 474	341 894	326 236	23 199	190 391	217 490	(27 099)	-12,5%	326 236
Vote 6 - ELECTRO/MECHANICAL SERVICES		483 211	555 517	552 576	43 457	373 187	368 384	4 803	1,3%	552 576
Vote 7 - PLANNING AND DEVELOPMENT		34 502	44 085	38 295	2 760	21 171	25 530	(4 359)	-17,1%	38 295
Vote 8 - [NAME OF VOTE 8]		–	–	–	–	–	–	–		–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–		–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–		–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–		–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–		–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–		–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–		–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–		–
Total Expenditure by Vote	2	**1 418 243**	**1 578 697**	**1 540 981**	**110 632**	**925 060**	**1 027 318**	**(102 258)**	**-10,0%**	**1 540 981**
Surplus/ (Deficit) for the year	2	**28 083**	**(27 076)**	**46 145**	**(11 741)**	**71 129**	**30 766**	**40 363**	**131,2%**	**46 145**

Explanatory notes to Table C3 – Budgeted Financial Performance (revenue and expenditure by municipal vote)

The purpose of the format in which the monthly budget reporting table is represented, is to enable the Council to enforce a vote in accordance with the municipality's organisational structure, so as to assign responsibility for the revenue and expenditure recorded against these votes to the Municipal Manager and Directors concerned.

Operating revenue and expenditure are thus presented by "vote". A "vote" is defined as one of the main segments into which a budget of a municipality is divided into, for the appropriation of funds.

Table C4 Monthly Budget Statement – Financial Performance (revenue and expenditure) – M08 February 2026

EC108 Kouga - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) -										
Description	Ref	2024/25	Budget Year 2025/26							
R thousands		Audited Outcome	Original Budget	Adjusted Budget	Monthly Actual	YearTD Actual	YearTD Budget	YTD Variance	YTD Variance	Full Year Forecast
Revenue									%	
Exchange Revenue										
Service charges - Electricity		400 468	479 524	473 955	41 478	321 590	315 970	5 620	2%	473 955
Service charges - Water		104 737	147 583	123 885	12 324	79 139	82 590	(3 451)	-4%	123 885
Service charges - Waste Water Management		66 111	81 259	71 792	6 444	48 944	47 861	1 083	2%	71 792
Service charges - Waste management		58 681	52 990	53 826	4 390	34 959	35 884	(925)	-3%	53 826
Sale of Goods and Rendering of Services		6 687	10 044	10 044	628	5 147	6 696	(1 549)	-23%	10 044
Agency services		6 045	4 554	4 554	–	1 120	3 036	(1 916)	-63%	4 554
Interest		–	–	–	–	–	–	–		–
Interest earned from Receivables		22 366	34 661	11 618	974	8 424	7 745	679	9%	11 618
Interest earned from Current and Non Current Assets		13 689	16 273	16 273	920	8 488	10 849	(2 361)	-22%	16 273
Dividends		–	–	–	–	–	–	–		–
Rent on Land		–	–	–	–	–	–	–		–
Rental from Fixed Assets		4 068	3 322	4 312	264	3 940	2 875	1 065	37%	4 312
Licence and permits		2 137	2 856	2 856	170	2 218	1 904	314	17%	2 856
Special rating levies		–	15 436	15 436	1 012	9 828	10 290	(462)	-4%	15 436
Operational Revenue		8 061	1 955	8 122	654	3 955	5 414	(1 459)	-27%	8 122
Non-Exchange Revenue										
Property rates		298 334	304 484	307 899	22 391	217 441	205 266	12 175	6%	307 899
Surcharges and Taxes		–	22 602	25 277	6 277	15 829	16 852	(1 023)	-6%	25 277
Fines, penalties and forfeits		96 016	45 795	90 465	145	12 427	60 310	(47 883)	-79%	90 465
Licence and permits		6 849	3 139	3 139	(4 882)	2 868	2 093	776	37%	3 139
Transfer and subsidies - Operational		205 382	214 766	214 697	1 058	163 184	143 131	20 053	14%	214 697
Interest		3 214	5 841	4 050	282	2 458	2 700	(242)	-9%	4 050
Fuel Levy		–	–	–	–	–	–	–		–
Operational Revenue		19 241	21 605	19 666	1 396	13 771	13 111	660	5%	19 666
Gains on disposal of Assets		(689)	–	–	20	20	–	20		–
Other Gains		617	–	–	–	–	–	–		–
Discontinued Operations		–	–	–	–	–	–	–		–
Total Revenue (excluding capital transfers and contributions)		**1 322 015**	**1 468 686**	**1 461 865**	**95 945**	**955 748**	**974 576**	**–**		**1 461 865**
Expenditure By Type										
Employee related costs		418 731	525 261	440 383	36 935	301 751	293 588	8 163	3%	440 383
Remuneration of councillors		15 443	15 988	16 550	1 267	9 959	11 034	(1 074)	-10%	16 550
Bulk purchases - electricity		427 467	441 010	440 010	35 613	313 435	293 340	20 095	7%	440 010
Inventory consumed		94 016	114 422	113 069	9 287	74 931	75 379	(448)	-1%	113 069
Debt impairment		(68 470)	65 115	64 219	–	–	42 813	(42 813)	-100%	64 219
Depreciation and amortisation		115 298	142 422	142 422	9 032	72 119	94 948	(22 829)	-24%	142 422
Interest		13 825	20 106	39 542	344	8 378	26 361	(17 983)	-68%	39 542
Contracted services		92 976	142 734	121 729	10 708	71 137	81 152	(10 016)	-12%	121 729
Transfers and subsidies		447	950	950	450	474	633	(160)	-25%	950
Irrecoverable debts written off		173 925	11 487	54 197	1 306	8 324	36 131	(27 807)	-77%	54 197
Operational costs		93 868	101 623	97 051	6 036	67 151	64 699	2 452	4%	97 051
Losses on Disposal of Assets		13 672	–	–	5	5	–	5		–
Other Losses		27 372	–	15 051	–	–	10 034	(10 034)	-100%	15 051
Total Expenditure		**1 418 571**	**1 581 117**	**1 545 173**	**110 983**	**927 664**	**1 030 113**	**(102 449)**	**-10%**	**1 545 173**
Surplus/(Deficit)		**(96 556)**	**(112 431)**	**(83 308)**	**(15 038)**	**28 084**	**(55 536)**	**102 449**	**(0)**	**(83 308)**
Transfers and subsidies - capital (monetary allocations)		109 313	82 934	125 262	2 946	40 442	83 508	(43 066)	(0)	125 262
Transfers and subsidies - capital (in-kind)		15 000	–	–	–	–	–	–		–
Surplus/(Deficit) after capital transfers & contributions		**27 757**	**(29 497)**	**41 953**	**(12 091)**	**68 526**	**27 971**			**41 953**
Income Tax		–	–	–	–	–	–	–		–
Surplus/(Deficit) after income tax		**27 757**	**(29 497)**	**41 953**	**(12 091)**	**68 526**	**27 971**			**41 953**
Share of Surplus/Deficit attributable to Joint Venture		–	–	–	–	–	–			–
Share of Surplus/Deficit attributable to Minorities		–	–	–	–	–	–			–
Surplus/(Deficit) attributable to municipality		**27 757**	**(29 497)**	**41 953**	**(12 091)**	**68 526**	**27 971**			**41 953**
Share of Surplus/Deficit attributable to Associate		–	–	–	–	–	–			–
Intercompany/Parent subsidiary transactions		–	–	–	–	–	–			–
Surplus/ (Deficit) for the year		**27 757**	**(29 497)**	**41 953**	**(12 091)**	**68 526**	**27 971**			**41 953**

Explanatory notes to Table C4 – Budgeted Financial Performance (revenue and expenditure)

The Financial Performance Budget is required to be approved concurrently by revenue source and expenditure type, so as to ensure consistency with annual reporting format requirements. A key aim is to facilitate comparison between the monthly results, the monthly budget-to-date projections, and the original budget, so as to assess performance.

Table C5 Monthly Budget Statement – Capital Expenditure (municipal vote, standard classification and funding) – M08 February 2026

