SECTION 71 REPORT FOR THE MONTH OF SEPTEMBER 2025

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 30 SEPTEMBER 2025

TO: THE EXECUTIVE MAYOR

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

1. Purpose

To inform the council of financial performance and financial position of the municipality as required by section 71 of the Municipal Finance Management Act (MFMA).

2. Background

In terms of Section 71 of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) (hereinafter referred to as a MFMA), requires the Accounting Officer of a Municipality must by no later than 10 working days of after the end of each month submit to the mayor of the municipality and the relevant provincial treasury a statement in the prescribed format on state of the municipality's budget reflection the particular for the month and for the financial year up to the end of that month:-

(a) Actual revenue, per revenue source
(b) Actual borrowings
(c) Actual expenditure per vote
(d) Actual capital expenditure per vote
(e) The amount of any allocations received.
(f) Actual expenditure on those allocations excluding expenditure on
    (i) Its share of local government equitable share and
    (ii) Allocation exempt by annual Division of Revenue Act from compliance with this paragraph
(g) When necessary an explanation of
    (i) Any material variance from the municipality's projected revenue by source and from the municipality's expenditure projections per vote.
    (ii) any material variance from the service delivery implementation plan and
    (iii) any remedial or corrective steps taken or to be taken to ensure that the projected revenue and expenditure remain within the municipality's approved budget.

3. Executive summary

The application of sound financial management principles for the compilation of Mpofana Local Municipality's financial plan is essential and critical to ensure that the municipality recovers from the financial distress without compromising the service delivery and core competencies of the municipality. The communities are still expecting high quality of service more especially the basic services.

This informed by the assessment that was done by KZN Provincial Treasury on the adopted budget. MFMA section 23(1) b states that the municipal council must consider any views of the national treasury, the relevant provincial treasury and any provincial or national organ of the state or municipalities which made submissions on the budget.

The main challenges experienced during the implementation for the 2025/26 MTREF can be summarized as follows:

- The municipality does not have cash reserves to fund its budget;
- Low collection levels of outstanding debtors;
- High indigent rate and inability of the municipality to fund indigent.
- Local economic deficiency and lack of municipality ability to attract adequate investment.
- Aging and poorly maintained infrastructure with regards to payment of municipal services such as electricity.
- Capital projects can only be funded from grants, no internal funds;
- Long outstanding creditors more specifically the Eskom account; and
- Challenges in the implementation of the *mSCOA.*

4. Budget performance overview

The MFMA S71 monthly statement format incorporates the monthly debt relief reporting requirements as required in the respective National Treasury debt relief approval letter, as well as MFMA Circular 124".

The municipality's application for municipal debt relief was approved with effect 1 October 2023.

The 2025/2026 MTREF Budget was assessed by KZN PT as unfunded, and a Funding Plan was subsequently developed and has been adopted by Council on 30 May 2025.

For consideration for Budget funding plan for the month for September 2025 is:

(a) The Revenue Trend Analysis Report for September 2025, was compiled by the revenue unit in September 2025. The purpose was to report on Debtors management (Analysis of Debtors); Credit Control (Status of Cut-offs, Revenue protection, Electricity Losses & Collection rate); Revenue training received by the revenue unit; Status quo on Reconciliations to date; and making recommendations accordingly. **Attachment 1**

Current status of municipal affordability

The period between April 2023 – August 2025, was chosen, and necessary data analysed from applicable C schedules, payment & expenditure reports, to document the value of municipal Electricity Bulk purchases, amounts billed, as well as cash collected.

It was observed that from the total value of bulk purchases of **R 187 935 896,** a significant portion from bulk purchases **R 79 488 646 (42%)** is not billed, which automatically hampers the municipal's ability to receive adequate revenue to pay the bulk purchases in full.

Furthermore, the total billed for electricity is **R 108 447 250,** and total cash collection is **R 92 470 447 (i.e. 85%).** The impact of the low collection rate of **85%,** in relation to Bulk Purchases**,** is that cash collected is insufficient, and further impacts the municipal's ability to adequately maintain the bulk purchases in full.

The municipality did however make payment of **R 1 500 000** in August 2025.

It has also been observed that when fixed costs (employee costs, fuel & repairs & maintenance) are considered, it equates to **R 44 936 647.** Repairs & Maintenance comprises R 27 062 974 **(i.e. 60%)** of total fixed costs**.** This represents an average of **R 933 206** per month over **29** months, which clearly indicates the poor state of electricity infrastructure**.** It is evident that the fixed costs are significant, which places extremely high pressure on cash flow commitments of the municipality.

For August 2025, the electricity losses in units were **3 463 290,** which equates to electricity losses of **R 9 575 164.** The above further illustrates the municipal's inability to maintain the current account to Eskom**.**

The additional impact is that the municipality is simply unable to afford the Interest charges raised of **R 65 391 060**, as the municipality does not have the financial means to at a minimum adequately maintain the bulk purchases in full.

The Mpofana LM's Annual budget for 2024/25 & 2025/26 was assessed as unfunded, which indicates the financial distress it faces, and requires the application of sound financial management principles for the implementation of the Budget Funding Plan.

In terms of the aged debtors from the C schedule, August 2025, it indicates that the total amount of debtors owing the municipality is **R 175 078 m**. The impact of the high debtors outstanding, significantly impacts the municipality's ability to pay creditors, and also maintain the current account with Eskom.

After considering all of the factors outlined above, the municipality is therefore not in a position to adequately maintain the current account, as at **August 2025**.

Electricity Losses

The following provides an overview of Electricity Losses for September 2025

SEPTEMBER 2025 ELECTRICITY LOSSES

	KW - UNITS					
	Puchases for 25/26	Sold to Conventional	Sold to Prepaid	Electricity Loss	Sale per unit	Rand Value Lost R
Energy Peak	1,776,638.00	427,369.33	0	1,349,268.67	5.37	7,251,003.55
Energy Std	3,778,633.00	793,774.33	2,389,151.40	595,707.27	2.90	1,728,676.53
Energy Off	3,582,712.00	857,266.33	0	2,725,445.67	1.47	4,015,330.96
	9,137,983.00	**2,078,410.00**	**2,389,151.40**	**4,670,421.60**		**12,995,011.05**
			Loss %	51.11%		

Key Observations:

- Total Units purchased is 9 137 983.00
- Total Units sold – Conventional 2 078 410.00 **(i.e.23%)**
- Total Units sold – Prepaid 2 389 151.00 **(i.e. 26%)**
- Total electricity loss in Units – **4 670 421 (i.e. 51 %)**

For a detailed overview of the Budget performance, refer to Annexure A – C Schedules, and for compliance to conditions of Municipal Debt relief

Description	Summary for Financial Period ended September 2025				
	Full Year Budget Adopted 2025/26	Pro Rata Budget September 2025	YTD Actual September 2025	YTD Variance Amount September 2025	YTD percentage
Total Revenue:	**R 209,053,554**	**R 36,439,797**	**R 53,319,122**	**R -16,879,325**	**58.43%**
Revenue - Operational	R 192,888,454	R 32,398,521	R 47,887,702	R -15,489,181	24.83%
Revenue - Capital	R 16,165,100	R 4,041,276	R 5,431,420	R -1,390,144	33.60%
Total Expenditure:	**R 200,352,646**	**R 50,088,186**	**R 70,227,553**	**R -20,139,367**	**83.96%**
Expenditure - Operational	R 186,369,733	R 46,592,457	R 63,231,604	R -16,639,147	33.93%
Expenditure - Capital	R 13,982,913	R 3,495,729	R 6,995,949	R -3,500,220	50.03%
Surplus/(Deficit)	**R 8,700,908**	**R -13,648,389**	**-16,908,431**	**3,260,042**	

The above table gives the consolidated overview of the Budget Projections and Actual Performance on Operating Revenue of R47,8 million or 24% of Operational revenue and Capital revenue of R5,4 million or 33% of Budgeted Capital Revenue.

The municipality has incurred Operational Expenditure of R63,2 million or 33% and Capital expenditure of R6,9 million or 50% as at month ending 30 September 2025.

4.1 Operating Revenue by Source

KZN223 Mpofana - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M03 September										
Description	Ref	2024/25	Budget Year 2025/26							
R thousands		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Revenue										
Exchange Revenue										
Service charges - Electricity		54,021	65,535	–	5,053	16,318	16,384	(66)	0%	65,535
Service charges - Water		–	–	–	–	–	–	–		–
Service charges - Waste Water Management		–	–	–	–	–	–	–		–
Service charges - Waste management		5,473	6,513	–	508	1,526	1,628	(102)	-6%	6,513
Sale of Goods and Rendering of Services		1,147	250	–	17	53	44	8	19%	250
Agency services		–	–	–	–	–	–	–		–
Interest		–	–	–	–	–	–	–		–
Interest earned from Receivables		(175)	2,636	–	(1)	(3)	659	(662)	-100%	2,636
Interest from Current and Non Current Assets		559	616	–	39	158	154			616
Dividends		–	–	–	–	–	–	–		–
Rent on Land		–	–	–	–	–	–	–		–
Rental from Fixed Assets		192	196	–	12	88	49	39	80%	196
Licence and permits		4,858	5,429	–	217	888	1,357	(470)	-35%	5,429
Special rating levies		–	–	–	–	–	–	–		–
Operational Revenue		1,099	9,088	–	93	57	2,265	(2,208)	-97%	9,088
Non-Exchange Revenue		–	–	–	–	–	–	–		–
Property rates		13,477	26,719	–	1,576	4,541	(9,118)	13,659	-150%	26,719
Surcharges and Taxes		–	–	–	–	–	–	–		–
Fines, penalties and forfeits		4,545	8,371	–	946	946	2,093	(1,147)		8,371
Licence and permits		–	–	–	–	–	–	–		–
Transfers and subsidies - Operational		61,367	57,724	–	582	23,316	14,431	8,885		57,724
Interest		–	–	–	–	–	–	–		–
Fuel Levy		–	–	–	–	–	–	–		–
Operational Revenue		–	–	–	–	–	–	–		–
Gains on disposal of Assets		–	9,810	–	–	–	2,453	(2,453)		9,810
Other Gains		31	–	–	–	–	–	–		–
Discontinued Operations		–	–	–	–	–	–	–		–
Total Revenue (excluding capital transfers and contributions)		**146,592**	**192,888**	**–**	**9,043**	**47,888**	**32,399**	**15,489**	**48%**	**192,888**

Revenue by Source

Actual revenue vs Approved budgeted revenue – The total approved Operational Revenue budget is R192,8 million. The municipality recognized a monthly actual revenue of R9 million or 4% and YTD of R47,8 million or 24% of budgeted operational revenue for the month ending 30 September 2025.

