



**MFMA s72 & s52 (d) Monthly, Mid-Year & Quarterly Reports 2025/26
Budget & Treasury Office**

DISTRIBUTION:

Executive Mayor:	Cllr Mareen Magubane
Municipal Manager:	Dr. Elphas Dladla
Chief Financial Officer:	Mr. Ntando Duma
Sector Departments:	Mpofana Local Municipality

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PART 1: IN-YEAR REPORT FOR THE PERIOD ENDING 31 DECEMBER 2025

TO: THE EXECUTIVE MAYOR

FROM: THE DIRECTORATE: FINANCIAL SERVICES: BUDGET & TREASURY OFFICE

Purpose

To inform the council of financial performance and financial position of the municipality as required by section 72 of the Municipal Finance Management Act (MFMA).

1.1 Background

In terms of Section 72 of the MFMA, the Accounting Officer of the Municipality is required to submit a report in the prescribed format to the Mayor by the 25 January of each year, reviewing the financial performance of the municipality for the first six months of the year. This mid-year report is a critical stage in the in year reporting cycle of the municipality as it allows the municipality to review any circumstances that may have changed since the preparation of the annual budget.

As part of the review, in terms of Section 72(3), the accounting officer needs to make recommendations as to whether the SDBIP and Annual budget, i.e. Both Operational & Capital, needs to be adjusted. Furthermore, Section 54(f) of the MFMA requires the Mayor to consider and submit a report to Council by 31 January

1.2 Mayor's Report

The Mpfana Local Municipality have limited financial resources to satisfy the unlimited needs of the people. The municipality continues to provide electricity to the Mpfana Community at substantial loss as the people are not paying for this service. This is one of the challenges that has resulted in the municipality's dire financial situation which coupled with other challenges has seen the municipality being placed under administration by KZN COGTA in terms of section 139 (1) (b) of the Constitution.

The intervention by KZN COGTA has restored focus on service delivery; enhance revenue collection, improved institutional capacity and performance as well as the attainment of the Constitutional Objects of Local Government.

The municipality is currently operating with an unfunded budget due to escalating operational cost and high outstanding creditors. In order to remedy this situation, cost curtailment measures are being implemented and this is in line with administrators' council adopted recovery plan. The municipality has however been able to adopt a MTREF draft budget with a positive cash flow and a surplus for 2025/26 financial year.

We remain committed to the realization of our five Key Performance Areas which are:

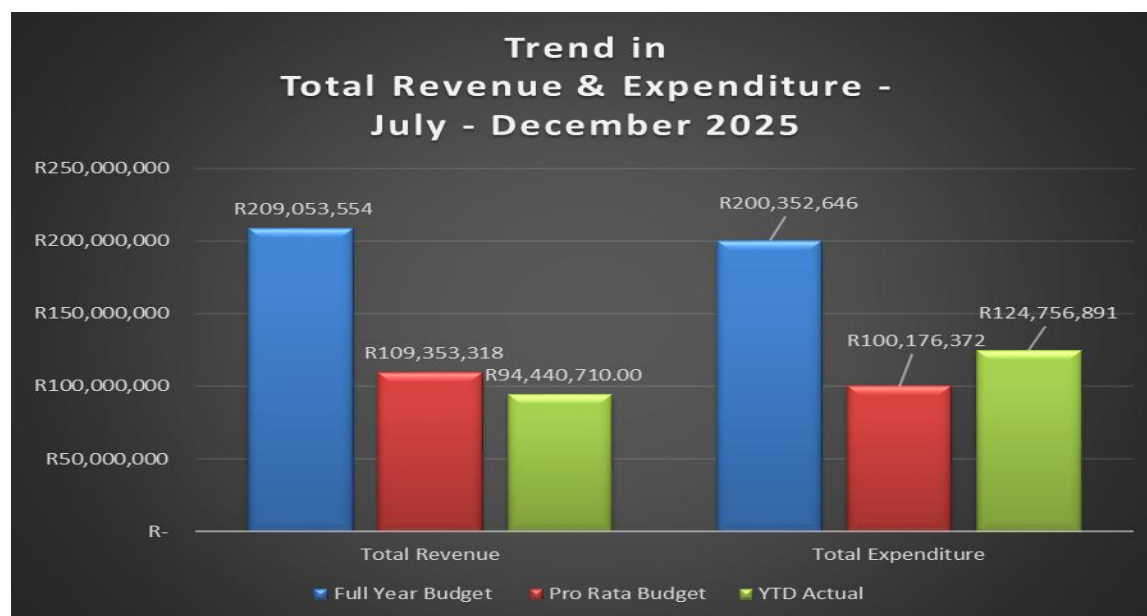
- Good Governance and Public Participation
- Basic Infrastructure and Service Delivery
- Local Economic Development
- Municipal Financial Viability and
- Municipal Transformation and Organizational Development

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The Mayor: Cllr. TM Magubane

1.3 For a detailed overview of the Budget performance for December 2025 refer to the attached Annexure A

Description	Summary for Financial Period ended December 2025				
	Full Year Budget Adopted 2025/26	Pro Rata Budget December 2025	YTD Actual December 2025	YTD Variance Amount December 2025	YTD percentage
Total Revenue:	R 209,053,554	R 109,353,318	R 94,440,710	R 14,912,608	101.05%
Revenue - Operational	R 192,888,454	R 101,270,766	R 85,249,543	R 16,021,223	44.20%
Revenue - Capital	R 16,165,100	R 8,082,552	R 9,191,167	R -1,108,615	56.86%
Total Expenditure:	R 200,352,646	R 100,176,372	R 124,756,891	R -24,580,519	137.12%
Expenditure - Operational	R 186,369,733	R 93,184,914	R 114,147,294	R -20,962,380	61.25%
Expenditure - Capital	R 13,982,913	R 6,991,458	R 10,609,597	R -3,618,139	75.88%
Surplus/(Deficit)	R 8,700,908	R 9,176,946	-30,316,181	39,493,127	



- The Year to date (YTD) Actual Total Revenue Dec 2025 **R 94 440 m** was significantly below the Pro-rata Total Revenue budget **R 109 353 m** i.e. by **R 14 912 m** (14%).
- The Year to date (YTD) Actual Total Expenditure Dec 2025 **R 124 756 m** was significantly above the Pro-rata budget Total Expenditure budget **R 100 176 m** i.e. by **R 24 580 m** (25%). This highlights concern, and management must take note of this trend, so that expenditure is not above full year budget. Management to take note of this significant finding

- Furthermore, Debt impairment & Depreciation, although budgeted for, has not been considered, as there are no Year to date figures. This must be addressed so that it is included in forthcoming months.

1.3 Financial performance overview

Revenue: The total year to date (ytd) actual revenue generated for the month of December amounted to R85,2 million while the projected ytd budget amounted to R101,2 million. This means that the municipality generated less than what was projected at the end of the sixth month.

