



## EXECUTIVE COMMITTEE

### FOR CONSIDERATION

**AUTHOR** : MS NZ GUZANA  
**DEPARTMENT** : BUDGET AND TREASURY  
**REFERENCE NO** : EXCO  
**DATE** : 21 JANUARY 2026

**SUBJECT: SECTION 52(d) SECOND QUARTER REPORT (JULY - DECEMBER 2025)**

### 1. ATTACHMENTS

- 1.1 Annexure A: S52(d) Quarterly Report (Uploaded on resilio)
- 1.2 Municipal In-year reports – C schedule (Uploaded on resilio)

### 2. PURPOSE

The purpose of this report is to inform the Council on the implementation of the budget and the financial state affairs of the municipality for the second quarter as from 1<sup>st</sup> July 2025 – 31<sup>st</sup> December 2025.

### 3. LEGISLATIVE PROVISIONS

Section 52(d) of the Municipal Finance Management Act, (No. 56 of 2003)  
*“The mayor of a municipality must, within 30 days of the end of each quarter, submit a report to the council on the implementation of the budget and the financial state of affairs of the municipality;”*

### 4. DISCUSSION

The Second Quarter report on the implementation of the budget statement in terms of Section 52(d) of the Municipal Finance Management Act for the period ended **31<sup>st</sup> December 2025** is detailed below.

Report has considered the following items:

- 4.1 Statement of Financial Performance
- 4.2 Capital Expenditure
- 4.3 DORA Grants Receipts & Expenditure
- 4.4 Debtors Age Analyses

Executive Committee

Cllr. TP Mdialose (Mayor) | Cllr. BL Magwaza (Deputy Mayor) | Cllr. PM Sishi (Speaker) | Ex Officio Mr S Khuzwayo (Municipal Manager)  
Cllr. SZ Mdletshe | Cllr. ST Magwaza | Cllr. M. Shelembe | Cllr. BA Mchunu | Cllr. SC Mdletshe

- 4.5 Employee Costs and Councilor's Remuneration
- 4.6 Investment Portfolio
- 4.7 Long-term Borrowing
- 4.8 Performance indicators
- 4.9 Creditors Age Analyses
- 4.10 Bank Reconciliation Statement
- 4.11 Municipal manager's quality certificate

## BUDGET SUMMARY

The financial analysis comprises of the operating budget performance, capital budget performance, analysis position as well as the cash flows. Major variances and those items with an impact in each of these categories will be discussed in the analysis below. The major variances are those which displays negative percentages especially the one that display variances of more than -10%.

The following table represents an executive summary for the second quarter of the financial year ended 31<sup>st</sup> December 2025:

Description	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
<b>R thousands</b>									
Total Revenue (excluding capital transfers and contributions)	430,705	454,622	–	96,746	287,799	227,311	60,488	27%	454,622
Total Expenditure	474,482	487,944	–	59,185	238,647	243,972	(5,325)	-2%	487,944
Surplus/(Deficit)	(43,776)	(33,322)	–	37,561	49,152	(16,661)	65,813	-395%	(33,322)
Transfers and subsidies - capital (monetary allocations)	47,668	46,017	–	3,400	21,727	23,008	(1,281)	-6%	46,017
Transfers and subsidies - capital (in-kind)	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	3,892	12,694	–	40,962	70,879	6,347	64,532	1017%	12,694
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–
Surplus/ (Deficit) for the year	3,892	12,694	–	40,962	70,879	6,347	64,532	1017%	12,694
<b>Capital expenditure &amp; funds sources</b>									
Capital expenditure	126,192	130,596	–	9,723	43,334	68,495	(25,160)	-37%	130,596
Capital transfers recognised	42,242	40,058	–	2,953	19,528	20,029	(501)	-2%	40,058
Borrowing	0	–	–	–	–	–	–	–	–
Internally generated funds	83,950	90,538	–	6,769	23,806	45,269	(21,463)	-47%	90,538
Total sources of capital funds	126,192	130,596	–	9,723	43,334	65,298	(21,964)	-34%	130,596

As can be seen from the table above, Actual surplus for the period ended 31st December 2025 is more than the Budgeted Surplus. Monthly budget statement summary (Table C1), for the period ending 31st December 2025 (year to date actual), shows a surplus of R70,8 million against YTD budget of R6,3million which reflects variance of more than 100%.

The municipal state of finance remains healthy as the municipality continues to realize more returns on investments hence the municipality will be able to redirect these returns towards service delivery.