EC108 Kouga - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) -

Vote Description	Ref	2024/25	Budget Year 2025/26							
R thousands	1	Audited Outcome	Original Budget	Adjusted Budget	Monthly Actual	YearTD Actual	YearTD Budget	YTD Variance	YTD Variance %	Full Year Forecast
Multi-Year expenditure appropriation	2									
Vote 1 - OFFICE OF THE MUNICIPAL MANAGER		–	–	5	–	–	3	(3)	-100%	5
Vote 2 - OFFICE OF THE DEPUTY MUNICIPAL MANAGER		1 623	1 050	2 660	10	1 016	1 773	(757)	-43%	2 660
Vote 3 - FINANCE AND ECONOMIC DEVELOPMENT		2 001	621	1 335	–	163	890	(726)	-82%	1 335
Vote 4 - COMMUNITY SERVICES		861	4 891	4 890	13	1 928	3 260	(1 332)	-41%	4 890
Vote 5 - CIVIL AND WATER SERVICES		61 676	206 142	247 075	2 814	34 656	164 716	(130 060)	-79%	247 075
Vote 6 - ELECTRO/MECHANICAL SERVICES		85 369	49 509	42 935	2 021	15 072	28 623	(13 551)	-47%	42 935
Vote 7 - PLANNING AND DEVELOPMENT		(112)	3 250	23 666	–	4 081	15 777	(11 696)	-74%	23 666
Vote 8 - [NAME OF VOTE 8]		–	–	–	–	–	–	–		–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–		–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–		–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–		–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–		–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–		–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–		–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–		–
Total Capital Multi-year expenditure	4,7	**151 419**	**265 462**	**322 565**	**4 857**	**56 917**	**215 043**	**(158 126)**	**-74%**	**322 565**
Single Year expenditure appropriation	2									
Vote 1 - OFFICE OF THE MUNICIPAL MANAGER		23	–	–	–	–	–	–		–
Vote 2 - OFFICE OF THE DEPUTY MUNICIPAL MANAGER		–	–	–	–	–	–	–		–
Vote 3 - FINANCE AND ECONOMIC DEVELOPMENT		–	–	–	–	–	–	–		–
Vote 4 - COMMUNITY SERVICES		–	–	–	–	–	–	–		–
Vote 5 - CIVIL AND WATER SERVICES		–	–	–	–	–	–	–		–
Vote 6 - ELECTRO/MECHANICAL SERVICES		–	–	–	–	–	–	–		–
Vote 7 - PLANNING AND DEVELOPMENT		–	–	–	–	–	–	–		–
Vote 8 - [NAME OF VOTE 8]		–	–	–	–	–	–	–		–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–		–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–		–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–		–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–		–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–		–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–		–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–		–
Total Capital single-year expenditure	4	23	–	–	–	–	–	–		–
Total Capital Expenditure	3	**151 442**	**265 462**	**322 565**	**4 857**	**56 917**	**215 043**	**(158 126)**	**-74%**	**322 565**
Capital Expenditure - Functional Classification										
Governance and administration		**51 929**	**2 621**	**4 911**	**23**	**2 171**	**3 274**	(1 103)	-34%	**4 911**
Executive and council		293	–	–	–	–	–	–		–
Finance and administration		51 613	2 621	4 906	23	2 171	3 271	(1 100)	-34%	4 906
Internal audit		23	–	5	–	–	3	(3)	-100%	5
Community and public safety		**520**	**2 441**	**21 456**	**–**	**5 512**	**14 304**	(8 792)	-61%	**21 456**
Community and social services		–	50	50	–	29	33	(5)	-14%	50
Sport and recreation		–	–	–	–	–	–	–		–
Public safety		632	2 391	2 390	–	1 402	1 593	(191)	-12%	2 390
Housing		(112)	–	19 016	–	4 081	12 677	(8 596)	-68%	19 016
Health		–	–	–	–	–	–	–		–
Economic and environmental services		**20 298**	**173 232**	**191 012**	**1 747**	**20 007**	**127 341**	(107 334)	-84%	**191 012**
Planning and development		2 143	6 580	8 276	84	2 945	5 517	(2 572)	-47%	8 276
Road transport		18 155	166 652	182 736	1 662	17 062	121 824	(104 762)	-86%	182 736
Environmental protection		–	–	–	–	–	–	–		–
Trading services		**78 695**	**87 169**	**105 186**	**3 087**	**29 227**	**70 124**	(40 897)	-58%	**105 186**
Energy sources		36 398	49 509	42 935	2 021	14 579	28 623	(14 045)	-49%	42 935
Water management		14 419	18 289	30 749	313	5 211	20 499	(15 288)	-75%	30 749
Waste water management		27 878	17 872	30 002	754	9 437	20 001	(10 564)	-53%	30 002
Waste management		–	1 500	1 500	–	–	1 000	(1 000)	-100%	1 500
Other		–	–	–	–	–	–	–		–
Total Capital Expenditure - Functional Classification	3	**151 442**	**265 462**	**322 565**	**4 857**	**56 917**	**215 043**	**(158 126)**	**-74%**	**322 565**
Funded by:										
National Government		67 436	44 639	54 860	2 610	28 325	36 573	(8 248)	-23%	54 860
Provincial Government		35 687	26 087	55 588	–	8 715	37 059	(28 344)	-76%	55 588
District Municipality		632	1 391	955	–	1 390	637	753	118%	955
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educ Institutions)		–	–	–	–	–	–	–		–
Transfers recognised - capital		**103 754**	**72 117**	**111 403**	**2 610**	**38 430**	**74 269**	**(35 839)**	**-48%**	**111 403**
Borrowing	6	69 882	152 174	153 003	364	8 315	102 002	(93 687)	-92%	153 003
Internally generated funds		44 891	41 172	58 159	1 883	10 172	38 772	(28 600)	-74%	58 159
Total Capital Funding	7	**218 527**	**265 462**	**322 565**	**4 857**	**56 917**	**215 043**	**(158 126)**	**-74%**	**322 565**

Explanatory notes to Table C5 – Budgeted Capital Expenditure by vote, standard classification and funding

Table C5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote; capital expenditure by standard classification; and the funding necessary to fund the capital budget, including information on capital transfers from national and provincial departments.

Table C6 Monthly Budget Statement – Financial Position – M08 January 2026

EC108 Kouga - Table C6 Monthly Budget Statement - Financial Position -							
Description	Ref	2024/25	Budget Year 2025/26				
R thousands		Audited Outcome	Original Budget	Adjusted Budget	YearTD Actual	Full Year Forecast
ASSETS	1					
Current assets						
Cash and cash equivalents		180 582	143 991	120 562	172 822	120 562
Trade and other receivables from exchange transactions		63 211	59 899	63 211	125 821	63 211
Receivables from non-exchange transactions		79 492	26 651	79 496	57 706	79 496
Current portion of non-current receivables		–	–	–	–	–
Inventory		24 825	22 450	24 765	25 277	24 765
VAT		27 507	12 790	27 507	73 566	27 507
Other current assets		3 145	999	3 145	1 494	3 145
Total current assets		**378 763**	**266 780**	**318 686**	**456 685**	**318 686**
Non current assets						
Investments		–	–	–	–	–
Investment property		246 427	250 794	246 427	246 427	246 427
Property, plant and equipment		2 117 640	2 326 613	2 345 450	2 150 213	2 345 450
Biological assets		–	–	–	–	–
Living and non-living resources		–	–	–	–	–
Heritage assets		–	–	–	–	–
Intangible assets		212	419	512	381	512
Trade and other receivables from exchange transactions		–	–	–	–	–
Non-current receivables from non-exchange transactions		–	–	–	–	–
Other non-current assets		–	–	–	–	–
Total non current assets		**2 364 279**	**2 577 825**	**2 592 388**	**2 397 021**	**2 592 388**
TOTAL ASSETS		**2 743 042**	**2 844 605**	**2 911 075**	**2 853 706**	**2 911 075**
LIABILITIES						
Current liabilities						
Bank overdraft		–	–	–	–	–
Financial liabilities		29 869	31 944	23 538	8 244	23 538
Consumer deposits		34 505	31 660	34 505	36 550	34 505
Trade and other payables from exchange transactions		210 501	143 222	199 532	141 368	199 532
Trade and other payables from non-exchange transactions		20 944	–	0	37 467	0
Provision		39 189	64 451	39 509	39 189	39 509
VAT		29 089	14 707	29 089	70 535	29 089
Other current liabilities		–	–	–	–	–
Total current liabilities		**364 097**	**285 984**	**326 173**	**333 354**	**326 173**
Non current liabilities						
Financial liabilities		119 060	203 183	201 401	119 701	201 401
Provision		135 422	139 560	140 339	135 422	140 339
Long term portion of trade payables		–	–	–	–	–
Other non-current liabilities		113 970	123 106	131 841	113 970	131 841
Total non current liabilities		**368 452**	**465 849**	**473 581**	**369 093**	**473 581**
TOTAL LIABILITIES		**732 549**	**751 834**	**799 753**	**702 446**	**799 753**
NET ASSETS	2	**2 010 493**	**2 092 771**	**2 111 322**	**2 151 260**	**2 111 322**
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		2 056 273	2 078 271	2 091 822	2 147 269	2 091 822
Reserves and funds		2 186	14 500	19 500	3 991	19 500
Other		–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2	**2 058 459**	**2 092 771**	**2 111 322**	**2 151 260**	**2 111 322**

Explanatory notes to Table C6 – Budgeted Financial Position

i. The table represents Assets less Liabilities as Community Wealth. The order of items within each group is also aligned to the convention of showing items in order of liquidity, i.e. assets readily converted to cash or liabilities immediately required to be met from cash appear first.

ii. Any movement on the Budgeted Financial Performance or the Capital Budget will invariably impact on the Budgeted Financial Position.
For example, the collection rate assumption will impact on the cash position of the municipality and consequently inform the level of cash and cash equivalents at year end.

Similarly, the collection rate assumption informs the budget provision for bad debts. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as compliance assessment is directly informed by forecasting the statement of financial position.