The variances on Property Rates revenue, Traffic fines revenue License and permits. This means that revenue generated from this source is less than projected in the annual budget therefore the estimated should be adjusted accordingly in order to ensure the accuracy of the budget in the next six month of the year

Overall, in the sixth month of the year, the municipality generated R94,4 million revenues against the annual budget of R209 million, which is 45% of the annual budget. The municipality must monitor closely the levels of revenue generated and expenditure incurred to mitigate the risk of expenditure exceeding revenue as that may create cash flow problems in a long run.

Operating Expenditure: The total year to date (ytd) actual operating expenditure for the period ending 31 December 2025 amounted to R114,1 million while the ytd budget amounted to R 93,1 million. Operational expenditure is largely defined by the bulk (electricity) purchases, and employee related costs both accounting for 73% of the annual budget expenditure and they are both above what was projected for the end of six month of the budget year. Therefore, the municipality will perform necessary adjustment and to the Interest on Bulk Electricity as well.

Overall, the municipality recorded a deficit of R19,7 million for the sixth month of the financial year.

Capital Expenditure: The year to date (ytd) actual capital expenditure for the period ending 31 December 2025 amounted to R10,6 million while the ytd budget amounted to R6,9 million resulting in over performance of R3,6 million (25%) of the capital budget. The concern on the expenditure of R1,1 million from internal generated fund because it was not budgeted for. The municipality should therefore put measures in place to ensure that they spent according to the budget.

Grant Receipts: The total operational and capital grant receipts for the sixth month amounted to R19,7 million while the expenditure amounted to R13,5 million which only amounts to 69 percent performance against receipts.

Cash & Cash equivalents: As at the end of 31 December 2025 the cash and investments resulted in a positive balance amounting to R9,1 million.

Consumer Debtors: Consumer debtors at the end of the sixth month (31 December 2025) is at R183,2 million. The municipality's debtors are continually increasing which poses a serious threat to the municipality's future

sustainability. Achieving the collection will save the municipality from the significant Cash Flow risk exposure as it will always be liquid and able to pay its debts as they become due. The municipality will continuously introduce measures to ensure acceptable levels of debt collections and thereby mitigating the risk of cash flow problems in future.

Creditors: Creditors owed by the municipality as at the end of mid-year amount to R704,9 million.

1.4 Monthly Budget Statements Summary

Table C1 below provides a summary of the overall performance of the Municipality and is unpacked in the sections that follow.

KZN223 Mpfana - Table C1 Monthly Budget Statement Summary - M06 December									
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	17,173	26,719	-	1,551	9,186	18,237	(9,051)	-50%	26,719
Service charges	59,494	72,048	-	4,884	32,035	36,024	(3,989)	-11%	72,048
Investment revenue	559	616	-	-	188	308	(119)	-39%	616
Transfers and subsidies - Operational	61,367	57,724	-	15,260	39,717	28,862	10,855	38%	57,724
Other own revenue	11,620	35,781	-	870	4,123	17,840	(13,717)	-77%	35,781
Total Revenue (excluding capital transfers and contributions)	150,212	192,888	-	22,564	85,250	101,271	(16,021)	-16%	192,888
Employee costs	71,211	62,010	-	5,808	35,346	31,005	4,341		62,010
Remuneration of Councillors	3,537	4,057	-	407	4,506	2,029	2,478		4,057
Depreciation and amortisation	14,918	10,894	-	-	-	5,447	(5,447)		10,894
Interest	23,459	-	-	2,630	15,888	-	15,888		-
Inventory consumed and bulk purchases	90,887	80,710	-	5,355	44,797	40,355	4,442		80,710
Transfers and subsidies	64	-	-	-	-	-	-		-
Other expenditure	66,569	28,699	-	992	13,611	14,349	(738)	-5%	28,699
Total Expenditure	270,645	186,370	-	15,192	114,147	93,185	20,962	22%	186,370
Surplus/(Deficit)	(120,433)	6,519	-	7,372	(28,898)	8,086	(36,984)	-457%	6,519
Transfers and subsidies - capital (monetary allocations)	28,149	16,165	-	1,801	9,191	8,083	1,109	14%	16,165
Transfers and subsidies - capital (in-kind)	-	-	-	-	-	-	-		-
Surplus/(Deficit) after capital transfers & contributions	(92,284)	22,684	-	9,173	(19,707)	16,168	(35,875)	-222%	22,684
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-		-
Surplus/ (Deficit) for the year	(92,284)	22,684	-	9,173	(19,707)	16,168	(35,875)	-222%	22,684
Capital expenditure & funds sources									
Capital expenditure	(6,317)	13,983	-	1,566	10,610	6,991	3,618	52%	13,983
Capital transfers recognised	(7,729)	13,983	-	1,566	9,505	6,991	2,514	36%	13,983
Borrowing	-	-	-	-	-	-	-		-
Internally generated funds	2,227	-	-	-	1,104	-	1,104	#DIV/0!	-
Total sources of capital funds	(5,502)	13,983	-	1,566	10,610	6,991	3,618	52%	13,983
Financial position									
Total current assets	248,635	155,362	-	-	264,254	-	-	-	155,362
Total non current assets	217,531	302,601	-	-	228,140	-	-	-	302,601
Total current liabilities	758,670	563,683	-	-	804,605	-	-	-	563,683
Total non current liabilities	94,840	35,347	-	-	94,840	-	-	-	35,347
Community wealth/Equity	(387,344)	(141,067)	-	-	(407,051)	-	-	-	(141,067)
Cash flows									
Net cash from (used) operating	692,281	7,520	-	21,359	136,093	191,347	55,254	29%	7,520
Net cash from (used) investing	17,858	(16,157)	-	(1,566)	(10,610)	8,078	18,688	231%	(16,157)
Net cash from (used) financing	-	-	-	-	-	-	-		-
Cash/cash equivalents at the month/year end	712,386	(4,802)	-	19,793	133,910	203,260	69,350	34%	-
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	5,299	4,762	2,629	3,481	824	1,624	8,588	156,052	183,258
Creditors Age Analysis									
Total Creditors	2,234	8,078	7,379	10,995	14,929	5,642	72,621	583,049	704,926

Table C2 provides the statement of financial performance by standard classification.