## QUARTELY BUDGET STATEMENTS FINANCIAL PERFORMANCE

### Operating Revenue:

KZN291 Mandeni - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - Q2 Second Quarter

Description	Ref	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	
<b>R thousands</b>											
<b>Revenue</b>											
Exchange Revenue											
Service charges - Electricity		64,753	82,686	—	6,583	43,855	41,343	2,512	6%	82,686	
Service charges - Water		—	—	—	—	—	—	—	—	—	
Service charges - Waste Water Management		—	—	—	—	—	—	—	—	—	
Service charges - Waste management		13,073	14,713	—	1,221	7,270	7,356	(86)	-1%	14,713	
Sale of Goods and Rendering of Services		2,282	1,513	—	118	586	757	(171)	-23%	1,513	
Agency services		—	—	—	—	—	—	—	—	—	
Interest		—	—	—	—	—	—	—	—	—	
Interest earned from Receivables		1,487	2,016	—	135	775	1,008	(233)	-23%	2,016	
Interest from Current and Non Current Assets		19,863	25,000	—	1,128	6,794	12,500	(5,706)	-46%	25,000	
Dividends		—	—	—	—	—	—	—	—	—	
Rent on Land		—	—	—	—	—	—	—	—	—	
Rental from Fixed Assets		593	755	—	48	302	378	(76)	-20%	755	
Licence and permits		—	—	—	—	—	—	—	—	—	
Special rating levies		—	—	—	—	—	—	—	—	—	
Operational Revenue		1,355	1,252	—	61	673	626	47	7%	1,252	
Non-Exchange Revenue		—	—	—	—	—	—	—	—	—	
Property rates		63,942	64,913	—	4,999	36,588	32,456	4,131	13%	64,913	
Surcharges and Taxes		—	—	—	—	—	—	—	—	—	
Fines, penalties and forfeits		3,569	1,367	—	2	70	683	(613)	-90%	1,367	
Licence and permits		969	998	—	7	325	499	(174)	-35%	998	
Transfers and subsidies - Operational		253,010	254,956	—	82,147	189,146	127,478	61,668	48%	254,956	
Interest		3,570	4,453	—	311	1,430	2,227	(796)	-36%	4,453	
Fuel Levy		—	—	—	—	—	—	—	—	—	
Operational Revenue		—	—	—	—	—	—	—	—	—	
Gains on disposal of Assets		—	—	—	—	—	—	—	—	—	
Other Gains		2,239	—	—	—	—	—	—	—	—	
Discontinued Operations		—	—	—	—	—	—	—	—	—	
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>430,705</b>	<b>454,622</b>	—	<b>96,760</b>	<b>287,813</b>	<b>227,311</b>	<b>60,502</b>	<b>27%</b>	<b>454,622</b>	

**Operating Revenue:** The actual operating revenue per source shows clear view of actual operating revenue raised and/or collected of R96,8 million for the month. The YTD Actual of R287.8 million over YTD budget of R227,3million and this gives us over performance by 27%.

The municipality has received the second trench of equitable share with total amount of **R183.1 million** as publicized in DORA.

## Operating Expenditure

KZN291 Mandeni - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - Q2 Second Quarter

Description	Ref	2024/25		Budget Year 2025/26						
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
<b>R thousands</b>										
<b>Expenditure By Type</b>										
Employee related costs		160,030	167,901	—	13,438	80,631	83,951	(3,320)	-4%	
Remuneration of councillors		15,151	17,043	—	1,274	7,563	8,522	(959)	-11%	
Bulk purchases - electricity		58,515	66,107	—	10,668	35,854	33,054	2,800	8%	
Inventory consumed		6,135	5,918	—	382	917	2,959	(2,042)	-69%	
Debt impairment		24,403	32,077	—	16,039	16,039	16,038	0	0%	
Depreciation and amortisation		46,319	36,240	—	3,376	19,972	18,120	1,852	10%	
Interest		0	3,050	—	—	—	1,525	(1,525)	-100%	
Contracted services		79,982	89,650	—	6,856	37,687	44,825	(7,139)	-16%	
Transfers and subsidies		2,450	—	—	1,000	2,050	—	2,050	0%	
Irrecoverable debts written off		10,696	6,637	—	—	—	3,318	(3,318)	-100%	
Operational costs		71,100	62,722	—	6,151	37,924	31,361	6,563	21%	
Losses on Disposal of Assets		965	600	—	—	—	300	(300)	-100%	
Other Losses		(1,264)	—	—	2	12	—	12	0%	
<b>Total Expenditure</b>		<b>474,482</b>	<b>487,944</b>	—	<b>59,185</b>	<b>238,647</b>	<b>243,972</b>	<b>(5,325)</b>	<b>-2%</b>	

**Operating Expenditure:** The actual operating expenditure per vote shows actual operating expenditure of R59,2 million for the month. The expenditure YTD Actual for R238,6 million which gives us gives us an underperformance of -2% when compared to YTD Budget of R243,9 million.