Table C7 Monthly Budget Statement – Cash Flow – M08 February 2026

EC108 Kouga - Table C7 Monthly Budget Statement - Cash Flow -										
Description	Ref	2024/25	Budget Year 2025/26							
R thousands		Audited Outcome	Original Budget	Adjusted Budget	Monthly Actual	YearTD Actual	YearTD Budget	YTD Variance	YTD Variance	Full Year Forecast
CASH FLOW FROM OPERATING ACTIVITIES	1								%	
Receipts										
Property rates		263 763	294 809	296 352	24 520	224 940	196 539	28 401	14%	296 352
Service charges		719 038	908 343	846 520	64 547	470 528	605 562	(135 033)	-22%	846 520
Other revenue		52 563	112 594	131 358	14 575	155 371	75 063	80 308	107%	131 358
Transfers and Subsidies - Operational		201 325	214 766	214 845	625	163 500	143 177	20 323	14%	214 845
Transfers and Subsidies - Capital		57 409	82 934	104 291	2 448	66 150	61 861	4 290	7%	104 291
Interest		1 659 179	16 273	16 273	1 874	9 845	10 849	(1 003)	-9%	16 273
Dividends		–	–	–	–	–	–	–		–
Payments										
Suppliers and employees		(298 661)	(1 485 124)	(1 422 023)	(102 848)	(1 004 720)	(978 179)	26 542	-3%	(123 760)
Interest		–	(19 267)	(19 267)	(344)	(8 378)	(12 845)	(4 466)	35%	(19 267)
Transfers and Subsidies		–	(950)	(950)	–	–	(633)	(633)	100%	(950)
NET CASH FROM/(USED) OPERATING ACTIVITIES		2 654 615	124 378	167 398	5 397	77 237	101 394	24 157	24%	1 465 660
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		–	–	–	–	–	–	–		–
Decrease (increase) in non-current receivables		–	–	–	–	–	–	–		–
Decrease (increase) in non-current investments		–	–	–	–	–	–	–		–
Payments										
Capital assets		(130 825)	(265 462)	(318 092)	(5 585)	(65 455)	–	65 455	0%	318 092
NET CASH FROM/(USED) INVESTING ACTIVITIES		(130 825)	(265 462)	(318 092)	(5 585)	(65 455)	–	65 455	0%	318 092
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		–	–	–	–	–	–	–		–
Borrowing long term/refinancing		(120 000)	100 000	100 000	–	–	–	–		100 000
Increase (decrease) in consumer deposits		–	–	–	–	–	66 667	(66 667)	-100%	–
Payments										
Repayment of borrowing		–	–	–	(3 909)	(19 541)	–	19 541	0%	–
NET CASH FROM/(USED) FINANCING ACTIVITIES		(120 000)	100 000	100 000	(3 909)	(19 541)	66 667	86 208	129%	100 000
NET INCREASE/ (DECREASE) IN CASH HELD		2 403 790	(41 084)	(50 694)	(4 098)	(7 759)	168 060			1 883 752
Cash/cash equivalents at beginning:		297 312	194 402	180 582		180 581	180 582			180 581
Cash/cash equivalents at month/year end:		2 701 102	153 318	129 888		172 822	348 642			2 064 333

Explanatory notes to Table C7 – Budgeted Cash Flow Statement

i. The budgeted cash flow statement represents the first measurement in determining whether the budget is funded.

ii. It reflects the expected cash inflows versus outflows that are likely to result from the implementation of the budget.

Annexure "A5"

1. ANALYSIS OF THE MUNICIPALITY'S STATEMENT OF FINANCIAL POSITION

In this section the Municipality's Debtors, Creditors and Investments will be analysed. These components have a significant impact on the Municipality's financial position.

1.1. Overview of outstanding Consumer Debtors (Inclusive of VAT)

Below is an analysis of the outstanding consumer debtors as at 28 February 2026, compared to the position as at 30 June 2025.

Debtors' Age Analysis (Inclusive of VAT) as at 28 February 2026

Description	Budget Year 2025/26								
R thousands	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 By Income Source									
Trade and Other Receivables from Exchange Transactions - Water	34 956	5 486	5 007	4 974	5 145	4 022	19 717	13 600	92 908
Trade and Other Receivables from Exchange Transactions - Electricity	44 749	2 920	1 853	1 192	993	993	2 380	7 403	62 483
Receivables from Non-exchange Transactions - Property Rates	26 234	2 866	2 237	1 937	1 681	2 231	4 248	24 891	66 325
Receivables from Exchange Transactions - Waste Water Management	14 746	1 975	1 729	1 586	1 436	1 287	5 722	5 360	33 840
Receivables from Exchange Transactions - Waste Management	11 332	1 416	1 294	1 202	1 090	1 050	4 341	4 526	26 251
Receivables from Exchange Transactions - Property Rental Debtors	–	–	–	–	–	–	–	–	–
Interest on Arrear Debtor Accounts	5 672	342	398	623	695	588	24 730	16 082	49 131
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	–	–	–	–	–	–	–	–	–
Other	(34 024)	404	357	595	616	410	82 443	6 299	57 101
Total By Income Source	**103 667**	**15 408**	**12 875**	**12 109**	**11 656**	**10 581**	**143 581**	**78 161**	**388 038**
Debtors Age Analysis By Customer Group									
Organs of State	2 110	1 112	737	643	537	558	7 334	3 049	16 080
Commercial	12 490	559	310	226	194	229	3 693	4 446	22 148
Households	89 063	13 736	11 826	11 237	10 925	9 793	132 537	70 666	349 784
Other	4	1	1	3	0	0	17	–	26
Total By Customer Group	**103 667**	**15 408**	**12 875**	**12 109**	**11 656**	**10 581**	**143 581**	**78 161**	**388 038**

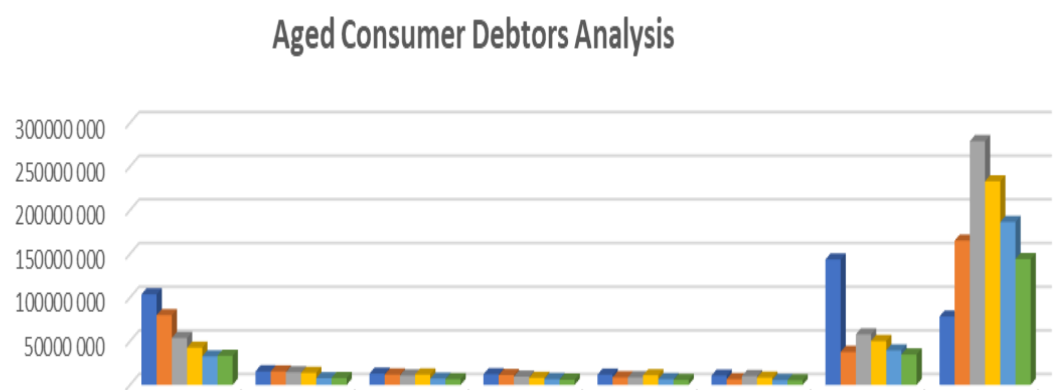
Debtors' Age Analysis (Inclusive of VAT) as at 30 June 2025

Description	Budget Year 2024/25								
R thousands	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 By Income Source									
Trade and Other Receivables from Exchange Transactions - Water	28,680	5,190	4,620	4,594	3,061	2,488	11,553	38,052	98,238
Trade and Other Receivables from Exchange Transactions - Electricity	35,660	2,601	1,789	1,437	1,179	898	4,080	12,231	59,875
Receivables from Non-exchange Transactions - Property Rates	22,917	2,601	1,859	1,593	1,365	1,265	10,636	29,366	71,601
Receivables from Exchange Transactions - Waste Water Management	12,361	1,881	1,655	1,800	1,305	778	3,775	15,177	38,732
Receivables from Exchange Transactions - Waste Management	9,817	1,360	1,194	1,107	1,008	532	2,915	19,392	37,325
Receivables from Exchange Transactions - Property Rental Debtors	–	–	–	–	–	–	–	–	–
Interest on Arrear Debtor Accounts	4,827	1,351	343	406	366	317	2,848	38,902	49,359
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	–	–	–	–	–	–	–	–	–
Other	(34,533)	374	340	310	303	158	1,865	12,086	(19,097)
Total By Income Source	**79,729**	**15,358**	**11,800**	**11,246**	**8,587**	**6,435**	**37,672**	**165,206**	**336,033**
Debtors Age Analysis By Customer Group									
Organs of State	(46)	793	608	624	396	317	2,209	7,514	12,415
Commercial	10,797	489	415	382	289	257	1,240	7,397	21,267
Households	68,974	14,074	10,775	10,239	7,900	5,860	34,217	150,280	302,321
Other	4	1	1	1	1	1	6	15	29
Total By Customer Group	**79,729**	**15,358**	**11,800**	**11,246**	**8,587**	**6,435**	**37,672**	**165,206**	**336,033**

The analysis indicates that from 30 June 2025 to 28 February 2026, the overdue debts have increased by R 28,068 million from R 256,303 million to R 284,371 million, as follows:

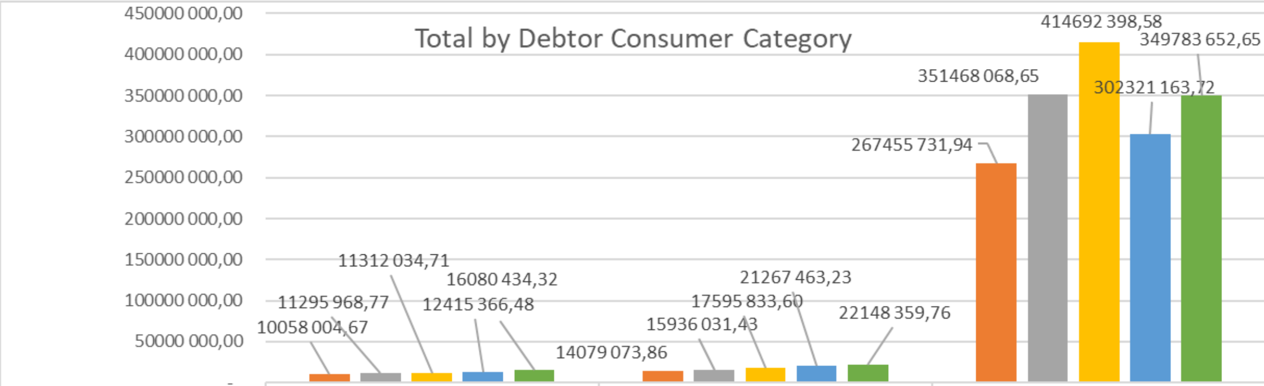
R thousands	OVERDUE AMOUNTS AS AT		
Debtors Age Analysis By Income Source	**30-Jun-25**	**28-Feb-26**	**DIFFERENCE**
Trade and Other Receivables from Exchange Transactions - Water	69 558	57 951	(11 606)
Trade and Other Receivables from Exchange Transactions - Electricity	24 215	17 734	(6 481)
Receivables from Non-exchange Transactions - Property Rates	48 684	40 091	(8 594)
Receivables from Exchange Transactions - Waste Water Management	26 371	19 093	(7 277)
Receivables from Exchange Transactions - Waste Management	27 508	14 918	(12 590)
Receivables from Exchange Transactions - Property Rental Debtors	–	–	–
Interest on Arrear Debtor Accounts	44 532	43 459	(1 073)
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	–	–	–
Other	15 436	91 124	75 688
Total By Income Source	**256 303**	**284 371**	**28 068**
Debtors Age Analysis By Customer Group			
Organs of State	12 461	13 970	1 509
Commercial	10 471	9 658	(812)
Households	233 347	260 721	27 374
Other	25	22	(3)
Total By Customer Group	**256 303**	**284 371**	**28 068**

