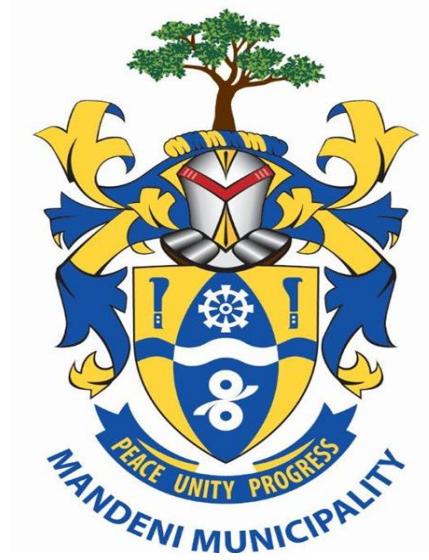


MANDENI MUNICIPALITY (KZN 291)



FIRST QUARTER REPORT SECTION 52(D) (mSCOA)

**2025/26 FINANCIAL YEAR JULY– SEPTEMBER
2025**

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1.1 MAYORS' FOREWORD

Attached

1.2 COUNCIL RESOLUTION

Resolution No: C

Refer to the recommendations contained in this report.

1.3 EXECUTIVE SUMMARY

LEGAL REQUIREMENTS

In terms of section 52(d) of the MFMA, 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 affairs of the municipality.

Quarterly reports are submitted in a prescribed format on the state of the municipality's budget reflecting

the following particulars for that month and for the financial year up to the end of that month.

- Actual revenue, per revenue source;
- Actual expenditure, per vote;
- Actual capital expenditure, per vote;
- The amount of any allocations received and actual expenditure on grant allocations excluding expenditure on the equitable share.
- the actual expenditure on those allocations
- when necessary, an explanation of—
- any material variances from the municipality's projected revenue by source, and from the municipality's expenditure projections per vote;
- any material variances from the service delivery and budget implementation plan; and
- Any remedial or corrective steps taken or to be taken to ensure that projected revenue and expenditure remain within the municipality's approved budget.

1.3.2 FINANCIAL PERFORMANCE

BUDGET SUMMARY

The following table represents an executive summary for the 1st half of the financial year ended 31st 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 | |
| R thousands | | | | | | | | | | |
| 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 | |
| Capital expenditure & funds sources | | | | | | | | | | |
| 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 31 December 2025 (year to date actual), shows a surplus of R70.9million against YTD budget of R6.3million which reflects an over performance 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.

1.4 IN- YEAR BUDGET STATEMENT TABLES

Table 1

Table C1 below provides a summary of the overall performance of the Municipality

KZN291 Mandeni - Table C1 Monthly Budget Statement Summary - Q2 Second Quarter

| 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 | |
| R thousands | | | | | | | | | | |
| Financial Performance | | | | | | | | | | |
| Property rates | 63,942 | 64,913 | – | 4,999 | 36,588 | 32,456 | 4,131 | 13% | 64,913 | |
| Service charges | 77,826 | 97,399 | – | 7,803 | 51,126 | 48,699 | 2,426 | 5% | 97,399 | |
| Investment revenue | 19,863 | 25,000 | – | 1,128 | 6,794 | 12,500 | (5,706) | -46% | 25,000 | |
| Transfers and subsidies - Operational | 253,010 | 254,956 | – | 82,133 | 189,132 | 127,478 | 61,654 | 48% | 254,956 | |
| Other own revenue | 16,064 | 12,353 | – | 683 | 4,160 | 6,177 | (2,017) | -33% | 12,353 | |
| | 430,705 | 454,622 | – | 96,746 | 287,799 | 227,311 | 60,488 | 27% | 454,622 | |
| Total Revenue (excluding capital transfers and contributions) | | | | | | | | | | |
| Employee costs | 160,030 | 167,901 | – | 13,438 | 80,631 | 83,951 | (3,320) | | 167,901 | |
| Remuneration of Councillors | 15,151 | 17,043 | – | 1,274 | 7,563 | 8,522 | (959) | | 17,043 | |
| Depreciation and amortisation | 46,319 | 36,240 | – | 3,376 | 19,972 | 18,120 | 1,852 | | 36,240 | |
| Interest | 0 | 3,050 | – | – | – | 1,525 | (1,525) | | 3,050 | |
| Inventory consumed and bulk purchases | 64,650 | 72,025 | – | 11,050 | 36,771 | 36,013 | 758 | | 72,025 | |
| Transfers and subsidies | 2,450 | – | – | 1,000 | 2,050 | – | 2,050 | | – | |
| Other expenditure | 185,882 | 191,685 | – | 29,047 | 91,661 | 95,842 | (4,181) | -4% | 191,685 | |
| 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 | |
| Capital expenditure & funds sources | | | | | | | | | | |
| 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 | |
| Financial position | | | | | | | | | | |
| Total current assets | 255,323 | 178,561 | – | | 291,098 | | | | 178,561 | |
| Total non current assets | 793,896 | 805,344 | – | | 817,259 | | | | 805,344 | |
| Total current liabilities | 86,164 | 88,340 | – | | 74,423 | | | | 88,340 | |
| Total non current liabilities | 22,198 | 25,770 | – | | 22,198 | | | | 25,770 | |
| Community wealth/Equity | 940,858 | 869,795 | – | | 1,011,737 | | | | 869,795 | |
| Cash flows | | | | | | | | | | |
| Net cash from (used) operating | (94,577) | 62,299 | – | 67,176 | 91,157 | 31,149 | (60,007) | -193% | 62,299 | |
| Net cash from (used) investing | 126,192 | (144,685) | – | (9,723) | (49,834) | (72,343) | (22,509) | 31% | (144,685) | |
| Net cash from (used) financing | – | – | – | – | – | – | – | | – | |
| Cash/cash equivalents at the month/year | 261,803 | 9,822 | – | 57,454 | 173,221 | 51,015 | (122,206) | -240% | – | |
| 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 | 13,572 | 7,290 | 6,561 | 5,848 | 16,567 | 1,459 | 16,221 | 209,308 | 276,826 | |
| Creditors Age Analysis | | | | | | | | | | |
| Total Creditors | – | – | – | – | – | – | – | – | – | |

C2 provides the statement of financial performance by standard classification

KZN291 Mandeni - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - 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 | | | | | | | | | |
| Revenue - Functional | | | | | | | | | | |
| <i>Governance and administration</i> | | 339,132 | 342,170 | — | 87,802 | 229,202 | 171,085 | 58,117 | 34% | 342,170 |
| Executive and council | | — | 8,365 | — | — | — | 4,182 | (4,182) | -100% | 8,365 |
| Finance and administration | | 339,132 | 333,805 | — | 87,802 | 229,202 | 166,902 | 62,299 | 37% | 333,805 |
| Internal audit | | — | — | — | — | — | — | — | — | — |
| <i>Community and public safety</i> | | 6,994 | 6,128 | — | 385 | 2,743 | 3,064 | (321) | -10% | 6,128 |
| Community and social services | | 5,270 | 5,719 | — | 383 | 2,528 | 2,860 | (331) | -12% | 5,719 |
| Sport and recreation | | 1,707 | — | — | — | 204 | — | 204 | 0% | — |
| Public safety | | 17 | 408 | — | 2 | 10 | 204 | (194) | -95% | 408 |
| Housing | | — | — | — | — | — | — | — | — | — |
| Health | | — | — | — | — | — | — | — | — | — |
| <i>Economic and environmental services</i> | | 51,516 | 52,717 | — | 3,917 | 25,234 | 26,359 | (1,124) | -4% | 52,717 |
| Planning and development | | 47,129 | 48,740 | — | 3,680 | 19,128 | 24,370 | (5,242) | -22% | 48,740 |
| Road transport | | 4,387 | 3,977 | — | 237 | 6,106 | 1,988 | 4,117 | 207% | 3,977 |
| Environmental protection | | — | — | — | — | — | — | — | — | — |
| <i>Trading services</i> | | 80,731 | 99,623 | — | 8,042 | 52,347 | 49,812 | 2,536 | 5% | 99,623 |
| Energy sources | | 66,249 | 83,081 | — | 6,589 | 43,766 | 41,540 | 2,225 | 5% | 83,081 |
| Water management | | — | — | — | — | — | — | — | — | — |
| Waste water management | | — | — | — | — | — | — | — | — | — |
| Waste management | | 14,482 | 16,543 | — | 1,453 | 8,582 | 8,271 | 310 | 4% | 16,543 |
| <i>Other</i> | 4 | — | — | — | — | — | — | — | — | — |
| Total Revenue - Functional | 2 | 478,373 | 500,638 | — | 100,147 | 309,526 | 250,319 | 59,207 | 24% | 500,638 |
| Expenditure - Functional | | | | | | | | | | |
| <i>Governance and administration</i> | | 244,373 | 240,817 | — | 32,270 | 117,146 | 120,408 | (3,262) | -3% | 240,817 |
| Executive and council | | 66,501 | 79,879 | — | 5,636 | 35,274 | 39,940 | (4,666) | -12% | 79,879 |
| Finance and administration | | 177,872 | 160,937 | — | 26,634 | 81,872 | 80,469 | 1,404 | 2% | 160,937 |
| Internal audit | | — | — | — | — | — | — | — | — | — |
| <i>Community and public safety</i> | | 57,060 | 51,805 | — | 5,654 | 29,490 | 26,302 | 3,188 | 12% | 51,805 |
| Community and social services | | 41,974 | 36,398 | — | 3,957 | 22,234 | 18,599 | 3,635 | 20% | 36,398 |
| Sport and recreation | | 13,472 | 13,045 | — | 1,689 | 6,891 | 6,522 | 369 | 6% | 13,045 |
| Public safety | | 1,462 | 2,148 | — | — | 327 | 1,074 | (747) | -70% | 2,148 |
| Housing | | 152 | 214 | — | 8 | 37 | 107 | (69) | -65% | 214 |
| Health | | — | — | — | — | — | — | — | — | — |
| <i>Economic and environmental services</i> | | 83,973 | 92,410 | — | 8,071 | 43,597 | 46,146 | (2,549) | -6% | 92,410 |
| Planning and development | | 23,562 | 26,477 | — | 2,315 | 11,003 | 13,499 | (2,496) | -18% | 26,477 |
| Road transport | | 55,834 | 60,311 | — | 5,303 | 29,964 | 30,156 | (192) | -1% | 60,311 |
| Environmental protection | | 4,577 | 5,622 | — | 453 | 2,631 | 2,491 | 140 | 6% | 5,622 |
| <i>Trading services</i> | | 88,785 | 102,391 | — | 13,192 | 48,350 | 57,832 | (9,482) | -16% | 102,391 |
| Energy sources | | 72,643 | 75,903 | — | 11,678 | 41,204 | 40,256 | 948 | 2% | 75,903 |
| Water management | | — | — | — | — | — | — | — | — | — |
| Waste water management | | 3,063 | 3,048 | — | 257 | 1,524 | 1,524 | (0) | 0% | 3,048 |
| Waste management | | 13,078 | 23,440 | — | 1,257 | 5,622 | 16,052 | (10,430) | -65% | 23,440 |
| <i>Other</i> | | 292 | 522 | — | — | 64 | 261 | (197) | -76% | 522 |
| Total Expenditure - Functional | 3 | 474,482 | 487,944 | — | 59,185 | 238,647 | 250,950 | (12,303) | -5% | 487,944 |
| Surplus/ (Deficit) for the year | | 3,892 | 12,694 | — | 40,962 | 70,879 | (631) | 71,509 | -11337% | 12,694 |

Monthly Budget Statement – Financial Performance and expenditure by municipal vote

KZN291 Mandeni - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - Q2 Second

| Vote 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 | | | | | | | | | | |
| Revenue by Vote | 1 | | | | | | | | | |
| Vote 1 - Executive and council | | – | 8,365 | – | – | – | 4,182 | (4,182) | -100.0% | 8,365 |
| Vote 2 - Finance and administration | | 339,132 | 333,805 | – | 87,802 | 229,202 | 166,902 | 62,299 | 37.3% | 333,805 |
| Vote 3 - Internal audit | | – | – | – | – | – | – | – | – | – |
| Vote 4 - Community and social services | | 5,287 | 6,128 | – | 385 | 2,538 | 3,064 | (525) | -17.1% | 6,128 |
| Vote 5 - Sport and Recreation | | 1,707 | – | – | – | 204 | – | 204 | 0.0% | – |
| Vote 6 - Public safety | | – | – | – | – | – | – | – | – | – |
| Vote 7 - Housing | | – | – | – | – | – | – | – | – | – |
| Vote 8 - Planning and Development | | 47,129 | 48,740 | – | 3,680 | 19,128 | 24,370 | (5,242) | -21.5% | 48,740 |
| Vote 9 - Road transport | | 4,387 | 3,977 | – | 237 | 6,106 | 1,988 | 4,117 | 207.1% | 3,977 |
| Vote 10 - Energy sources | | 66,249 | 83,081 | – | 6,589 | 43,766 | 41,540 | 2,225 | 5.4% | 83,081 |
| Vote 11 - Waste Management | | 14,482 | 16,543 | – | 1,453 | 8,582 | 8,271 | 310 | 3.8% | 16,543 |
| Vote 12 - Environmental Protection | | – | – | – | – | – | – | – | – | – |
| Vote 13 - [NAME OF VOTE 13] | | – | – | – | – | – | – | – | – | – |
| Vote 14 - [NAME OF VOTE 14] | | – | – | – | – | – | – | – | – | – |
| Vote 15 - [NAME OF VOTE 15] | | – | – | – | – | – | – | – | – | – |
| Total Revenue by Vote | 2 | 478,373 | 500,638 | – | 100,147 | 309,526 | 250,319 | 59,207 | 23.7% | 500,638 |
| Expenditure by Vote | 1 | | | | | | | | | |
| Vote 1 - Executive and council | | 66,501 | 79,879 | – | 5,636 | 35,274 | 39,940 | (4,666) | -11.7% | 79,879 |
| Vote 2 - Finance and administration | | 177,872 | 160,624 | – | 26,634 | 81,872 | 80,312 | 1,560 | 1.9% | 160,624 |
| Vote 3 - Internal audit | | – | 313 | – | – | – | 157 | (157) | -100.0% | 313 |
| Vote 4 - Community and social services | | 41,974 | 36,398 | – | 3,957 | 22,234 | 18,599 | 3,635 | 19.5% | 36,398 |
| Vote 5 - Sport and Recreation | | 13,472 | 13,045 | – | 1,689 | 6,891 | 6,522 | 369 | 5.7% | 13,045 |
| Vote 6 - Public safety | | 1,462 | 2,148 | – | – | 327 | 1,074 | (747) | -69.5% | 2,148 |
| Vote 7 - Housing | | 152 | 214 | – | 8 | 37 | 107 | (69) | -65.0% | 214 |
| Vote 8 - Planning and Development | | 23,854 | 26,998 | – | 2,315 | 11,066 | 13,760 | (2,694) | -19.6% | 26,998 |
| Vote 9 - Road transport | | 58,897 | 63,359 | – | 5,560 | 31,487 | 31,680 | (192) | -0.6% | 63,359 |
| Vote 10 - Energy sources | | 72,643 | 75,903 | – | 11,678 | 41,204 | 40,256 | 948 | 2.4% | 75,903 |
| Vote 11 - Waste Management | | 13,078 | 23,440 | – | 1,257 | 5,622 | 16,052 | (10,430) | -65.0% | 23,440 |
| Vote 12 - Environmental Protection | | 4,577 | 5,622 | – | 453 | 2,631 | 2,491 | 140 | 5.6% | 5,622 |
| Vote 13 - [NAME OF VOTE 13] | | – | – | – | – | – | – | – | – | – |
| Vote 14 - [NAME OF VOTE 14] | | – | – | – | – | – | – | – | – | – |
| Vote 15 - [NAME OF VOTE 15] | | – | – | – | – | – | – | – | – | – |
| Total Expenditure by Vote | 2 | 474,482 | 487,944 | – | 59,185 | 238,647 | 250,950 | (12,303) | -4.9% | 487,944 |
| Surplus/ (Deficit) for the year | 2 | 3,892 | 12,694 | – | 40,962 | 70,879 | (631) | 71,509 | -11337.0% | 12,694 |