4.2 Operating Expenditure by Type

KZN223 Mpofana - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M03 September										
Description	Ref	2024/25	Budget Year 2025/26							
R thousands		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Revenue										
Expenditure By Type										
Employee related costs		71,211	62,010	–	6,022	17,448	15,502	1,945	13%	62,010
Remuneration of councillors		3,537	4,057	–	377	3,345	1,014	2,331	230%	4,057
Bulk purchases - electricity		81,004	71,910	–	7,502	27,157	17,978	9,180		71,910
Inventory consumed		11,033	8,800	–	150	150	2,200	(2,050)		8,800
Debt impairment		(4,467)	8,757	–	–	–	2,189	(2,189)	-100%	8,757
Depreciation and amortisation		14,865	10,894	–	–	–	2,723	(2,723)	-100%	10,894
Interest		23,459	–	–	2,198	7,654	–	7,654	#DIV/0!	–
Contracted services		24,734	6,435	–	728	3,153	1,609	1,545	96%	6,435
Transfers and subsidies		64	–	–	–	–	–	–		–
Irrecoverable debts written off		–	–	–	–	–	–	–		–
Operational costs		34,401	13,507	–	701	4,324	3,377	947	28%	13,507
Losses on Disposal of Assets		5,901	–	–	–	–	–	–		–
Other Losses		116	–	–	–	–	–	–		–
Total Expenditure		**265,857**	**186,370**	**–**	**17,677**	**63,232**	**46,592**	**16,639**	**36%**	**186,370**

Operating Expenditure by type

- Actual expenditure vs Approved budget expenditure – the municipality incurred monthly expenditure of R17,6 million or 9% and YTD of R63,2 million or 33% of the budgeted expenditure as at end of 30 September 2025.

4.3 Capital expenditure

KZN223 Mpofana - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M03 September

Vote Description R thousands	Ref 1	2024/25 Audited Outcome	Budget Year 2025/26 Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Capital Expenditure - Functional Classification										
Governance and administration		**202**	**–**	**–**	**–**	**217**	**–**	217	#DIV/0!	**–**
Executive and council		–	–	–	–	–	–	–		–
Finance and administration		202	–	–	–	217	–	217	#DIV/0!	–
Internal audit		–	–	–	–	–	–	–		–
Community and public safety		**13,575**	**332**	**–**	**545**	**1,227**	**83**	1,144	1380%	**332**
Community and social services		12,627	–	–	545	1,227	–	1,227	#DIV/0!	–
Sport and recreation		948	332	–	–	–	83	(83)	-100%	332
Public safety		–	–	–	–	–	–	–		–
Housing		–	–	–	–	–	–	–		–
Health		–	–	–	–	–	–	–		–
Economic and environmental services		**9,281**	**11,116**	**–**	**976**	**5,553**	**2,779**	2,773	100%	**11,116**
Planning and development		–	–	–	–	–	–	–		–
Road transport		9,281	11,116	–	976	5,553	2,779	2,773	100%	11,116
Environmental protection		–	–	–	–	–	–	–		–
Trading services		**–**	**2,535**	**–**	**–**	**–**	**634**	(634)	-100%	**2,535**
Energy sources		–	2,535	–	–	–	634	(634)	-100%	2,535
Water management		–	–	–	–	–	–	–		–
Waste water management		–	–	–	–	–	–	–		–
Waste management		–	–	–	–	–	–	–		–
Other		–	–	–	–	–	–	–		–
Total Capital Expenditure - Functional Classification	3	**23,058**	**13,983**	**–**	**1,521**	**6,996**	**3,496**	**3,500**	**100%**	**13,983**
Funded by:										
National Government		22,856	13,983	–	1,521	5,706	3,496	2,210	63%	13,983
Provincial Government		–	–	–	–	–	–	–		–
District Municipality		–	–	–	–	–	–	–		–
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educ Institutions)		–	–	–	–	–	–	–		–
Transfers recognised - capital		**22,856**	**13,983**	**–**	**1,521**	**5,706**	**3,496**	**2,210**	**63%**	**13,983**
Borrowing	6	–	–	–	–	–	–	–		–
Internally generated funds		107	–	–	–	1,290	–	1,290	#DIV/0!	–
Total Capital Funding		**22,963**	**13,983**	**–**	**1,521**	**6,996**	**3,496**	**3,500**	**100%**	**13,983**

- Monthly actual of R1,5 or 1% and YTD of R6,9 million or 50% of budgeted capital expenditure has been spent as at the end of 30 September 2025.

4.4 Cash Flow Statement September 2025

CASH FLOW STATEMENT AUGUST 2025					
Balance b/f	**251,332.01**	**191,189.83**	**1,872,230.06**	**3,641,981.41**	**211,753.76**
Receipts					
Operating Receipts	623,889.61	1,853,607.00	4,510,691.60	590,535.04	7,285,989.16
Capital Receipts	3,450,000.00	-	-	500,000.00	-
Total Operating & Capital Receipts	**4,073,889.61**	**1,853,607.00**	**4,510,691.60**	**1,090,535.04**	**7,285,989.16**
Payments					
Critical operating payments	- 1,080,824.64	- 172,566.77	- 2,740,940.25	- 4,520,762.69	- 3,138,680.15
Current contracted Capital payments	-3,053,207.15	-	-	-	-383,603.65
Total Critical & Contracted Payments	**- 4,134,031.79**	**- 172,566.77**	**- 2,740,940.25**	**- 4,520,762.69**	**- 3,522,283.80**
Balance	**191,189.83**	**1,872,230.06**	**3,641,981.41**	**211,753.76**	**3,975,459.12**

- Municipality has the positive cash balance of R3,9 million from the Primary bank in September 2025.

5. In-year budget statement tables

KZN223 Mpofana - Table C1 Monthly Budget Statement Summary - M03 September

Description	2024/25	Budget Year 2025/26							
R thousands	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Financial Performance									
Property rates	13,477	26,719	–	1,576	4,541	(9,118)	13,659	-150%	26,719
Service charges	59,494	72,048	–	5,561	17,844	18,012	(168)	-1%	72,048
Investment revenue	559	616	–	39	158	154	4	3%	616
Transfers and subsidies - Operational	61,367	57,724	–	582	23,316	14,431	8,885	62%	57,724
Other own revenue	11,696	35,781	–	1,285	2,028	8,920	(6,891)	-77%	35,781
Total Revenue (excluding capital transfers and contributions)	**146,592**	**192,888**	**–**	**9,043**	**47,888**	**32,399**	**15,489**	**48%**	**192,888**
Employee costs	71,211	62,010	–	6,022	17,448	15,502	1,945		62,010
Remuneration of Councillors	3,537	4,057	–	377	3,345	1,014	2,331		4,057
Depreciation and amortisation	14,865	10,894	–	–	–	2,723	(2,723)		10,894
Interest	23,459	–	–	2,198	7,654	–	7,654		–
Inventory consumed and bulk purchases	92,037	80,710	–	7,651	27,307	20,178	7,129		80,710
Transfers and subsidies	64	–	–	–	–	–	–		–
Other expenditure	60,685	28,699	–	1,428	7,477	7,175	303	4%	28,699
Total Expenditure	**265,857**	**186,370**	**–**	**17,677**	**63,232**	**46,592**	**16,639**	**36%**	**186,370**
Surplus/(Deficit)	**(119,265)**	**6,519**	**–**	**(8,634)**	**(15,344)**	**(14,194)**	**(1,150)**	**8%**	**6,519**
Transfers and subsidies - capital (monetary allocations)	28,149	16,165	–	1,403	5,431	4,041	1,390	34%	16,165
Transfers and subsidies - capital (in-kind)	–	–	–	–	–	–	–		–
Surplus/(Deficit) after capital transfers & contributions	**(91,116)**	**22,684**	**–**	**(7,232)**	**(9,912)**	**(10,153)**	**240**	**-2%**	**22,684**
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–		–
Surplus/ (Deficit) for the year	**(91,116)**	**22,684**	**–**	**(7,232)**	**(9,912)**	**(10,153)**	**240**	**-2%**	**22,684**
Capital expenditure & funds sources									
Capital expenditure	**23,058**	**13,983**	**–**	**1,521**	**6,996**	**3,496**	**3,500**	**100%**	**13,983**
Capital transfers recognised	22,856	13,983	–	1,521	5,706	3,496	2,210	63%	13,983
Borrowing	–	–	–	–	–	–	–		–
Internally generated funds	**107**	**–**	**–**	**–**	**1,290**	**–**	**1,290**	**#DIV/0!**	**–**
Total sources of capital funds	**22,963**	**13,983**	**–**	**1,521**	**6,996**	**3,496**	**3,500**	**100%**	**13,983**
Financial position									
Total current assets	244,517	155,362	–		252,974				155,362
Total non current assets	218,988	302,601	–		225,984				302,601
Total current liabilities	758,425	563,683	–		758,813				563,683
Total non current liabilities	91,257	35,347	–		91,257				35,347
Community wealth/Equity	**(386,182)**	**(141,067)**	**–**		**(396,094)**				**(141,067)**
Cash flows									
Net cash from (used) operating	697,101	7,520	–	13,505	87,916	95,673	7,758	8%	7,520
Net cash from (used) investing	47,233	(16,157)	–	(1,521)	(6,996)	4,039	11,035	273%	(16,157)
Net cash from (used) financing	–	–	–	–	–	–	–		–
Cash/cash equivalents at the month/year end	**746,582**	**(4,802)**	**–**	**11,985**	**89,347**	**103,548**	**14,201**	**14%**	**–**
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	11,274	(1,037)	1,865	1,921	1,206	1,220	7,608	153,822	177,879
Creditors Age Analysis									
Total Creditors	9,262	13,249	370	37,446	5,131	9,535	57,090	553,905	685,988