KZN223 Mpfana - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M06 December										
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 - Functional										
Governance and administration		49,532	92,929	-	10,348	31,758	14,832	16,926	114%	92,929
Executive and council		9,115	-	-	2,886	6,751	-	6,751	#DIV/0!	-
Finance and administration		40,417	92,929	-	7,462	25,006	14,832	10,174	69%	92,929
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		32,425	4,530	-	4,248	11,071	2,251	8,820	392%	4,530
Community and social services		32,413	4,516	-	4,248	11,069	2,258	8,811	390%	4,516
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		12	15	-	-	2	(7)	10	-131%	15
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		33,062	35,789	-	4,870	19,544	17,895	1,650	9%	35,789
Planning and development		9,837	-	-	2,936	7,087	-	7,087	#DIV/0!	-
Road transport		23,224	35,789	-	1,934	12,458	17,895	(5,437)	-30%	35,789
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		63,272	75,741	-	4,884	32,035	37,871	(5,836)	-15%	75,741
Energy sources		57,799	69,228	-	4,377	28,985	34,614	(5,629)	-16%	69,228
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		5,473	6,513	-	506	3,050	3,256	(206)	-6%	6,513
Other	4	70	64	-	15	33	32	1	3%	64
Total Revenue - Functional	2	178,360	209,054	-	24,365	94,441	72,880	21,561	30%	209,054
Expenditure - Functional										
Governance and administration		75,053	46,015	-	3,757	31,940	23,007	8,933	39%	46,015
Executive and council		11,506	7,415	-	642	5,869	3,707	2,162	58%	7,415
Finance and administration		63,547	38,600	-	3,115	26,071	19,300	6,771	35%	38,600
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		6,456	11,949	-	428	2,793	5,974	(3,181)	-53%	11,949
Community and social services		6,260	6,342	-	413	2,693	3,171	(477)	-15%	6,342
Sport and recreation		196	235	-	15	100	118	(18)	-15%	235
Public safety		-	5,371	-	-	-	2,686	(2,686)	-100%	5,371
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		50,950	29,939	-	1,815	11,468	14,970	(3,501)	-23%	29,939
Planning and development		12,303	4,601	-	616	3,756	2,300	1,456	63%	4,601
Road transport		38,647	25,339	-	1,200	7,712	12,669	(4,957)	-39%	25,339
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		134,668	94,883	-	8,951	66,377	47,442	18,936	40%	94,883
Energy sources		124,641	82,840	-	8,630	64,507	41,420	23,086	56%	82,840
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		10,027	12,043	-	320	1,871	6,021	(4,151)	-69%	12,043
Other		3,518	3,584	-	241	1,568	1,792	(224)	-12%	3,584
Total Expenditure - Functional	3	270,645	186,370	-	15,192	114,147	93,185	20,962	22%	186,370
Surplus/ (Deficit) for the year		(92,284)	22,684	-	9,173	(19,707)	(20,305)	599	-3%	22,684
References										
1. Government Finance Statistics Functions and Sub-functions are standardised to assist the compilation of national and international accounts for comparison purposes										
2. Total Revenue by functional classification must reconcile to Total Operating Revenue shown in the Financial Performance Statement										
3. Total Expenditure by functional classification must reconcile to total operating expenditure shown in 'Financial Performance Statement'										
4. All amounts must be classified under a functional classification (modified GFS). The GFS function 'Other' is only for Abattoirs, Air Transport, Licensing and Regulation, Markets and Tourism - and if used must be supported by footnotes. Nothing else may be placed under 'Other'. Assign associate share to relevant classification										

Table C3 presents the same information as table C2 above, the difference being that it's by Municipal vote.

KZN223 Mpofana - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M06 December										
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										
Vote 1 - Executive and council	1	9,115	-	-	2,886	6,751	-	6,751	#DIV/0!	-
Vote 2 - Finance and administration		40,417	92,929	-	7,462	25,006	14,832	10,174	68.6%	92,929
Vote 3 - Internal audit		-	-	-	-	-	-	-	-	-
Vote 4 - Community and social services		20,152	3,116	-	1,070	2,329	1,558	771	49.5%	3,116
Vote 5 - Sport and Recreation		-	-	-	-	-	-	-	-	-
Vote 6 - Public safety		70	64	-	15	33	32	1	3.2%	64
Vote 7 - Housing		12	15	-	-	2	(7)	10	-130.7%	15
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - Planning and Development		22,099	1,400	-	6,115	15,827	700	15,127	2160.9%	1,400
Vote 10 - Road Transport		23,224	35,789	-	1,934	12,458	17,895	(5,437)	-30.4%	35,789
Vote 11 - Environmental Protection		-	-	-	-	-	-	-	-	-
Vote 12 - Energy Sources		57,799	69,228	-	4,377	28,985	34,614	(5,629)	-16.3%	69,228
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - Waste Management		5,473	6,513	-	506	3,050	3,256	(206)	-6.3%	6,513
Total Revenue by Vote	2	178,360	209,054	-	24,365	94,441	72,880	21,561	29.6%	209,054
Expenditure by Vote										
Vote 1 - Executive and council	1	11,506	7,415	-	642	5,869	3,707	2,162	58.3%	7,415
Vote 2 - Finance and administration		63,547	38,600	-	3,115	26,071	19,300	6,771	35.1%	38,600
Vote 3 - Internal audit		-	-	-	-	-	-	-	-	-
Vote 4 - Community and social services		4,846	3,893	-	347	2,297	1,947	351	18.0%	3,893
Vote 5 - Sport and Recreation		196	235	-	15	100	118	(18)	-15.5%	235
Vote 6 - Public safety		3,518	9,696	-	241	1,568	4,848	(3,280)	-67.6%	9,696
Vote 7 - Housing		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - Planning and Development		11,804	5,618	-	512	3,058	2,809	249	8.9%	5,618
Vote 10 - Road Transport		38,647	25,339	-	1,200	7,712	12,669	(4,957)	-39.1%	25,339
Vote 11 - Environmental Protection		1,913	693	-	170	1,094	346	748	215.8%	693
Vote 12 - Energy Sources		124,641	82,840	-	8,630	64,507	41,420	23,086	55.7%	82,840
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - Waste Management		10,027	12,040	-	320	1,871	6,020	(4,149)	-68.9%	12,040
Total Expenditure by Vote	2	270,645	186,370	-	15,192	114,147	93,185	20,962	22.5%	186,370
Surplus/ (Deficit) for the year	2	(92,284)	22,684	-	9,173	(19,707)	(20,305)	599	-2.9%	22,684

Statement of financial Performance

This schedule provides information on the planned revenue and operational expenditures against the actual results for the period ending 31 December 2025.