4 Monthly Budget Statement - Financial Performance (functional classification) - Mid-Year Assessment

| 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 | |
| R thousands | | | | | | | | | | | |
| Revenue | | | | | | | | | | | |
| 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 | – | 82,133 | 189,132 | 127,478 | 61,654 | 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 | – | – | – | – | – | – | – | – | – | – | |
| Total Revenue (excluding capital transfers and contributions) | 430,705 | 454,622 | – | 96,746 | 287,799 | 227,311 | 60,488 | 27% | 454,622 | – | |
| Expenditure By Type | | | | | | | | | | | |
| Employee related costs | 160,030 | 167,901 | – | 13,438 | 80,631 | 83,951 | (3,320) | -4% | 167,901 | – | |
| Remuneration of councillors | 15,151 | 17,043 | – | 1,274 | 7,563 | 8,522 | (959) | -11% | 17,043 | – | |
| Bulk purchases - electricity | 58,515 | 66,107 | – | 10,668 | 35,854 | 33,054 | 2,800 | 8% | 66,107 | – | |
| Inventory consumed | 6,135 | 5,918 | – | 382 | 917 | 2,959 | (2,042) | -69% | 5,918 | – | |
| Debt impairment | 24,403 | 32,077 | – | 16,039 | 16,039 | 16,038 | 0 | 0% | 32,077 | – | |
| Depreciation and amortisation | 46,319 | 36,240 | – | 3,376 | 19,972 | 18,120 | 1,852 | 10% | 36,240 | – | |
| Interest | 0 | 3,050 | – | – | – | 1,525 | (1,525) | -100% | 3,050 | – | |
| Contracted services | 79,982 | 89,650 | – | 6,856 | 37,687 | 44,825 | (7,139) | -16% | 89,650 | – | |
| 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% | 6,637 | – | |
| Operational costs | 71,100 | 62,722 | – | 6,151 | 37,924 | 31,361 | 6,563 | 21% | 62,722 | – | |
| Losses on Disposal of Assets | 965 | 600 | – | – | – | 300 | (300) | -100% | 600 | – | |
| Other Losses | (1,264) | – | – | 2 | 12 | – | 12 | 0% | – | – | |
| 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 | (0) | (33,322) | – | |
| Transfers and subsidies - capital (monetary allocations) | 47,668 | 46,017 | – | 3,400 | 21,727 | 23,008 | (1,281) | (0) | 46,017 | – | |
| Transfers and subsidies - capital (in-kind) | – | – | – | – | – | – | – | – | – | – | |
| Surplus/(Deficit) after capital transfers & contributions | 3,892 | 12,694 | – | 40,962 | 70,879 | 6,347 | | | 12,694 | | |
| Income Tax | – | – | – | – | – | – | – | – | – | – | |
| Surplus/(Deficit) after income tax | 3,892 | 12,694 | – | 40,962 | 70,879 | 6,347 | | | 12,694 | | |
| Share of Surplus/Deficit attributable to Joint Venture | – | – | – | – | – | – | – | – | – | – | |
| Share of Surplus/Deficit attributable to Minorities | – | – | – | – | – | – | – | – | – | – | |
| Surplus/(Deficit) attributable to municipality | 3,892 | 12,694 | – | 40,962 | 70,879 | 6,347 | | | 12,694 | | |
| Share of Surplus/Deficit attributable to Associate | – | – | – | – | – | – | – | – | – | – | |
| Intercompany/Parent subsidiary transactions | – | – | – | – | – | – | – | – | – | – | |
| Surplus/ (Deficit) for the year | 3,892 | 12,694 | – | 40,962 | 70,879 | 6,347 | | | 12,694 | | |

▪ Total Operating Revenue from (July-December 2025)

The table below reflects budget vs actual by revenue source for the 1st half of the year.

| Monthly Revenue | | | | | | | | | | | | |
|------------------|-------------------------------|------------------------------------|---|----------------------------------|--|--------------------------|---------------------|----------------|-------------------------------|---------------------|---------------------------------------|----------|
| | Service charges - Electricity | Service charges - Waste management | Sale of Goods and Rendering of Services | Interest earned from Receivables | Interest from Current and Non Current Assets | Rental from Fixed Assets | Operational Revenue | Property rates | Fines, penalties and forfeits | Licence and permits | Transfers and subsidies - Operational | Interest |
| ■ YearTD budget | 41343 | 73563 | 756 58 | 1007 8 | 12499 | 377 52 | 625 80 | 32456 | 683 42 | 498 82 | 127478 | 22266 |
| ■ YearTD actual | 43855 | 72704 | 585 59 | 774 84 | 67937 | 301 71 | 672 55 | 36587 | 70 490 | 324 50 | 189131 | 14301 |
| ■ Monthly actual | 65828 | 12205 | 117 73 | 135 39 | 11282 | 48 245 | 60 717 | 49990 | 2 363 | 6 839 | 82133 | 311 30 |

■ Monthly actual ■ YearTD actual ■ YearTD budget



Revenue:

- The Year-to-Date (YTD) total revenue amounted to R287.8 million for the period ending 31 December 2025, excluding capital conditional grant income. Against the YTD budget, revenue reflects an overperformance of 27%, mainly attributable to the receipt of the second tranche of the Equitable Share.
- As can be seen from the table above that transfers recognized-operational are high due to the municipality receiving second tranche of equitable share at R183.1 million has been received by the municipality. Therefore, the municipality is awaiting the last trench of R61 million as publicized on DORA. Also, the increase is due to operational grants which conditions have been met as they have been realized as revenue for FMG, EPWP and DIDASTER Grant.

Exchange Revenue

Service Charges: Electricity

- The actual revenue from Service Charges Electricity as at 31st December 2025 is R43.9 million or 6 percent less than the budgeted income of R41.3 million.
- Variance of 6% is mainly attributable to seasonal changes in electricity demand, increased use of air conditioners during warmer periods, and the identification of previously unbilled or inadequate electricity connections at several properties, which led to higher recorded consumption. Further to that the municipality is also providing electricity to Umngeni Water Plant which resulted in the reported performance, the performance also has an impact on bulk purchases.

Service Charges: Refuse

- The actual revenue from Service Charges Refuse as @ 31st December 2025 is R7.3 million or 1 percent less than the budgeted income of R7.4 million. The variance is acceptable, the business refuse always increases during the more economically active months. As part of Revenue Enhancement Strategy, the Municipality provides an incentive for consumers who wish to settle their annual refuse collection debt within the 1st two months of the financial year. As result we receive a lot of requests for annual refuse billings in this regard. As the months progress the revenue billed will subsequently match the budgeted figures.

Sale of Goods and rendering services

- Sales of Goods and Services amounted to R586 thousand, compared to the year-to-date budget of R757 thousand, resulting in an under-performance of R171 thousand or 23%.

- The variance is influenced by the nature of the revenue items under this vote, which are difficult to project and measure in advance. These include income from tender document sales, town planning fees, clearance certificates, library fines for overdue books, fire service, pounding services and building plan fees. Performance in this category is largely dependent on walk-in customers.
- The municipality has insourced fire services, with this service the municipality's expectation was that this service will contribute towards increased revenue collection. However as at mid-year, there was no performance collected for this service.

Interest earned from receivables.

- Interest earned from receivables amounted to R775 thousand, compared to the year-to-date budget of R757 thousand, resulting in an under-performance of R171 thousand or 23%, variance is based on the outstanding debt billed on refuse and electricity. Interest rate on outstanding debtors is 2% per annum.

Interest from Current and Non-Current assets

- Interest earned on external investments amounts to R6.8million in comparison with the year-to-date budget of R12.5million, thus indicating an under performance by R5.7million or 46percent, this variance is due to the fact that the municipality recognizes interest when investments are maturing.
- External investments interest is only received when investment has reached its maturity or during withdrawal. Currently there are investments amounting to R130 million which have been invested with ABSA which will be reaching its maturity during the 2nd half of the financial year.

Rental from fixed assets

Revenue from the Rental of Facilities amounted to R302 thousand, compared to the year-to-date budget of R378 thousand, resulting in an under-performance of R76 thousand or 20%.

- Variance is due to level of demand in the usage of municipal facilities such as (Community Halls, Sports Fields and rental of municipal houses) when comparing to the projections.

Operational Revenue

- The majority of the Council own funded sources are budgeted under this category.
- The year-to-date operational revenue amounted to R673 thousand against a pro-rata budget of R626 thousand, resulting in a favorable variance of R47 thousand or 7%. The positive variance is attributable to improved collection revenue. This vote comprises collection charges, insurance refunds, and handling fees.

Non exchange revenue

Property Rates

- The actual revenue from property rates as at 31st December 2025 is R36.6 million or 52 percent more than the budgeted income of R32.5 million. The variance of 13%
- Variance is due to Annual Billings raised for Government Departments National and Provincial and Ithala as per the agreement entered to between these stakeholders.
- The property rates budget will remain the same as we anticipate that the projected budget will be met at year end.

Fines, Penalties and forfeits

- Fines underperformed by 90 percent or R613 thousand, with an actual amount of R70 thousand variance against year-to-date budget projections of R683 thousand. This is mainly due to the culture of non-payment and process followed when fines are issued. Revenue reported to date is on cash basis, as the municipality accounts for fines in terms of iGRAP 1 during year end.

Licences and permits

- Licences and permits have under-performed by 35 percent or R174 thousand with an actual amount of R325 thousand as compared to budget of R499 thousand, variance is due to the level of demand for issuing of licences and permits. Revenue reported has been received from issuing licences and permits by traffic department and trading licences for business within the municipality. Additional contributing factors is due to relocation of DLTC to a new establishment. There were delays from the department of transport in activating services for the new site. However the municipality is still engaging department.

Transfers & subsidies

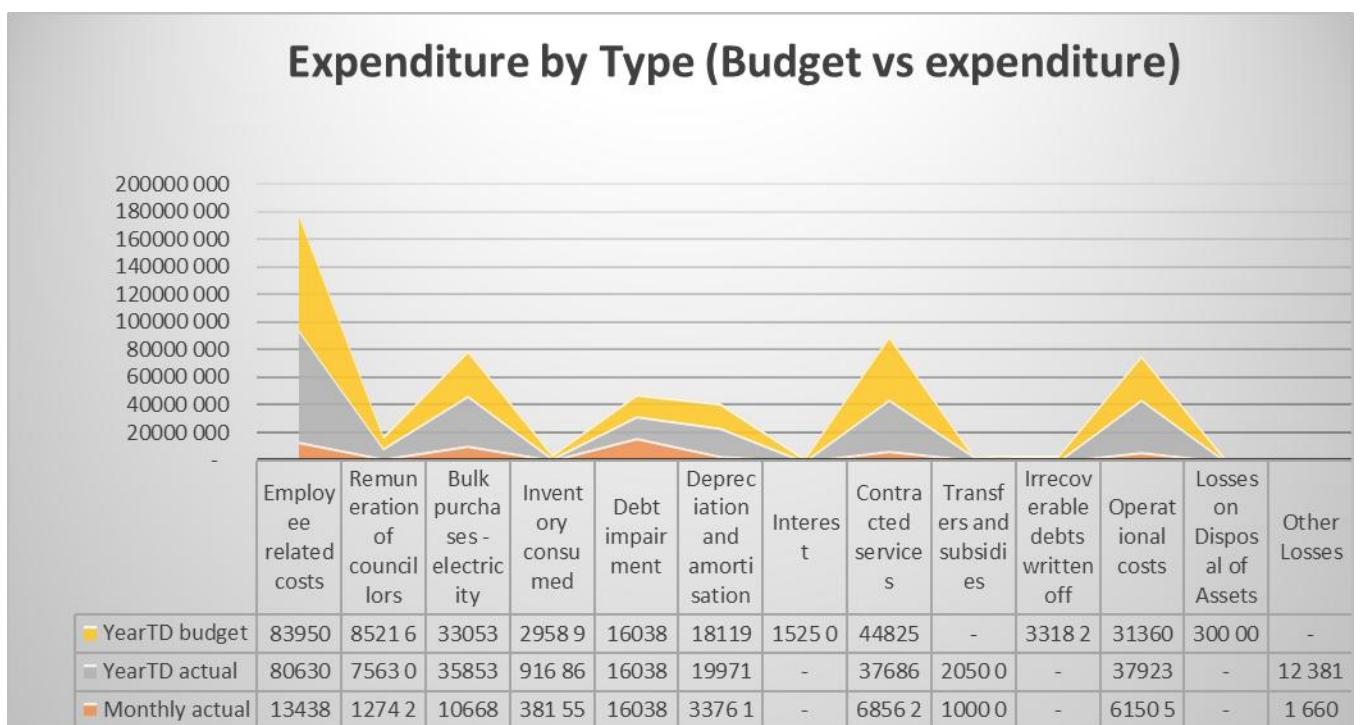
- Transfers and subsidies recognised operational amounts to R189.1 million YTD Actual in comparison with the YTD budget of R127.5 million, thus indicating an over performance by R61.6 million or 48 percent, variance is mainly attributable to the municipality receiving the two trenches of the Equitable Share which totals to R183.1 million and realisation of operational grants spent as conditions have been met for EPWP, FMG and Library Grant.
- Transfers and subsidies capital amounts to R21.7million in comparison with the pro-rata budget of R23.0 million, thus indicating an over performance by R1.3 million variance is mainly attributable by expenditure in from the Rollover Disaster Grant of R4,5 million and MIG of 17,2. (*Detailed report on MIG expenditure has been provided below*)

Interest earned from receivables.