6. Debtors' Analysis

KZN223 Mpofana - Supporting Table SC3 Monthly Budget Statement - aged debtors - M03 September

Description	NT Code	Budget Year 2025/26											
R thousands		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total	Total over 90 days	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200	–	–	–	–	–	–	–	–	–	–	–	–
Trade and Other Receivables from Exchange Transactions - Electricity	1300	3,336	–	5	–	–	–	–	149	3,489	149	–	–
Receivables from Non-exchange Transactions - Property Rates	1400	2,406	(51)	997	1,293	694	741	4,467	45,620	56,167	52,815	–	–
Receivables from Exchange Transactions - Waste Water Management	1500	–	–	–	–	–	–	–	–	–	–	–	–
Receivables from Exchange Transactions - Waste Management	1600	1,065	(4)	505	439	436	441	2,997	28,610	34,489	32,923	–	–
Receivables from Exchange Transactions - Property Rental Debtors	1700	18	(961)	25	4	4	4	53	1,088	236	1,154	–	–
Interest on Arrear Debtor Accounts	1810	–	–	–	–	(1)	(1)	(2)	(11)	(15)	(15)	–	–
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	–	–	–	–	–	–	–	–	–	–	–	–
Other	1900	4,449	(20)	334	183	73	36	93	78,366	83,514	78,751	–	–
Total By Income Source	**2000**	**11,274**	**(1,037)**	**1,865**	**1,921**	**1,206**	**1,220**	**7,608**	**153,822**	**177,879**	**165,777**	**–**	**–**
2024/25 - totals only										–	–		
Debtors Age Analysis By Customer Group													
Organs of State	2200	–	–	–	–	–	–	–	–	–	–	–	–
Commercial	2300	–	–	–	–	–	–	–	–	–	–	–	–
Households	2400	–	–	–	–	–	–	–	–	–	–	–	–
Other	2500	11,274	(1,037)	1,865	1,921	1,206	1,220	7,608	153,822	177,879	165,777	–	–
Total By Customer Group	**2600**	**11,274**	**(1,037)**	**1,865**	**1,921**	**1,206**	**1,220**	**7,608**	**153,822**	**177,879**	**165,777**	**–**	**–**

- Debtors age analysis as at 30 September 2025 has a balance of R 177,8 million.

7. Creditors' Analysis

KZN223 Mpofana - Supporting Table SC4 Monthly Budget Statement - aged creditors - M03 September

Description	NT Code	Budget Year 2025/26									Prior year totals for chart (same period)
R thousands		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total	
Creditors Age Analysis By Customer Type											
Bulk Electricity	0100	–	–	–	–	–	–	–	–	–	–
Bulk Water	0200	–	–	–	–	–	–	–	–	–	–
PAYE deductions	0300	–	–	–	–	–	–	–	–	–	–
VAT (output less input)	0400	–	–	–	–	–	–	–	–	–	–
Pensions / Retirement deductions	0500	–	–	–	–	–	–	–	–	–	–
Loan repayments	0600	–	–	–	–	–	–	–	–	–	–
Trade Creditors	0700	10,975	13,405	6,215	27,241	5,694	9,482	52,758	553,293	**679,063**	679,063
Auditor General	0800	(600)	–	–	18	19	19	1,974	–	**1,430**	1,430
Other	0900	(1,113)	(156)	(5,845)	10,186	(582)	34	2,358	612	**5,495**	5,495
Medical Aid deductions	0950	–	–	–	–	–	–	–	–	–	–
Total By Customer Type	**1000**	**9,262**	**13,249**	**370**	**37,446**	**5,131**	**9,535**	**57,090**	**553,905**	**685,988**	685,988

- The municipality has an outstanding Creditors balance of R 685,9 million as at 30 September 2025 of which 93% of creditors belongs to Eskom bulk electricity.

8. Investment portfolio analysis

	MPOFANA LOCAL MUNICIPALITY INVESTMENT REGISTER FOR SEPTEMBER 2025						
Account Number		Balance as at 01/07/2025	Invested/Re-invested	Withdrawals / Transfers	Penalties/ Early redemptions	Interest	Closing balance
62173946040	PO10000/IA11876/FD10017/FX10046/RX11145/CO10000 (INVESTMENT ACC - MUNICIPAL RESERVE)	45,748.19	-	-		590.04	**46,338.23**
62187203957	PO10000/IA11874/FD10017/FX10046/RX11145/CO10000 (HOUSING PROJECT TOWNVIEW)	40,302.26	-	-		520.08	**40,822.34**
62172493935	PO10000/IA11872/FD10017/FX10046/RX11145/CO10000 (INVESTMENT ACC - MUNICIPAL ASS PROGRA	12,126.20	-	-		120.16	**12,246.36**
62237621760	PO10000/IL19557/FD10502/FX10046/RX11145/CO10000	7,835,355.51	19,700,000.00	24,040,000.00		135,667.07	**3,631,022.58**
62134172890	PO10000/IA11870/FD10000/FX10047/RX11145/CO10000 (INVESTMENT ACC - MIG)	20,227.68	-	-		263.12	**20,490.80**
62854535790	Museum Subsidy Account	8,483.62	-	-		82.26	**8,565.88**
62854534990	Library Subsidy Account	2,421.95	-	-		-	**2,421.95**
62854538786	Small Town Rehabilitation Account	5,195.61	-	-		50.37	**5,245.98**
62854536607	Disaster Relief Grant Account	6,516.04	-	-		63.17	**6,579.21**
62854537449	Finance Management Grant	3,698.13	-	-		-	**3,698.13**
		7,980,075.19	**19,700,000.00**	**24,040,000.00**		**137,356.27**	**3,777,431.46**

Investment as 30 September 2025

- Opening balance of R7,9
- Deposit R19,7 million
- Withdraw R24 million
- Interest R137 thousand
- Balance of R R3,7 million

9. Allocation and grant receipt for the month ending 30 September 2025

Conditional Grant register September 2025							
Conditional Grants			**Allocations**	**Reciept**	**Expenditure**	**Repayment withheld from ES**	**Balance**
- Municipal Infrastructure Grant (MIG)	NT	- 1,837,899.67	- 13,858,000.00	- 8,500,000.00	5,560,419.85		- 4,777,479.82
- Finance Management Grant (FMG)	NT		- 3,000,000.00	- 3,000,000.00	1,155,227.94		- 1,844,772.06
- Expanded Public Works Program (EPWP)	NT		- 1,400,000.00	- 350,000.00	617,685.95		267,685.95
- Museum Subsidy Grant	P		- 283,000.00	-	103,973.46		103,973.46
- LGSETA	P	- 444,198.35	-	-			- 444,198.35
- Energy Efficiencyand Demand Management Grant		- 18,961.57	- 3,000,000.00	- 1,350,000.00	-		- 1,368,961.57
- Transport	P	- 134,000.00	-	-	-		- 134,000.00
- Provincial Library & Subsidy Grant	P		- 2,734,000.00	-	636,849.50		636,849.50
Disaste Response Grant	NT	- 4,751,424.75	-	-	-	3,723,000.00	- 1,028,424.75
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**	**-13,200,000.00**	**8,074,156.70**	**3,723,000.00**	**- 23,662,676.28**

Grant Register as 30 September 2025

- The municipality has an unspent grant opening balance of R22,2 million at the beginning of the year 2024/25,
- Allocated R24,2 million for 2025/26 financial year
- Received R13,2 million
- Expenditure of R8 million
- Repayment of unspent withheld prior year R3,7 million
- Balance unspent R23,6 million.

10. Councillor allowances and employee benefits.

Remunaration of Councillors

Employee 12 Month Report - Totals

Defcode	Jul 2025	Aug 2025	Sep 2025	Total
SALARY	332,169.49	341,138.07	341,138.07	1,014,445.63
CELL_ALLO_COUNC	36,000.00	36,000.00	36,000.00	108,000.00
BACKPAY_100	1,271,892.61	853,554.02	-	2,125,446.63
***TOT:EARN**	**1,640,062.10**	**1,230,692.09**	**377,138.07**	**3,247,892.26**
PAYE	505,389.58	336,487.86	85,564.95	927,442.39
SDL	16,011.79	11,918.07	3,154.42	31,084.28
UIF	1,771.20	1,771.20	1,771.20	5,313.60
MED_AID_LAHEALT	2,431.20	2,431.20	-	4,862.40
***TOT:CC**	**20,214.19**	**16,120.47**	**4,925.62**	**41,260.28**
TOTAL	**1,660,276.29**	**1,246,812.56**	**382,063.69**	**3,289,152.54**

- The municipality has incurred the monthly remuneration of councilors of R382 thousand and YTD of R3,2 million as at end of September 2025.