Graphical Analysis of consumer debtors



	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Days	151-180 Days	181-1Yr	Over 1Yr
Actuals 28 February 2026	103667 426	15408 339	12874 725	12109 139	11656 147	10580 563	143581 207	78160 889
Actuals 30 June 2025	79729 482	15357 731	11799 801	11245 990	8586 511	6435 342	37672 064	165205 700
Actuals 30 June 2024	53707 490	14347 811	10675 198	9416 341	8597 330	10023 267	57832 635	279017 806
Actuals 30 June 2023	42577 572	13677 986	11809 605	8076 144	11005 536	8293 751	50164 014	233094 806
Actuals 30 June 2022	32611 964	7576 439	7081 656	6586 082	6412 160	5452 968	39420 216	186451 326
Actuals 30 June 2021	33316 142	7884 929	6439 337	5863 323	5487 594	5185 739	34750 983	143962 570

Graphical Analysis of consumer debtors (total by Debtor Consumer Category)



	Organs of State	Commercial	Households
Budget Year 2021/22	10058 004,67	14079 073,86	267455 731,94
Budget Year 2022/23	11295 968,77	15936 031,43	351468 068,65
Budget Year 2023/24	11312 034,71	17595 833,60	414692 398,58
Budget Year 2024/25	12415 366,48	21267 463,23	302321 163,72
Budget Year 2025/26	16080 434,32	22148 359,76	349783 652,65

1.2 Overview of Creditors position

Below is an analysis of the status of the major creditors.

Description	Budget Year 2025/26								
R thousands	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total
Creditors Age Analysis By Customer Type									
Bulk Electricity	40 816	–	–	–	–	–	–	–	40 816
Bulk Water	1 377	80	–	60	12	12	175	(898)	818
PAYE deductions	5 870								5 870
VAT (output less input)									–
Pensions / Retirement deductions									–
Loan repayments									–
Trade Creditors	5 782	477	33	–	23	–	–	384	6 698
Auditor General									–
Other									–
Total By Customer Type	53 844	557	33	60	35	12	175	(514)	54 202

The above amounts represent invoices still to be paid. The major creditors as at 28 February 2026 are as follows:

Eskom	R 40,816 million
NMBM	R 0,818 million
PAYE	R 5,870 million
Other Creditors	R 6,698 million
Total	**R 54,202 million**

It must be noted that the Eskom amount of R 40,816 million, represents the current account for February 2026, which is due in March 2026.

It is to be noted that the SARS amount of R 5,870 million, represents the current account for February 2026, which is due in March 2026.

1.3 Allocation and Grants receipts and expenditure for the 2025/26 financial year

Supporting Table SC6 Monthly Budget Statement – transfers and grant receipts – M08 February 2026.

Description	Budget Year 2025/26							
	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands							%	
RECEIPTS:								
Operating Transfers and Grants								
National Government:	**209 308**	**209 160**	**625**	**157 936**	**157 936**	**-**	**0,00%**	**209 308**
Operational Revenue:General Revenue:Equitable Share	203 533	203 533	(0)	152 529	152 529	-	0,00%	203 533
Expanded Public Works Programme Integrated Grant for Municipalities [Schedu	2 081	2 081	625	2 081	2 081	-	0,00%	2 081
Local Government Financial Management Grant [Schedule 5B]	1 785	1 637	–	1 785	1 785	-	0,00%	1 785
Municipal Infrastructure Grant [Schedule 5B]	1 909	1 909	–	1 541	1 541	-	0,00%	1 909
Provincial Government:	**2 955**	**3 034**	**-**	**3 034**	**3 034**	**-**	**0,00%**	**2 955**
Humam Settlement Grant	–	–	–	–	–	–		–
Library grant	2 955	3 034	–	3 034	3 034	–	0,00%	2 955
District Municipality:	**2 503**	**2 503**	**-**	**2 610**	**2 610**	**-**	**0,00%**	**2 503**
Environmental health subsidy	2 503	2 503	–	2 610	2 610	-	0,00%	2 503
Other grant providers:	–	–	–	–	–			**-**
Departmental Agencies and Accounts	–	–	–	–	–	-		–
Total Operating Transfers and Grants	**214 766**	**214 697**	**625**	**163 580**	**163 580**	**-**	**0,00%**	**214 766**
Capital Transfers and Grants								
National Government:	**51 334**	**51 482**	**2 448**	**42 027**	**42 027**		**0,00%**	**51 334**
Local Government Financial Management Grant [Schedule 5B]	–	148	–	–	–			
Municipal Disaster Relief Grant	–	–	–	–	–	-		–
Integrated National Electrification Programme (Municipal Grant) [Schedule 5B]	5 440	5 440	2 448	5 440	5 440		0,00%	5 440
Municipal Infrastructure Grant [Schedule 5B]	36 265	36 265	–	29 287	29 287		0,00%	36 265
Water Services Infrastructure Grant	9 629	9 629	–	7 300	7 300		0,00%	9 629
Provincial Government:	**30 000**	**51 858**	**10 434**	**14 571**	**14 571**		**0,00%**	**51 858**
Human Settlement Grant	30 000	51 858	10 434	14 571	14 571		0,00%	51 858
District Municipality:	**1 391**	**1 098**	**-**	**-**	**-**	**-**		**1 391**
Fire Services Subsidy	1 391	1 098	–	–	–	-		1 391
Total Capital Transfers and Grants	**82 726**	**104 439**	**12 882**	**56 598**	**56 598**	**-**	**0,00%**	**104 584**
TOTAL RECEIPTS OF TRANSFERS & GRANTS	**297 491**	**319 135**	**13 507**	**220 178**	**220 178**	**-**	**0,00%**	**319 349**

Below is an analysis of the spending associated with the grants as at 28 February 2026:

Supporting Table SC7 Monthly Budget Statement – transfers and grants expenditure – M08 February 2026.

Description	2024/25	Buget Year 2025/26						
	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance%	Full Year Forecast
R thousands								
EXPENDITURE								
Operating expenditure of Transfers and Grants								
National Government:	**209 308**	**209 160**	**68 956**	**157 540**	**156 280**	**(1 259)**	**(0)**	**85 768**
Operational Revenue:General Revenue:Equitable Share	203 533	203 533	67 723	152 529	152 529	–	**0%**	84 806
Expanded Public Works Programme Integrated Grant for Municipalities [Schedule 5B	2 081	2 081	418	1 846	1 387	(459)	**-33%**	347
Local Government Financial Management Grant [Schedule 5B]	1 785	1 637	795	1 256	1 091	(165)	**-15%**	298
Municipal Infrastructure Grant [Schedule 5B]	1 909	1 909	19	1 909	1 272	(636)	**-50%**	318
Provincial Government:	**2 955**	**3 034**	**-**	**12 304**	**-**	**(3 034)**	**#DIV/0!**	**-**
Human Settlement Grant	–	–	–	9 270	–			–
Library grant	2 955	3 034	–	3 034	–	(3 034)		–
District Municipality:	**2 503**	**2 503**	**-**	**2 610**	**870**	**(1 740)**	**(0)**	**870**
Environmental health subsidy	2 503	2 503	–	2 610	870	(1 740)	**-200%**	870
Other grant providers:	**-**	**-**	**-**	**-**	**-**	**-**		**-**
Departmental Agencies and Accounts	–	–	–	–	–			–
Total operating expenditure of Transfers and Grants:	**214 766**	**214 697**	**68 956**	**172 453**	**157 150**	**(15 303)**	**#DIV/0!**	**86 638**
Capital expenditure of Transfers and Grants								
National Government:	**51 334**	**63 089**	**2 946**	**31 172**	**42 059**	**10 888**	**0,26**	**8 704**
Local Government Financial Management Grant [Schedule 5B]	–	148	–	148	99			148
Integrated National Electrification Programme (Municipal Grant) [Schedule 5B]	5 440	5 440	384	4 652	3 627	**(1 026)**	**-28%**	907
Municipal Infrastructure Grant [Schedule 5B]	36 265	36 265	1 455	20 069	24 177	**4 108**	**17%**	6 044
Water Services Infrastructure Grant	9 629	9 629	914	3 021	6 419	**3 398**	**53%**	1 605
Municipal Disaster Relief Grant	–	11 607	192	3 282	7 738	4 456	**58%**	–
Provincial Government:	30 000	**61 074**	**-**	**9 270**	**40 716**	**31 446**	77%	**6 643**
Human Settlement	30 000	61 074	–	9 270	40 716	**31 446**	**77%**	6 643
District Municipality:	**1 391**	**955**	**-**	**(1 390)**	**637**	**2 026**		**232**
Fire Services Subsidy	1 391	955	–	(1 390)	637	**2 026**		232
Total capital expenditure of Transfers and Grants	**82 726**	**125 118**	**2 946**	**39 052**	**83 412**	**44 360**	**53%**	**15 578**
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	**297 491**	**339 815**	**71 902**	**211 505**	**240 562**	**29 057**	**12%**	**102 217**