- Interest earned from receivables amounts to R1.4 million in comparison with the year-to-date budget of R2.2 million, thus indicating under performance by R796 thousand or 36 percent, variance is based on the outstanding debtors billed on property rates. Interest rate on outstanding debtors is 2% per annum.

4.3

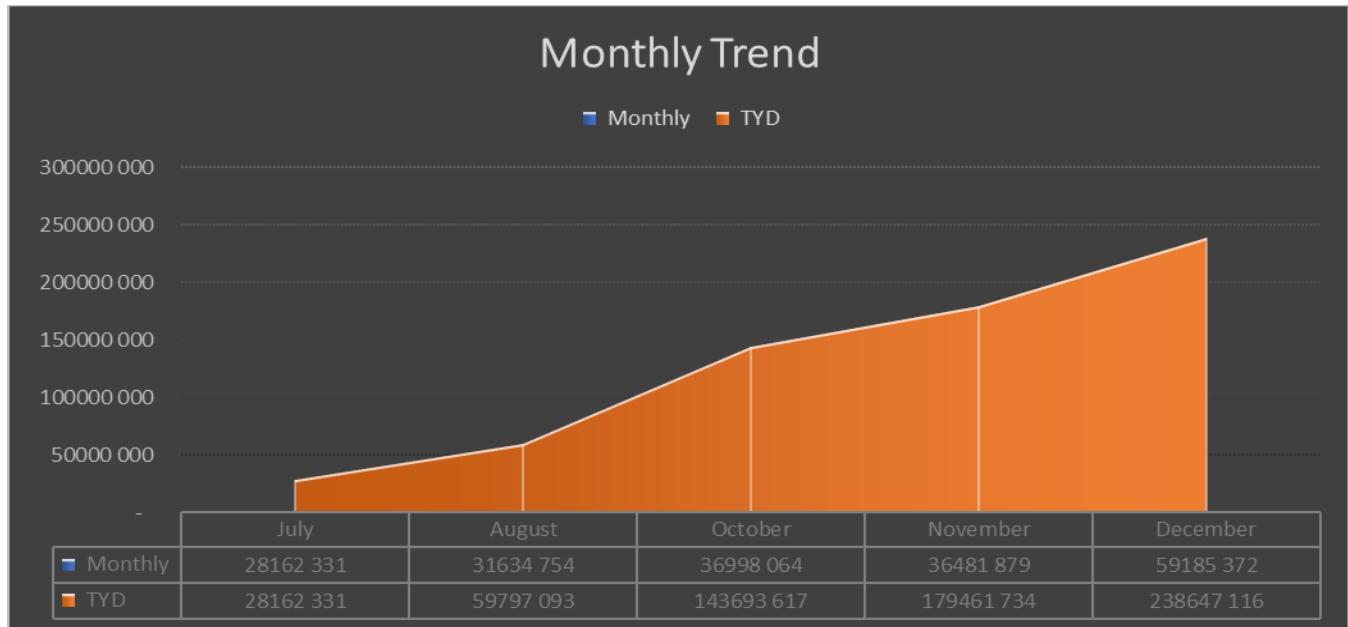
- Total Operating Expenditure from (July- December 2025)**



4.4

- **Operating Expenditure from July-December 2025**

The table below reflects the trend of monthly expenditure for the 1st half of the financial year.



Operating Expenditure:

- The total operational expenditure YTD Actual for the period ending 31st December 2025 amounted to R 238.6 million against the planned target of YTD budget is R 243.9 million. Target for 1st half of the financial year has been achieved as projected.

Employee Related Costs

- Employee related costs YTD expenditure for the period ending 31st December 2025 amounted to R80.6 million while the YTD budget is R84 million, which has resulted in a underspending by 4%. Variance is due to positions that were prioritised in the budget which have not been filled. However, recruitment processes are still underway in ensuring that these positions are filled before year end.
- Further to variance is due to employee bonuses which are being paid to employees on their birth month not in November as it was previously done in the prior years.

Remuneration of Councilors

- The expenditure on councilor allowances as at 31st December 2025 was under spent R 959 thousand. The YTD Remuneration of Councilor's budget is R7.6 million whilst the actual expenditure incurred results in slightly underspent by 11% YTD expenditure performance.
- The performance reported under Remuneration of Cllrs has considered the approval from COGTA in relation to Cllrs Upper limits as per Gazette No. 53168 dated **14 August 2025**.

The upper limits relating to 2024/25 financial year were considered and implemented as per gazette.

Bulk Purchases - Electricity

- The bulk purchases for Umgeni Water Board and Eskom Purchases reflect an overspending of 8 percent or R2.8 million from the year-to-date budget projections amounting to R28.9 million, variance is due to bulk consumption by umgeni water and increased rate that was approved by NERSA.
- Performance reported is due to level of demand by Umgeni Water plant due to expansion of their plant.

Inventory Consumed

- Inventory Consumed are reflecting an underperformance by 69 percent or R2 million from YTD budget of R3 million against the YTD Actual of R917 thousand.
- Budget allocated for this item relates to materials procured by the municipality towards repairs and maintenance which are kept at stores for rendering of services, such as pothole patching materials, workshop stock etc, and these items are demand driven.
- The municipality regularly reviews its repairs and maintenance plan to ensure that the infrastructure of the municipality is regularly monitored for its aging.

Debt Impairment

- The provision for debt impairment actual of R16 million versus YTD budget of R16 million is within the budgeted projections. Debt impairment calculation has assumed the method below.
- The assumption is that you exclude all debtors with credit balances when calculating the provision. Provision for Bad debt is therefore calculated using the collection rate of 65% for debt within 90 days and 20% for any debt older than 90 days for all categories except electricity. With Electricity the assumption is that 90% of the debt older than 90 days is still collectable.

Depreciation and Asset Impairment

- Depreciation and asset impairment are reflecting an over performance by 10 percent or R1.9 million against YTD actual of R20 million against the YTD budget of R18 million. The depreciation variance is due to an increase in acquisitions of assets and commissioning of capital projects at year-end. The estimates were made before the later were taken into consideration.

Interest

- Finance charges reflect an underperformance by 100 percent or R1.5 million against YTD actual of R0 thousand.
- Budget allocated considered interest paid towards Eskom for late payments which have not been incurred during 1st half of the year as the municipality has placed internal controls that will ensure that we avoid incurring such expenditure.
- Another contributing factor to finance charges is the reclassification of retirement benefit obligation interest costs in accordance with GRAP 25, this calculation will be done during year end after assessment by Actuarial Report has been completed for the year.
- Based on performance for 2024/25 AFS audited for finance charges of R2.9 million budget allocated will be sufficient at year end.

Contracted Services

- Contracted services expenditure reflects an underspending of -16 percent or R7.1 million from YTD budget of R37.7 million against the YTD actual of R44.8million, variance is within the projected budget as planned projects have been implemented as per the approved procurement plan.

Transfers and Subsidies

- Transfers and grants expenditure amounting to R2.1million was incurred under this vote with no approved budget, as a correction of audit findings and nature of these transactions, budget for this item was allocated under contracted service.

Irrecoverable debts written off

- Irrecoverable debts written off have underperformed by 100% when compared to pro-rata budget of R3.3million. The municipality is in the process of reviewing indigent register, indigent list will still be reviewed by ward councilors prior to being tabled Council for approval.
- .

Operational Cost

- Other expenditure has overspent by 21 percent or R6.6 million from YTD budget of R31.4 million against the YTD actual of R37.9 million, variance is due to activities that took place in the 1st half of the financial year.

Other expenditure - The majority of items are not a straight-line expenditure some are paid where it is needed e.g. printing and stationery, mayoral projects, external services etc. Certain expenditure items are based on a seasonal commitment.

Other Losses

Budget was not allocated for this item as it relates to write off of Inventory items. This item was not budgeted for in an annual budget.

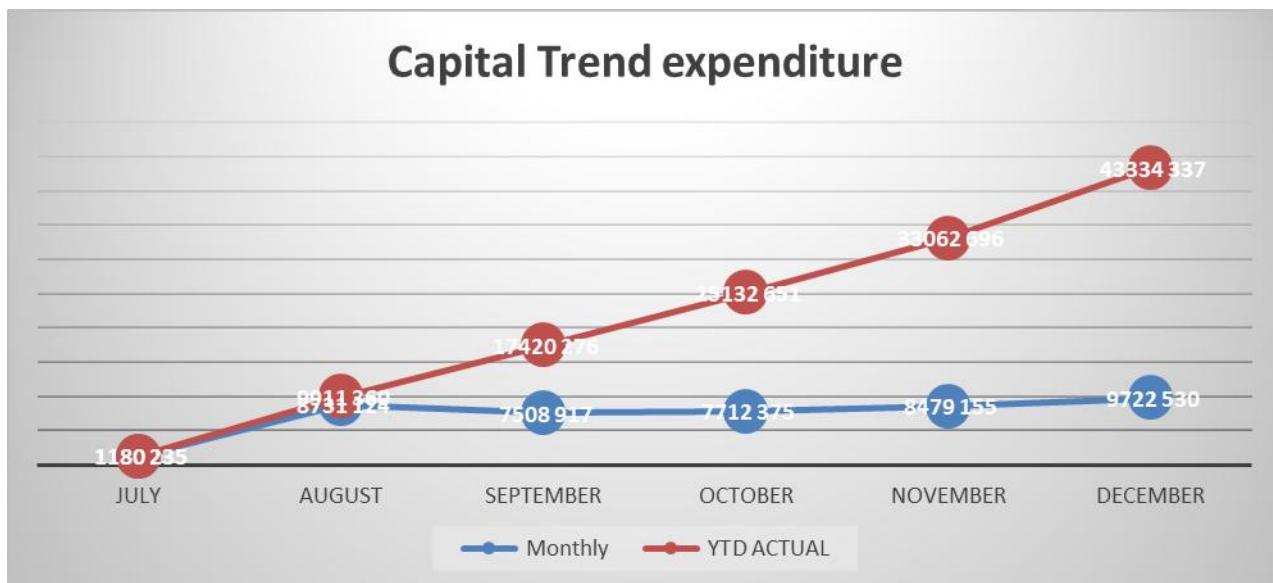
C5 Monthly Budget Statement – Capital Expenditure

| KZN291 Mandeni - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - Q2 | | | | | | | | | | | | |
|---|-----|-----------------|-----------------|---------------------|----------------|---------------|---------------|--------------|----------------|--------------------|--|--|
| Vote 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 | | | | | | | | | | | |
| Single Year expenditure appropriation | 2 | | | | | | | | | | | |
| Vote 1 - Executive and council | | 12,470 | 30,000 | – | 3,820 | 11,040 | 15,000 | (3,960) | -26% | 30,000 | | |
| Vote 2 - Finance and administration | | 14,806 | 4,549 | – | 915 | 1,457 | 2,275 | (818) | -36% | 4,549 | | |
| Vote 3 - Internal audit | | – | – | – | – | – | – | – | – | – | | |
| Vote 4 - Community and social services | | 4,026 | 17,738 | – | 292 | 3,845 | 8,869 | (5,024) | -57% | 17,738 | | |
| Vote 5 - Sport and Recreation | | 7,487 | 8,836 | – | 280 | 1,554 | 4,418 | (2,864) | -65% | 8,836 | | |
| Vote 6 - Public safety | | 817 | 70 | – | – | – | 35 | (35) | -100% | 70 | | |
| Vote 7 - Housing | | – | – | – | – | – | – | – | – | – | | |
| Vote 8 - Planning and Development | | 7,313 | 7,522 | – | 578 | 1,566 | 3,761 | (2,195) | -58% | 7,522 | | |
| Vote 9 - Road transport | | 75,324 | 55,386 | – | 3,837 | 23,476 | 30,890 | (7,414) | -24% | 55,386 | | |
| Vote 10 - Energy sources | | 2,389 | 4,869 | – | – | – | 2,435 | (2,435) | -100% | 4,869 | | |
| Vote 11 - Waste Management | | 1,560 | 1,626 | – | – | 397 | 813 | (416) | -51% | 1,626 | | |
| Vote 12 - Environmental Protection | | – | – | – | – | – | – | – | – | – | | |
| Vote 13 - [NAME OF VOTE 13] | | – | – | – | – | – | – | – | – | – | | |
| Vote 14 - [NAME OF VOTE 14] | | – | – | – | – | – | – | – | – | – | | |
| Vote 15 - [NAME OF VOTE 15] | | – | – | – | – | – | – | – | – | – | | |
| Total Capital single-year expenditure | 4 | 126,192 | 130,596 | – | 9,723 | 43,334 | 68,495 | (25,160) | -37% | 130,596 | | |
| Total Capital Expenditure | | 126,192 | 130,596 | – | 9,723 | 43,334 | 68,495 | (25,160) | -37% | 130,596 | | |
| Capital Expenditure - Functional Classification | | | | | | | | | | | | |
| Governance and administration | | 27,275 | 34,549 | – | 4,735 | 12,497 | 17,275 | (4,778) | -28% | 34,549 | | |
| 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 | | – | – | – | – | – | – | – | – | – | | |
| Community and public safety | | 12,330 | 26,644 | – | 573 | 5,399 | 13,322 | (7,923) | -59% | 26,644 | | |
| 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 | | – | – | – | – | – | – | – | – | – | | |
| Economic and environmental services | | 82,638 | 62,038 | – | 4,415 | 25,042 | 31,019 | (5,978) | -19% | 62,038 | | |
| 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 | | – | – | – | – | – | – | – | – | – | | |
| Trading services | | 3,949 | 7,365 | – | – | 397 | 3,682 | (3,285) | -89% | 7,365 | | |
| 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 | | |
| Other | | – | – | – | – | – | – | – | – | – | | |
| Total Capital Expenditure - Functional Clas | 3 | 126,192 | 130,596 | – | 9,723 | 43,334 | 65,298 | (21,964) | -34% | 130,596 | | |
| Funded by: | | | | | | | | | | | | |
| 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 recognised - capital | | 42,242 | 40,058 | – | 2,953 | 19,528 | 20,029 | (501) | -2% | 40,058 | | |
| Borrowing | 6 | – | 0 | – | – | – | – | – | – | – | | |
| Internally generated funds | | 83,950 | 90,538 | – | 6,769 | 23,806 | 45,269 | (21,463) | -47% | 90,538 | | |
| Total Capital Funding | | 126,192 | 130,596 | – | 9,723 | 43,334 | 65,298 | (21,964) | -34% | 130,596 | | |

Capital Expenditure from July – December 2025:

The YTD capital expenditure budget is R65.3million against YTD actual Capital expenditure amounting to R43.3million resulting in an under performance of 34% or by R22million on capital expenditure. The variance in capital expenditure was due to delays in the implementation of procurement plan and delays experienced with completion of projects (detail report on the progress on all capital projects has been provided below).