Staff cost September 2025

Employee 12 Month Report - Totals

Defcode	Jul 2025	Aug 2025	Sep 2025	Total
SALARY	3,608,064.03	3,630,362.59	3,664,403.92	10,902,830.54
OTIME_1_5	87,263.48	96,274.38	99,020.75	282,558.61
OTIME_2_0	71,395.21	106,892.55	94,786.76	273,074.52
EXTRA_SALARY	8,000.00	8,000.00	8,000.00	24,000.00
DIRT_ALLOW	3,150.00	2,750.00	2,400.00	8,300.00
CAR_TRAVEL_80	88,491.28	88,491.28	88,491.28	265,473.84
CAR_TRAVEL_100	43,000.00	43,000.00	43,000.00	129,000.00
REIMB_KM_NONTAX	11,417.94	16,247.42	25,319.26	52,984.62
STANDBY_NORM	175,669.40	199,120.08	201,129.80	575,919.28
CELL_TELE_ALLOW	1,000.00	1,000.00	1,000.00	3,000.00
ACTING_ALLOW	-	-	1,740.09	1,740.09
BACKPAY_100	-	-	1,393.36	1,393.36
ANNUAL_BONUS	129,414.08	228,715.12	337,808.55	695,937.75
HOUSING_742	15,157.16	15,157.16	15,157.16	45,471.48
HOUSING_5000	35,445.61	35,445.61	35,445.61	106,336.83
LONGSERVICE_TAX	-	-	43,947.98	43,947.98
DANGER_ALLOW	6,650.00	6,650.00	6,650.00	19,950.00
SHIFT_ALLOWANCE	54,568.78	54,568.78	54,568.78	163,706.34
VH_TAX_80	825.69	825.69	825.69	2,477.07
LONGSERVICE_NT	-	20,130.53	-	20,130.53
***TOT:EARN**	**4,339,512.66**	**4,553,631.19**	**4,725,088.99**	**13,618,232.84**
SDL	43,233.05	45,089.07	46,868.90	135,191.02
UIF	23,698.54	23,796.99	23,876.59	71,372.12
PENS_SUPE_28_25	176,009.53	176,009.53	184,450.54	536,469.60
PROV_FD_CC_9_75	2,126.38	2,126.38	2,126.38	6,379.14
MED_AID_LAHEALT	215,084.66	214,655.06	216,534.86	646,274.58
MED_AID_BONITAS	12,590.95	11,455.37	10,088.75	34,135.07
PENS_RETA_53_37	7,555.03	7,555.03	7,555.03	22,665.09
PENS_SALA_DB_20	168,838.35	168,838.35	169,563.13	507,239.83
SALGA_LEVY	1,720.80	1,732.75	1,732.75	5,186.30
MED_AID_KEYHEAL	9,211.80	9,211.80	9,211.80	27,635.40
MED_AID_SAMWUME	84,266.90	84,338.90	81,911.30	250,517.10
MED_AID_HOSMED	7,135.15	7,135.15	7,604.95	21,875.25
PENS_SALA_DC_20	202,642.79	202,642.79	203,927.65	609,213.23
PENS_SALA_DC_18	50,839.48	50,839.48	50,839.48	152,518.44
PROV_FD_CC_975	2,126.38	2,126.38	2,126.38	6,379.14
PROV_FD_C_18	80,120.83	84,134.57	81,649.63	245,905.03
***TOT:CC**	**1,087,200.62**	**1,091,687.60**	**1,100,068.12**	**3,278,956.34**
TOTAL	**5,426,713.28**	**5,645,318.79**	**5,825,157.11**	**16,897,189.18**

- The municipality has incurred monthly expenditure of R5,8 million and YTD of R16,8 million on municipal staff cost as at 30 September 2025

11. Material variances to the service delivery and budget implementation plan

- Not yet a quarter

12. Capital programme performance

Capital Project expenditure Report September 2025			
Project Name	**Budget**	**Expenditure**	**Balance**
Mzilanyoni	5,011,011.11	- 1,278,659.66	3,732,351.45
Penning dale	7,550,527.43	- 4,152,760.24	3,397,767.19
Bruntville Sport fied	381,263.39	-	381,263.39
Phumlas /Townview Internal Road	222,293.07		222,293.07
EEDSM Project Mpofana	3,000,000.00	-	3,000,000.00
Burntville Raod		- 1,234,584.90	- 1,234,584.90
	16,165,095.00	**- 6,666,004.80**	**9,499,090.20**

- Capital project Budget is R16,1 million,
- Expenditure for September 2025 is R6,6 million and
- The balance unspent R9,4 million.
  - Mzilanyoni R1,2 million
  - Penning dale R4,1 million
  - Brunt ville Road R1,2

13. Other supporting documents

N/A

14. Conclusion

In terms of MFMA Circular 124: Condition 6.9 reporting the mitigation factors and risks associated are as follows:

i) The mitigating factors;

- The Finance Recovery Committee must be resuscitated to ensure that revenue is enhanced and revenue is curtailed.
- Interim Finance Committee is responsible to approve requisitions and avoid all unnecessary expenditure

ii) The risks associated

- Financial Viability as the Municipality might become worse as there are no indications of ability to curtail expenditure or enhance the revenue.
- The Municipality might not be pay its liabilities when they fall due
- The Municipality might not be able to collect all the anticipated revenue with the implementation of the municipality's Budget Funding Plan

15. Annexure A: C-schedules

- Budget statement C schedule for 30 September 2025 will be attached as: **Attachment 2**

16. Annexure B: Compliance with the conditions for Municipal Debt Relief

16.1 MFMA Circular 124 – Municipality Compliance Self-Assessment for September 2025.

- **<u>Attachment 3</u>.** Municipality's self-assessment for September 2025.

16.2 Municipal Debt Relief Performance across the period of debt relief participation

The table below shows the municipality's overall relief compliance across the months of its debt relief participation since the National Treasury debt relief approval effective date of 01 October 2023 to June 2024.

Municipal Debt Relief
MFMA Circular No. 124
Municipal Finance Management Act No. 56 of 2003

KZN				
Code		District		Code Description
KZN223		uMgungundlovu		Mpofana

Monthly Performance Report

Municipal Details			Part A: Eskom And Bulk water current account						Part B: Compliance with a funded MTREF					Part C: FRP/BFP & Tariff Assessment			Part D: Electricity and water as collection tools				Part C: Quarterly collection of property rates and services charges							Part C: Maximization of Revenue Base			Part E: Oversight														Part F: Compliance Status		Month applicable
Month	Code Descr	Code	C1	C2	C3	C4	C5	C6	C7	C8	C9	C10	C11	C12	C13	C14	C15	C16	C17	C18	C19	C20	C21	C22	C23	C24	C25	C26	C27	C28	C29	C30	C31	C32	C33	C34	C35	C36	C37	C38	C39	C40	C41	Score		
1.July	Mpofana	KZN223																																											0%	Non Compliance	Yes
2.August	Mpofana	KZN223																																										0%	Non Compliance	Yes
3.September	Mpofana	KZN223																																										0%	Non Compliance	Yes
4.October	Mpofana	KZN223	N/A	N/A	N/A	No	No	Yes	No	Yes	Yes	Yes	Yes	N/A	Yes	Yes	No	Yes	N/A	No	N/A	N/A	N/A	No	No	No	No	Yes	Yes	Yes	No	N/A	N/A	Yes	Yes	N/A	Yes	Yes	Yes	Yes	N/A	N/A	76%	Non Compliance	Yes
5.November	Mpofana	KZN223	N/A	N/A	N/A	No	No	No	No	Yes	Yes	Yes	Yes	N/A	Yes	Yes	No	Yes	N/A	No	N/A	N/A	N/A	No	No	No	No	No	Yes	Yes	Yes	No	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	73%	Non Compliance	Yes
6.December	Mpofana	KZN223	N/A	N/A	N/A	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	N/A	Yes	Yes	No	No	N/A	No	No	No	N/A	No	No	No	No	No	Yes	Yes	Yes	No	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	71%	Non Compliance	Yes
7.January	Mpofana	KZN223	N/A	N/A	N/A	No	No	No	No	Yes	Yes	Yes	Yes	N/A	Yes	Yes	No	Yes	N/A	No	N/A	N/A	N/A	No	No	No	No	No	Yes	Yes	Yes	No	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	73%	Non Compliance	Yes
8.February	Mpofana	KZN223	N/A	N/A	N/A	No	No	No	No	Yes	Yes	Yes	Yes	N/A	Yes	Yes	No	Yes	N/A	No	N/A	N/A	N/A	No	No	No	No	No	Yes	Yes	Yes	No	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	73%	Non Compliance	Yes
9.March	Mpofana	KZN223	N/A	N/A	N/A	No	No	No	No	No	No	Yes	No	N/A	No	Yes	No	Yes	N/A	No	No	No	N/A	No	No	No	No	No	Yes	No	Yes	No	N/A	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	51%	Non Compliance	Yes
10.April	Mpofana	KZN223	N/A	N/A	N/A	No	No	No	No	No	No	Yes	No	N/A	No	Yes	No	No	N/A	No	N/A	N/A	N/A	No	No	No	No	No	Yes	Yes	Yes	No	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	61%	Non Compliance	Yes
11.May	Mpofana	KZN223	N/A	N/A	N/A	No	No	No	No	No	No	No	No	N/A	No	Yes	No	No	N/A	No	N/A	N/A	N/A	No	No	No	No	No	Yes	Yes	Yes	No	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	59%	Non Compliance	Yes
12.June	Mpofana	KZN223	N/A	N/A	N/A	Yes	Yes	No	No	No	No	No	No	N/A	No	Yes	No	Yes	N/A	No	No	No	N/A	No	No	No	No	No	Yes	Yes	Yes	No	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	59%	Non Compliance	Yes

		Comments/Motivation
HOD Name:		
Signature of HOD:		
Date:		

** *Note* – if the official is signing on behalf of the Head of the Provincial Treasury (HOD), the written procuration of the HOD must be attached as an Annexure to this Certificate of Compliance.