CONDITIONAL GRANTS, SUBSIDIES AND DONATIONS RECEIVED

CONDITIONAL GRANTS, SUBSIDIES AND DONATIONS								
Reconciliation Grant Register as at 28 February 2026 (2025/26 F/Y)								
Name of Grants	Name of organ of state	Opening balances (Rollovers) as at 1 July 2025	Monthjly Receipts	YTD Receipts	YTD Expenditure		% of Spending to date	Unspent Balances
Opex grants, subsidies and donations								
Financial Management Grant	DORA	-	1 785 000	1 785 000	1 255 942	529 058	70,36%	529 058
Expanded Public Works Programme	DORA	-	2 081 000	2 081 000	1 845 966	235 034	88,71%	235 034
Municipal Infrastructure Grant	DORA	-	1 541 400	1 541 400	1 908 700	(367 300)	123,83%	(367 300)
		-	**5 407 400**	**5 407 400**	**5 010 608**	**396 792**		**396 792**
Capex grants, subsidies and donations						-		
Municipal Infrastructure Grant	DORA	-	29 286 600	29 286 600	20 068 650	9 217 950	68,53%	9 217 950
Financial Management Grant	DORA	-	-	-	147 912	(147 912)		(147 912)
Integrated National Electrification Programme	DORA	-	5 440 000	5 440 000	4 652 414	787 586	85,52%	787 586
Water Services Infrastructure Grant	DORA	120 926	7 300 000	7 420 926	3 021 045	4 278 955	40,71%	4 399 881
Municipal Disaster Response Grant	DORA	11 606 728	-	11 606 728	3 281 671	(3 281 671)	28,27%	8 325 057
			-					
Housing: Human Settlements Dev. Grant (Beneficiaries)	Provincial: Department of Infrastructure	9 216 084	14 571 123	23 787 207	9 269 850	5 301 273	38,97%	14 517 357
		20 943 738	**56 597 723**	**77 541 461**	**40 441 543**	**16 156 180**	**52,15%**	**37 099 918**
			62 005 123	**82 948 861**	**45 452 152**	**16 552 971**	**54,80%**	**37 496 709**

1.4 Councillor and employee benefits

Below is an analysis of Councillor and employee benefits:

Table SC8 Monthly Budget Statement – Councillor and staff benefits – M08 February 2026

Summary of Employee and Councillor remuneration	2024/25	Budget Year 2025/26							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly Actual	YearTD Actual	YearTD Budget	YTD Variance	YTD Variance	Full Year Forecast
R thousands								%	
	A	B	C						D
Councillors (Political Office Bearers plus Other)									
Basic Salaries and Wages	10 607	10 879	10 761	862	6 763	7 174	(411)	-6%	10 761
Pension and UIF Contributions	–	–	–	–	–	–	–		–
Medical Aid Contributions	–	–	–	–	–	–	–		–
Motor Vehicle Allowance	3 427	3 626	4 153	287	2 272	2 769	(497)	-18%	4 153
Cellphone Allowance	1 409	1 483	1 637	118	924	1 091	(167)	-15%	1 637
Housing Allowances	–	–	–	–	–	–	–		–
Sub Total - Councillors	**15 443**	**15 988**	**16 550**	**1 267**	**9 959**	**11 034**	**(1 074)**	**-10%**	**16 550**
Senior Managers of the Municipality									
Basic Salaries and Wages	10 400	9 436	10 393	674	5 557	6 928	(1 371)	-20%	10 393
Pension and UIF Contributions	13	11	13	1	9	8	0	0%	13
Medical Aid Contributions	–	–	–	–	–	–	–		–
Overtime	–	–	–	–	–	–	–		–
Performance Bonus	1 657	395	472	–	82	315	(233)	-74%	472
Motor Vehicle Allowance	1 024	655	1 085	255	1 919	724	1 195	165%	1 085
Cellphone Allowance	24	–	96	8	100	64	36	56%	96
Housing Allowances	–	–	–	–	–	–	–		–
Other benefits and allowances	10	0	28	0	49	19	31	163%	28
Sub Total - Senior Managers of Municipality	**17 381**	**10 498**	**12 087**	**938**	**7 716**	**8 058**	**(342)**	**-4%**	**12 087**
Other Municipal Staff									
Basic Salaries and Wages	254 014	309 705	268 337	22 833	178 747	178 891	(144)	0%	268 337
Pension and UIF Contributions	36 539	52 636	45 383	3 622	28 278	30 255	(1 978)	-7%	45 383
Medical Aid Contributions	16 734	28 847	20 946	1 748	12 344	13 964	(1 620)	-12%	20 946
Overtime	37 582	37 741	39 573	4 949	29 745	26 382	3 363	13%	39 573
Performance Bonus	979	227	1 010	–	948	673	275	41%	1 010
Motor Vehicle Allowance	10 046	13 359	12 181	913	7 180	8 121	(941)	-12%	12 181
Cellphone Allowance	103	–	120	10	79	80	(1)	-1%	120
Housing Allowances	677	951	865	70	534	577	(42)	-7%	865
Other benefits and allowances	32 181	45 629	37 878	1 305	27 757	25 252	2 505	10%	37 878
Payments in lieu of leave	–	–	–	–	–	–	–		–
Long service awards	8 522	1 583	2 002	42	1 208	1 335	(127)	-10%	2 002
Post-retirement benefit obligations	3 972	24 085	–	505	7 216	–	7 216		–
Sub Total - Other Municipal Staff	**401 350**	**514 763**	**428 296**	**35 997**	**294 036**	**285 530**	**8 505**	**3%**	**428 296**
Total Parent Municipality	**434 173**	**541 249**	**456 933**	**38 202**	**311 710**	**304 622**	**7 088**	**2%**	**456 933**
TOTAL SALARY, ALLOWANCES & BENEFITS	**434 173**	**541 249**	**456 933**	**38 202**	**311 710**	**304 622**	**7 088**	**2%**	**456 933**
TOTAL MANAGERS AND STAFF	**418 731**	**525 261**	**440 383**	**36 935**	**301 751**	**293 588**	**8 163**	**3%**	**440 383**

1.5. Key performance indicators

The table below reflects the key performance indicators as per the 2025/26 Budget and the associated performance to date.

Borrowing Management		**Actuals as at 30 June 2023**	**Actuals as at 30 June 2024**	**Actuals as at 30 June 2025**	**Actuals as at 28 February 2025**	**Approved Adjusted Budget 2025/26**	**Actuals as at 28 February 2026**
Capital Charges to Operating Expenditure	Interest & principal paid/Total Operating Expenditure	0.32%	0.52%	2.23%	1.76%	2.8%	3.01%
Borrowed funding of "own" capital expenditure	Borrowings/Capital expenditure excl. transfers & grants	0%	0%	269.91%	0%	171.94%	81.75%
Debt Servicing Costs to Operating Revenue	Debt Servicing Costs / Total Operating Revenue - Conditional Grants	0.00	0.01	0.02	0.2	0.03	0.03
Liquidity							
Current Ratio	Current assets / current liabilities	0.91	0.87	1.04	1.04:1	0.98	1.37
Liquidity Ratio	Monetary assets / current liabilities	0.40	0.47	0.50	0.40:1	0.37	0.52
Revenue Management							
Annual Debtors Collection Rate	Billed Revenue / Receipted Revenue	86.71%	91.01%	91.38%	88.88%	95%	92.02%

Other indicators		Actuals as at 30 June 2023	Actuals as at 30 June 2024	Actuals as at 30 June 2025	Actuals as at 28 February 2025	Approve d Adjusted Budget 2025/26	Actuals as at 28 February 2026
Cost coverage	(Cash and cash equivalents - Unspent Conditional Grants - Overdraft) + Short term investment)/monthly fixed operational expenditure excluding (depreciation, amortisation, provision for bad debts, impairment and loss on disposal of assets)	0.98	1.19 Months	0.53 Months	1 Month	0.94 Months	0.39 Months
Employee Costs	Employee Costs / Total Operating Expenditure	29.47%	30.85%	29.53%	32.20%	28.5%	32.53%
Capital Expenditure	Capital Expenditure / Capital Budget	94.66%	71.38%	84.49%	37.01%	95%	17.65%
Repairs and Maintenance as % of Total Operating Expenditure	Repairs and Maintenance / Total Operating Expenditure	3.86%	2.24%	2.33%	11.38%	12.15%	12.51%
Repairs and Maintenance as % of PPE (Book Value)	Repairs and Maintenance / Net PPE	2.32%	1.42%	1.52%	4.73%	8%	5.40%
Own Revenue Sources / Total Operating Revenue (Including operating grants)	Own Revenue Sources / Total Operating Revenue (Including Conditional Grants)	77.74%	83.49%	84.46%	82.48%	85.31%	82.93%

The above table is discussed in detail below.

1.1 Borrowing Management

1.1.1. Capital charges to Operating Expenditure.

The Ratio indicates the cost required to service the borrowing. It assesses the Borrowing or Payment obligation expressed as percentage of Total Operating Expenditure.

Capital charges/Total Operating Expenditure to date.

The ratio is 3.01% as at 28 February 2026, compared to the approved adjusted budget ratio of 2.8%.

Borrowed funding of capital expenditure.

This ratio indicates the proportion of borrowed funding to actual capital expenditure to date (excluding transfers and grants). The ratio also indicates the extent of capital expenditure being financed from borrowed funding compared to own and other funding sources, excluding transfers and grant funded expenditure.