## Capital Expenditure

KZN291 Mandeni - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - Q2 Second Quarter											
Vote Description	Ref	2024/25		Budget Year 2025/26							Full Year Forecast
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %		
R thousands	1										
<b>Capital Expenditure - Functional Classification</b>											
<b>Governance and administration</b>		<b>27,275</b>	<b>34,549</b>	–	4,735	12,497	17,275	(4,778)	-28%	<b>34,549</b>	
Executive and council		12,470	30,000	–	3,820	11,040	15,000	(3,960)	-26%	30,000	
Finance and administration		14,806	4,549	–	915	1,457	2,275	(818)	-36%	4,549	
Internal audit		–	–	–	–	–	–	–	–	–	
<b>Community and public safety</b>		<b>12,330</b>	<b>26,644</b>	–	573	5,399	13,322	(7,923)	-59%	<b>26,644</b>	
Community and social services		4,026	8,664	–	292	3,845	4,332	(487)	-11%	8,664	
Sport and recreation		7,487	8,836	–	280	1,554	4,418	(2,864)	-65%	8,836	
Public safety		817	9,143	–	–	–	4,572	(4,572)	-100%	9,143	
Housing		–	–	–	–	–	–	–	–	–	
Health		–	–	–	–	–	–	–	–	–	
<b>Economic and environmental services</b>		<b>82,638</b>	<b>62,038</b>	–	4,415	25,042	31,019	(5,978)	-19%	<b>62,038</b>	
Planning and development		7,313	7,522	–	578	1,566	3,761	(2,195)	-58%	7,522	
Road transport		75,324	54,517	–	3,837	23,476	27,258	(3,783)	-14%	54,517	
Environmental protection		–	–	–	–	–	–	–	–	–	
<b>Trading services</b>		<b>3,949</b>	<b>7,365</b>	–	–	397	3,682	(3,285)	-89%	<b>7,365</b>	
Energy sources		2,389	4,869	–	–	–	2,435	(2,435)	-100%	4,869	
Water management		–	–	–	–	–	–	–	–	–	
Waste water management		–	870	–	–	–	435	(435)	-100%	870	
Waste management		1,560	1,626	–	–	397	813	(416)	-51%	1,626	
<b>Other</b>		–	–	–	–	–	–	–	–	–	
<b>Total Capital Expenditure - Functional Classification</b>	3	<b>126,192</b>	<b>130,596</b>	–	9,723	43,334	65,298	(21,964)	-34%	<b>130,596</b>	
<b>Funded by:</b>											
National Government		41,421	39,884	–	2,957	19,264	19,942	(678)	-3%	39,884	
Provincial Government		821	174	–	(4)	264	87	177	204%	174	
District Municipality		–	–	–	–	–	–	–	–	–	
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, etc)		–	–	–	–	–	–	–	–	–	
<b>Transfers recognised - capital</b>		<b>42,242</b>	<b>40,058</b>	–	2,953	19,528	20,029	(501)	-2%	<b>40,058</b>	
<b>Borrowing</b>	6	0	–	–	–	–	–	–	–	–	
<b>Internally generated funds</b>		83,950	90,538	–	6,769	23,806	45,269	(21,463)	-47%	90,538	
<b>Total Capital Funding</b>		<b>126,192</b>	<b>130,596</b>	–	9,723	43,334	65,298	(21,964)	-34%	<b>130,596</b>	

**Capital Expenditure:** The actual capital expenditure per vote reflects an actual expenditure of R9,7 million for the month of December 2025. The expenditure YTD Actual of R43,3 million gives us an underperformance of -34% when compared to YTD Budget of R65,3million.

## GRANTS REPORTING AS AT 31DECEMBER 2025

KZN291 MANDENI MUNICIPALITY GRANT REGISTER									
Name of grant	Funder	Vote Account Number - Liability	Opening Balance as 1/7/2025	Gazzete 2025/2026	Receipts	Expenditure: Operating (Revenue Recognised)	Expenditure: Capital (Revenue Recognised)	Closing Balance as at 30/06/2026	% Spent
<a href="#">Expanded Public Works Programme (E PWP)</a>	Public Works	D0001/IL08802/F1169	R -	R 1,714,000	R 1,200,000	R 1,422,648	R -	R -222,648	83%
<a href="#">Financial Management Grant (FMG)</a>	National Treasury	D0001/IL08834/F1177	R -	R 1,900,000	R 1,900,000	R 1,295,698	R -	R 604,302	68%
<a href="#">Municipal Infrastructure Grant (MIG)</a>	CoGTA	D0001/IL07049/F0791	R -	R 48,228,000	R 38,000,000	R 1,106,335	R 17,844,040	R 19,049,625	39%
<a href="#">Regional Bulk Infrastructure Grant (RBIG)</a>	Ilembe District Municipality	D0001/IL100583/F116	R -		R 5,073,584	R 5,073,584	R -	R 0	100.00
<a href="#">Provincialisation - Library Services</a>	Arts & Culture	D0001/IL093089/F136	R -	R 4,933,000	R 4,825,000	R 2,191,610	R -	R 2,633,390	44%
<a href="#">Title Deed</a>	KZN Human Settlement	D0001/IL093046/F136	R 722,872	R -	R -	R 722,872	R -	R -0	100%
<a href="#">Maintenance Grant - Sport Facilities</a>	Sports & Recreation	D0001/IL076133/F000	R 57,961	R -	R -	R -	R -	R 57,961	0%
<a href="#">Disaster Relief Grant</a>	National Treasury	D0001/IL103464/F096	R 4,510,901	R -	R -	R -	R 4,510,901	R 0	100%
<b>TOTAL - DECEMBER 2025</b>			<b>R 5,291,734</b>	<b>R 56,775,000</b>	<b>R 60,998,584</b>	<b>R 11,812,747</b>	<b>R 22,354,941</b>	<b>R 32,122,630</b>	