The table below is Provincial Treasury issued Compliance certificate as from July 2024 to June 2025

National Treasury
Municipal Debt Relief
MFMA Circular No. 124
Municipal Finance Management Act No. 56 of 2003

Province				
KZN				
Code		District		Code Description
KZN223		uMgungundlovu		Mpofana

Monthly Performance Report

Municipal Details			Part A: Eskom And Bulk water current account						Part B: Compliance with a funded MTREF						Part C: FRP/BFP & Tariff Assessment			Part D: Electricity and water as collection tools				Part C: Quarterly collection of property rates and services charges						Part C: Maximization of Revenue Base			Part E: Oversight												Part F: Compliance Status	
Month	Code Descr	Code	C1	C2	C3	C4	C5	C6	C7	C8	C9	C10	C11	C12	C13	C14	C15	C16	C17	C18	C19	C20	C21	C22	C23	C24	C25	C26	C27	C28	C29	C30	C31	C32	C33	C34	C35	C36	C37	C38	C39	C40	C41	Score	Rating
1.July	Mpofana	KZN223	N/A	N/A	N/A	No	Yes	Yes	No	Yes	No	Yes	Yes	N/A	No	Yes	No	No	N/A	No	N/A	N/A	N/A	N/A	No	No	No	No	Yes	Yes	Yes	No	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	76%	Moderate compliance
2.August	Mpofana	KZN223	N/A	N/A	N/A	No	Yes	Yes	No	Yes	No	Yes	Yes	N/A	No	Yes	No	Yes	N/A	No	N/A	N/A	N/A	N/A	No	No	No	No	Yes	Yes	Yes	No	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	78%	Moderate compliance
3.September	Mpofana	KZN223	N/A	N/A	N/A	No	Yes	Yes	No	Yes	No	Yes	Yes	N/A	No	Yes	No	Yes	N/A	No	Yes	N/A	N/A	N/A	No	No	No	No	Yes	Yes	Yes	No	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	78%	Moderate compliance
4.October	Mpofana	KZN223	N/A	N/A	N/A	No	No	Yes	No	Yes	No	Yes	Yes	N/A	No	Yes	No	Yes	N/A	No	N/A	N/A	N/A	N/A	No	No	No	No	Yes	Yes	Yes	No	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	76%	Moderate compliance
5.November	Mpofana	KZN223	N/A	N/A	N/A	No	No	No	No	Yes	No	Yes	Yes	N/A	No	Yes	No	Yes	N/A	No	N/A	N/A	N/A	N/A	No	No	No	No	Yes	Yes	Yes	No	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	73%	Moderate compliance
6.December	Mpofana	KZN223	N/A	N/A	N/A	No	No	No	No	Yes	No	Yes	Yes	N/A	No	Yes	No	No	N/A	No	Yes	N/A	N/A	N/A	No	No	No	No	Yes	Yes	Yes	No	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	71%	Moderate compliance
7.January	Mpofana	KZN223	N/A	N/A	N/A	No	No	No	No	Yes	No	Yes	Yes	N/A	No	Yes	No	Yes	N/A	No	N/A	N/A	N/A	N/A	No	No	No	No	Yes	Yes	Yes	No	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	73%	Moderate compliance
8.February	Mpofana	KZN223	N/A	N/A	N/A	No	No	No	No	Yes	No	Yes	Yes	N/A	No	Yes	No	No	N/A	No	N/A	N/A	N/A	N/A	No	No	No	No	Yes	Yes	Yes	No	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	71%	Moderate compliance
9.March	Mpofana	KZN223	N/A	N/A	N/A	No	No	No	No	Yes	No	Yes	No	N/A	No	Yes	No	No	N/A	No	Yes	N/A	N/A	N/A	No	No	No	No	Yes	Yes	Yes	No	N/A	N/A	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	63%	Moderate compliance
10.April	Mpofana	KZN223	N/A	N/A	N/A	No	No	No	No	Yes	No	No	No	N/A	No	Yes	No	No	N/A	No	N/A	N/A	N/A	N/A	No	No	No	No	Yes	Yes	Yes	No	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	63%	Moderate compliance
11.May	Mpofana	KZN223	N/A	N/A	N/A	No	No	No	No	Yes	No	No	No	N/A	No	Yes	No	No	N/A	No	N/A	N/A	N/A	N/A	No	No	No	No	Yes	Yes	Yes	No	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	63%	Moderate compliance
12.June	Mpofana	KZN223	N/A	N/A	N/A	No	No	No	No	Yes	No	No	No	N/A	No	Yes	No	No	N/A	No	Yes	N/A	N/A	N/A	No	No	No	No	Yes	Yes	Yes	No	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	63%	Moderate compliance

		Comments/Motivation
HOD Name:		
Signature of HOD:		
Date:		

** *Note – if the official is signing on behalf of the Head of the Provincial Treasury (HOD), the written procuration of the HOD must be attached as an Annexure to this Certificate of Compliance.*

The table below is Municipality's self-assessment certificate for September 2025

National Treasury
Municipal Debt Relief
MFMA Circular No. 124
Municipal Finance Management Act No. 56 of 2003

Province				
KZN				
Code		District		Code Description
KZN223		uMgungundlovu		Mpofana

Monthly Performance Report

Municipal Details			Part A: Eskom And Bulk water current account						Part B: Compliance with a funded MTREF						Part C: FRP/BFP & Tariff Assessment			Part D: Electricity and water as collection tools				Part C: Quarterly collection of property rates and services charges						Part C: Maximization of Revenue Base			Part E: Oversight												Scoring and Rating	
Month	Code Descr	Code	C1	C2	C3	C4	C5	C6	C7	C8	C9	C10	C11	C12	C13	C14	C15	C16	C17	C18	C19	C20	C21	C22	C23	C24	C25	C26	C27	C28	C29	C30	C31	C32	C33	C34	C35	C36	C37	C38	C39	C40	C41	Score	Rating
25.July25	Mpofana	KZN223	N/A	N/A	N/A	No	Yes	No	No	Yes	No	No	No	N/A	No	Yes	No	No	N/A	No	N/A	N/A	N/A	N/A	No	No	No	No	Yes	Yes	Yes	No	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	66%	Moderate compliance
26.August25	Mpofana	KZN223	N/A	N/A	N/A	No	Yes	Yes	No	Yes	No	No	No	N/A	No	Yes	No	No	N/A	No	N/A	N/A	N/A	N/A	No	No	No	No	Yes	Yes	Yes	No	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	68%	Moderate compliance
27.September25	Mpofana	KZN223	N/A	N/A	N/A	No	No	No	No	Yes	No	Yes	Yes	N/A	No	Yes	No	Yes	N/A	No	Yes	No	No	No	No	No	No	Yes	Yes	Yes	Yes	No	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	68%	Moderate compliance
28.October25	Mpofana	KZN223																																										0%	Not completed
29.November25	Mpofana	KZN223																																										0%	Not completed
30.December25	Mpofana	KZN223																																										0%	Not completed
31.January26	Mpofana	KZN223																																										0%	Not completed
32.February26	Mpofana	KZN223																																										0%	Not completed
33.March26	Mpofana	KZN223																																										0%	Not completed
34.April26	Mpofana	KZN223																																										0%	Not completed
35.May26	Mpofana	KZN223																																										0%	Not completed
36.June26	Mpofana	KZN223																																										0%	Not completed
37.July26	Mpofana	KZN223																																										0%	Not completed
38.August26	Mpofana	KZN223																																										0%	Not completed
39.September26	Mpofana	KZN223																																										0%	Not completed
40.October26	Mpofana	KZN223																																										0%	Not completed
41.November26	Mpofana	KZN223																																										0%	Not completed

		Comments/Motivation
HOD Name:		
Signature of HOD:		
Date:	26/07/2024	

16.4 MFMA Circular 124 – Condition 6.6 & 6.7

16.4.1 Monthly collection

Collection Rate Monthly Performance – September 2025

1.July - Reporting for June in July				2.August - Reporting for July in August				3.September - Reporting for August in September				Click to view/close months	Summary - Quarter 1			
Billing For June	Collection in July	R - Billing not collected	% Collection	Billing For July	Collection in August	R - Billing not collected	% Collection	Billing For August	Collection for in September	R - Billing not collected	% Collection		Billing	Collection	R - Billing not collected	% Collection
6 049 360	4 339 697	1 709 663	72%	5 482 896	5 790 648	480 481	106%	5 935 208	3 900 546	2 034 662	66%		17 467 463	14 030 890	3 436 574	80%
6 049 360	4 339 697	1 709 663	72%	5 482 896	5 790 648	480 481	106%	5 935 208	3 900 546	2 034 662	66%		17 467 463	14 030 890	3 436 574	80%
1 373 054	991 670	381 384	72%	1 497 030	1 556 830	0	104%	1 496 128	1 037 628	458 500	69%		4 366 212	3 586 128	780 084	82%
4 164 961	3 288 848	876 113	79%	3 408 202	4 136 635	0	121%	3 862 565	2 788 879	1 073 686	72%		11 435 727	10 214 362	1 221 365	89%
-	-	-	#DIV/0!	-	-	-	#DIV/0!	-	-	-	#DIV/0!		-	-	-	#DIV/0!
-	-	-	#DIV/0!	-	-	-	#DIV/0!	-	-	-	#DIV/0!		-	-	-	#DIV/0!
511 345	59 179	452 167	12%	577 664	97 183	480 481	17%	576 515	74 038	502 477	13%		1 665 524	230 400	1 435 125	14%
-	-	-	#DIV/0!	-	-	-	#DIV/0!	-	-	-	#DIV/0!		-	-	-	#DIV/0!

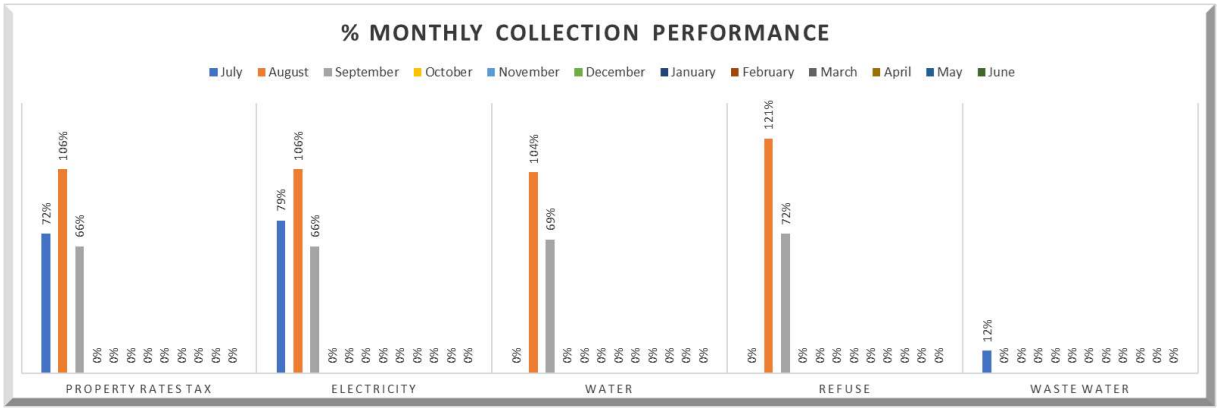
SUMMARY FOR COLLECTION RATE – MONTH 3 OF THE 2025/2026 FINANCIAL YEAR

Aggregate Collection	Summary - Quarter 1				Q1
	Billing	Collection	R - Billing not collected	% Collection	
1.Collection for whole demarcation	17 467 463	14 030 890	3 436 574	80%	80%
2.Collection excl Eskom supplied areas	17 467 463	14 030 890	3 436 574	80%	80%
3.Collection: **Property Rates**	4 366 212	3 586 128	780 084	82%	82%
4.Total average collection: **Electricity** (Municipal supplied areas)	11 435 727	10 214 362	1 221 365	89%	89%
5.Total average collection: **Water**	-	-	-	#DIV/0!	
6.Total average collection: **Wastewater**	-	-	-	#DIV/0!	
7.Total average collection: **Refuse**	1 665 524	230 400	1 435 125	14%	14%
8.Total average collection: **Interest**	-	-	-	#DIV/0!	0%