The ratio is determined as follows:

Capital expenditure funded from Borrowings/Total Capital Expenditure to date (excluding transfers and grants)

As at 28 February 2026, the ratio indicates 81.75% of borrowed funding, compared to total expenditure to date, excluding transfers and grants.

1.1.2. Debt Servicing Costs to Operating Revenue Ratio

This ratio indicates the proportion of debt servicing costs (interest and principal paid on borrowing) to actual operating revenue to date.

The ratio is determined as follows:

Debt Servicing Costs/Operating Revenue

As at 28 February 2026, the ratio indicates 0.03, compared to the approved adjusted budget of 0.03.

1.1.3. Current ratio

The Ratio assesses the Municipality's ability to meet its Short-term Liabilities (Debt and Payables) with its Short-term Assets (Cash, Inventory, Receivables etc.).

The ratio is determined as follows:

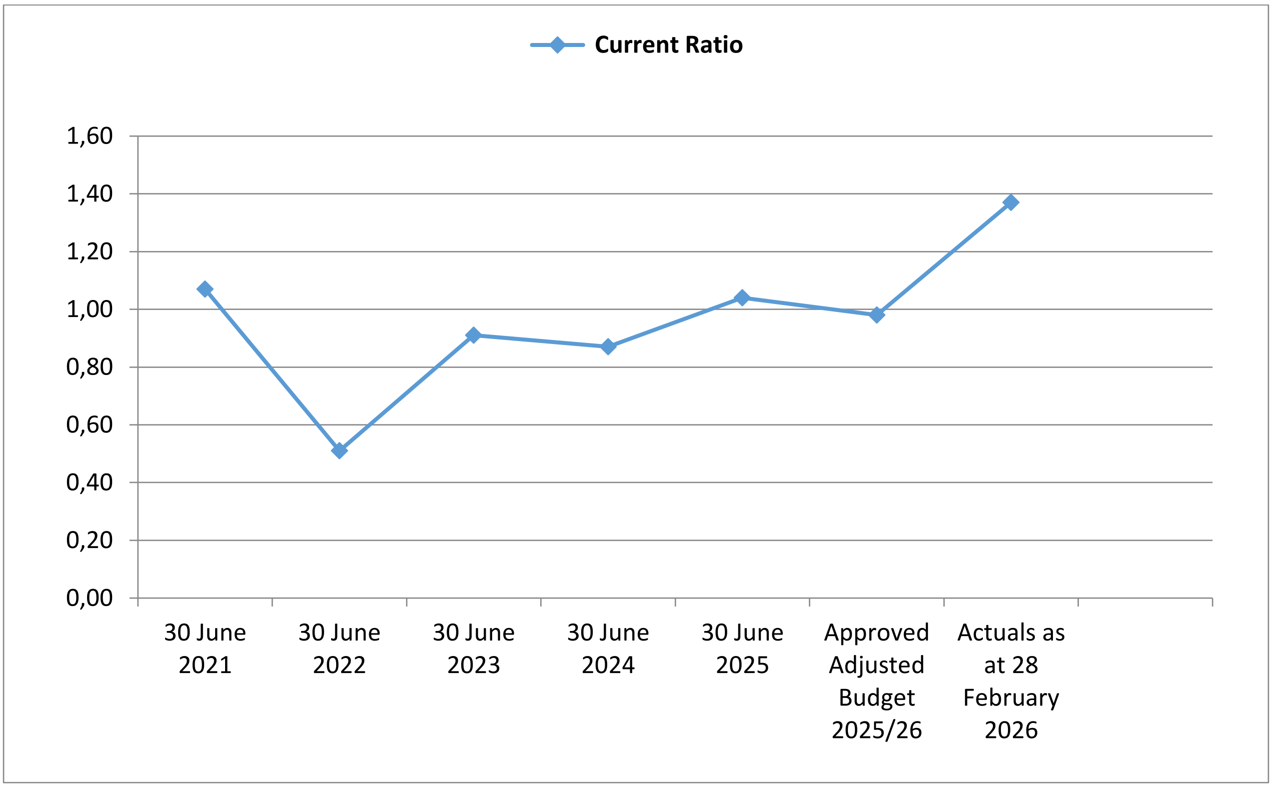
Current assets/Current liabilities

The ratio as at 28 February 2026 was 1.37:1, compared to the approved adjusted budget ratio of 0.98:1. As at 28 February 2026, cash reserves/commitments amounted to R 90,539 million, the current ratio excluding the cash reserves constitute 1.1:1.

In terms of the MFMA Circular No. 71, the norm is 1.5:1 to 2:1

The higher the current Ratio, the stronger the Municipality's financial capacity to meet its current obligations.

A ratio of below 1:1 would suggest that the Municipality would be unable to meet all of its current obligations as and when they fall due.



1.1.4. Liquidity Ratio

The liquidity ratio assesses a Municipality's ability to meet its short-term commitments from Monetary Assets.

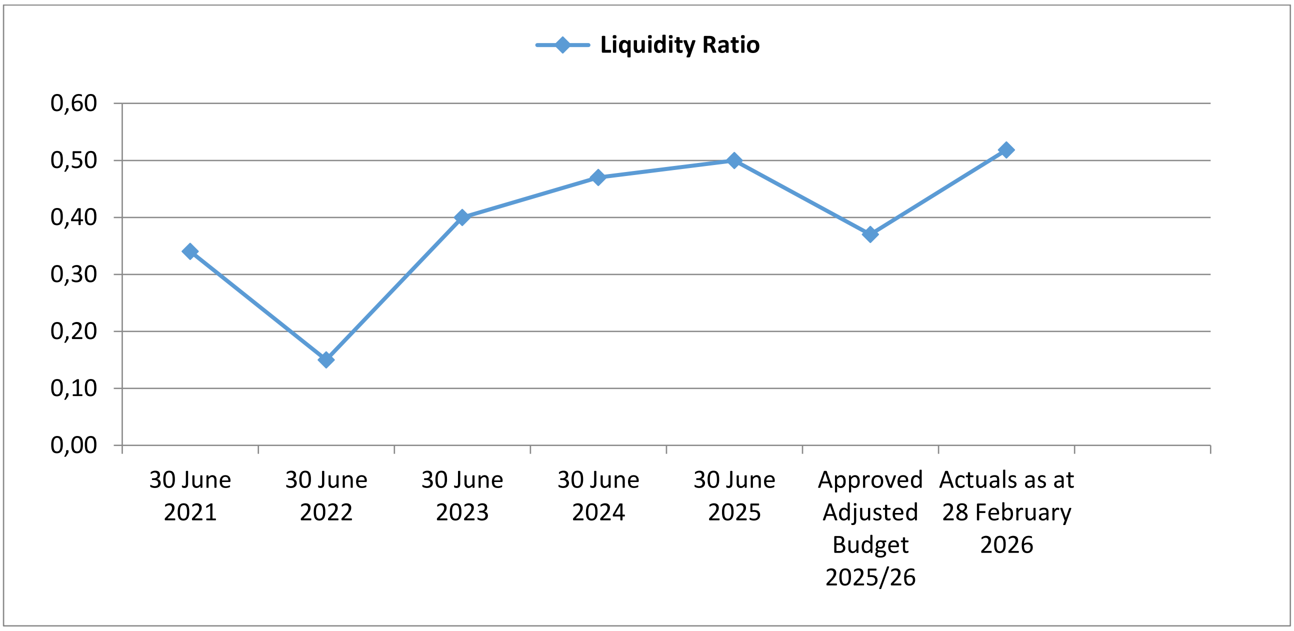
The ratio is determined as follows:

Monetary assets/Current liabilities

A favourable ratio would ensure that the Municipality is able to settle its short-term commitments from monetary assets. The liquidity ratio as at 28 February 2026 was 0.52:1 compared to the approved adjusted budget ratio of 0.37:1.

As at 28 February 2026, cash reserves/commitments amounted to R90,539 million, the liquidity ratio excluding the cash reserves constitute 0.26:1.

The liquidity ratio is of the utmost importance to measure the financial liquidity and sustainability of the municipality.



1.2. Revenue Management

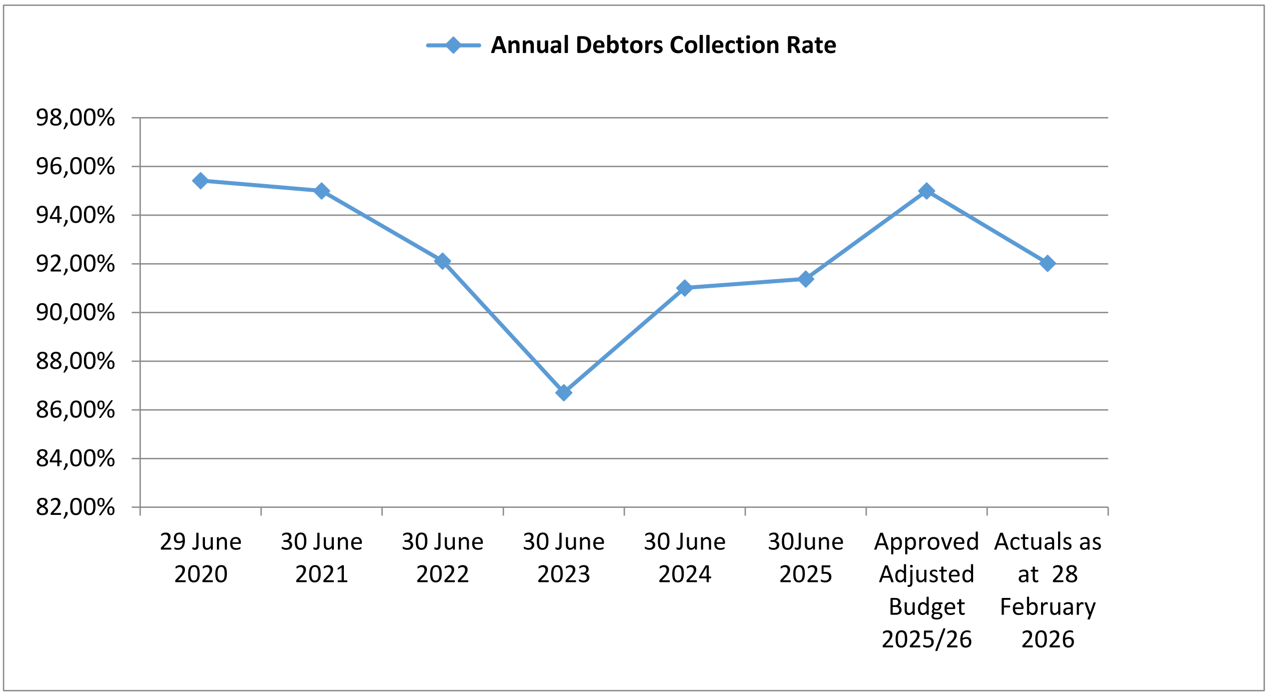
1.2.1. Annual Debtors Collection Rate

This ratio assesses the actual cash collected, compared to the monetary value of the municipal accounts rendered for municipal rates and services.