**Government Grants receipts:** The municipality received MIG of R61million as of 31<sup>st</sup> December 2025.

**Grants Register closing balance:** As of 31 December 2025, the Grants Register reflects a total unspent grant balance of **R32.1 million**, representing **40%** of the total grants received. This balance is attributable to the following grants:

- FMG Grant: with a balance of R604thousand as of 31<sup>st</sup> December 2025, representing 32% of the total allocation remaining unspent.
- Provincial Libraries Grant: with a balance of R2,6million, representing 56% of the total allocation remaining unspent.
- MIG Grant: with a balance of R19million, which is 61% as of 31<sup>st</sup> December 2025 of the total allocation remaining unspent.
- RBIG Grant: expenditure of 100% noted
- Sport Grant: no expenditure recorded in the new financial year to date.

- Title Deeds Restoration Grant: the grant has been fully spent as of 31<sup>st</sup> December 2025
- Disaster relief Grant: the grant has been fully spent as of 31<sup>st</sup> December 2025.
- **EPWP Grant:** The Grant reflected a negative balance of R223 thousand as of 31 December 2025. This is due to the municipality having received total of R1.2 million as of the first and second tranche at the reporting date. As a result, 17% of the total allocation remains unspent.

## INVESTMENTS AS AT DECEMBER 2025

INVESTMENT REGISTER FOR DECEMBER 2025							
Name of grant	Opening Balance as at	Re-Investments	Expenditure	interest	bank charges	Closing Balance as at	TOTAL INTEREST EARNED TO DATE
	12/1/2025					12/31/2025	
	R	R	R	R	R	R	R
call 1-internal grant	-	70,000,000.00	62,587,686.30	87,686.30	-	7,500,000.00	839,928.38
Call account 2 - HOUSING	2,209,323.03	-	-	10,395.92	-	2,219,718.95	65,481.61
Call account 3-MIG	5,824,982.97	15,000,000.00	3,596,537.61	73,138.25	-	17,301,583.61	331,694.71
Call account 5-TMT	567,656.06	1,400.00	-	2,595.53	32.24	571,619.35	16,614.21
Call account 6-INEP	1,126.03	-	-	5.28	-	1,131.31	1,131.31
Call account 7-AR	1,520,305.66	-	-	7,359.94	-	1,527,665.60	83,472.77
Call account 8- Title Deed	1,761,047.97	-	-	8,525.40	-	1,769,573.37	60,873.66
Call account 9- Disaster Recovery	142,973.34	-	-	692.15	-	143,665.49	62,412.58
ABSA BANK	-	-	-	-	-	-	-
NEDBANK	-	-	-	-	-	-	1,117,029.92
ABSA BANK	100,000,000.00	-	-	759,452.06	-	100,000,000.00	3,927,452.05
ABSA BANK	30,000,000.00	-	-	151,232.87	-	30,000,000.00	151,232.87
FNB-MAIN BANK	-	-	-	27,162.05	-	-	136,452.44
<b>TOTAL</b>	<b>142,027,415.06</b>	<b>85,001,400.00</b>	<b>(66,184,223.91)</b>	<b>1,128,245.75</b>	<b>(32.24)</b>	<b>161,034,957.68</b>	<b>6,793,776.51</b>

**Investment register closing balance:** The opening balance brought forward was R142million, with R1.1million interest earned for the month ended December 2025. Withdrawals and / expenditure for the period totalling to R66,2million, attributed to spending from various cash-backed accounts. In addition, we have transfers from Main Bank to selected call accounts.

In October 2025, investment number 03/7881155450/000038, amounting to R50 million, was withdrawn earlier than agreed date of 10 November 2025, earning total interest of R1,1 million. The proceeds were deposited into the municipal bank account.

In December 2025, a total amount of R30 million was invested with ABSA for a three-month term.

As at the reporting date, the Investment Register reflects a balance of R161 million for investments and a total interest earned of R6.8 million, which includes interest accrued from all the accounts.

## MONTHLY BUDGET STATEMENT -CASH FLOW

KZN291 Mandeni - Table C7 Monthly Budget Statement - Cash Flow - Q2 Second Quarter

Description	Ref	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	1									%	
NET INCREASE/ (DECREASE) IN CASH HELD		31,615	(82,386)	–	57,308	41,322	(24,150)				–
Cash/cash equivalents at beginning:		230,188	92,208	–	–	131,899	92,208				131,899
Cash/cash equivalents at month/year end:		261,803	9,822	–	57,308	173,221	68,059				–

**Cash & Cash equivalent:** net increase in cash is R173,2 million as at 31<sup>st</sup> December 2025. The municipality opened with a cash and cash equivalent balance of R131,9 million at the beginning of the financial year and closed the month with a balance of R173,2million as at the end of December 2025.