The table below reflects trend of expenditure for the period ended 31st December of the financial year.

Table 7

- Capital grants funded by National Government actual is R19.3 million versus YTD Budget of R19.9 million, expenditure reported has been underspent (3%).
- Capital grants funded by Provincial Government actual is R264 thousand versus YT Budget of R174 thousand variance of (204%) reflects and under expenditure on this grant. The variance is due to donations received from KZN DSAC of Kitchen equipment and Gaming and office equipment.
- Capital funded Internally actual is R23.8 million versus YTD Budget of R45.3 million variance of 47% reflects and under expenditure on this item.
- However, it should be noted that there are ongoing projects which are still in progress in relation to this funding such as Re-gravelling of rural roads, Sizwe road, Mathaba roads (Design Report have been received, and the project is at the procurement stage)

Detailed explanation of the grants has been provided below under service delivery performance and progress on spending grants.

The Technical Services Department is currently implementing the following projects as per the Municipality's Integrated Development Plan (IDP):

4.1 Projects under The Municipal Infrastructure Grant (MIG) Funding:

| | |
|--|----------------------|
| 2025/26 Financial Year MIG Allocation | R48 228 000 |
| Less: Total Expenditure (incl. Retention) | R21 249 256.8 |
| Balance | R26 978 743.2 |
| Expenditure of as a % | R44.06% |

4.1 MIG registered projects

1. Rehabilitation of Quartz Road and Portion of Platinum Road in Ward 4
2. Construction of a Sportsfield in Ward 2, Mandeni
3. Construction of a Sportsfield in Ward 1, Mandeni
4. Construction of Ngqofela Community Hall in Ward 9, Mandeni Municipality
5. Construction of Community Hall in The Machibini Area, Mandeni Ward 12
6. Planning for installation of high masts in ward 1, 2, 6, 7, 13, 14 and 15

4.2 New projects at planning stage

1. Completion of Extension of Mechanical / Technical Services Building Phase 1: bid has been advertised and awaiting appointment of suitable contractor.

2. Construction of a Community Hall in Ward 3: Consultant has been appointed. Identified site has been identified as belonging to Department of Public Works. Alternative site is to be identified.
3. Construction of a Community Hall in Ward 17: Awaiting appointment of consultant.
4. Establishment of new Emergency Centre: Preliminary report completed and endorsed by the Provincial Disaster Management.
5. Hlomendlini Sportsfield: Cost to completion and repackaging of outstanding works has been concluded and awaiting SCM Procurement Process.

4.3 Projects under construction

1. Rehabilitation of Internal Roads and Upgrade of Associated Stormwater in Sundumbili Ward 13 Phase 2 and Ward 14 White City Section (Phumla, Indumiso and Malandela).
2. Nyoni Taxi Route Phase 4
3. The Rehabilitation of Bumbanani Road in Sundumbili: Ward 13, 14 & 15 - Phase1
4. Upgrade of Machibini Link Road to Isithebe in Wards 10 and 12 Phase 2
5. Construction of a Sportsfield and Combo Court in Khenana: Ward 10 - Phases 1 & 2
6. Construction of Community Hall in Wangu Area, Ward 8
7. Upgrade of Nhlalonhle, Downtown and Khuthala Roads and Stormwater in Ward 14
8. Main offices master plan and building of the new office block

4.4 Completed projects

1. Construction of thulas to ematheketheni ward 12 road
2. Construction of Thengela to Nazareth church ward 8
3. Rehabilitation of Internal Roads and Upgrade of Associated Stormwater in Sundumbili, Ward 13 Phase 1 (Mthombothi, Mbabala, Umgakla and Sondeza)
4. Installation of High Mast Lights in Mandeni, Phase 2 (Ward 3, 5, 9, 11 and 12x2)

5. PROGRESS ON PROJECTS AND EXPENDITURE**5.1 Municipal Infrastructure Grant**

Completion of Rehabilitation of Internal Roads and Upgrade of Associated Stormwater in Sundumbili Ward 13 Phase 2 and Ward 14 White City Section (Phumla, Indumiso and Malandela).

| | |
|----------------------------|---|
| Project Scope | Construction of 1.23Km with average clear width of 5.5m asphalt road including associated stormwater drainage. |
| Completion Date | April 2026 |
| Project Budget | R747 378.10 |
| Project Expenditure | R0 |
| Progress to date | Approval of contractual documents |
| Challenges | N/A |
| Remedial action | N/A |

Rehabilitation of Bumbanani Road in Sundumbili - Wards 13, 14 & 15 Phase 1

| | |
|----------------------------|---|
| Project Scope | Construction of 1km long average clear width 7m width asphalt surface road, associated storm water drainage and sidewalks. |
| Completion Date | 31 July 2025 |
| Project Budget | R 17 553 032.15 |
| Project Expenditure | R 16 631 501.56 |
| Progress to date | Project is at 93% completion. The Municipality imposed penalties from the 1st August 2025. An intention to terminate was issued to the contractor for failure to meet contractual obligation. |
| Challenges | Poor performance of contractor. |
| Remedial action | Termination of contractor with cost. Appointment of new contractor to complete outstanding work. |

Upgrade of Machibini Link Road to Isithebe in Ward 10 and 12 - Phase 2

| | |
|------------------------|---|
| Project Scope | Construction of 1.551km long average clear width 6.1m width asphalt surface road, associated storm water drainage. |
| Completion Date | 26 September 2025 |
| Project Budget | R 24 211 799.92 |

| | |
|-------------------------|---|
| Project | R 23 999 969.08 |
| Expenditure | |
| Progress to date | Project has reached practical completion. Contractor attending to identified snag list. |
| Challenges | N/A |
| Remedial action | N/A |

Construction of a Soccer Field and Combo Court in Khenana Township, Ward 10

| | |
|-------------------------|---|
| Project Scope | Construction of soccer field with outdoor gym, fencing, combo court, guard house and ablution facility |
| Completion Date | March 2026 |
| Project Budget | R 12 041 989.18 |
| Project | R 7 169 874.43 |
| Expenditure | |
| Progress to date | Project is at 56% completion. Performance of the Contractor remains as unsatisfactory with minimal improvements and little progress |
| Challenges | Poor planning, Slow Progress, Non-Compliance, inadequate resource allocation and incompetence of the Contractor's Key Staff have contributed to the Contractor's continued poor performance. Adverse weather conditions prevent continuation of construction works. |
| Remedial action | Notices of poor planning resulting in slow progress, non-compliance and inadequate resource allocation and Contractor's Performance have been issued to the Contractor on Monday, 6th October 2025, Monday, 27th October 2025 and Tuesday, 9th December 2025. |

Construction of a Community Hall in the Wangu Area, Ward 8.

| | |
|----------------------------|--|
| Project Scope | Construction of 350 community hall with guard house and ablution facility |
| Completion Date | March 2026 |
| Project Budget | R 8 461 475.15 |
| Project Expenditure | R 6 027 949.65 |
| Progress to date | Project is at 55% completion. Performance of the Contractor is satisfactory |
| Challenges | Adverse weather conditions prevent continuation of construction works. |
| Remedial action | Approval of extension of time claim |

Upgrade of Nhlalonhle, Downtown and Khuthala Roads and Stormwater in Ward 14

| | |
|----------------------------|--|
| Project Scope | Upgrade of 1.203km long average clear width 5m width surface road, associated storm water drainage |
| Completion Date | July 2026 |
| Project Budget | R 14 235 323.65 |
| Project Expenditure | R 5 311 119.04 |
| Progress to date | Project is at 34% completion. Performance of the Contractor is satisfactory |
| Challenges | Removal and destroying of Surveyor pegs by the community. Water line inside the road reserve on Downtown Road. |
| Remedial action | N/A |

Establishment of new office building at the Municipality's Main Office

| | |
|----------------------------|--|
| Project Scope | Construction of 67 new offices, 146 parking bays , 4 reception areas, 5 boardrooms, 4 public consultation rooms, 5 ablution facilities, 4 storage rooms, 1 server room and 4 canteen/kitchen areas. |
| Completion Date | November 2027 |
| Project Budget | R139 976 423.4 |
| Project Expenditure | R 26 972 612.77 |
| Progress to date | Project is at 19% completion. Performance of the Contractor is satisfactory |
| Challenges | Adverse weather conditions prevent continuation of construction works. |
| Remedial action | Approval of extension of time claim |

Extension of Mechanical Workshop and Construction of New Offices

| | |
|----------------------------|--|
| Project Scope | Construction of new mechanical workshop and offices |
| Completion Date | November 2027 |
| Project Budget | R 18 907 069.16 |
| Project Expenditure | R 16 878 260.41 |
| Progress to date | Project is at 93% completion. Poor performance of contractor. Contractor terminated on the 17 th of April 2025. |
| Challenges | Failure of contractor met contractual obligation which led to termination of contract. |
| Remedial action | Appointment of new contractor to complete outstanding work. |

INYOINI HOUSING DEVELOPMENT PHASE 4

| | |
|----------------------------|--|
| Project Scope | Construction of collector roads, bulk sewer, bulk water itembe and internal roads in ward 10 |
| Completion Date | June 2026 |
| Project Budget | R 19 943 512.04 |
| Project Expenditure | R 13 056 259.54 |
| Progress to date | Project is at 35.9% completion. Poor performance of contractor. |
| Challenges | Failure of contractor met contractual obligation Limited management of the project and applying contractual obligations due to existing conditions of contract. |
| Remedial action | DOHS approves extension of time claims. Impose penalties on the contract |

5.2 Municipal Disaster Response Grant Funded Projects

| | |
|--|-------------------|
| 2024/25 Financial Year MIG Allocation | R5 180 500 |
| Less: Total Expenditure (incl. Retention) | R5 180 500 |
| Balance | R0 |
| Expenditure of as a % | 100% |

Projects under Construction

- The Re-gravelling of Thengela to Nazareth Temple in Ward 8, Mandeni: Completed
- Re-gravelling of Road Thulas to Ematsheketheni road in Ward 12: Completed

5.3. Municipal Internal Funding:**A) CONSTRUCTION OF BUS SHELTERS IN VARIOUS WARDS 3,4,13,14 & 15****Project Description**

The main objective of this project is to upgrade the bus shelters in various wards. The existing bus shelters are in deteriorating state and are unsafe for commuters to utilize. The bus shelters need to be upgraded to protect commuters from inclement weather, to provide a safe and comfortable waiting area and for advertising.

Project Details

Name of Consultant: Baithusi Consulting cc

Appointment Date: 2 June 2025

| CATEGORY | BUDGET (INCL. VAT) | PROPOSED BUDGET TO COMPLETE (CONSULTANT) (INCL. VAT) | EXPENDITURE | BALANCE |
|---|--------------------|--|--------------|----------------|
| Professional & Construction Cost | R 1,500,000.00 | R 2,215,523.80 | R 153,530.52 | R 1,346,469.48 |

Project Progress

The Consultant has submitted the Detailed Design Report and is currently doing the draft tender document.

B) CONSTRUCTION OF PEDESTRIAN BRIDGES IN VARIOUS WARDS 8, 10, 11 & 17

Project Description

Design and construction of four pedestrian crossing bridges in wards 8,10,11 and 17. The existing crossings are currently unsafe for the community to use. Proper pedestrian or vehicle structures are required to improve safety for the community.

Project Details

Name of Consultant: Baithusi Consulting cc

Appointment Date: 2 June 2025

| CATEGORY | BUDGET (INCL. VAT) | PROPOSED BUDGET TO COMPLETE (CONSULTANT) (INCL. VAT) | EXPENDITURE | BALANCE |
|---|--------------------|--|--------------|----------------|
| Professional & Construction Cost | R 2,000,000.00 | R 9,360,452.11 | R 181,080.00 | R 1,818,920.00 |

Project Progress

The Consultant has submitted the Detailed Design Report and is currently doing the draft tender document.

**C) CONSTRUCTION OF GWALA TO KWADLAMINI ROAD (CONCRETE SURFACING)
WARD 10**

Project Description

The project entails the design and construction of Gwala to Kwa Dlamini Road. A section of the road is to be paved using concrete.

Project Details

Name of Consultant: Morula Consulting

Appointment Date: 29 May 2025

| CATEGORY | BUDGET (INCL. VAT) | PROPOSED BUDGET TO COMPLETE (CONSULTANT) (INCL. VAT) | EXPENDITURE | BALANCE |
|---|--------------------|--|-------------|----------------|
| Professional & Construction Cost | R 1,750,000.00 | R 1,976,334.87 | R 0.00 | R 1,750.000.00 |

Project Progress

The Consultant has submitted the Detailed Design Report, and the project is at the procurement stage.

D) CONSTRUCTION OF ROAD PASSING VUTHA HIGH SCHOOL (CONCRETE SURFACING) WARD 17**Project Description**

The project entails the design and construction of the road passing Vutha high school. A section of the road is to be paved using concrete.

Project Details

Name of Consultant: Morula Consulting

Appointment Date: 29 May 2025

| CATEGORY | BUDGET (INCL. VAT) | PROPOSED BUDGET TO COMPLETE (CONSULTANT) (INCL. VAT) | EXPENDITURE | BALANCE |
|---|--------------------|--|-------------|----------------|
| Professional & Construction Cost | R 2,000,000.00 | R 1,977,708.16 | R 0.00 | R 2,000,000.00 |

Project Progress

The Consultant has submitted the Detailed Design Report, and the project is at the procurement stage.

E) CONSTRUCTION OF NGCOBO OJIKAYO ROAD (CONCRETE SURFACING) WARD 06

Project Description

The road upgrade project involves the design and construction of approximately 0,86km of concrete surface roads in Ward 6 of Mandeni Municipality. The project will also include the design and construction of new stormwater infrastructure which will include mainly open drains because of the steep terrain.

Project Details

Name of Consultant: Elihle Mzansi (Pty) Ltd

Appointment Date: 2 June 2025

| CATEGORY | BUDGET (INCL. VAT) | PROPOSED BUDGET TO COMPLETE (CONSULTANT) (INCL. VAT) | EXPENDITURE | BALANCE |
|---|--------------------|--|-------------|----------------|
| Professional & Construction Cost | R 1,750,000.00 | R 9,558,266.38 | R 0.00 | R 1,750,000.00 |

Progress Report

The Consultant has submitted the Detailed Design Report and is currently doing the draft tender document.

F) CONSTRUCTION OF PEDESTRIAN BRIDGES (LINDAYIPHI & MPOFANA NGAKWA NDUNA BUTHELEZI) WARD 16

Project Description

This project entails the design and construction of pedestrian bridges in ward 16. These bridges will facilitate safe passage across rivers that currently pose significant access challenges, especially during the rainy season. The consultant has presented two options, the Bailey steel bridge and the portal culvert. We have chosen the portal culvert as it is more economical.