KZN223 Mpfana - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December										
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		54,021	65,535	-	4,377	28,985	32,768	(3,783)	-12%	65,535
Service charges - Water		-	-	-	-	-	-	-	-	-
Service charges - Waste Water Management		-	-	-	-	-	-	-	-	-
Service charges - Waste management		5,473	6,513	-	506	3,050	3,256	(206)	-6%	6,513
Sale of Goods and Rendering of Services		1,147	250	-	28	133	89	44	49%	250
Agency services		-	-	-	-	-	-	-	-	-
Interest		-	-	-	-	-	-	-	-	-
Interest earned from Receivables		(175)	2,636	-	-	(14)	1,318	(1,332)	-101%	2,636
Interest from Current and Non Current Assets		559	616	-	-	188	308	-	-	616
Dividends		-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		192	196	-	12	124	98	26	27%	196
Licence and permits		4,858	5,429	-	299	1,952	2,715	(763)	-28%	5,429
Special rating levies		-	-	-	-	-	-	-	-	-
Operational Revenue		1,099	9,088	-	26	139	4,529	(4,390)	-97%	9,088
Non-Exchange Revenue										
Property rates		17,173	26,719	-	1,551	9,186	18,237	(9,051)	-50%	26,719
Surcharges and Taxes		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		4,469	8,371	-	505	1,789	4,186	(2,397)	-	8,371
Licence and permits		-	-	-	-	-	-	-	-	-
Transfers and subsidies - Operational		61,367	57,724	-	15,260	39,717	28,862	10,855	-	57,724
Interest		-	-	-	-	-	-	-	-	-
Fuel Levy		-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		-	9,810	-	-	-	4,905	(4,905)	-	9,810
Other Gains		31	-	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		150,212	192,888	-	22,564	85,250	101,271	(16,021)	-16%	192,888
Expenditure By Type										
Employee related costs		71,211	62,010	-	5,808	35,346	31,005	4,341	14%	62,010
Remuneration of councillors		3,537	4,057	-	407	4,506	2,029	2,478	122%	4,057
Bulk purchases - electricity		81,004	71,910	-	5,327	44,080	35,955	8,125	-	71,910
Inventory consumed		9,883	8,800	-	28	717	4,400	(3,683)	-	8,800
Debt impairment		(396)	8,757	-	-	-	4,379	(4,379)	-100%	8,757
Depreciation and amortisation		14,918	10,894	-	-	-	5,447	(5,447)	-100%	10,894
Interest		23,459	-	-	2,630	15,888	-	15,888	#DIV/0!	-
Contracted services		24,734	6,435	-	398	5,894	3,217	2,677	83%	6,435
Transfers and subsidies		64	-	-	-	-	-	-	-	-
Irrecoverable debts written off		-	-	-	-	-	-	-	-	-
Operational costs		36,214	13,507	-	594	7,717	6,754	963	14%	13,507
Losses on Disposal of Assets		5,901	-	-	-	-	-	-	-	-
Other Losses		116	-	-	-	-	-	-	-	-
Total Expenditure		270,645	186,370	-	15,192	114,147	93,185	20,962	22%	186,370
Surplus/(Deficit)		(120,433)	6,519	-	7,372	(28,898)	8,086	(36,984)	(0)	6,519
Transfers and subsidies - capital (monetary allocations)		28,149	16,165	-	1,801	9,191	8,083	1,109	0	16,165
Transfers and subsidies - capital (in-kind)		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(92,284)	22,684	-	9,173	(19,707)	16,168			22,684
Income Tax		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after income tax		(92,284)	22,684	-	9,173	(19,707)	16,168			22,684
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		(92,284)	22,684	-	9,173	(19,707)	16,168			22,684
Share of Surplus/Deficit attributable to Associate		-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year		(92,284)	22,684	-	9,173	(19,707)	16,168			22,684

Capital Expenditure

Table C5 below reports on the capital expenditure by department (municipal vote) for single year as well as multiyear capital appropriations. The bottom part of the schedule looks at the funding sources of the capital projects.

KZN223 Mpfana - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M06 December										
Vote Description	Ref	Budget Year 2025/26								
		2024/25 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Multi-Year expenditure appropriation	2									
Vote 1 - Executive and council		-	-	-	-	-	-	-	-	-
Vote 2 - Finance and administration		-	-	-	-	-	-	-	-	-
Vote 3 - Internal audit		-	-	-	-	-	-	-	-	-
Vote 4 - Community and social services		-	-	-	-	-	-	-	-	-
Vote 5 - Sport and Recreation		-	-	-	-	-	-	-	-	-
Vote 6 - Public safety		-	-	-	-	-	-	-	-	-
Vote 7 - Housing		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - Planning and Development		-	-	-	-	-	-	-	-	-
Vote 10 - Road Transport		-	-	-	-	-	-	-	-	-
Vote 11 - Environmental Protection		-	-	-	-	-	-	-	-	-
Vote 12 - Energy Sources		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - Waste Management		-	-	-	-	-	-	-	-	-
Total Capital Multi-year expenditure	4,7	-	-	-	-	-	-	-	-	-
Single Year expenditure appropriation	2									
Vote 1 - Executive and council		-	-	-	-	-	-	-	-	-
Vote 2 - Finance and administration		202	-	-	-	31	-	31	#DIV/0!	-
Vote 3 - Internal audit		-	-	-	-	-	-	-	-	-
Vote 4 - Community and social services		14,182	-	-	695	2,545	-	2,545	#DIV/0!	-
Vote 5 - Sport and Recreation		864	332	-	-	-	166	(166)	-100%	332
Vote 6 - Public safety		-	-	-	-	-	-	-	-	-
Vote 7 - Housing		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - Planning and Development		-	-	-	-	-	-	-	-	-
Vote 10 - Road Transport		(21,565)	11,116	-	871	7,981	5,558	2,423	44%	11,116
Vote 11 - Environmental Protection		-	-	-	-	53	-	53	#DIV/0!	-
Vote 12 - Energy Sources		-	2,535	-	-	-	1,268	(1,268)	-100%	2,535
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - Waste Management		-	-	-	-	-	-	-	-	-
Total Capital single-year expenditure	4	(6,317)	13,983	-	1,566	10,610	6,991	3,618	52%	13,983
Total Capital Expenditure		(6,317)	13,983	-	1,566	10,610	6,991	3,618	52%	13,983
Capital Expenditure - Functional Classification										
Governance and administration		202	-	-	-	31	-	31	#DIV/0!	-
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		202	-	-	-	31	-	31	#DIV/0!	-
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		15,046	332	-	695	2,545	166	2,379	1435%	332
Community and social services		14,182	-	-	695	2,545	-	2,545	#DIV/0!	-
Sport and recreation		864	332	-	-	-	166	(166)	-100%	332
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		(21,565)	11,116	-	871	8,034	5,558	2,476	45%	11,116
Planning and development		-	-	-	-	53	-	53	#DIV/0!	-
Road transport		(21,565)	11,116	-	871	7,981	5,558	2,423	44%	11,116
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		-	2,535	-	-	-	1,268	(1,268)	-100%	2,535
Energy sources		-	2,535	-	-	-	1,268	(1,268)	-100%	2,535
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	3	(6,317)	13,983	-	1,566	10,610	6,991	3,618	52%	13,983
Funded by:										
National Government		(7,729)	13,983	-	1,566	9,505	6,991	2,514	36%	13,983
Provincial Government		-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatbns, Higher Educ Institutions)		-	-	-	-	-	-	-	-	-
Transfers recognised - capital		(7,729)	13,983	-	1,566	9,505	6,991	2,514	36%	13,983
Borrowing	6	-	-	-	-	-	-	-	-	-
Internally generated funds		2,227	-	-	-	1,104	-	1,104	#DIV/0!	-
Total Capital Funding		(5,502)	13,983	-	1,566	10,610	6,991	3,618	52%	13,983

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

KZN223 Mpfana - Table C6 Monthly Budget Statement - Financial Position - M06 December