## Creditors Age analyses:

KZN291 Mandeni - Supporting Table SC4 Monthly Budget Statement - aged creditors - Mid-Year Assessment

Description	NT Code	Budget Year 2025/26									Prior year totals
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120	121 - 150	151 - 180	181 Days -	Over 1 Year	Total	
R thousands											
Creditors Age Analysis By Customer Type											
Bulk Electricity	0100	–	–	–	–	–	–	–	–	–	–
Bulk Water	0200	–	–	–	–	–	–	–	–	–	–
PAYE deductions	0300	–	–	–	–	–	–	–	–	–	–
VAT (output less input)	0400	–	–	–	–	–	–	–	–	–	–
Pensions / Retirement deductions	0500	–	–	–	–	–	–	–	–	–	–
Loan repayments	0600	–	–	–	–	–	–	–	–	–	–
Trade Creditors	0700	–	–	–	–	–	–	–	–	–	–
Auditor General	0800	–	–	–	–	–	–	–	–	–	–
Other	0900	–	–	–	–	–	–	–	–	–	–
Medical Aid deductions	0950	–	–	–	–	–	–	–	–	–	–
<b>Total By Customer Type</b>	<b>1000</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

As of 31 December 2025, the balance stood at R0. It is the municipality's good practise that all creditors are paid within 30 days.

## Debtors Age Analysis:

KZN291 Mandeni - Supporting Table SC3 Monthly Budget Statement - aged debtors - Mid-Year Assessment													
Description		NT Code	Budget Year 2025/26									Total	Total over 90 days
			0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151- 180 Dys	181 Dys- 1 Yr	Over 1Yr			
<b>R thousands</b>													
<b>Debtors Age Analysis By Income Source</b>													
Trade and Other Receivables from Exchange Transactions - Water	1200	—	—	—	—	—	—	—	—	—	—	—	—
Trade and Other Receivables from Exchange Transactions - Electricity	1300	1,913	1,660	1,294	2,051	1,125	123	496	2,759	11,421	6,555		
Receivables from Non-exchange Transactions - Property Rates	1400	4,966	4,004	3,821	2,435	15,283	(5)	7,117	104,555	142,175	129,384		
Receivables from Exchange Transactions - Waste Water Management	1500	—	—	—	—	—	—	—	—	—	—	—	
Receivables from Exchange Transactions - Waste Management	1600	1,420	1,179	977	950	969	916	5,828	61,721	73,961	70,384		
Receivables from Exchange Transactions - Property Rental Debtors	1700	34	31	12	7	(1,212)	(5)	(47)	128	(1,052)	(1,130)		
Interest on Arrear Debtor Accounts	1810	447	436	470	401	402	418	2,829	34,765	40,168	38,816		
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	—	—	—	—	—	—	—	—	—	—	—	
Other	1900	4,690	6	6	15	8	11	7	5,409	10,152	5,450		
<b>Total By Income Source</b>	<b>2000</b>	<b>13,471</b>	<b>7,316</b>	<b>6,580</b>	<b>5,860</b>	<b>16,574</b>	<b>1,459</b>	<b>16,229</b>	<b>209,337</b>	<b>276,826</b>	<b>249,459</b>		
<b>2024/25 - totals only</b>												—	—
<b>Debtors Age Analysis By Customer Group</b>													
Organs of State	2200	2,076	1,839	2,425	1,142	162	148	1,357	33,700	42,849	36,509		
Commercial	2300	6,482	2,026	1,448	1,254	13,646	130	2,898	27,618	55,501	45,545		
Households	2400	4,644	3,311	2,559	3,317	2,562	1,044	11,042	141,911	170,390	159,876		
Other	2500	269	140	147	147	204	136	933	6,108	8,085	7,529		
<b>Total By Customer Group</b>	<b>2600</b>	<b>13,471</b>	<b>7,316</b>	<b>6,580</b>	<b>5,860</b>	<b>16,574</b>	<b>1,459</b>	<b>16,229</b>	<b>209,337</b>	<b>276,826</b>	<b>249,459</b>		

As at 31<sup>st</sup> December 2025, total debtors balance is R276,8 million. The billing is done on the monthly basis; collection and issuing of final demand letters are ongoing to reduce our debtors' book.