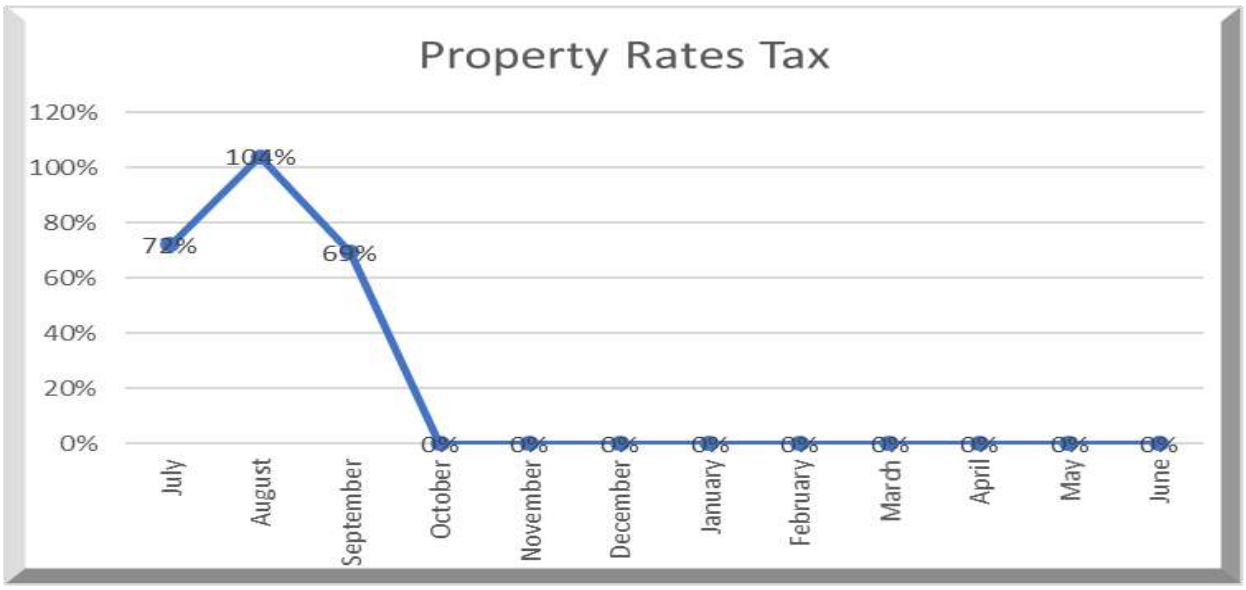
- The collection rate for September 80%.
- Property rates 82%
- Electricity 89%
- Refuse 14%

The following table is breakdown for collection per month.

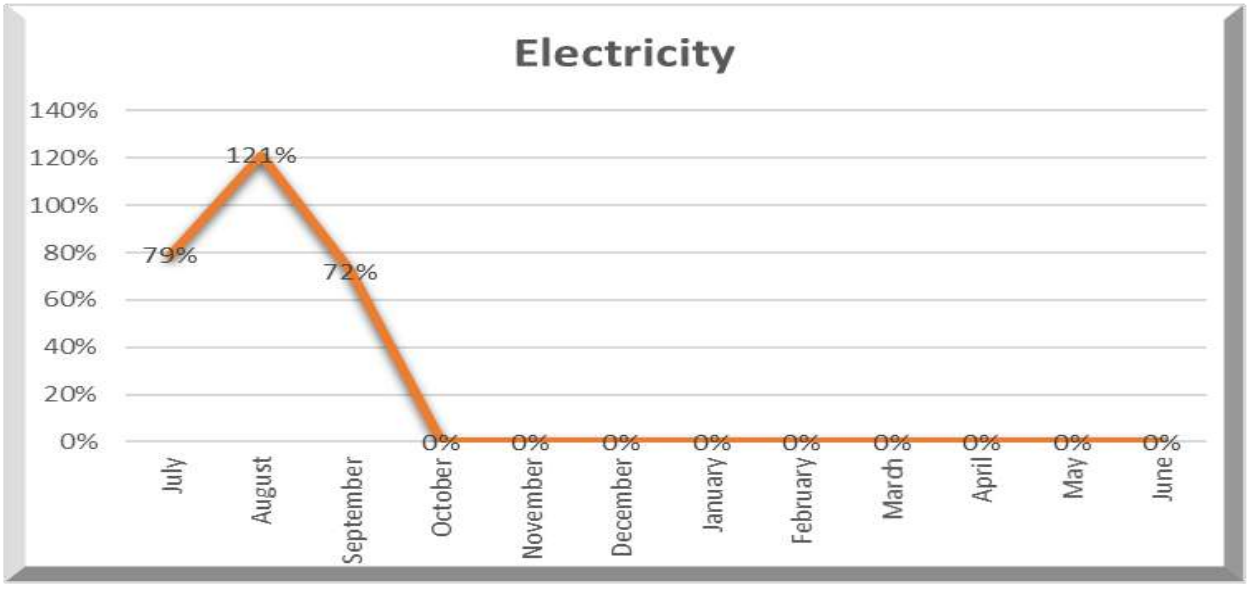
Trend in Collection rate - Total: September 2025 is 80%



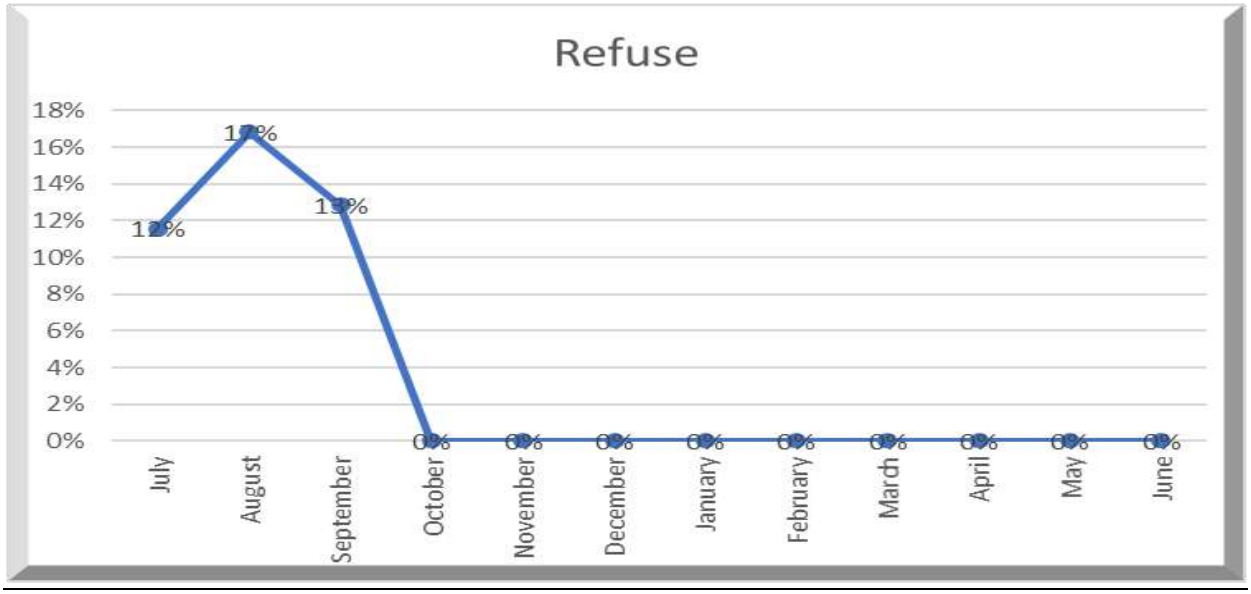
Trend in Collection rate – Property Rates: September 2025 is 69%



Trend in Collection rate – Electricity: September 2025 is 72%



Trend in Collection rate – Refuse: September Refuse is 13%



September 2025 collection percentage

- Property Rates is 69%
- Electricity is 72%
- Refuse is 13%
- Total average collection for September 2025 is 80%

16.4.2 Monthly - Restriction of Free Basic Services to Indigent Households

- The municipality will prioritize implementation of Indigent on 2025/26 Adjustment budget.