The ratio to determine the percentage collection rate is as follows:

Gross Debtors Opening Balance + Billed Revenue – Gross Debtors Closing Balance - Bad Debts Written Off) / Billed Revenue x 100

The average collection rate as at 28 February 2026 was 92.02%, compared to the approved adjusted budget collection rate of 95%. The actual collection rate for February is 94.84 %.



1.3. Other indicators

1.3.1. Cost coverage

The Ratio indicates the Municipality's ability to meet at least its monthly fixed operating commitments from cash and short-term investments, without collecting any additional revenue, during that particular month.

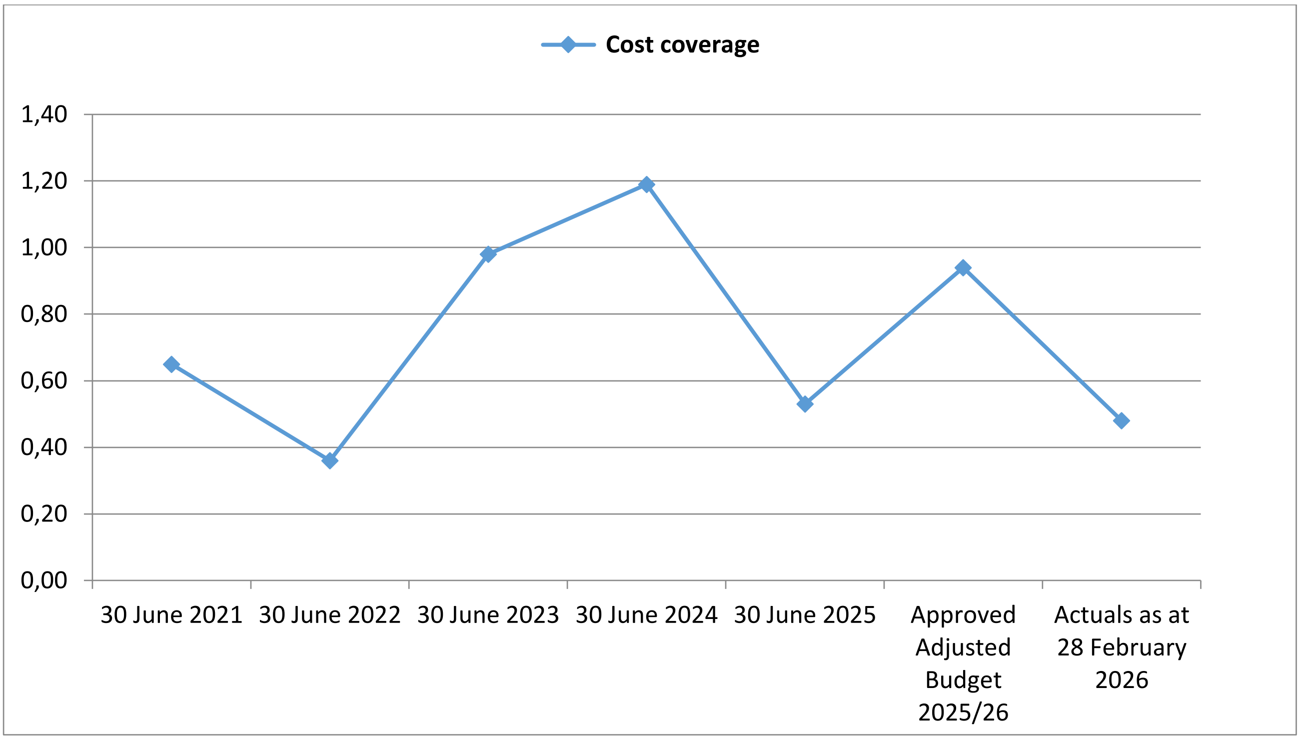
The Ratio is adjusted for Unspent Conditional Grants, Unspent borrowings, Cash Reserves for Eskom and Cash Reserves provided for the Development Bank of South Africa (DBSA) and augmentation fees, as the cash is not available for normal day-to-day operational expenditure but rather reserved for Grant and Capital related expenditure.

The ratio is determined as follows:

Cash and cash equivalents – unspent conditional grants – unspent borrowings – cash reserves - overdraft + short-term investments/ monthly fixed operational expenditure excluding (depreciation, amortisation, provisions for bad debts, impairment and loss on the disposal of assets)

As at 28 February 2026, the Ratio was 0.39 months, compared to the approved adjusted budget ratio of 0.94 months.

In terms of MFMA Circular No. 71, the norm is 1 month to 3 months.



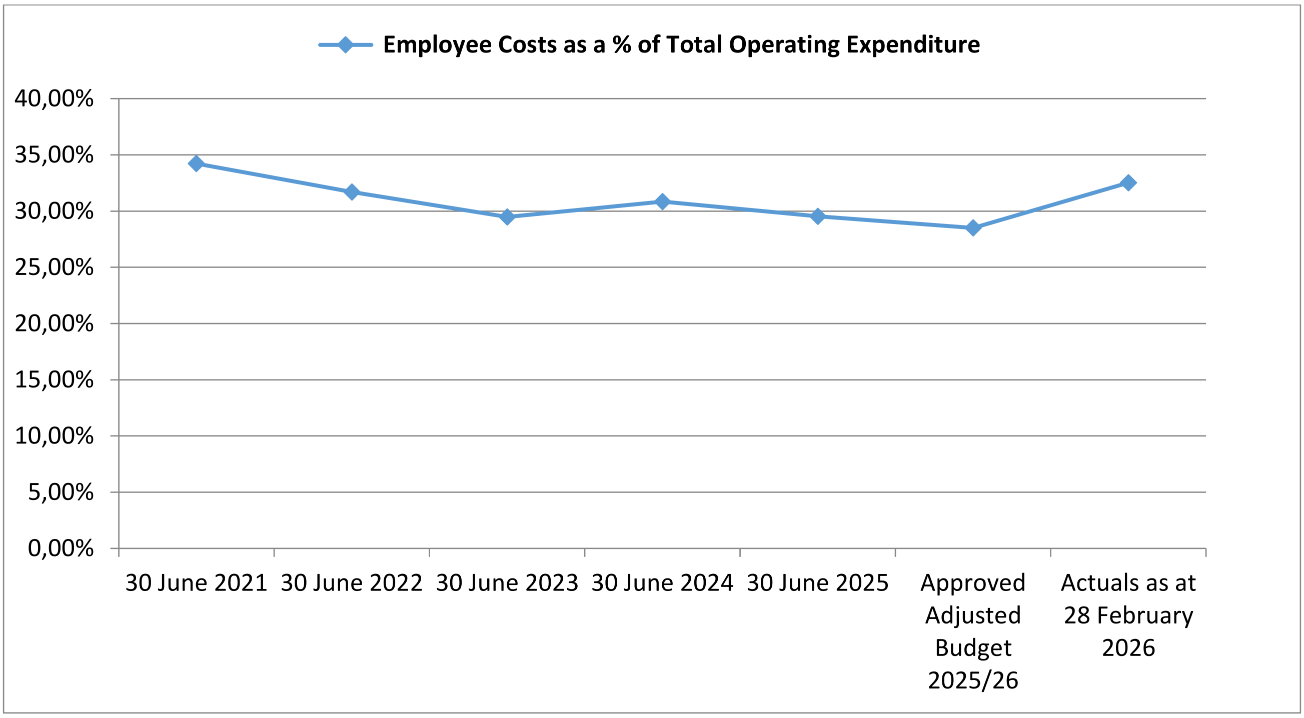
1.3.2. Employee costs as a % of Total Operating Expenditure

This ratio assesses the extent to which the Municipality's Total Operating Expenditure is consumed by costs associated with the employment of human resources.

The ratio is determined as follows:

Employee Costs to date/Total Operating Expenditure to Date

As at 28 February 2026, Employee Related Costs constituted 32.53% of the Total Operating Expenditure, compared to the approved adjusted budget ratio 28.5%.