### Debtors' collection rate as at 31<sup>st</sup> December is 83%.

- Collection Rate as at 31st December 2025

DEBTORS COLLECTION RATE DECEMBER 2025	
	GROSS DEBTORS OPENING BALANCE
	262,266,700.32
	ADD: BILLED REVENUE
	84,580,842.81
	LESS: GROSS DEBTORS CLOSING BALANCE
	267,825,666.42
	70,021,842.71
	DIVIDED BY BILLED REVENUE
	84,580,808.81
	82.79%
	<b>RATE</b>
	<b>83%</b>

- Current Collection Rate on Current Accounts December 2025

DEBTORS COLLECTION RATE CURRENT ACCOUNT DECEMBER 2025	
	RECEIPT FOR DECEMBER 20205
	8,697,420.79
	DEVIDE: BILLED REVENUE
	12,353,002.04
	70.40734521
	<b>RATE</b>
	<b>70%</b>

- Collection Rate on Historical Debt

DEBTORS COLLECTION RATE HISTORICAL DEBT DECEMBER 2025		
	RECEIPT FOR DECEMBER 20205	8,697,420.79
	DEVIDE: BILLED REVENUE	284,542,063.72
	OPENING BALANCE	272,189,061.68
	ADD: BILLED REVENUE	12,353,002.04
	<b>RATE</b>	<b>3.06%</b>

The billing is done on the monthly basis; collection and issuing of final demand letters are ongoing to reduce our debtors' book. We also have various other debt collection and Revenue Protection programs which aims at reducing the debt book and increase the overall collection rate.

It should be noted that, we are maintaining and ensuring the maximum collection of the current debt, but our biggest challenge is the historic debt. We anticipate that data cleansing exercises will assist us in ensuring that we dispatch the correct account to the correct customer.

Furthermore, Debt pack is assisting the municipality to recover this debt through telephoning Debtors, printing section 29 and Final demands, we will soon be moving to legal in order to further our collection measured on consumers that are resistant to pay nor respond.

Debt outstanding on Councillors as at December 2025 is **R175,375.64**, it should be noted that we have since issued letters of demand to all affected Councillors in line with Regulation 9 of the 2023 Regulations on the Code of Conduct for Councillors which is aligned to Item 14 of the Actual Code of Conduct for Councillors as per Schedule 7 of the Local Government Municipal Structures Act No. 117 of 1998 as amended, as well as Council Resolution C141 of 29 June 2023.

Debt outstanding on Staff Accounts as at December 2025 is **R77,088.94**, deductions in this regard are ensured monthly.

Cooperation with management and structures in council is required to curb expenditure on the budget throughout the course of the year. The issues that still reflect variances in the budget performance report must be monitored and managed to ensure that the municipality operates within the approved budget.

Furthermore, the municipality will continue to explore and implement effectively credit control measures to strengthen its cash base, especially from individual consumers. Other revenue enhancement strategies over and above that currently yielding revenue will have to be explored with a view to widen the revenue and cash base as these seem to be the solution to turn the cash-flow situation around.

## RATIOS FOR FOURTH QUARTER ENDED 31<sup>st</sup> DECEMBER 2025

 <p><b>NATIONAL TREASURY</b> MFMA Circular No 71 Municipal Finance Management Act No. 56 of 2003</p>					Annexure 2 Interpretation of
					The green colour indicates that the results are acceptable
RATIO	FORMULA	DATA SOURCE	NORM/RANGE	INPUT DESCRIPTION	The red colour indicates that the results are not acceptable. Corrective actions/plans should be taken to improve the results.
					Data should be captured in the碧 ratio.
					In situations where the results are not acceptable, the碧 ratio.

1. FINANCIAL POSITION					
A. Asset Management/Utilisation					
1	Capital Expenditure to Total Expenditure	Total Capital Expenditure / Total Expenditure (Total Operating expenditure + Capital expenditure) × 100	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget, In-Year reports, IDP and AR	10% - 20%	21%
					Total Operating Expenditure 238,647,116
					Taxation Expense -
					Total Capital Expenditure 65,297,923
2	Impairment of Property, Plant and Equipment, Investment Property and Intangible assets (Carrying Value)	Property, Plant and Equipment + Investment Property + Intangible Assets Impairment/(Total Property, Plant and Equipment + Investment Property + Intangible Assets) × 100	Statement of Financial Position, Notes to the AFS and AR	0%	0%
					PPE, Investment Property and Intangible Impairment -
					PPE at carrying value 770,983,232
					Investment at carrying value 44,152,000
					Intangible Assets at carrying value 2,123,913
3	Repairs and Maintenance as a % of Property, Plant and Equipment and Investment Property (Carrying Value)	Total Repairs and Maintenance Expenditure/ Property, Plant and Equipment and Investment Property (Carrying value) × 100	Statement of Financial Position, Statement of Financial Performance, IDP, Budgets and In-Year Reports	8%	2%
					Total Repairs and Maintenance Expenditure 12,365,467
					PPE at carrying value 770,983,232
					Investment Property at Carrying value 44,152,000
B. Debtors Management					
1	Collection Rate	(Gross Debtors Closing Balance + Billed Revenue - Gross Debtors Opening Balance - Bad Debts Written Off)/Billed Revenue x 100	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget, In-Year Reports, IDP and AR	95%	83%
					Gross Debtors closing balance 276,825,666
					Gross Debtors opening balance 262,266,700
					Bad debts written Off
					Billed Revenue 84,580,809
2	Bad Debts Written-off as % of Provision for Bad Debt	Bad Debts Written-off/Provision for Bad debts x 100	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget and AR	100%	5%
					Consumer Debtors Bad debts written off 10,695,564
					Consumer Debtors Current bad debt Provision 200,669,456
3	Net Debtors Days	((Gross Debtors - Bad debt Provision)/ Actual Billed Revenue) × 365	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget and AR	30 days	329 days
					Gross debtors 276,825,666
					Bad debts Provision 200,669,456
					Billed Revenue 84,580,809