Description	Ref	2024/25	Budget Year 2025/26			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash and cash equivalents		8,436	5,008	–	12,339	5,008
Trade and other receivables from exchange transactions		10,075	15,834	–	8,957	15,834
Receivables from non-exchange transactions		90,333	27,114	–	92,909	27,114
Current portion of non-current receivables		1,783	2,080	–	1,783	2,080
Inventory		33,734	33,445	–	34,302	33,445
VAT		104,037	71,882	–	113,725	71,882
Other current assets		239	–	–	238	–
Total current assets		248,635	155,362	–	264,254	155,362
Non current assets						
Investments		–	–	–	–	–
Investment property		–	–	–	–	–
Property, plant and equipment		157,911	278,762	–	168,520	278,762
Biological assets		–	–	–	–	–
Living and non-living resources		–	–	–	–	–
Heritage assets		59,504	204	–	59,504	204
Intangible assets		116	83	–	116	83
Trade and other receivables from exchange transactions		–	–	–	–	–
Non-current receivables from non-exchange transactions		–	–	–	–	–
Other non-current assets		–	23,552	–	–	23,552
Total non current assets		217,531	302,601	–	228,140	302,601
TOTAL ASSETS		466,166	457,963	–	492,394	457,963
LIABILITIES						
Current liabilities						
Bank overdraft		–	–	–	–	–
Financial liabilities		15	9	–	15	9
Consumer deposits		363	369	–	363	369
Trade and other payables from exchange transactions		683,161	529,954	–	725,390	529,954
Trade and other payables from non-exchange transactions		22,258	19,154	–	21,322	19,154
Provision		18,806	1,960	–	18,806	1,960
VAT		34,067	12,237	–	38,709	12,237
Other current liabilities		–	–	–	–	–
Total current liabilities		758,670	563,683	–	804,605	563,683
Non current liabilities						
Financial liabilities		–	–	–	–	–
Provision		94,840	17,660	–	94,840	17,660
Long term portion of trade payables		–	–	–	–	–
Other non-current liabilities		–	17,686	–	–	17,686
Total non current liabilities		94,840	35,347	–	94,840	35,347
TOTAL LIABILITIES		853,510	599,030	–	899,445	599,030
NET ASSETS	2	(387,344)	(141,067)	–	(407,051)	(141,067)
COMMUNITY WEALTH/EQUITY						
Accumulated surplus/(deficit)		(388,669)	(141,067)	–	(408,375)	(141,067)
Reserves and funds		1,325	–	–	1,325	–
Other		–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2	(387,344)	(141,067)	–	(407,051)	(141,067)

PART 2 – SUPPORTING DOCUMENTATION

2.1 Debtors Analysis

The table presented below summarises the Debtors Age Analysis as at 31 December 2025.

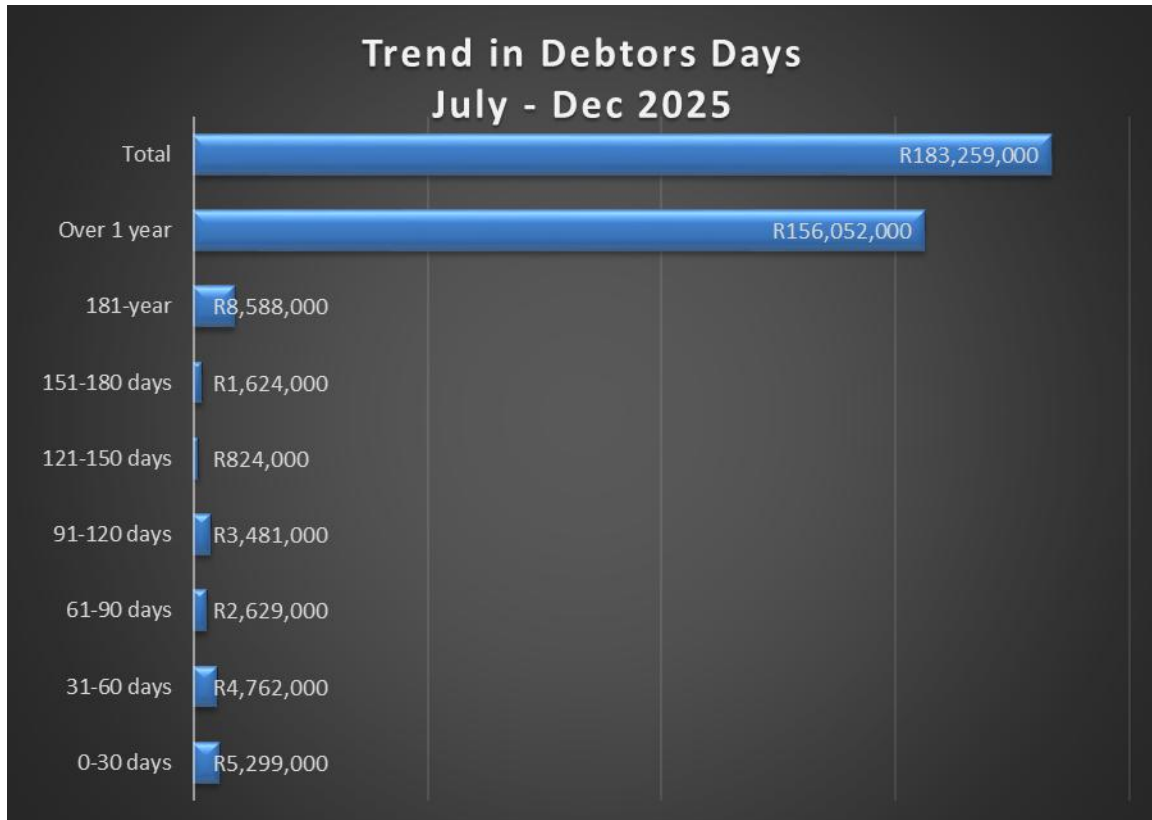
Table 2.1.1: Debtors Age Analysis by Income Source

KZN223 Mpofana - Supporting Table SC3 Monthly Budget Statement - aged debtors - M06 December													
Description	NT Code	Budget Year 2025/26								Total	Total over 90 days	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr				
R thousands													
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200	-	-	-	-	-	-	-	-	-	-	-	-
Trade and Other Receivables from Exchange Transactions - Electricity	1300	1,725	1,598	-	1,587	1	5	-	149	5,066	1,742	-	-
Receivables from Non-exchange Transactions - Property Rates	1400	1,345	1,064	1,143	969	1,016	966	5,206	46,759	58,458	54,906	-	-
Receivables from Exchange Transactions - Waste Water Management	1500	-	-	-	-	-	-	-	-	-	-	-	-
Receivables from Exchange Transactions - Waste Management	1600	563	541	522	509	488	488	3,018	29,810	35,940	34,314	-	-
Receivables from Exchange Transactions - Property Rental Debtors	1700	15	12	10	10	(956)	18	37	1,116	262	225	-	-
Interest on Arrear Debtor Accounts	1810	-	-	-	-	-	-	(2)	(11)	(14)	(14)	-	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-
Other	1900	1,650	1,546	955	405	274	157	329	78,229	83,547	79,395	-	-
Total By Income Source	2000	5,299	4,762	2,629	3,481	824	1,624	8,588	156,052	183,258	170,568	-	-
2024/25 - totals only													
Debtors Age Analysis By Customer Group													
Organs of State	2200	-	-	-	-	-	-	-	-	-	-	-	-
Commercial	2300	-	-	-	-	-	-	-	-	-	-	-	-
Households	2400	-	-	-	-	-	-	-	-	-	-	-	-
Other	2500	5,299	4,762	2,629	3,481	824	1,624	8,588	156,052	183,258	170,568	-	-
Total By Customer Group	2600	5,299	4,762	2,629	3,481	824	1,624	8,588	156,052	183,258	170,568	-	-