16.5 MFMA Circular 124 – Condition 6.8 (Completeness of the revenue base)

16.5. September 2025 Property rates reconciliation.

The GV reconciliation was performed in September 2025, on the pre-bill, with the following results:

Property Rates Reconciliation						
Province	KZN					
District	Umgungundlovu District					
Type	LM					
Municipal Name	Mpofana					
GV Period	01/07/2021 - 30/06/2026					
Financial Year	2025/2026					
Reconciliation Period	Quarter 1					
Reconciliation Overview						
High Level Reconciliation						
Propety Categories	# of Properties			Market Values		
Propety Categories	GV	MFS	Variance	GV Market Values	MFS Market Values	Variance
Residential	3621	3619	2	1 221 700 500,00	3 491 946 000,00	- 2 270 245 500,00
Industrial	21	21	0	75 130 000,00	75 130 000,00	-
Business and Commercial	134	135	-1	444 535 000,00	444 535 000,00	-
Agricultural	724	711	13	3 021 575 000,00	2 996 195 000,00	25 380 000,00
Mining	0	0	0	-	-	-
State Owned for Public Purpose	26	26	0	138 340 000,00	138 340 000,00	-
PSI	345	345	0	15 711 000,00	15 711 000,00	-
PBO	36	36	0	125 790 000,00	125 790 000,00	-
Multi Use	19	18	1	-	-	-
Vacant	324	323	1	53 672 000,00	53 552 000,00	120 000,00
POW	15	15	0	25 070 000,00	25 070 000,00	-
Municipal	611	611	0	95 008 000,00	95 008 000,00	-
Other	62	62	0	39 880 000,00	39 880 000,00	-
	5938	5922	16	5 256 411 500,00	7 501 157 000,00	- 2 244 745 500,00

- The revenue team communicated to CCG system vendor that there were still **16** variances in terms of no of properties & market value of **R 2 244 745 500** in terms of all categories of properties

The GV reconciliation was thereafter performed on the post-bill, with the following results:

Property Rates Reconciliation							
Province	KZN						
District	Umgungundlovu District						
Type	LM						
Municipal Name	Mpofana						
GV Period	01/07/2021 - 30/06/2026						
Financial Year	2025/2026						
Reconciliation Period	Quarter 1						
Reconciliation Overview							
High Level Reconciliation							
Propety Categories	# of Properties				Market Values		
Propety Categories	GV	MFS	Variance		GV Market Values	MFS Market Values	Variance
Residential	3621	3619	2		1 221 700 500,00	2 155 540 500,00	- 933 840 000,00
Industrial	21	21	0		75 130 000,00	75 130 000,00	-
Business and Commercial	134	135	-1		444 535 000,00	444 535 000,00	-
Agricultural	724	726	-2		3 021 575 000,00	3 061 935 000,00	- 40 360 000,00
Mining	0	0	0		-	-	-
State Owned for Public Purpose	26	26	0		138 340 000,00	138 340 000,00	-
PSI	345	345	0		15 711 000,00	15 711 000,00	-
PBO	36	36	0		125 790 000,00	125 790 000,00	-
Multi Use	19	18	1		-	-	-
Vacant	324	323	1		53 672 000,00	53 552 000,00	120 000,00
POW	15	15	0		25 070 000,00	25 070 000,00	-
Municipal	611	611	0		95 008 000,00	95 008 000,00	-
Other	62	62	0		39 880 000,00	39 880 000,00	-
	5938	5937	1		5 256 411 500,00	6 230 491 500,00	- 974 080 000,00

- There was a reduction in the variances for total no of properties, from the pre-bill to post bill, from **16** to **1**
- There was a reduction in the variances for total market value of properties, from the pre-bill to post bill, from **R 2 244 745 500 to R 974 080 000.**
- Meeting held on 2 October 2025, between municipality, current Valuer, CCG system provider & MFIP Advisor, to discuss the variances between the General Valuation & billing system. It was agreed that the CCG system provider perform further investigations accordingly, and provide a report by 6 October 2025.
- Follow up meeting was held on 8 October 2025. CCG presented a Report after investigation and there appears to be alignment of the General Valuation Roll (Valuer) to the System Valuation Roll & pre-Billing Report (October 2025). However, there was a variance of **R 3 150 000** identified on the Residential category, which relates to Erf 1384 as per section 78 shared by the valuer on the 8th of September 2025, and this property is however not included in the Consolidated GV. The Valuer agreed to update the Valuation roll & submit before end of business.
- The aim is to resolve the above variances before the October 2025 post billing.

The following illustrates the trend in differences, between General Valuation (GV) & Municipal Financial System (MFS), for **No of Categories**, which shall be monitored monthly:

GV vs MFS			
Property Categories	Variances in NUMBER		
	Jul-25	Aug-25	Sep-25
Residential	19	1	2
Industrial	0	0	0
Business & Commercial	-1	-1	-1
Agricultural	-2	-2	-2
Mining	0	0	0
State	0	0	0
PSI	0	0	0
PBO	0	0	0
Multi Use	1	1	1
Vacant	-17	0	1
POW	0	0	0
Municipal	0	0	0
Other	0	0	0
TOTAL	**0**	**-1**	**1**

The following illustrates the trend in differences, between General Valuation (GV) & Municipal Financial System (MFS), for **Value of Categories,** which shall be monitored monthly:

GV vs MFS			
Property Categories	Variances in VALUE		
	Jul-25	Aug-25	Sep-25
Residential	-R 2 231 875 500	-R 2 273 005 500	-R 933 840 000
Industrial	R -	R -	R -
Business & Commercial	R -	R -	R -
Agricultural	-R 7 490 000	-R 7 490 000	-R 40 360 000
Mining	R -	R -	R -
State	R -	R -	R -
PSI	R -	R -	R -
PBO	R -	R -	R -
Multi Use	R -	R -	R -
Vacant	-R 10 100 000	R -	R 120 000
POW	R -	R -	R -
Municipal	R -	R -	R -
Other	R -	R -	R -
TOTAL	-R2 249 465 500	-R2 280 495 500	-R 974 080 000

16.6 MFMA Circular 124 – Condition 6.3 and Condition 6.12

6.3 Maintenance of Eskom Current account

- No payment has been made towards the Eskom bulk current account for September 2025.
- The municipality has provided Eskom Reconciliation indicating that the balance of R630,6 million however Eskom statement has a balance of R632 million the variance is payment of R1,5 million by the municipality on 29 August 2025.

6.4 Compliance with a Funded MTREF

- The municipality's 2025/26 adopted Budget is unfunded,
- The municipality has budgeted for an operating surplus of R6,5 million.
- The municipality made a provision for debt impairment of R8,7 million of the total billable revenue.
- The municipality has made a provision for Depreciation and asset impairment of R10,8 million

6.5 Cost reflective tariffs

- The municipality has completed a tariff tool, based on the 2025/26 approved budget, with the assistance of the NT MFIP Advisor assigned to the municipality.

6.6 Electricity as a collection tools

- The municipality does issue consolidated bills to consumers, reflecting rates, electricity and refuse services on one invoice except government debtors.
- Customer disconnections is done in September 2025 and will be attached as:
  Attachment 4

6.7 Maintaining a minimum of 85% average quarterly collection of Property rates and service charge

- The municipality has achieved an average collection rate of 80% for the first quarter ending 30 September 2025.

6.7.2

- The municipality has not made provision for the installation of smart pre-paid meters in the 2025/26, 2026/27 and 2027/28 capital budgets due to financial constraints.
- The municipality has not adopted a policy to install any new electricity connection in the demarcated area with a smart pre-paid meter.

6.8 Completeness of the revenue base

- The municipality has completed a tariff tool, based on the 2025/26 approved budget, with the assistance of the NT MFIP Advisor assigned to the municipality, and prepares the Action plan for variances identified.

6.9 Monitor and report on implementation

- The municipality's monthly MFMA Section 71 report is tabled to the Finance Portfolio committee, and MANCO before it is presented to Council.

6.10 Provincial Treasury certification of municipal compliance.

- KZN Provincial Treasury issued all monthly certificate and compliance report for the municipality.

6.11 Limitation on Municipal borrowing powers.

- The municipality has no borrowings in 2025/26 financial year.

6.12 Management of resources

- National Treasury / OAG issued guidance via a Circular on the 21 February 2024, that state that the municipality does not necessarily need to transfer amounts received from electricity sales into a separate bank account. However, the municipality must ring-fence amounts received from electricity sales to ensure that the municipality is able to make payments towards their Eskom current account. (Ring-fencing can be enabled via transacting in terms of mSCOA).
- Eskom bank statement will be attached. **Attachment 5**

16.6 In terms of the MFMA s.71 narrative statement the following is part – Attachment 6

i. Eskom Bulk current account invoice(s) due and payable during the month of reporting;
ii. The municipality's reconciliation statement for electricity aligning to the MFMA S71 mSCOA data strings upload

KWAZULU-NATAL PROVINCE
TREASURY
REPUBLIC OF SOUTH AFRICA

Provincial Treasury MFMA Circular 124

Municipal Debt Relief Report

Mpofana Municipality

August 2025

DISTRIBUTION:

Municipal Manager:	**Dr. E.H. Dladla**
Chief Financial Officer:	**Mr. N Duma**
Sector Departments:	**National Treasury Email:** RevenueManagement@treasury.gov.za
	Email: Mohamed@mfip.gov.za

Parallel: Upload the PT PDF submission and the PT excel submission to the NT GoMuni portal

KWAZULU-NATAL PROVINCE
TREASURY
REPUBLIC OF SOUTH AFRICA

DIRECTORATE: HEAD OF DEPARTMENT

PO. Box 3613, PIETERMARITZBURG, 3200
Treasury House, 145 Chief Albert Luthuli Street, Pietermaritzburg, 3200
Tel: 033 897 4307/4583 Fax: 033 342 2486
Email address: carol.coetzee@kzntreasury.gov.za
Directorate: HEAD OF DEPARTMENT

Ref: 11/6/13/6
Enquiries: Mr. F Cassimjee
25 September 2025

Ms. O. Gaarekwe
Deputy Director-General
Intergovernmental Relations
National Treasury
40 Church Square
PRETORIA
0001

Dr E.H Dladla
Municipal Manager
Mpofana Local Municipality
PO Box 47
MOOI RIVER
3300

Email: RevenueManagement@treasury.gov.za; Mohamed@mfip.gov.za; mm.office@mpofana.gov.za; sli.buthelezi@mpofana.gov.za; cfo.office@mpofana.gov.za;

Dear Ms. O. Gaarekwe and Dr. E.H. Dladla

MPOFANA MUNICIPALITY – MONTHLY DEBT RELIEF REPORT – AUGUST 2025

National Treasury approved the debt relief application of Mpofana Municipality with effect 01 October 2023. September 2024 constituted the 12th month of the municipality's first 12-month debt relief compliance cycle. August 2025 constitutes the 11th month of the municipality's second 12-month debt relief compliance cycle.

In terms of Municipal Debt Relief Circular No. 124, the Provincial Treasury must monthly certify the compliance of every delegated municipality with the conditions for municipalities as part of the Provincial Treasury's report to National Treasury by no later than 20 working days after the end of each month.

KZN Provincial Treasury monitored and assessed the municipality's compliance with the debt relief conditions during August 2025. This report **highlights the areas of compliance and non-compliance** for the month of August 2025, the support measures instituted by KZN Provincial Treasury, and the actions taken by the municipality in the month of September 2025.