### C. Liquidity Management

						4 Month
1	Cash / Cost Coverage Ratio (Excl. Unspent Conditional Grants)	((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	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget, In year Reports and AR	1 - 3 Months	Cash and cash equivalents	12,183,073
					Unspent Conditional Grants	22,122,630
					Overdraft	-
					Short Term Investments	161,034,958
					Total Annual Operational Expenditure	487,943,906
2	Current Ratio	Current Assets / Current Liabilities	Statement of Financial Position, Budget, IDP and AR	1.5 - 2:1		3.91
					Current Assets	291,097,754
					Current Liabilities	74,422,559

### D. Liability Management

						0%
1	Capital Cost(Interest Paid and Redemption) as a % of Total Operating Expenditure	Capital Cost(Interest Paid and Redemption) / Total Operating Expenditure x 00	Statement of Financial Position, Statement of Cash Flows, Statement of Financial Performance, Budget, IDP, In-Year Reports and AR	6% - 8%	Interest Paid	-
					Redemption	-
					Total Operating Expenditure	238,647,116
					Taxation Expense	

### E. Sustainability

						81%
1	Level of Cash Backed Reserves (Net Assets - Accumulated Surplus)	(Cash and Cash Equivalents - Bank overdraft + Short Term Investment + Long Term Investment - Unspent grants) / (Net Assets - Accumulated Surplus - Non Controlling Interest Share Premium - Share Capital - Fair Value Adjustment - Revaluation Reserve) x 100	Statement Financial Position, Budget and AR	100%	Cash and cash Equivalents	12,183,073
					Bank Overdraft	-
					Short Term Investment	161,034,958
					Long Term Investment	-
					Unspent Grants	22,122,630
					Net Assets	1,011,736,503
					Share Premium	
					Share Capital	
					Revaluation Reserve	
					Fair Value Adjustment Reserve	
					Accumulated Surplus	825,280,659

## 2. FINANCIAL PERFORMANCE

### A. Efficiency

						21%
1	Net Operating Surplus Margin	(Total Operating Revenue - Total Operating Expenditure)/Total Operating Revenue	Statement of Financial Performance, Budget, In-Year reports, AR, Statement of Comparison of Budget and Actual Amounts and Statement of Changes in Net Asset	= or > 0%	Total Operating Revenue	287,798,936
					Depreciation - Revalued Portion (Only populate if depreciation line item in the Statement of Financial Performance is based on the revalued asset value)	9,965,087
					Total Operating Expenditure	238,647,116
					Taxation Expense	-
2	Net Surplus /Deficit Electricity	Total Electricity Revenue less Total Electricity Expenditure/Total Electricity Revenue x 100	Statement of Financial Performance, Notes to AFS, Budget, IDP, In-Year reports and AR	0% - 15%		-60%
					Total Electricity Revenue	22,443,029
					Total Electricity Expenditure	35,853,759
4	Net Surplus /Deficit Refuse	Total Refuse Revenue less Total Refuse Expenditure/Total Refuse Revenue x 100	Statement of Financial Performance, Budget, IDP, In-Year reports and AR	= or > 0%		92%
					Total Refuse Revenue	7,270,413
					Total Refuse Expenditure	595,930