Project Details

Name of Consultant: Elihle Mzansi (Pty) Ltd

Appointment Date: 2 June 2025

| CATEGORY | BUDGET (INCL. VAT) | PROPOSED BUDGET TO COMPLETE (CONSULTANT) (INCL. VAT) | EXPENDITURE | BALANCE |
|---|--------------------|--|-------------|----------------|
| Professional & Construction Cost | R 1,750,000.00 | R 9,329,083.85 | R 0.00 | R 1,750,000.00 |

Project Progress

The Consultant has submitted the Detailed Design Report, and the project is at the procurement stage.

G) REGRAVELLING OF ACCESS ROAD (NKAZIMULO, DOKODWENI TO MROZA, GUMEDE RD (EZIQUNGWENI), D888, NDUNA CHILLI (KABETHO)-WARD 1

Project Description

This project entails the regravelling of access road (Nkazimulo, Dokodweni To Mroza, Gumebe Rd (Eziqungweni), D888, Nduna Chilli (Kabetho) in ward 1.

Project Details

Name of Consultant: Likhanyile Consulting Engineers and Project Managers

Appointment Date: 29 May 2025

| CATEGORY | BUDGET (INCL. VAT) | PROPOSED BUDGET TO COMPLETE (CONSULTANT) (INCL. VAT) | EXPENDITURE | BALANCE |
|---|--------------------|--|-------------|----------------|
| Professional & Construction Cost | R 1,500,000.00 | TBC | R 0.00 | R 1,500,000.00 |

Project Progress

The project is at the procurement stage.

H) UPGRADE OF BRIDGE (KWADUBE EFALETHU AND EZIHLABATHINI) WARD 02

Project Description

This project entails the upgrade of bridge kwadube efalethu and ezihlabathini in ward 2.

Project Details

Name of Consultant: Likhanyile Consulting Engineers and Project Managers

Appointment Date: 29 May 2025

| CATEGORY | BUDGET (INCL. VAT) | PROPOSED BUDGET TO COMPLETE (CONSULTANT) (INCL. VAT) | EXPENDITURE | BALANCE |
|---|--------------------|--|-------------|----------------|
| Professional & Construction Cost | R 1,000,000.00 | R 4,025,000.00 | R 0.00 | R 1,000,000.00 |

Project Progress

The Consultant is currently doing the draft tender document.

I) CONSTRUCTION OF KWAOMO ROAD (CONCRETE SURFACING) WARD 04

Project Description

This project entails the construction of gravel road kwaOmo road. A section is to be paved using concrete 0.22 km.

Project Details

Name of Consultant: SKYV Consulting Engineers (Pty) Ltd

Appointment Date: 02 June 2025

| CATEGORY | BUDGET (INCL. VAT) | PROPOSED BUDGET TO COMPLETE (CONSULTANT) (INCL. VAT) | EXPENDITURE | BALANCE |
|----------------------------------|--------------------|--|-------------|----------------|
| Professional & Construction Cost | R 1,750,000.00 | R 3,944,649.93 | R 0.00 | R 1,750,000.00 |

Project Progress

We have received the detailed Design Report, and the project is at the procurement stage.

J) REGRAVELLING OF ACCESS ROAD FROM KWA MATHABA TO KWANELISWA STORE WARD 09

Project Description

The project entails the re-gravelling of the existing 1.5km gravel road which suffered Severe Stormwater Damage. The project's aim is to provide a safe passageway for pedestrians and commuters to their residence.

Project Details

Name of Consultant: SKYV Consulting Engineers (Pty) Ltd

Appointment Date: 02 June 2025

| CATEGORY | BUDGET (INCL. VAT) | PROPOSED BUDGET TO COMPLETE (CONSULTANT) (INCL. VAT) | EXPENDITURE | BALANCE |
|---|--------------------|--|-------------|----------------|
| Professional & Construction Cost | R 1,500,000.00 | R 10,256,204.52 | R 0.00 | R 1,500,000.00 |

Project Progress

We have received the detailed Design Report, and the project is at the procurement stage.

K) RE-GRAVELLING OF ACCESS ROAD FROM SIZWE ROAD LEADING TO SWEDISH CHURCH- WARD 03**Project Description**

The project entails the re-gravelling of the existing 0.91 km gravel roads which suffered Severe Stormwater Damage. The project's aim is to provide a safe passageway for pedestrians and commuters to their residence.

Project Details

Name of Consultant: SKYV Consulting Engineers (Pty) Ltd

Appointment Date: 02 June 2025

| CATEGORY | BUDGET (INCL. VAT) | PROPOSED BUDGET TO COMPLETE (CONSULTANT) (INCL. VAT) | EXPENDITURE | BALANCE |
|---|--------------------|--|-------------|----------------|
| Professional & Construction Cost | R 1,500,000.00 | R 6,367,833.65 | R 0.00 | R 1,500,000.00 |

Progress

We have received the Detailed Design Report, and the project is at the procurement stage.

L) CONSTRUCTION OF EZAKHENI ROAD (CONCRETE SURFACING) PHASE 2- WARD 12

Project Description

This project entails the upgrade of gravel road. A section is to be paved using concrete.

Project Details

Name of Consultant: BI Infrastructure Consulting

Appointment Date: 17 July 2025

| CATEGORY | BUDGET (INCL. VAT) | PROPOSED BUDGET TO COMPLETE (CONSULTANT) (INCL. VAT) | EXPENDITURE | BALANCE |
|---|--------------------|--|-------------|----------------|
| Professional & Construction Cost | R 1,750,000.00 | TBC | R 0.00 | R 1,750,000.00 |

Progress

We have received the Detailed Design Report, and the project is at the procurement stage

M) CONSTRUCTION OF OTHINI TO NTSHONGENI ROAD (CONCRETE SURFACING) WARD 05

Project Description

This project entails the construction of gravel road. A section is to be paved using concrete.

Project Details

Name of Consultant: BI Infrastructure Consulting (Pty) Ltd

Appointment Date: 17 July 2025

| CATEGORY | BUDGET (INCL. VAT) | PROPOSED BUDGET TO COMPLETE (CONSULTANT) (INCL. VAT) | EXPENDITURE | BALANCE |
|---|--------------------|--|-------------|----------------|
| Professional & Construction Cost | R 1,750,000.00 | TBC | R 0.00 | R 1,750,000.00 |

Progress

We have received the Detailed Design Report, and the project is at the procurement stage

N) UPGRADING OF STORMWATER AT UGAGANE, UMVEMVE AND IMBILA ROAD- WARD 13

Project Description

This project entails the upgrade of stormwater at ugagane, umvemve and umbila road in ward 13.

Project Details

Name of Consultant: Urbanru (Pty) Ltd

Appointment Date: 17 July 2025

| CATEGORY | BUDGET (INCL. VAT) | PROPOSED BUDGET TO COMPLETE (CONSULTANT) (INCL. VAT) | EXPENDITURE | BALANCE |
|---|--------------------|--|-------------|----------------|
| Professional & Construction Cost | R 1,000,000.00 | TBC | R 0.00 | R 1,000,000.00 |

Progress

We have received the Detailed Design Report, and the project is at the procurement stage

O) CONSTRUCTION OF PATHWAYS IN WARD 14 & 15

Project Description

This project entails the construction of pathways in wards 14 and 15.

Project Details

Name of Consultant: N/A (Project does not require professional services)

Appointment Date: N/A

| CATEGORY | BUDGET (INCL. VAT) | PROPOSED BUDGET TO COMPLETE (CONSULTANT) (INCL. VAT) | EXPENDITURE | BALANCE |
|--------------------------|--------------------|--|-------------|--------------|
| Construction Cost | R 347,826.09 | N/A | R 0.00 | R 347,826.09 |

Progress status

Site assessments and measurements have been conducted. Project is currently at documentation stage.

P) CONSTRUCTION OF SIDE WALKS IN WARD 04

Project Description

This project entails the construction of sidewalks in wards 04.

Project Details

Name of Consultant: Ongasweli (PTY)(LTD)

Appointment Date: 31 October 2025

| CATEGORY | BUDGET (INCL. VAT) | EXPENDITURE | BALANCE |
|--------------------------|--------------------|--------------|--------------|
| Construction Cost | R 897 523.83 | R 206,712.50 | R 347,826.09 |

Progress status

Site assessments and measurements have been conducted. Project is currently at documentation stage.

P) CONSTRUCTION OF SIDE WALKS IN WARD 15**Project Description**

This project entails the construction of sidewalks in wards 15.

Project Details

Name of Contractor: Malithuli consulting cc

Appointment Date: 31 October 2025

| CATEGORY | BUDGET (INCL. VAT) | EXPENDITURE | BALANCE |
|--------------------------|--------------------|--------------|--------------|
| Construction Cost | R 725 000.00 | R 464.300.00 | R 260.700.00 |

Progress status

The project is at 80% completion stage

Division of Revenue Act on Grants Expenditure

KZN291 Mandeni - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant 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 | |
| R thousands | | | | | | | | | | | |
| EXPENDITURE | | | | | | | | | | | |
| Operating expenditure of Transfers and Grants | | 271,476 | 251,013 | – | 63,196 | 197,236 | 125,507 | 71,729 | 57.2% | 128,519 | |
| National Government: | | | | | | | | | | | |
| Expanded Public Works Programme Integrated Grant | – | 1,815 | 1,714 | – | 253 | 1,423 | 857 | 566 | 66.0% | 1,714 | |
| Integrated National Electrification Programme Grant | – | 1,850 | – | – | – | – | – | – | – | – | |
| Local Government Financial Management Grant | – | 7,200 | 1,900 | – | 178 | 1,296 | 950 | 346 | 36.4% | 1,900 | |
| Local Government Equitable Share | – | 243,588 | 244,988 | – | 62,588 | 193,411 | 122,494 | 70,917 | 57.9% | 122,494 | |
| Municipal Infrastructure Grant | – | 17,023 | 2,411 | – | 178 | 1,106 | 1,206 | (99) | -8.2% | 2,411 | |
| Other transfers and grants [insert description] | | | | | | | | – | – | – | |
| Provincial Government: | | 4,282 | 4,933 | – | 345 | 2,192 | 2,467 | (275) | -11.1% | 4,933 | |
| KwaZulu-Natal_Capacity Building and Other_Specify (Add grant description)_Receipts | – | 4,282 | 4,933 | – | 345 | 2,192 | 2,467 | (275) | -11.1% | 4,933 | |
| KwaZulu-Natal | – | | | | | | | – | – | – | |
| Other transfers and grants [insert description] | | | | | | | | – | – | – | |
| Capital Transfers and Grants | | – | – | – | 3,467 | 5,074 | – | 5,074 | -100.0% | – | |
| KwaZulu-Natal-DC 29 - Ilembe-Infrastructure | – | | | | 3,467 | 5,074 | – | 5,074 | -100.0% | – | |
| KwaZulu-Natal_DC 29 - Ilembe_Infrastructure_Specify (Add grant description)_RECEIPTS | | | | | | | | – | – | – | |
| Other grant providers: | | | | | | | | – | – | – | |
| [insert description] | | | | | | | | – | – | – | |
| Total operating expenditure of Transfers and Grants: | | 275,758 | 255,946 | – | 67,009 | 204,501 | 127,973 | 76,528 | 59.8% | 133,452 | |
| Capital expenditure of Transfers and Grants | | | | | | | | | | | |
| National Government: | | | | | | | | | | | |
| 135,667 | | 45,817 | – | 3,418 | 21,723 | 22,908 | (1,185) | -5.2% | 45,817 | | |
| Integrated National Electrification Programme Grant | – | 2,553 | – | – | – | – | – | – | – | – | |
| Municipal Disaster Recovery Grant | – | 15,556 | – | – | – | 4,511 | – | 4,511 | -100.0% | – | |
| Municipal Infrastructure Grant | – | 117,558 | 45,817 | – | 3,418 | 17,213 | 22,908 | (5,696) | -24.9% | 45,817 | |
| Other capital transfers [insert description] | | | | | | | | – | – | – | |
| Provincial Government: | | 44,303 | – | – | – | – | – | – | – | – | |
| KwaZulu-Natal | – | 44,303 | – | – | – | – | – | – | – | – | |
| District Municipality: | | – | – | – | – | – | – | – | – | – | |
| KwaZulu-Natal-DC 29 - Ilembe-Infrastructure | – | | | | | | | | | | |
| Other grant providers: | | | | | | | | – | – | – | |
| Total capital expenditure of Transfers and Grants | | 179,970 | 45,817 | – | 3,418 | 21,723 | 22,908 | (1,185) | -5.2% | 45,817 | |
| TOTAL EXPENDITURE OF TRANSFERS AND GRANTS | | 455,728 | 301,763 | – | 70,427 | 226,225 | 150,882 | 75,343 | 50% | 179,269 | |

DEBTOR'S ANALYSIS

| KZN291 Mandeni - Supporting Table SC3 Monthly Budget Statement - aged debtors - Mid-Year Assessment | | | | | | | | | | | | |
|---|-------------|---------------|---------------------|--------------|--------------|---------------|--------------|---------------|----------------|----------------|----------------|--------------------|
| R thousands | Description | NT Code | Budget Year 2025/26 | | | | | | | | | Total over 90 days |
| | | | 0-30 Days | 31-60 Days | 61-90 Days | 91-120 Days | 121-150 Dys | 151-180 Dys | 181 Dys 1Yr | Over 1Yr | Total | |
| Debtors Age Analysis By Income Source | | | | | | | | | | | | |
| 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 | |
| Total By Income Source | 2000 | 13,471 | 7,316 | 6,580 | 5,860 | 16,574 | 1,459 | 16,229 | 209,337 | 276,826 | 249,459 | |
| 2024/25 - totals only | | | | | | | | | | | | |
| Debtors Age Analysis By Customer Group | | | | | | | | | | | | |
| 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 | |
| Total By Customer Group | 2600 | 13,471 | 7,316 | 6,580 | 5,860 | 16,574 | 1,459 | 16,229 | 209,337 | 276,826 | 249,459 | |

The total Consumer debtors outstanding as 31st December 2025 is **R 276 825 654.00**

- Debt book indicates **7%** increase from to 1st July 2025 to 31 December 2025, the debt book is very high.
- Debtors collection rate at December 2025 is **83%**
- The persistently high level of debt necessitates a reassessment of debtors and potential impairments.
- Revenue collection in Sundumbili remains particularly challenging, as the Municipality has limited leverage to enforce payment compliance, given that Eskom is the licensed electricity supplier in the area.