- It can be clearly seen from the table & illustration above, that when comparing Debtors age analysis by Income Source, the category with the highest debtors is Other **R 88 860 m**, i.e. **48%**

- It is recommended that this category of “Other” is investigated via the accounting system to identify the source of debtors and allocate correctly by Income Source



- It can be clearly seen from the table above, that when comparing Debtors age analysis by Outstanding days, the category with the highest debtors is Over a year, at **R 156 052 m**, from a total of **R 183 259 m**, which represents **85%**.
- Increased efforts must be made to recover long outstanding debt
- Increased revenue enhancement initiatives must be made, reported upon, and monitored accordingly

2.2 Creditors Analysis

Table SC 4 below presents the aged creditors as at 31 December 2025

KZN223 Mpofana - Supporting Table SC4 Monthly Budget Statement - aged creditors - M06 December

Description	NT Code	Budget Year 2025/26								Total
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	
R thousands										
Creditors Age Analysis By Customer Type										
Bulk Electricity	0100	-	-	-	-	-	-	-	-	-
Bulk Water	0200	-	-	-	-	-	-	-	-	-
PAYE deductions	0300	-	-	-	-	-	-	-	-	-
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-
Loan repayments	0600	-	-	-	-	-	-	-	-	-
Trade Creditors	0700	3,508	8,401	8,047	11,258	13,491	7,047	66,854	581,398	700,004
Auditor General	0800	(500)	(250)	-	-	-	-	767	413	430
Other	0900	(773)	(73)	(669)	(264)	1,438	(1,405)	4,999	1,238	4,492
Medical Aid deductions	0950	-	-	-	-	-	-	-	-	-
Total By Customer Type	1000	2,234	8,078	7,379	10,995	14,929	5,642	72,621	583,049	704,926



- The Creditors Age analysis for Dec 25, indicates that only Trade Creditors are significantly outstanding.
- Customer Type “Bulk Electricity” to be made active on C schedules, as it relates to Eskom debt
- It can be seen from illustration above, that **83%** of Trade Creditors are over 1 year.

2.3 Allocation and Grant receipts and Expenditure

Grant Receipts: The total operational and capital grant receipts for December 2025 amounted to R45,1 Million, which includes the equitable share of R31,6 million.

KZN223 Mpfana - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M06 December

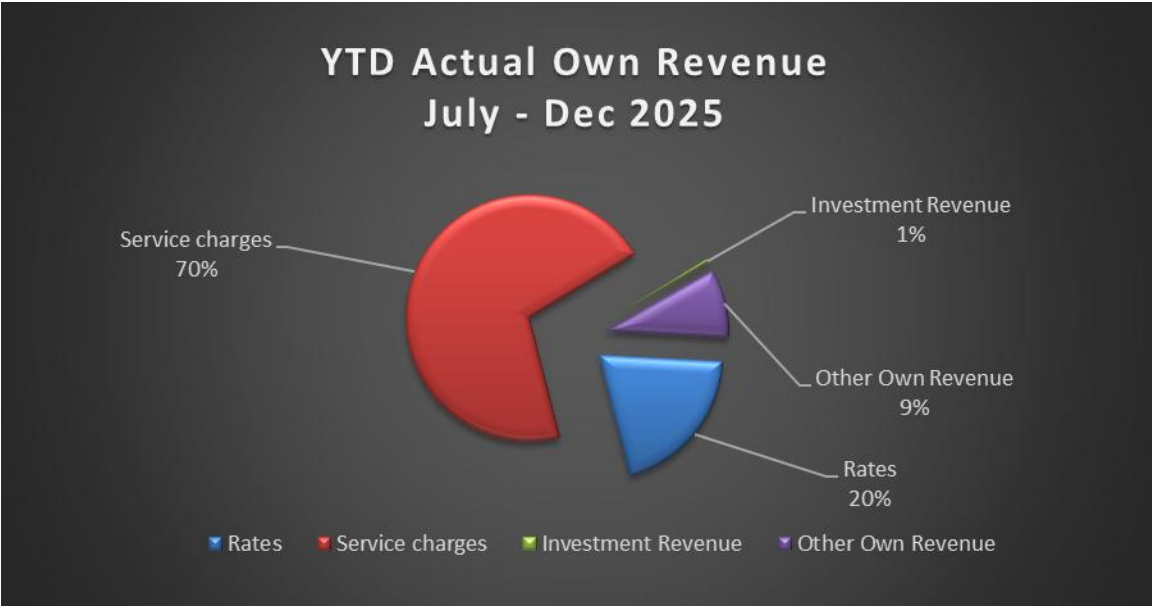
Description	Ref	2024/25			Budget Year 2025/26					
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
RECEIPTS:	1,2									
Operating Transfers and Grants										
National Government:		68,665	54,707	-	14,681	38,704	27,353	(696)	-2.5%	54,707
EPWP Incentive	-	3,356	1,400	-	-	350	700	(350)	-50.0%	1,400
Finance Management	-	8,900	3,000	-	-	3,000	1,500	-		3,000
Integrated National Electrification Programme	-	46,409	-	-	-	-	-	-		-
Local Government Equitable Share	-	-	49,614	-	14,681	35,354	24,807	-		49,614
Municipal Disaster Recovery Grant	-	10,000	-	-	-	-	-	-		-
Municipal Infrastructure Grant	-	-	693	-	-	-	346	(346)	-100.0%	693
Other transfers and grants [insert description]										
Provincial Government:		(2,761)	3,017	-	-	735	1,508	(773)	-51.3%	3,017
KwaZulu-Natal_Capacity Building and Other_Specify (Add grant description)		(2,761)	3,017	-	-	735	1,508	(773)	-51.3%	3,017
Other transfers and grants [insert description]										
District Municipality: [insert description]		-	-	-	-	-	-	-		-
Other grant providers:		7,512	-	-	-	-	-	-		-
National Departmental Agencies_Natal Museum_Receipts	-	709	-	-	-	-	-	-		-
National Departmental Agencies_National Library South Africa_Receipts	-	6,803	-	-	-	-	-	-		-
Total Operating Transfers and Grants	5	73,416	57,724	-	14,681	39,439	28,862	(1,470)	-5.1%	57,724
Capital Transfers and Grants										
National Government:		50,851	16,165	-	2,858	12,708	8,083	4,775	59.1%	16,165
Municipal Infrastructure Grant (MIG)	-	50,851	13,165	-	2,858	11,358	6,583	4,775	72.5%	13,165
Energy Efficiency and Demand Side Management Grant	-	-	3,000	-	-	1,350	1,500	-		3,000
Other capital transfers [insert description]										
Provincial Government:		3,000	-	-	-	-	-	-		-
KwaZulu-Natal_Infrastructure_Infrastructure_RECEIPTS		3,000	-	-	-	-	-	-		-
Other capital transfers [insert description]										
District Municipality: [insert description]		-	-	-	-	-	-	-		-
Other grant providers: [insert description]		-	-	-	-	-	-	-		-
Total Capital Transfers and Grants	5	53,851	16,165	-	2,858	12,708	8,083	4,775	59.1%	16,165
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	127,267	73,889	-	17,539	52,147	36,945	3,306	8.9%	73,889

Grants Expenditure: The amount spent in respect of conditional grants was R13,5million during the first six months of the financial year.