C. Revenue Management						
D. Expenditure Management						
1	Creditors Payment Period (Trade Creditors)	Trade Creditors Outstanding / Credit Purchases (Operating and Capital) x 365	Statement of Financial Performance, Notes to AFS, Budget, In-Year reports and AR	30 days	Trade Creditors Contracted Services Repairs and Maintenance General expenses Bulk Purchases  Capital Credit Purchases (Capital Credit Purchases refers to additions of Investment Property and Property, Plant and Equipment)	0 days - 37,686,565 238,647,116 37,923,767 35,853,759  17,400,875
2	Irregular, Fruitless and Wasteful and Unauthorised Expenditure / Total Operating Expenditure	(Irregular, Fruitless and Wasteful and Unauthorised Expenditure) / Total Operating Expenditure x100	Statement Financial Performance, Notes to Annual Financial Statements and AR	0%	Irregular, Fruitless and Wasteful and Unauthorised Expenditure Total Operating Expenditure Taxation Expense	0% - 238,647,116 -
3	Remuneration as % of Total Operating Expenditure	Remuneration (Employee Related Costs and Councillors' Remuneration) / Total Operating Expenditure x100	Statement of Financial Performance, Budget, IDP, In-Year reports and AR	25% - 40%	Employee/personnel related cost Councillors Remuneration Total Operating Expenditure Taxation Expense	37% 80,630,651 7,563,059 238,647,116 -
4	Contracted Services % of Total Operating Expenditure	Contracted Services / Total Operating Expenditure x100	Statement of Financial Performance, Budget, IDP, In-Year reports and AR	2% - 5%	Contracted Services Total Operating Expenditure Taxation Expense	16% 37,686,565 238,647,116 -
E. Grant Dependency						
1	Own funded Capital Expenditure (Internally generated funds + Borrowings) to Total Capital Expenditure	Own funded Capital Expenditure (Internally generated funds + Borrowings) / Total Capital Expenditure x 100	Statement of Financial Position, Budget, AFS Appendices, Notes to the Annual Financial Statements (Statement of Comparative and Actual Information), Budget, IDP, In-Year reports and AR	None	Internally generated funds Borrowings Total Capital Expenditure	55% 23,805,894 - 43,334,337
2	Own funded Capital Expenditure (Internally Generated Funds) to Total Capital Expenditure	Own funded Capital Expenditure (Internally Generated Funds) / Total Capital Expenditure x 100	Statement of Financial Position, Budget, AFS Appendices, Notes to the Annual Financial Statements (Statement of Comparative and Actual Information), Budget, IDP, In-Year reports and AR	None	Internally generated funds Total Capital Expenditure	55% 23,805,894 43,334,337
3	Own Source Revenue to Total Operating Revenue (Including Agency Revenue)	Own Source Revenue (Total revenue - Government grants and Subsidies - Public Contributions and Donations) / Total Operating Revenue (including agency services) x 100	Statement Financial Performance, Budget, IDP, In-Year reports and AR	None	Total Revenue Government grant and subsidies Public contributions and Donations Capital Grants	86% 287,812,656 56,775,000 - 19,543,978
3. BUDGET IMPLEMENTATION						
1	Capital Expenditure Budget Implementation Indicator	Actual capital Expenditure / Budget Capital Expenditure x 100	Statement of Financial Position, Budget, AFS Appendices, In-Year reports and AR	95% - 100%	Actual Capital Expenditure Budget Capital Expenditure	66% 43,334,337 65,297,923
2	Operating Expenditure Budget Implementation Indicator	Actual Operating Expenditure / Budgeted Operating Expenditure x 100	Statement of Financial Position, Budget, AFS Appendices, IDP, In-Year reports and AR	95% - 100%	Actual Operating Expenditure Budget Operating Expenditure	98% 238,647,116 243,972,011
3	Operating Revenue Budget Implementation Indicator	Actual Operating Revenue / Budget Operating Revenue x 100	Statement of Financial Position, Budget, AFS Appendices, IDP, In-Year reports and AR	95% - 100%	Actual Operating Revenue Budget Operating Revenue	127% 287,798,936 227,310,738
4	Service Charges and Property Rates Revenue Budget Implementation Indicator	Actual Service Charges and Property Rates Revenue / Budget Service Charges and Property Rates Revenue x 100	Statement of Financial Position, Budget, AFS Appendices, IDP, In-Year reports and AR	95% - 100%	Actual Service Charges and Property Rates Revenue Budget Service Charges and Property Rates Revenue	202% 80,442,863 39,726,795

## **5. FINANCIAL IMPLICATIONS**

### **Operational Expenditure per funding source as at second quarter ended 31 December 2025**

- Employee Related cost and remuneration of councillors of R88.2 million have been funded from Equitable Share; Library, EPWP and MIG PMU
- Bulk purchases Electricity of R35,9million have been funded by Service Charges-Electricity
- Inventory Consumed of R917thousand have been funded from Equitable Share
- Contracted Services of R37,5million have been funded from Equitable Share
- Operational cost of R37,9million have been funded from Equitable Share.

### **Capital Expenditure per funding source as at second quarter ended 31 December 2025**

- Capital Projects funded by MIG totalling to R19,3million.
- Capital Projects from Provincial Government R264thousand.
- Capital Projects funded from Cash backed Reserves is R23,8million

## **6. RECOMMENDATION**

**It is recommended:**

- 6.1 THAT the Council considers and adopts the S52(d) Second Quarter Report on the implementation of the budget and financial state affairs of the municipality from 1<sup>st</sup> July 2025 – 31<sup>st</sup> December 2025.
- 6.2 That the Executive Committee resolves to recommend to Council the adoption of S52(d) Second Quarter Report ending 31 December 2025.

## **7. ACTING CHIEF FINANCIAL OFFICER:**

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**NZ Guzana**

## **8. MUNICIPAL MANAGER:**

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**SG Khuzwayo**