- The high debt levels are primarily attributable to non-payment by households in Sundumbili.
- Various interventions have been implemented, which are expected to improve the current situation, as the Municipality continues to apply all reasonable measures to collect and recover outstanding debt.
- The Municipality is currently in the process of categorizing the debtors' book by customer segments, to enable targeted collection efforts once the debt management system becomes fully operational.
- Billing is conducted on a monthly basis, while collections and the issuing of final demand notices are ongoing in an effort to reduce the debtors' book. In addition, several revenue protection and debt collection program are in place, aimed at improving overall collection rates.
- While the Municipality continues to maintain and optimize the collection of current debt, the recovery of historic debt remains the most significant challenge. To mitigate this, tracing mechanisms have been developed and implemented to reduce the impact of historic debt on the overall debtors' book.
- Furthermore, Debt Pack has been appointed to assist the Municipality with debt recovery through telephonic follow-ups, the issuing of Section 29 notices, and final demand letters.
- Outstanding debt in respect of Councilors' accounts as at December 2025 amounts to **R175,375.64**.
- Staff accounts in arrears as at December 2025 amount to **R77,088.94**.
- Monthly deductions are implemented for both staff and councilors to progressively reduce outstanding balances.
- Debt collection measures were strengthened following the review of the Credit Control and Debt Collection Policy, including the issuing of summonses with the intention to attach movable property. However, this process has proven to be slow due to capacity constraints within the Sheriff's office. In many cases, the Sheriff returns a "nulla bona" report, which undermines enforcement efforts. Additionally, many property owners are not permanent occupants of the indebted properties and cannot be traced. Legal proceedings are further constrained, as courts are often reluctant to grant judgments declaring properties specially executable (Section 66), particularly where such properties are occupied by relatives or dependents of the debtor.

DATA CLEANSING

- In the previous financial year, the Municipality undertook a customer tracing and profiling exercise aimed at improving the credibility of the debtors' book. The exercise achieved positive outcomes, contributing to more accurate billing by aligning accounts to the correct

customers and ensuring that qualifying indigent beneficiaries were appropriately exempted in line with the approved policy.

INDIGENT REGISTRATION

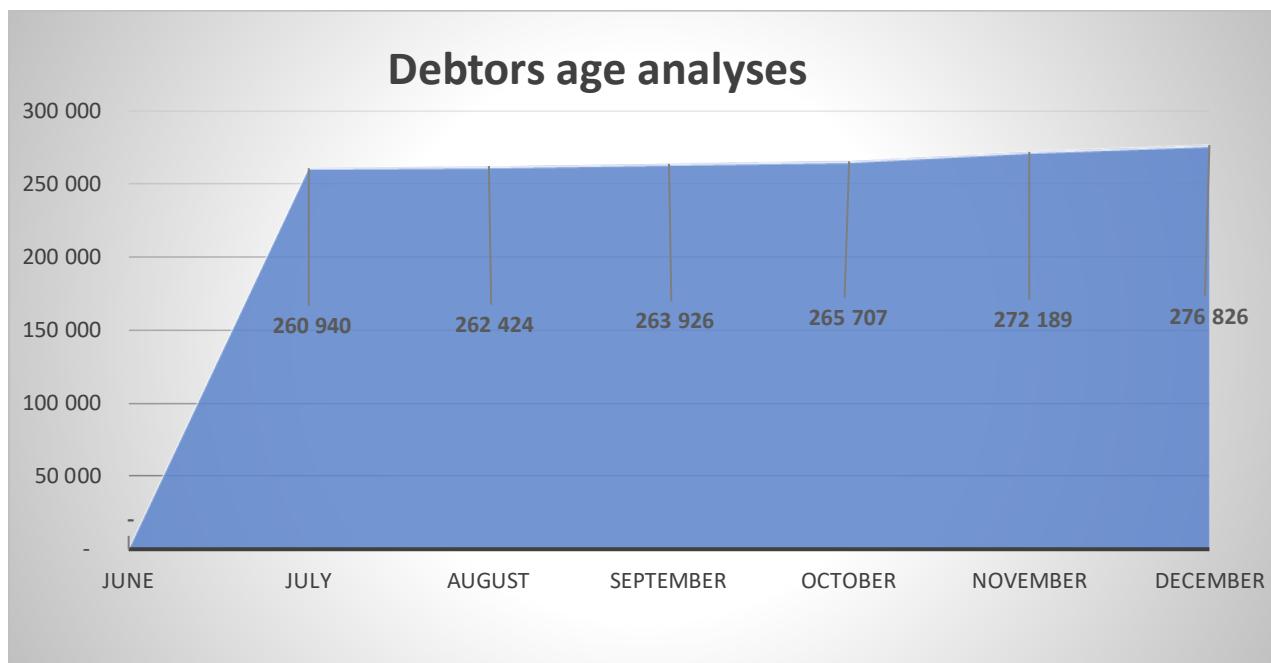
- During the year under review, the Municipality implemented a targeted indigent registration outreach program, structured around a Voting District-based approach. This initiative proved effective in identifying previously unregistered and eligible indigent households, thereby expanding access to social support in a structured and controlled manner. The program has contributed positively to the reduction of the debtors' book by preventing the billing of consumers who are genuinely unable to afford municipal services, while ensuring that qualifying beneficiaries are correctly registered in terms of the approved Indigent Policy. The outreach program will continue to be rolled out to reach vulnerable communities, supporting access to both internal municipal services and Eskom's Free Basic Electricity program.

| ACCOUNTS WITH LETTERS OF FINAL DEMAND FOR PAYMENT SENT OUT | | | | | |
|---|----------------|----------------|---------------------|------------------|----------------------|
| ACC. NO. | ADDRESS | ERF NO. | DEBTORS NAME | DEBT TYPE | AMOUNT R |
| 2250300 | SUNDUMBILI B | 2503 | YAKA | RATE/REFUSE | R116 813.18 |
| 2250600 | SUNDUMBILI B | 2506 | MPONTSHANE | RATE/REFUSE | R96 553.76 |
| 2250800 | SUNDUMBILI B | 2508 | PHUNGULA | RATE/REFUSE | R47 404.78 |
| 2250900 | SUNDUMBILI B | 2509 | MKHIZE (DECEASED) | RATE/REFUSE | R82 630.46 |
| 2251100 | SUNDUMBILI B | 2511 | SHANDU | RATE/REFUSE | R39 756.28 |
| 2251400 | SUNDUMBILI B | 2514 | NSELE | RATE/REFUSE | R130 813.90 |
| 2251500 | SUNDUMBILI B | 2515 | MTSHALI | RATE/REFUSE | R41 613.18 |
| 2251600 | SUNDUMBILI B | 2516 | NTOMBELA | RATE/REFUSE | R38 371.76 |
| 2251700 | SUNDUMBILI B | 2517 | DLAMINI | RATE/REFUSE | R66 820.13 |
| 2251800 | SUNDUMBILI B | 2518 | MKONZA (DECEASED) | RATE/REFUSE | R31 790.15 |
| 2252000 | SUNDUMBILI B | 2520 | MSWELI | RATE/REFUSE | R30 486.60 |
| 2252100 | SUNDUMBILI B | 2521 | NYAWO | RATE/REFUSE | R43 610.45 |
| 2252200 | SUNDUMBILI B | 2522 | MGWABA (DECEASED) | RATE/REFUSE | R38 772.84 |
| 2252300 | SUNDUMBILI B | 2523 | MTETWA | RATE/REFUSE | R33 956.29 |
| 2252600 | SUNDUMBILI B | 2526 | MBATHA | RATE/REFUSE | R19 081.36 |
| 2252700 | SUNDUMBILI B | 2527 | ITHALA DEV FIN CORP | RATE/REFUSE | R48 561.17 |
| 2253200 | SUNDUMBILI B | 2532 | MBATHA | RATE/REFUSE | R41 045.28 |
| 2253500 | SUNDUMBILI B | 2535 | ITHALA LTD - | RATE/REFUSE | R46 699.76 |
| 2253600 | SUNDUMBILI B | 2536 | ZIKHALI | RATE/REFUSE | R21 033.53 |
| 2253700 | SUNDUMBILI B | 2537 | NDABA | RATE/REFUSE | R33 469.37 |
| TOTAL | | | | | R1 049 284.23 |

Table 8.2

| DISCONNECTIONS DEC 2025 | | | | | | |
|-------------------------|-------------|---------|---------------------|----------------|-------------|---------------|
| NO. | ACCOUNT NO. | TOWN | ADDRESS | NAME | DEBT TYPE | AMOUNT R |
| 1 | 009900611 | MANDINI | 9 RICHARD CIRCLE | NAIDOO | RATE/REFUSE | R27 855.68 |
| 2 | 009904501 | MANDINI | 9 PATRYS ROAD | DUBE | RATE/REFUSE | R12 808.43 |
| 3 | 009401621 | MANDINI | 8 RICHARDS CIRCLE | DLAMINI | RATE/REFUSE | R33 183.24 |
| 4 | 009907461 | MANDINI | 8 IMPUNZI RD | MCHUNU | RATE/REFUSE | R1 860.06 |
| 5 | 009903781 | MANDINI | 7 TROGON RD | DLAMINI | RATE/REFUSE | R5 771.87 |
| 6 | 009908251 | MANDINI | 7 SPRINGBOK RD | MTHEMBU | RATE/REFUSE | R2 994.36 |
| 7 | 009901471 | MANDINI | 7 FARROW RD | NTSHANGASE | RATE/REFUSE | R5 781.14 |
| 8 | 009909122 | MANDINI | 7 DUBE RD | VENTER | RATE/REFUSE | R3 842.49 |
| 9 | 009900821 | MANDINI | 60 ANDERSON RD | THABETHE | RATE/REFUSE | R41 782.01 |
| 10 | 008803051 | MANDINI | 6 JOHNSTON RD | NDLOVU | RATE/REFUSE | R40 268.95 |
| 11 | 009002182 | MANDINI | 58 KUDU RD | MZIMELA | RATE/REFUSE | R91 521.78 |
| 12 | 009300531 | MANDINI | 57 PATRYS RD | MINNIE | RATE/REFUSE | R5 781.59 |
| 13 | 008700581 | MANDINI | 57 KUDU RD | MNQAYI | RATE/REFUSE | R4 485.89 |
| 14 | 009902731 | MANDINI | 54 GREIG RD | MZIMELA | RATE/REFUSE | R3 550.96 |
| 15 | 009909281 | MANDINI | 51 PATRYS RD | HLONGWANE | RATE/REFUSE | R9 803.85 |
| 16 | 009902561 | MANDINI | 5 WATSON RD | ZUNGU | RATE/REFUSE | R14 714.71 |
| 17 | 008400741 | MANDINI | 45 PATRYS RD | GOVENDER | RATE/REFUSE | R5 366.64 |
| 18 | 009702121 | MANDINI | 42 IMPUNZI RD | NZIMANDE | RATE/REFUSE | R30 429.35 |
| 19 | 009501791 | MANDINI | 40 KUDU RD | BUTHELEZI | RATE/REFUSE | R9 243.77 |
| 20 | 0024385.68 | MANDINI | 40 INYATHI RD | MTHEMBU, NGEMA | RATE/REFUSE | R26 206.94 |
| 21 | 009800611 | MANDINI | 40 IMPUNZI RD | MOOLMAN | RATE/REFUSE | R14 077.96 |
| 22 | 008803801 | MANDINI | 4 TROGON RD | NDLELA | RATE/REFUSE | R23 241.90 |
| 23 | 009600971 | MANDINI | 4 PHILLIP RD | NTULI | RATE/REFUSE | R81 049.85 |
| 24 | 009907442 | MANDINI | 4 IMPUNZI RD | HIRAMAN | RATE/REFUSE | R74 724.73 |
| 25 | 009903521 | MANDINI | 37 TROGON RD | MATHONSI | RATE/REFUSE | R30 404.09 |
| 26 | 009200811 | MANDINI | 37 PATRYS RD | SIBIYA | RATE/REFUSE | R5 389.30 |
| 27 | 008900571 | MANDINI | 35 KUDU RD | ZUNGU | RATE/REFUSE | R9 425.08 |
| 28 | 009801702 | MANDINI | 34 GREIG RD | ZULU | RATE/REFUSE | R25 249.18 |
| 29 | 009904701 | MANDINI | 32 PLOVER CRESCENT | CELE | RATE/REFUSE | R48 713.33 |
| 30 | 009907711 | MANDINI | 32 KUDU RD | MANQELE | RATE/REFUSE | R14 088.43 |
| 31 | 009903071 | MANDINI | 31 TALBOT RD | MBUYISA | RATE/REFUSE | R44 180.62 |
| 32 | 008903411 | MANDINI | 30 PLOVER CRESCENT | RADEBE | RATE/REFUSE | R95 631.87 |
| 33 | 009999341 | MANDINI | 30 O'HARA RD | MZIMELA | RATE/REFUSE | R10 929.20 |
| 34 | 002500842 | MANDINI | 30 GREIG RD | XULU | RATE/REFUSE | R109 477.57 |
| 35 | 009910241 | MANDINI | 3 ERICA PLACE | QHOSHA | RATE/REFUSE | R38 337.83 |
| 36 | 009910421 | MANDINI | 3 ARUM PLACE | SIBIYA | RATE/REFUSE | R68 449.76 |
| 37 | 009901561 | MANDINI | 29 ANDESRON RD | GABELA | RATE/REFUSE | R13 129.79 |
| 38 | 008001121 | MANDINI | 28 O'HARA RD | MZIMELA | RATE/REFUSE | R32 594.75 |
| 39 | 008902381 | MANDINI | 28 IMPUNZI RD | ZONDI | RATE/REFUSE | R31 204.77 |
| 40 | 009301131 | MANDINI | 26 IMPUNZI RD | PILLAY | RATE/REFUSE | R20 024.98 |
| 41 | 009901291 | MANDINI | 26 FARROW RD | PM ZULU | RATE/REFUSE | R8 184.84 |
| 42 | 009800801 | MANDINI | 25 INYALA RD | MATHONSI | RATE/REFUSE | R26 792.22 |
| 43 | 008300731 | MANDINI | 23 PLOVER CRESCENT | MORGAN | RATE/REFUSE | R67 309.42 |
| 44 | 008800871 | MANDINI | 23 O'HARA RD | XULU | RATE/REFUSE | R19 200.26 |
| 45 | 008400631 | MANDINI | 22 TEKWANE CRESCENT | XULU | RATE/REFUSE | R5 930.21 |
| 46 | 009701331 | MANDINI | 22 KUDU RD | THABETHE | RATE/REFUSE | R30 676.19 |
| 47 | 009500781 | MANDINI | 20 UMSINSI RD | SIBIYA | RATE/REFUSE | R170 852.26 |
| 48 | 008908221 | MANDINI | 2 TEKWANE RD | DLAMINI | RATE/REFUSE | R54 682.26 |
| 49 | 009900121 | MANDINI | 2 STRATTEN CIRCLE | ZULU | RATE/REFUSE | R10 207.81 |
| 50 | 009903601 | MANDINI | 17 SANDPIPER RD | MWANDLA | RATE/REFUSE | R40 630.27 |
| | | | TOTAL | | | R1 602 044.44 |