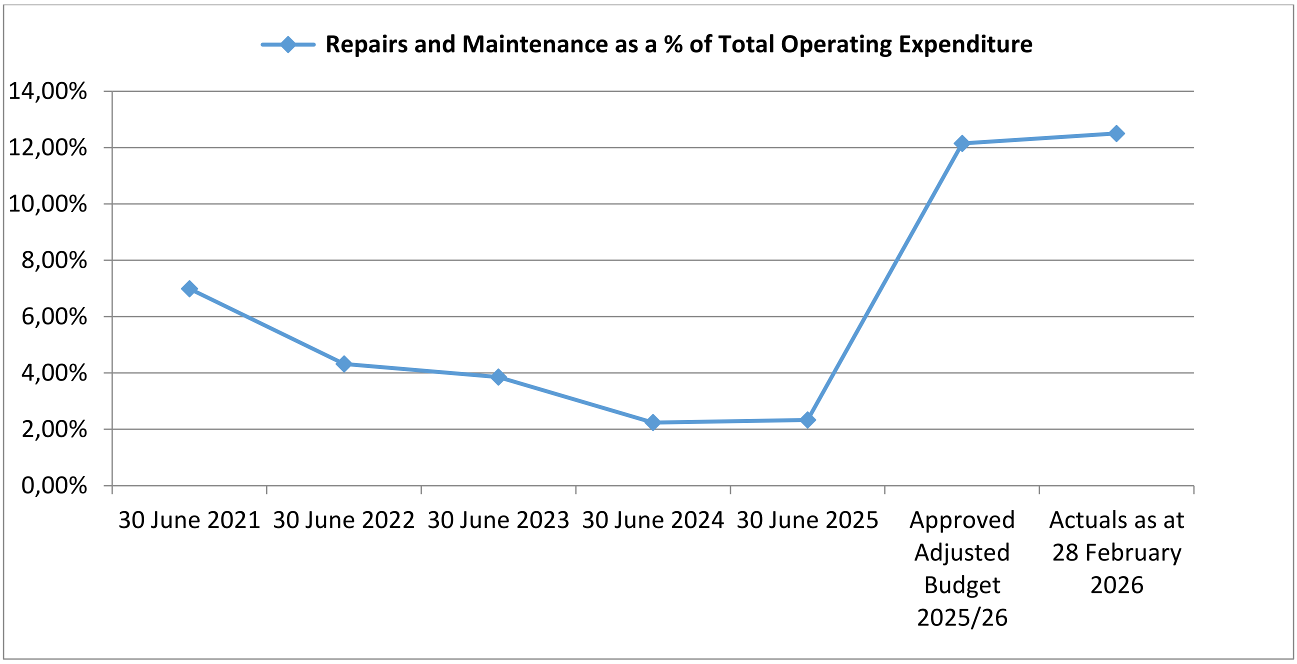
1.3.3. Repairs and Maintenance as a % of Total Operating Expenditure

This ratio assesses the extent to which the Municipality's Total Operating Expenditure is consumed by costs associated with the repairs and maintenance of its assets.

The ratio is determined as follows:

Repairs and maintenance expenditure to date / Total Operating Expenditure to date

As at 28 February 2026, the ratio was 12.51%, compared to the approved adjusted budget ratio of 12.15%.



1.3.4. Repairs and Maintenance as a % of the book value of Property, Plant and Equipment (PPE)

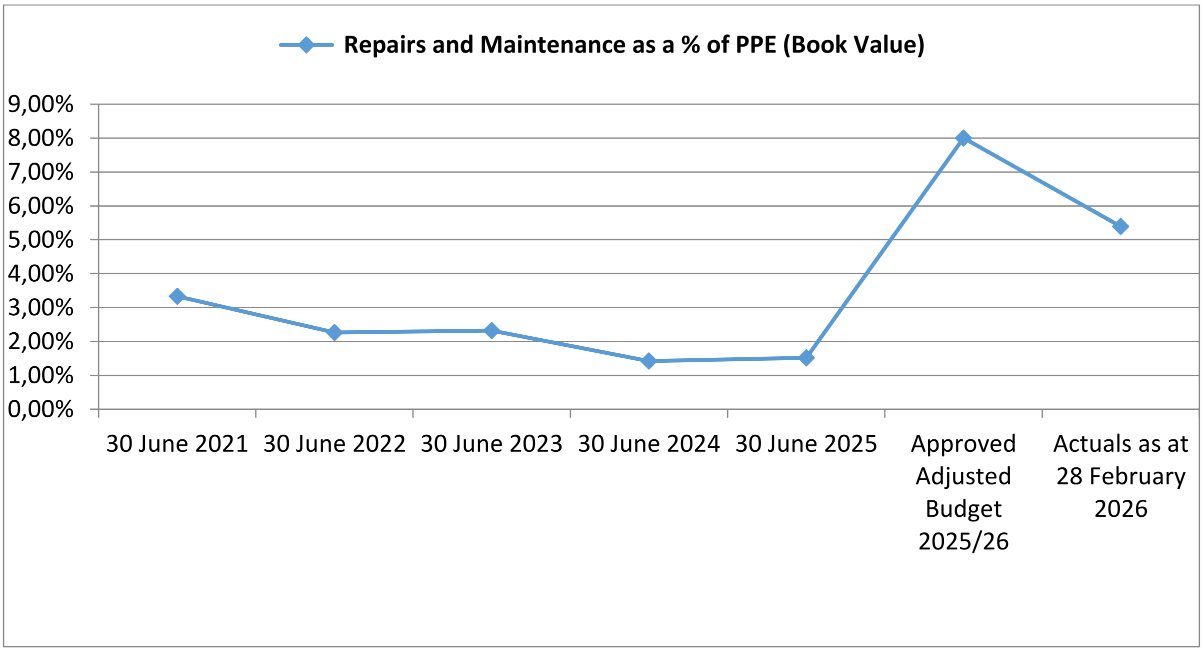
The Ratio measures the level of repairs and maintenance to ensure adequate maintenance to minimise breakdowns and interruptions in service delivery.

The ratio is determined as follows:

Repairs and maintenance expenditure to date / Book value of PPE to date

As at 28 February 2026, repairs and maintenance expenditure constituted 5.40% of the book value of PPE, compared to the approved adjusted budget ratio of 8%.

In terms of the MFMA Circular No.71, the norm is 8%.



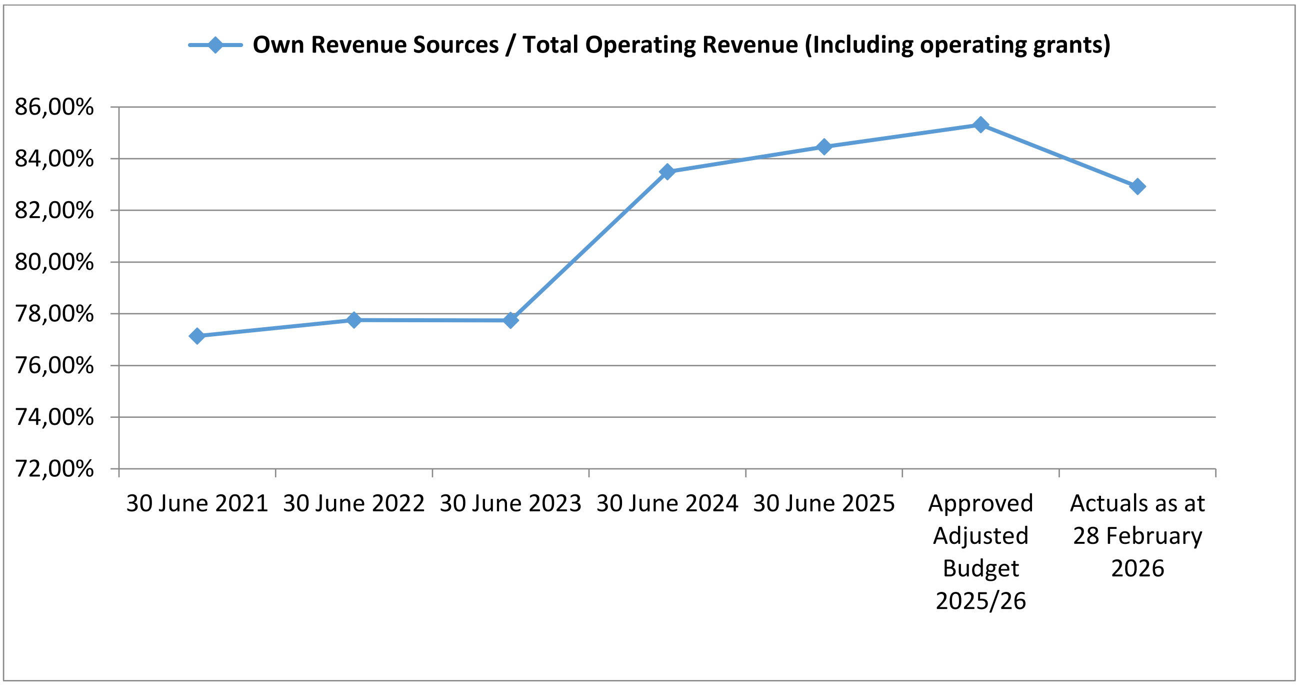
Own Revenue Generation

This ratio measures the extent to which the Municipality has control over its revenue sources, i.e., what percentage of its revenue is generated locally. The higher the ratio, the less reliant a Municipality is on Provincial and National Government to support its operations.

The ratio is determined as follows:

Own Revenue Sources / Total Operating Income (includes operating grants)

As at 28 February 2026, the Municipality's own revenue sources constituted 82.93% of its total Operating Income, compared to the approved adjusted budget ratio of 85.31%.



1.3.5. Capital Budget Spending

This ratio assesses the level of actual capital spending, compared to the budgeted capital expenditure.

The ratio is determined as follows:

Actual Capital spending / Approved Capital Budget

The actual spending as at 28 February 2026 amounted to 17.65%, compared to the approved adjusted budget ratio of 95%.