Conditional Grant register December 2025							
Conditional Grants			Allocations	Receipt	Expenditure	Repayment withheld from ES	Balance
- Municipal Infrastructure Grant (MIG)	NT	- 1,837,899.67	- 13,858,000.00	- 11,358,000.00	8,717,155.00	1,837,899.67	- 2,640,845.00
- Finance Management Grant (FMG)	NT		- 3,000,000.00	- 3,000,000.00	1,360,069.83		- 1,639,930.17
- Expanded Public Works Program (EPWP)	NT		- 1,400,000.00	- 980,000.00	1,212,959.81		232,959.81
- Museum Subsidy Grant	P		- 283,000.00	- 283,000.00	208,236.80		- 74,763.20
- LGSETA	P	- 444,198.35	-	-			- 444,198.35
- Energy Efficiency and Demand Management Grant		- 18,961.57	- 3,000,000.00	- 1,350,000.00	-	18,961.57	- 1,350,000.00
- Transport	P	- 134,000.00	-	-	-		- 134,000.00
- Provincial Library & Subsidy Grant	P		- 2,734,000.00	- 2,734,000.00	1,256,314.35		- 1,477,685.65
Disaste Response Grant	NT	- 4,751,424.75	-	-	799,436.30	3,723,000.00	- 228,988.45
Craigburn Housing Project	P	- 5,840,388.00					- 5,840,388.00
Town view Housing Project	P	- 8,168,481.00					- 8,168,481.00
Tittle deeds	P	- 499,659.00					- 499,659.00
Small Town Grant	P	- 564,820.64					- 564,820.64
		- 22,259,832.98	- 24,275,000.00	- 19,705,000.00	13,554,172.09	5,579,861.24	- 22,830,799.65

2.4 Municipality Financial Performance

KZN223 Mpofana - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December										
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		54,021	65,535	-	4,377	28,985	32,768	(3,783)	-12%	65,535
Service charges - Water		-	-	-	-	-	-	-	-	-
Service charges - Waste Water Management		-	-	-	-	-	-	-	-	-
Service charges - Waste management		5,473	6,513	-	506	3,050	3,256	(206)	-6%	6,513
Sale of Goods and Rendering of Services		1,147	250	-	28	133	89	44	49%	250
Agency services		-	-	-	-	-	-	-	-	-
Interest		-	-	-	-	-	-	-	-	-
Interest earned from Receivables		(175)	2,636	-	-	(14)	1,318	(1,332)	-101%	2,636
Interest from Current and Non Current Assets		559	616	-	-	188	308	-	-	616
Dividends		-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		192	196	-	12	124	98	26	27%	196
Licence and permits		4,858	5,429	-	299	1,952	2,715	(763)	-28%	5,429
Special rating levies		-	-	-	-	-	-	-	-	-
Operational Revenue		1,099	9,088	-	26	139	4,529	(4,390)	-97%	9,088
Non-Exchange Revenue										
Property rates		17,173	26,719	-	1,551	9,186	18,237	(9,051)	-50%	26,719
Surcharges and Taxes		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		4,469	8,371	-	505	1,789	4,186	(2,397)	-	8,371
Licence and permits		-	-	-	-	-	-	-	-	-
Transfers and subsidies - Operational		61,367	57,724	-	15,260	39,717	28,862	10,855	-	57,724
Interest		-	-	-	-	-	-	-	-	-
Fuel Levy		-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		-	9,810	-	-	-	4,905	(4,905)	-	9,810
Other Gains		31	-	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		150,212	192,888	-	22,564	85,250	101,271	(16,021)	-16%	192,888
Expenditure By Type										
Employee related costs		71,211	62,010	-	5,808	35,346	31,005	4,341	14%	62,010
Remuneration of councillors		3,537	4,057	-	407	4,506	2,029	2,478	122%	4,057
Bulk purchases - electricity		81,004	71,910	-	5,327	44,080	35,955	8,125	-	71,910
Inventory consumed		9,883	8,800	-	28	717	4,400	(3,683)	-	8,800
Debt impairment		(396)	8,757	-	-	-	4,379	(4,379)	-100%	8,757
Depreciation and amortisation		14,918	10,894	-	-	-	5,447	(5,447)	-100%	10,894
Interest		23,459	-	-	2,630	15,888	-	15,888	#DIV/0!	-
Contracted services		24,734	6,435	-	398	5,894	3,217	2,677	83%	6,435
Transfers and subsidies		64	-	-	-	-	-	-	-	-
Irrecoverable debts written off		-	-	-	-	-	-	-	-	-
Operational costs		36,214	13,507	-	594	7,717	6,754	963	14%	13,507
Losses on Disposal of Assets		5,901	-	-	-	-	-	-	-	-
Other Losses		116	-	-	-	-	-	-	-	-
Total Expenditure		270,645	186,370	-	15,192	114,147	93,185	20,962	22%	186,370
Surplus/(Deficit)		(120,433)	6,519	-	7,372	(28,898)	8,086	(36,984)	(0)	6,519
Transfers and subsidies - capital (monetary allocations)		28,149	16,165	-	1,801	9,191	8,083	1,109	0	16,165
Transfers and subsidies - capital (n-kind)		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(92,284)	22,684	-	9,173	(19,707)	16,168			22,684
Income Tax		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after income tax		(92,284)	22,684	-	9,173	(19,707)	16,168			22,684
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		(92,284)	22,684	-	9,173	(19,707)	16,168			22,684
Share of Surplus/Deficit attributable to Associate		-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year		(92,284)	22,684	-	9,173	(19,707)	16,168			22,684



Service Charges – Electricity Revenue: This is a major revenue source of the Municipality contributing 33% to the actual Year operating revenue basket. The year to date revenue earned from electricity service charges had a -12% variance when compared to the Year to date. No adjustment will be performed.

Property Rates is the second largest contributor to the operating revenue basket making up 20% of the total operating revenue. There is a -15% variance when comparing year to date actual therefore adjustment is necessary.

Transfers recognized – Operational is made up of all operational grants funding

mainly from the National & Provincial Government Departments, the largest of these being the equitable share.

Service Charges - refuse revenue reflects an under performance of -4% when comparing the YTD actual revenue to the YTD budget.

Interest earned – outstanding debtors contributed 1% and the entire projection will be removed from the budget as municipality is not charged interest from outstanding debtors from the past six months.