Table 8.3

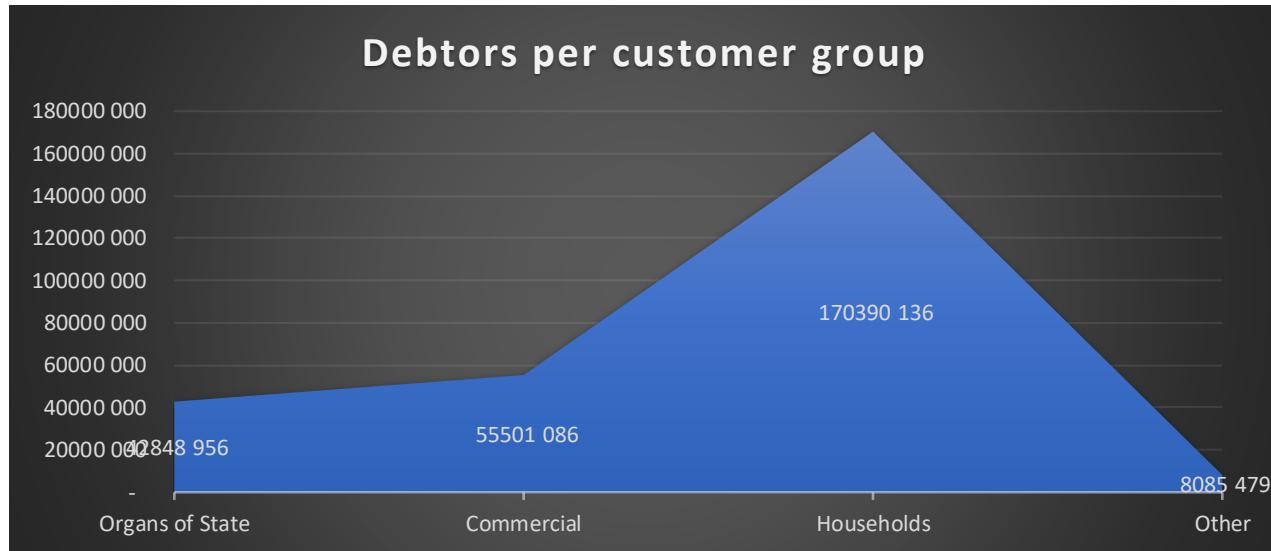


The municipal debtors have increased from R260.9 million to R276.8 million that is from July 2025 until 31 December 2025. This increase is between Household debtors of 62% and it is followed by Business Commercial is 20% and Organ of state at 15% and lastly the other debtors with a percentage of 3%.

▪ **Debtors outstanding per category**



- **Total Outstanding Debtors from July –December**



Councilors and Employees in Arrear

- Debt outstanding on Staff as of 31 December is R.77,088.94
- Councillors Accounts in arrears as of 31 December is R175,375.64
- However, it should be noted that both Councilors and Staff have made arrangement with the municipality to settle these outstanding debts.

CREDITORS ANALYSIS

Table 9

| KZN291 Mandeni - Supporting Table SC4 Monthly Budget Statement - aged creditors - Mid-Year Assessment | | | | | | | | | | Prior year totals | |
|---|-------------|---------------------|-----------------|-----------------|-------------|--------------|--------------|---------------|----------------|-------------------------|--|
| Description R thousands | NT Code | Budget Year 2025/26 | | | | | | | | | |
| | | 0 - 30 Days | 31 - 60 Days | 61 - 90 Days | 91 - 120 | 121 - 150 | 151 - 180 | 181 Days - | Over 1 Year | | |
| 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 | – | – | – | – | – | – | – | – | – | |
| Total By Customer Type | 1000 | – | – | – | – | – | – | – | – | – | |

- Creditors as at 31st December 2025 amounts to **R0**
- 100% of the creditors are paid within 30 days as stipulated in the MFMA.

FINANCIAL POSITION

Table C6 displays the financial position of the municipality as at 31st December 2025

| KZN291 Mandeni - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - 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 | | | | | | | | | | | |
| RECEIPTS: | 1,2 | | | | | | | | | | |
| Operating Transfers and Grants | | | | | | | | | | | |
| National Government: | | | | | | | | | | | |
| EPWP Incentive | | 273,445 | 250,223 | – | 81,400 | 188,660 | 124,610 | 64,050 | 51.4% | 250,223 | |
| Finance Management | | 3,784 | 1,714 | – | – | 1,200 | 714 | 486 | 68.0% | 1,714 | |
| Integrated National Electrification Programme | | 1,850 | 1,900 | – | – | 1,900 | 792 | 1,108 | | 1,900 | |
| Local Government Equitable Share | | 7,200 | – | – | – | – | – | | | – | |
| Municipal Infrastructure Grant | | 243,588 | 244,198 | – | 81,400 | 183,149 | 122,099 | 61,050 | | 244,198 | |
| | | 17,023 | 2,411 | – | – | 2,411 | 1,005 | 1,406 | | 2,411 | |
| Other transfers and grants [insert description] | | | | | | | | | | | |
| Provincial Government: | | (19,093) | 4,933 | – | 4,825 | 4,825 | 2,055 | 2,770 | 134.7% | 4,933 | |
| KwaZulu-Natal_Capacity Building and Other_Spe | | (19,093) | 4,933 | – | 4,825 | 4,825 | 2,055 | 2,770 | 134.7% | 4,933 | |
| Other transfers and grants [insert description] | | | | | | | | | | | |
| District Municipality: | | | | | | | | | | | |
| [insert description] | | – | – | – | 3,467 | 5,074 | – | 5,074 | 100.0% | – | |
| | | – | – | – | 3,467 | 5,074 | – | 5,074 | 100.0% | – | |
| Other grant providers: | | | | | | | | | | | |
| [insert description] | | – | – | – | – | – | – | – | | – | |
| | | – | – | – | – | – | – | – | | – | |
| Total Operating Transfers and Grants | 5 | 10,764 | 255,156 | – | 89,692 | 198,559 | 106,315 | 71,894 | 3.1% | 255,156 | |
| Capital Transfers and Grants | | | | | | | | | | | |
| National Government: | | | | | | | | | | | |
| Municipal Infrastructure Grant (MIG) | | 132,244 | 45,817 | – | 10,000 | 35,589 | 19,090 | 16,499 | 86.4% | 45,817 | |
| Integrated National Electrification Programme Gra | | 128,668 | 45,817 | – | 10,000 | 35,589 | 19,090 | 16,499 | 86.4% | 45,817 | |
| Other capital transfers [insert description] | | 3,576 | – | – | – | – | – | | | – | |
| Provincial Government: | | 50,633 | – | – | – | – | – | – | | – | |
| KwaZulu-Natal_Infrastructure_Infrastructure_REC | | 50,633 | – | – | – | – | – | – | | – | |
| District Municipality: | | | | | | | | | | | |
| KwaZulu-Natal_DC 29 - Ilembe_Infrastructure_Sp | | – | – | – | – | – | – | – | | – | |
| | | – | – | – | – | – | – | – | | – | |
| Other grant providers: | | | | | | | | | | | |
| [insert description] | | – | – | – | – | – | – | – | | – | |
| Total Capital Transfers and Grants | 5 | 182,877 | 45,817 | – | 10,000 | 35,589 | 19,090 | 16,499 | 86.4% | 45,817 | |
| TOTAL RECEIPTS OF TRANSFERS & GRANTS | 5 | 193,642 | 300,973 | – | 99,692 | 234,148 | 125,405 | 108,742 | 15.8% | 300,973 | |

FINANCIAL RATIOS AND NORMS

Current ratio: The municipality's current assets are 4 (three) times that of current liabilities.

The ratio measures the short-term liquidity, that is, the extent to which the current liabilities can be paid from current assets. The higher the ratio, the healthier the situation is. The ratio of 3.91:1 is favorable as it is above the norm of 1:1 normally set for municipalities. This indicates that there is sufficient cash to meet creditor obligations.

Liquidity ratio: The cash and cash equivalents are three time of the current liabilities.

Creditors' system efficiency: 100 percent of the creditors outstanding are less than 30 days.

Creditor's payment: it takes the municipality 0 days to pay its creditors.

Outstanding debtors: billing far exceeds the collection on outstanding debt at the rate of 83 percent.

Collection days: 329 days it takes the municipality to collect outstanding debt.

Cost coverage: on average the municipality has sustained its existence for the period of **4 months** without any grant funding.

Debtors collection rate: as at mid-year is **83%**

| B. Debtors Management | | | |
|------------------------------|--|---------|---|
| 1 | Collection Rate | 95% | 83% |
| | | | Gross Debtors closing balance 276 825 666 |
| | | | Gross Debtors opeining balance 262 266 700 |
| | | | Bad debts written Off |
| | | | Billed Revenue 84 580 809 |
| 2 | Bad Debts Written-off as % of Provision for Bad Debt | 100% | 5% |
| | | | Consumer Debtors Bad debts written off 10 695 564 |
| | | | Consumer Debtors Current bad debt Provision 200 669 456 |
| 3 | Net Debtors Days | 30 days | 329 days |
| | | | Gross debtors 276 825 666 |
| | | | Bad debts Provision 200 669 456 |
| | | | Billed Revenue 84 580 809 |

| C. Liquidity Management | | | | |
|--------------------------------|--|---------------------|--------------------------------------|-------------|
| 1 | Cash / Cost Coverage Ratio (Excl. Unspent Conditional Grants) | 1 - 3 Months | 4 Month | |
| | | | 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 | 1.5 - 2:1 | 3.91 | |
| | | | Current Assets | 291 097 754 |
| | | | Current Liabilities | 74 422 559 |
| 3 | Remuneration as % of Total Operating Expenditure | 25% - 40% | 37% | |
| | | | Employee/personnel related cost | 80 630 651 |
| | | | Councillors Remuneration | 7 563 059 |
| | | | Total Operating Expenditure | 238 647 116 |
| | | | Taxation Expense | - |
| 4 | Contracted Services % of Total Operating Expenditure | 2% - 5% | 16% | |
| | | | Contracted Services | 37 686 565 |
| | | | Total Operating Expenditure | 238 647 116 |
| | | | Taxation Expense | - |

| | | | | |
|---|--|-----------|--|-------------|
| 1 | Capital Expenditure to Total Expenditure | 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) | 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) | 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 |

6. MONTHLY BUDGET STATEMENT -CASH FLOW

Table C7 below display the Cash Flow Statement for the month ending 31st December 2025

| KZN291 Mandeni - Table C7 Monthly Budget Statement - Cash Flow - Mid-Year Assessment | | | | | | | | | | |
|--|-----|-----------------|------------------|---------------------|-----------------|-----------------|-----------------|-----------------|----------------|--------------------|
| 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 | | | | | | | | | |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | | | | | | | |
| Receipts | | | | | | | | | | |
| Property rates | | (52,910) | 49,972 | — | 6,840 | 58,159 | 24,986 | 33,173 | 133% | 49,972 |
| Service charges | | (63,799) | 98,454 | — | 1,926 | 15,039 | 49,227 | (34,189) | -69% | 98,454 |
| Other revenue | | 8,768 | 26,748 | — | 236 | 1,955 | 13,374 | (11,419) | -85% | 26,748 |
| Transfers and Subsidies - Operational | | 315,392 | 254,956 | — | 96,225 | 190,303 | 127,478 | 62,825 | 49% | 254,956 |
| Transfers and Subsidies - Capital | | 167,478 | 46,017 | — | 3,015 | 38,000 | 23,008 | 14,992 | 65% | 46,017 |
| Interest | | — | 25,232 | — | — | — | 12,616 | (12,616) | -100% | 25,232 |
| Dividends | | — | — | — | — | — | — | — | — | — |
| Payments | | | | | | | | | | |
| Suppliers and employees | | (469,507) | (414,328) | — | (39,754) | (212,299) | (190,121) | 22,178 | -12% | (436,031) |
| Interest | | — | (3,050) | — | — | — | (1,525) | (1,525) | 100% | (3,050) |
| Transfers and Subsidies | | — | — | — | — | — | — | — | — | — |
| NET CASH FROM/(USED) OPERATING ACTIVITIES | | (94,577) | 84,002 | — | 68,488 | 91,157 | 59,044 | (32,113) | -54% | 62,299 |
| 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 | | 126,192 | (166,388) | — | (11,181) | (49,834) | (83,194) | (33,359) | 40% | (144,685) |
| NET CASH FROM/(USED) INVESTING ACTIVITIES | | 126,192 | (166,388) | — | (11,181) | (49,834) | (83,194) | (33,359) | 46% | (166,388) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | | | | | |
| Receipts | | | | | | | | | | |
| Short term loans | | — | — | — | — | — | — | — | — | — |
| Borrowing long term/refinancing | | — | — | — | — | — | — | — | — | — |
| Increase (decrease) in consumer deposits | | — | — | — | — | — | — | — | — | — |
| Payments | | | | | | | | | | |
| Repayment of borrowing | | — | — | — | — | — | — | — | — | — |
| NET CASH FROM/(USED) FINANCING ACTIVITIES | | — | — | — | — | — | — | — | — | — |
| 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 | | | — |

The net decrease in cash for the period ending 31 December 2025 is R41.3million. The municipality opened the financial year with cash and cash equivalents of R131.9 million as per the audited AFS and closed the month of December with a balance of R173.2 million.

Table C7 provides a projection of the anticipated cash inflows and outflows, illustrating the cash flow patterns likely to result from the implementation of the approved budget.

Revenue -Receipts

- The property collection rate to date is over-performed by 33% or R33.2million of the collected revenue in C7-as of 31 December 2025.
- Service Charges: Electricity and Refuse cash receipts are under collected by 69% or R34.2million from the revenue budget.
- Other Revenue collected from VAT refunds received as of 31st December totals R2.4million whereas a total amount of R14.2million and, Other Revenue receipt collected of R1.9million.
- Government grants received YTD total of R228.3million as of 31 December 2025 which includes Government grant Capital of R38million.
- Interest earned on external investments amounts to R6.8million@54%.

Payments

- Suppliers and employees for cash outflows of R213million.
- Finance charges reflect underperformance by 100 percent.
- Capital Assets of R49.8million as at 31 December 2025 @60%.