Own revenue contributed 9% to the total operating revenue received as at 31 December 2025

Table 6.1 - Operational Expenditure - Detail						
List	Description	Full Year Budget 2025/26	Pro rata Dec 2025	YTD Actual Dec 2025	YTD Variance	
1	Total Operating Expenditure	R 186 370 000	R 93 184 914	R 114 147 294	R 20 962 380	22%
1,1	Employee costs	R 62 010 000,00	R 31 004 994	R 35 345 594	R 4 340 600	14%
1,2	Remuneration of Councillors	R 4 057 000,00	R 2 028 726	R 4 506 376	R 2 477 650	122%
1,3	Depreciation and amortization	R 10 894 000,00	R 5 446 800	R -	R -5 446 800	-100%
1,4	Interest	R -	R -	R 15 887 589	R 15 887 589	#DIV/0!
1,5	Inventory consumed & bulk purchases	R 80 710 000,00	R 40 355 052	R 44 796 779	R 4 441 727	11%
1,6	Transfers & subsidies	R -	R -	R -	R -	#DIV/0!
1,7	Other expenditure	R 28 699 000,00	R 14 349 342	R 13 610 956	R -738 386	-5%
Source: Budget Table C1						

Bulk Purchases: YTD budget figure was R35,9 million while the actual costs incurred R40million resulting in over-expenditure of R8,1 million.

Employee Related Costs: There is over expenditure of 4,3 million in respect of actual YTD expenditure on employee related costs against the YTD budget.

Other Expenditure's YTD budget figure was R14,3 million while the actual costs incurred was R13,6 million resulting in under-expenditure of R738 thousand.

Depreciation & Asset Impairment: Debt impairment & Depreciation, although budgeted for, has not been considered, as there are no Year to date figures. This must be addressed so that it is included in forthcoming months.

Finance Charges: Finance charges was not budgeted for, however the YTD actual is R15,9 million there for the adjustment should be done to avoid unauthorized expenditure

2.4 Councillor and Employee Benefits

KZN223 Mpofana - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M06 December										
Summary of Employee and Councillor remuneration	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		A	B	C						D
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		2,814	3,625	-	371	4,286	1,813	2,473	136%	3,625
Pension and UIF Contributions		-	-	-	-	-	-	-	-	-
Medical Aid Contributions		27	-	-	-	5	-	5	#DIV/0!	-
Motor Vehicle Allowance		-	-	-	-	-	-	-	-	-
Cellphone Allowance		287	432	-	36	216	216	-	-	432
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		408	-	-	-	-	-	-	-	-
Sub Total - Councillors		3,537	4,057	-	407	4,506	2,029	2,478	122%	4,057
% increase	4		14.7%							14.7%
Senior Managers of the Municipality										
Basic Salaries and Wages		1,850	3,543	-	202	1,256	1,771	(516)	-29%	3,543
Pension and UIF Contributions		32	401	-	3	22	200	(178)	-89%	401
Medical Aid Contributions		-	155	-	-	-	77	(77)	-100%	155
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		94	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		687	430	-	84	502	215	287	134%	430
Cellphone Allowance		-	-	-	-	-	-	-	-	-
Housing Allowances		345	673	-	35	213	336	(124)	-37%	673
Other benefits and allowances		3	0	-	0	46	0	46	64114%	0
Payments in lieu of leave		66	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations		-	-	-	-	-	-	-	-	-
Entertainment		-	-	-	-	-	-	-	-	-
Scarcity		-	-	-	-	-	-	-	-	-
Acting and post related allowance		11	-	-	-	-	-	-	-	-
In kind benefits		-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality		3,089	5,201	-	324	2,039	2,600	(562)	-22%	5,201
% increase	4		68.4%							68.4%
Other Municipal Staff										
Basic Salaries and Wages		44,097	35,431	-	3,641	22,362	17,716	4,647	26%	35,431
Pension and UIF Contributions		8,766	9,103	-	727	4,348	4,551	(203)	-4%	9,103
Medical Aid Contributions		3,817	4,797	-	324	1,947	2,399	(451)	-19%	4,797
Overtime		2,141	649	-	144	1,131	324	806	248%	649
Performance Bonus		3,132	5,480	-	302	1,412	2,740	(1,329)	-48%	5,480
Motor Vehicle Allowance		464	11	-	49	292	5	286	5281%	11
Cellphone Allowance		12	13	-	1	6	7	(1)	-9%	13
Housing Allowances		159	98	-	15	91	49	42	85%	98
Other benefits and allowances		2,381	979	-	219	1,364	489	875	179%	979
Payments in lieu of leave		152	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations		1,921	-	-	-	-	-	-	-	-
Entertainment		-	-	-	-	-	-	-	-	-
Scarcity		-	97	-	-	-	48	(48)	-100%	97
Acting and post related allowance		1,073	151	-	61	349	76	273	361%	151
In kind benefits		-	-	-	-	-	-	-	-	-
Sub Total - Other Municipal Staff		68,113	56,809	-	5,483	33,302	28,405	4,897	17%	56,809
% increase	4		-16.6%							-16.6%
Total Parent Municipality		74,739	66,067	-	6,214	39,847	33,034	6,813	21%	66,067

Councillor's Allowances

The expenditure on councillor's allowances variance as at 31 December 2025 is 122%, which is not acceptable. Therefore, the municipality will adjust to ensure accuracy of the budget for Remuneration of Councillor's for the next six months. The budgeted expenditure of R4 million while already incurred YTD of R4,5 million resulting in over expenditure performance.

Employee Benefits

The total salaries actual expenditure as at 31 December 2025 amounted to R35,3 million, against the year to date budget of R31 million, resulting in a slight over expenditure of R4,3 million.

2.5 Programme Performance

KZN223 Mpfana - Supporting Table SC12 Monthly Budget Statement - capital expenditure trend - M06 December

Month	2024/25	Budget Year 2025/26							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	% spend of Original Budget
R thousands									
Monthly expenditure performance trend									
July	1,488	1,165	-	2,690	2,690	1,165	(1,525)	-130.9%	19%
August	1,488	1,165	-	2,568	5,259	2,330	(2,928)	-125.6%	38%
September	1,488	1,165	-	1,521	6,779	3,496	(3,283)	-93.9%	48%
October	1,488	1,165	-	2,265	9,044	4,661	(4,383)	-94.0%	65%
November	1,488	1,165	-	-	-	5,826	-	-	-
December	1,488	1,165	-	1,566	#VALUE!	6,991	#VALUE!	#VALUE!	#VALUE!
January	1,488	1,165	-	-	-	8,157	-	-	-
February	1,488	1,165	-	-	-	9,322	-	-	-
March	1,488	1,165	-	-	-	10,487	-	-	-
April	1,488	1,165	-	-	-	11,652	-	-	-
May	1,488	1,165	-	-	-	12,818	-	-	-
June	1,488	1,165	-	-	-	13,983	-	-	-
Total Capital expenditure	17,858	13,983	-	10,610					

- The Total Capital Expenditure as at the end of December amounted to R10,6 million.

2.6 Resolution

It is recommended that that the Mayoral Committee / Mayoral Committee meeting take note of -

- The Mid-year review for December 2025 and the supporting tables
- The necessity of adjustment budget for current financial year 2025/26

2.6 Municipal Manager's quality certification

Quality Certificate

I, E.H Dladla, the municipal manager of Mpfana Municipality, hereby certify that

- the monthly budget statement

for the month of DECEMBER 2025/ SECTION 52d/ SECTION 72 has been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act.

Print name: EH Dladla

Municipal manager of: Mpfana Municipality

Signature: _____

Date: _____