Mandeni Municipality

BANK RECONCILIATION STATEMENT FOR DECEMBER 2025

Main Account :52940480587

Opening FNB Bank Balance as on DECEMBER 2025

7 579 741.88

PLUS: Deposits Banked

10 029 225.39

PLUS: Interest received

27 162.05

PLUS: Transfers In

66 096 537.61

PLUS:Interest received From Call 1

87 686.30

PLUS:Unpaid

-

PLUS: MATURED INVESTMENTS

-

PLUS: SARS REFUND

2 444 707.67

PLUS: GRANTS RECEIVED

99 692 472.01

Total Deposits

178 377 791.03

178 377 791.03

Less:Total payments

173 835 068.82

173 835 068.82

LESS: EFT Payments

57 866 645.74

LESS: Bank Charges

20 758.50

LESS: Transfers Out

85 000 000.00

LESS: NEW INVESTMENTS

30 000 000.00

LESS: Debit Orders

947 664.58

Closing FNB Bank Balance as on 31 DECEMBER 2025

12 122 464.09

Cashbook Reconciliation for 31 DECEMBER 2025

OPENING BALANCE 1/07/2025

2 810 099 045.12

OPENING BALANCE 1/07/2025

96 176 000.00

OPENING BALANCE 1/07/2025

2 889 322 530.36

OPENING BALANCE 1/07/2025-INTEREST

1 007 168.74

OPENING BALANCE-1/7/2025 -BANK CHARGES

1 660 778.29

TOTAL OPENING BALANCE 1/07/2025

16 298 905.21

Cashbook Balance as on 1 DEC 2025-D0001/IA09567/F0001/X049/R0099/001/FIN

282 667 569.16

Less:Cashbook Balance as on 1 DEC 2025-D0001/IA09850/F0001/X049/R0099/001/FIN

- 291 411 393.88

Corrections to be made (JNL CR)

-

Corrections to be made (JNL DR)

-

PLUS: Deposits Banked for DECEMBER 2025

10 029 225.39

LESS: EFT Payments for DECEMBER 2025

- 57 898 995.74

Plus NOV 2025 outstanding (reconciled)

23 000.00

Less: Bank Charges to date

- 128 387.32

PLUS: Grant received

99 692 472.01

Less : New investment

- 30 000 000.00

Less: Payments not yet paid during DECEMBER 2025

136 452.44

PLUS: Interest received to date

87 686.30

PLUS:Interest received From Call 1-DECEMBER 2025

-

PLUS MATURED INVESTMENT

-

PLUS :SARS REFUND

2 444 707.67

PLUS :TRANSFER IN

66 096 537.61

LESS:TRANSFER OUT

- 85 000 000.00

LESS: Debit Orders for -DECEMBER 2025

- 947 664.58

Closing Cashbook Balance as on 31 DECEMBER 2025

12 090 114.27

32 350.00

Reconciling Items

Amount

ADD: Journal Debits - on Cashbook not on Bank Statement

32 350.00

ADJUSTED MONTH END CASHBOOK BALANCE- 31 DECEMBER 2025

12 122 464.27

MONTH END BALANCE PER BANK STATEMENT- 31 DECEMBER 2025

12 122 464.09

DIFFERENCE

0.18

MONTHLY BUDGET STATEMENT- INVESTMENT PORTFOLIO

|  | | INVESTMENT REGISTER FOR DECEMBER 2025 | | | | | | | | | |
|---|----------------------|---------------------------------------|---------------------|----------------|-----------------------|----------------|-----------------|--------------|--------------|-------------------------------|--------------|
| | | Name of grant | Bank account number | INTEREST RATES | Opening Balance as at | Re-Investments | Expenditure | interest | bank charges | TOTAL INTEREST EARNED TO DATE | |
| | | | | | 2025/12/01 | | | | | | |
| | | | | % | R | R | R | R | R | | |
| call 1-internal grant | 61294217372 | | | 7.20 | - | 70 000 000.00 | 62 587 686.30 | 87 686.30 | - | 7 500 000.00 | 839 928.38 |
| Call account 2 - HOUSING | 62028673219 | | | 7.20 | 2 209 323.03 | - | | 10 395.92 | - | 2 219 718.95 | 65 481.61 |
| Call account 3-MIG | 62812286400 | | | 7.20 | 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 | 62113325882 | | | 7.20 | 567 656.06 | 1 400.00 | - | 2 595.53 | 32.24 | 571 619.35 | 16 614.21 |
| Call account 6- INEP | 62527527462 | | | 7.20 | 1 126.03 | - | - | 5.28 | - | 1 131.31 | 1 131.31 |
| Call account 7-AR | 62538203449 | | | 7.20 | 1 520 305.66 | - | - | 7 359.94 | - | 1 527 665.60 | 83 472.77 |
| Call account 8- Title Deed | 62812286963 | | | 7.20 | 1 761 047.97 | - | - | 8 525.40 | - | 1 769 573.37 | 60 873.66 |
| Call account 9- Disaster Recovery | 63048438097 | | | 7.20 | 142 973.34 | - | - | 692.15 | - | 143 665.49 | 62 412.58 |
| ABSA BANK | 208168-2978 | | | 9.78 | - | | - | - | | - | - |
| NEDBANK | 03/7881155450/000038 | | | 7.87 | - | | - | - | | - | 1 117 029.92 |
| ABSA BANK | 208213-3077 | | | 7.92 | 100 000 000.00 | - | - | 759 452.06 | | 100 000 000.00 | 3 927 452.05 |
| ABSA BANK | 208231-8708 | | | 7.36 | 30 000 000.00 | | | 151 232.87 | | 30 000 000.00 | 151 232.87 |
| FNB-MAIN BANK | 52940480587 | | | | - | | | 27 162.05 | | - | 136 452.44 |
| TOTAL | | | | | 142 027 415.06 | 85 001 400.00 | (66 184 223.91) | 1 128 245.75 | (32.24) | 161 034 957.68 | 6 793 776.51 |

MONTHLY BUDGET STATEMENT - Employee costs and councilors benefits (Section 66 MFMA

KZN 291 Mandeni Municipality S52(d) Quarterly Reporting 2020-2026

| KZN291 Mandeni - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M06 December | | | | | | | | | | |
|---|-----|-----------------|-----------------|---------------------|----------------|---------------|---------------|----------------|----------------|--------------------|
| Summary of Employee and Councillor remuneration R thousands | 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 |
| 1 | A | B | C | | | | | | | D |
| Councillors (Political Office Bearers plus Other) | | | | | | | | | | |
| Basic Salaries and Wages | | 13 079 | 14 319 | – | 1 098 | 6 517 | 7 159 | (643) | -9% | 14 319 |
| Pension and UIF Contributions | | – | – | – | – | – | – | – | – | – |
| Medical Aid Contributions | | – | – | – | – | – | – | – | – | – |
| Motor Vehicle Allowance | | 452 | 702 | – | 39 | 237 | 351 | (114) | -32% | 702 |
| Cellphone Allowance | | 1 493 | 1 754 | – | 126 | 746 | 877 | (131) | -15% | 1 754 |
| Housing Allowances | | 126 | 269 | – | 11 | 63 | 134 | (71) | -53% | 269 |
| Other benefits and allowances | | – | – | – | – | – | – | – | – | – |
| Sub Total - Councillors | | 15 151 | 17 043 | – | 1 274 | 7 563 | 8 522 | (959) | -11% | 17 043 |
| % increase | 4 | | 12.5% | | | | | | | 12.5% |
| Senior Managers of the Municipality | 3 | | | | | | | | | |
| Basic Salaries and Wages | | 8 755 | 5 833 | – | 496 | 3 401 | 2 916 | 484 | 17% | 5 833 |
| Pension and UIF Contributions | | – | 11 | – | – | – | 5 | (5) | -100% | 11 |
| Medical Aid Contributions | | 268 | 153 | – | 17 | 127 | 76 | 50 | 66% | 153 |
| Overtime | | – | – | – | – | – | – | – | – | – |
| Performance Bonus | | 570 | 399 | – | – | – | 200 | (200) | -100% | 399 |
| Motor Vehicle Allowance | | 716 | 909 | – | 60 | 358 | 454 | (96) | -21% | 909 |
| Cellphone Allowance | | 342 | 281 | – | 29 | 171 | 141 | 30 | 22% | 281 |
| Housing Allowances | | 170 | 292 | – | 14 | 85 | 146 | (61) | -42% | 292 |
| Other benefits and allowances | | 482 | 485 | – | 40 | 241 | 243 | (2) | -1% | 485 |
| Payments in lieu of leave | | – | – | – | – | – | – | – | – | – |
| Long service awards | | – | – | – | – | – | – | – | – | – |
| Post-retirement benefit obligations | 2 | 5 617 | 3 923 | – | – | – | 1 961 | (1 961) | -100% | 3 923 |
| Entertainment | | | | | | | | | | |
| Scarcity | | | | | | | | | | |
| Acting and post related allowance | | | | | | | | | | |
| In kind benefits | | | | | | | | | | |
| Sub Total - Senior Managers of Municipality | | 16 920 | 12 285 | – | 656 | 4 382 | 6 142 | (1 760) | -29% | 12 285 |
| % increase | 4 | | -27.4% | | | | | | | -27.4% |
| Other Municipal Staff | | | | | | | | | | |
| Basic Salaries and Wages | | 96 503 | 105 238 | – | 8 918 | 52 606 | 52 619 | (12) | 0% | 105 238 |
| Pension and UIF Contributions | | 15 787 | 17 150 | – | 1 360 | 8 224 | 8 575 | (351) | -4% | 17 150 |
| Medical Aid Contributions | | 7 748 | 7 271 | – | 675 | 4 129 | 3 635 | 494 | 14% | 7 271 |
| Overtime | | 4 129 | 3 191 | – | 268 | 1 923 | 1 596 | 327 | 21% | 3 191 |
| Performance Bonus | | 8 019 | 5 711 | – | 655 | 3 863 | 2 856 | 1 008 | 35% | 5 711 |
| Motor Vehicle Allowance | | 4 999 | 6 161 | – | 403 | 2 529 | 3 080 | (551) | -18% | 6 161 |
| Cellphone Allowance | | 758 | 832 | – | 66 | 406 | 416 | (10) | -2% | 832 |
| Housing Allowances | | 340 | 405 | – | 27 | 174 | 202 | (29) | -14% | 405 |
| Other benefits and allowances | | 2 185 | 1 052 | – | 229 | 1 437 | 526 | 911 | 173% | 1 052 |
| Payments in lieu of leave | | 3 327 | 2 798 | – | 128 | 667 | 1 399 | (732) | -52% | 2 798 |
| Long service awards | | 439 | 1 498 | – | 57 | 290 | 749 | (460) | -61% | 1 498 |
| Post-retirement benefit obligations | 2 | (1 123) | 4 310 | – | – | – | 2 155 | (2 155) | -100% | 4 310 |
| Entertainment | | | | | | | | | | |
| Scarcity | | | | | | | | | | |
| Acting and post related allowance | | | | | | | | | | |
| In kind benefits | | | | | | | | | | |
| Sub Total - Other Municipal Staff | | 143 111 | 155 617 | – | 12 782 | 76 249 | 77 808 | (1 560) | -2% | 155 617 |
| % increase | 4 | | 8.7% | | | | | | | 8.7% |
| Total Parent Municipality | | 175 181 | 184 944 | – | 14 712 | 88 194 | 92 472 | (4 279) | -5% | 184 944 |

8. External Loan

NONE

9. Performance Indicators

| KZN291 Mandeni - Supporting Table SC2 Monthly Budget Statement - performance indicators - M06 December | | | | | | | |
|--|--|-----|-----------------|---------------------|-----------------|---------------|--------------------|
| Description of financial indicator | Basis of calculation | Ref | 2024/25 | Budget Year 2025/26 | | | |
| | | | Audited Outcome | Original Budget | Adjusted Budget | YearTD actual | Full Year Forecast |
| Borrowing Management | | | | | | | |
| Capital Charges to Operating Expenditure | Interest & principal paid/Operating Expenditure | | 0.0% | 8.1% | 0.0% | 0.0% | 4.1% |
| Borrowed funding of 'own' capital expenditure | Borrowings/Capital expenditure excl. transfers and grants | | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Safety of Capital | | | | | | | |
| Debt to Equity | Loans, Accounts Payable, Overdraft & Tax Provision/ Funds & Reserves | | 9.9% | 8.6% | 0.0% | 7.7% | 8.6% |
| Gearing | Long Term Borrowing/ Funds & Reserves | | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Liquidity | | | | | | | |
| Current Ratio | Current assets/current liabilities | 1 | 296.3% | 202.1% | 0.0% | 391.1% | 202.1% |
| Liquidity Ratio | Monetary Assets/Current Liabilities | | 153.1% | 11.1% | 0.0% | 232.8% | 11.1% |
| Revenue Management | | | | | | | |
| Annual Debtors Collection Rate (Payment Level %) | Last 12 Mths Receipts/ Last 12 Mths Billing | | | | | | |
| Outstanding Debtors to Revenue | Total Outstanding Debtors to Annual Revenue | | 18.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Longstanding Debtors Recovered | Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old | | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Creditors Management | | | | | | | |
| Creditors System Efficiency | % of Creditors Paid Within Terms (within MFMA s 65(e)) | | | | | | |
| Funding of Provisions | | | | | | | |
| Percentage Of Provisions Not Funded | Unfunded Provisions/Total Provisions | | | | | | |
| Other Indicators | | | | | | | |
| Electricity Distribution Losses | % Volume (units purchased and generated less units sold)/units purchased and generated | 2 | | | | | |
| Water Distribution Losses | % Volume (units purchased and own source less units sold)/Total units purchased and own source | | | | | | |
| Employee costs | Employee costs/Total Revenue - capital revenue | | 37.2% | 36.9% | 0.0% | 28.0% | 36.9% |
| Repairs & Maintenance | R&M/Total Revenue - capital revenue | | 5.6% | 6.6% | 0.0% | 4.3% | 6.6% |
| Interest & Depreciation | I&D/Total Revenue - capital revenue | | 10.8% | 8.6% | 0.0% | 0.0% | 4.4% |
| IDP regulation financial viability indicators | | | | | | | |
| i. Debt coverage | (Total Operating Revenue - Operating Grants)/Debt service payments due within financial year) | | | | | | |
| ii. O/S Service Debtors to Revenue | Total outstanding service debtors/annual revenue received for services | | | | | | |
| iii. Cost coverage | (Available cash + Investments)/monthly fixed operational expenditure | | | | | | |
| References | | | | | | | |

8.Municipal Manager's Quality Certificate

Regulation 27 prescribes that the Municipal Manager must sign a quality certificate in the format prescribed below;

I, Sizwe G. Khuzwayo the Municipal Manager of Mandeni Municipality KZN291, hereby certify that: -

• SECOND QUARTER REPORT S52(d)

has been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act,

Print Name **Mr S.G. Khuzwayo**

Municipal manager of Mandeni Municipality (KZN 291)

Signature: _____

Date: **31 December 2025**