Condition 6.1: Municipality non-compliance

In terms of the National Treasury (NT) approval, the municipality must comply with conditions 6.1 – 6.14 of MFMA Circular 124 read together with the additional conditions specific to the municipality set-out in its National Treasury debt relief approval letter. From the Provincial Treasury's assessment, the municipality achieved a 68% average compliance with the MFMA Circular 124 conditions during August 2025 – refer to the performance sheet in the table below that shows the municipality's debt relief compliance performance for August 2025.

Considering the municipality's overall debt relief performance since 01 October 2023, and that the conditions carry equal weighting, the municipality is unlikely to qualify for the one third (1/3) debt write-off applicable to their first debt relief compliance cycle, which ended on the 30th September 2024, nor the second third (2/3), which ends on the 30th September 2025 unless the outstanding non-compliance issues are addressed.

National Treasury issued a final warning to the municipality on the 17th December 2024 for non-compliance with conditions of the municipal debt relief programme, particularly with respect to non-payment of the current Eskom account. The municipality had until the 17th March 2025 to rectify the situation, which includes settlement of the new arrear debt, since approval to the programme, of R 85 384 804 (as per Eskom's S41 reports as at 31 October 2024).

The National Treasury will only request Eskom to write-off a municipality's arrear debt, if the municipality demonstrates to the National Treasury's satisfaction, that the municipality complied with the aforementioned conditions for a consecutive period of 12 months. During the previous months of the debt relief cycle (October 2023 – July 2025), the municipality did not fully adhere to all the conditions of MFMA Circular 124. The specific condition(s) to which Mpofana Municipality did not comply during August 2025 are discussed in more detail below.

KWAZULU-NATAL PROVINCE
TREASURY
REPUBLIC OF SOUTH AFRICA

KZN 223 Mpofana's overall debt relief performance for the period 01 July 2025 up to and including 31 August 2025

National Treasury

Municipal Debt Relief

MFMA Circular No. 124

Municipal Finance Management Act No. 56 of 2003

Province		
KZN		
Code	District	Code Description
KZN223	uMgungundlovu	Mpofana

Monthly Performance Report

Municipal Details			Part A: Eskom And Bulk water current account						Part B: Compliance with a funded MTREF					Part C: FRP/BFP & Tariff Assessment			Part D: Electricity and water as collection tools				Part C: Quarterly collection of property rates and services charges							Maximization of Revenue Base			Part E: Oversight													Scoring and Rating	
Month	Code Descr	Code	C1	C2	C3	C4	C5	C6	C7	C8	C9	C10	C11	C12	C13	C14	C15	C16	C17	C18	C19	C20	C21	C22	C23	C24	C25	C26	C27	C28	C29	C30	C31	C32	C33	C34	C35	C36	C37	C38	C39	C40	C41	Score	Rating
25.July25	Mpofana	KZN223	N/A	N/A	N/A	No	Yes	No	No	Yes	No	No	No	N/A	No	Yes	No	No	N/A	No	N/A	N/A	N/A	N/A	No	No	No	No	Yes	Yes	Yes	No	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	66%	Moderate compliance
26.August25	Mpofana	KZN223	N/A	N/A	N/A	No	Yes	Yes	No	Yes	No	No	No	N/A	No	Yes	No	No	N/A	No	N/A	N/A	N/A	N/A	No	No	No	No	Yes	Yes	Yes	No	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	68%	Moderate compliance
27.September25	Mpofana	KZN223																																										0%	Not completed
28.October25	Mpofana	KZN223																																										0%	Not completed
29.November25	Mpofana	KZN223																																										0%	Not completed
30.December25	Mpofana	KZN223																																										0%	Not completed
31.January26	Mpofana	KZN223																																										0%	Not completed
32.February26	Mpofana	KZN223																																										0%	Not completed
33.March26	Mpofana	KZN223																																										0%	Not completed
34.April26	Mpofana	KZN223																																										0%	Not completed
35.May26	Mpofana	KZN223																																										0%	Not completed
36.June26	Mpofana	KZN223																																										0%	Not completed
37.July26	Mpofana	KZN223																																										0%	Not completed
38.August26	Mpofana	KZN223																																										0%	Not completed
39.September26	Mpofana	KZN223																																										0%	Not completed
40.October26	Mpofana	KZN223																																										0%	Not completed
41.November26	Mpofana	KZN223																																										0%	Not completed

Condition 6.2 – Application-based supported by Council's resolution

As at the date of this report there is no application related information remaining as outstanding from the municipality that was due within 10 working days of the NT approval letter.

Condition 6.3: Maintaining the Eskom current account

The bulk current account for an amount of R13.1 million as per the Eskom invoice for July 2025 (which was due and payable on 16 August 2025) was not fully paid. **The municipality has provided proof of payment of only R1.5 million made on 29 August 2025 toward the July 2025 invoice**.

The municipality does not have an approved repayment plan in place for the arrear debt. The municipality was given until 02 July 2024 to submit a proposed payment plan for the new arrear debt. The municipality submitted a proposed payment plan which was not accepted.

KZNPT, with the MFIP advisor, met with the Municipal Manager to discuss the progress of the revised payment plan on 23 October 2024. The municipality was assisted by the MFIP advisor to prepare the supporting documentation for the repayment arrangement.

Eskom indicated in its Section 41 report for August 2025 that the municipality is not complying with the debt relief conditions and that the payment arrangement is still not concluded. National Treasury issued a final warning letter to the municipality on 17th December 2024. National Treasury has also indicated in the Debt relief compliance report for July 2025 that the persistent accumulation of arrears directly undermines Mpofana's eligibility for continued participation in the Debt Relief Programme. Non-payment compromises Eskom's willingness to co-operate with the municipality and increases the risk of disconnection. National Treasury further recommended the consideration of escalation measures including the withholding of conditional transfers if arrear management is not visibly addressed in the next cycle. This concern was discussed with the municipality during the IYM meeting held on 09 September 2025. The municipality indicated that the proposed repayment agreement was submitted to Eskom in May 2025. The municipality is awaiting feedback from Eskom.

The proof of the Eskom payment of the R1.5 million made on 29th August 2025 has been uploaded on the GoMuni portal and included in the monthly Section 71 report for Month 02 (August 2025). Furthermore, no proof of payments has been provided by the municipality in relation to the previous invoices from October 2024 to May 2025.

The municipality's General ledger extract for Month 02 (August 2025) reconciles to the proof of payment.

Condition 6.4: Compliance with a funded MTREF

The municipality's 2025/26 Approved Budget was assessed as Unfunded. The main contributor to the unfunded budget for the municipality is the long outstanding debt owed to Eskom as well as unspent conditional grants which are not cash backed. As per the NT funding assessment tool Table A8 reflects a Shortfall of R296.7 million.

KZN Provincial Treasury assessed the Budget Funding Plan that was approved by Council as not being reasonable in relation to the strategies that the municipality intends to embark on in order to improve the budget funding position. The municipality has still not concluded a repayment plan with Eskom in respect of the arrear amount of R213.8 million not covered by the Debt Relief Programme. Furthermore, the debt owed to Eskom has increased by R108.6 million, or 21.9 percent, from R497 million as at 30 June 2024 to R605.6 million as at 30 June 2025. This confirms that the municipality is not fully complying

with the payment of the Eskom current account which is resulting in exponentially increasing the balance owed to Eskom.

The 2023/24 audited AFS reflected that the municipality reported electricity losses of R53.2 million or 63.51 percent, as at June 2024 (June 2023: R42.5 million or 47.98 percent). The major concern is that there is no clear strategy included in the Budget funding plan to address the aging of infrastructure and the increase in electricity losses. To ensure the successful implementation of the Budget funding plan, the municipality was advised to monitor the implementation of the Budget funding plan on a monthly basis.

The municipality has budgeted for a Surplus of R6.5 million. However, the budgeted Surplus appears to be overstated as revenue from Operational revenue and Fines, penalties and forfeits appear to be overstated while the expenditure on Bulk purchases, Debt impairment, Depreciation and asset impairment and Interest appear understated. Therefore, the budgeted Surplus may not be a true reflection of the municipality's budgeted financial performance. KZN Provincial Treasury has advised the municipality to implement the budget controls and closely monitor the performance of the budgeted expenditure line items to ensure that the spending is within the approved budgeted amounts to avoid incurring unauthorised expenditure.

The municipality has made a provision for Debt impairment of R8.8 million or 9.7 percent as a percentage of total billable revenue. However, as per the Budget funding assessment tool the average collection rate is 85.8 percent and hence Debt impairment should be budgeted to at least R16.5 million (R116 million multiplied by 14.2 percent). The budgeted amount may be understated.

The municipality has budgeted for Depreciation and amortisation of R10.9 million in the 2025/26 budget year which is a decrease of 26.9 percent from the 2024/25 Adjusted budget and a 26.4 percent decrease from the 2023/24 audited AFS. The municipality has indicated on page 21 of the budget document that the budgeted amount is informed by the municipality's Asset management policy and the current depreciation as per the audited AFS.

However, the budgeted amount appears to be significantly understated when compared to the expenditure of R14.8 million in the 2023/24 audited AFS. Furthermore, Table A9 reflects Total asset register summary of R253.4 million which is an increase of 16.3 percent of total PPE value of R217.9 million in the 2023/24 audited AFS. Therefore, the decrease of 26.9 percent in the budgeted Depreciation and amortisation does not appear to be reasonable. The municipality should provide a realistic budget for Depreciation and amortisation in the Adjustments Budget.

The cash flow projections were not accurately estimated for the 12 months of the financial year as the budgeted cash flows were spread evenly over the 12-month period in the 2025/26 Approved Budget.

The municipality does not have a FRP. An MFIP advisor has been deployed to the municipality to provide budget management support with regards to condition 6.4.

Condition 6.5 - Cost reflective tariffs

The municipality has completed a tariff tool, based on the 2025/26 final budget, with the assistance of the NT MFIP Advisor assigned to the municipality, and has thus been marked as compliant. The tariff setting tools using the final 2025/26 budgeted figures have also been uploaded on the GOMUNI portal. Per the Tariff setting tool using the final 2025/26 budgeted figures, the Electricity tariff is not cost reflective from year 1 to 3 (R35 746 419 shortfall in year 1, R29 843 470 deficit in year 2, and R25 113 490 deficit in year 3) whilst the Solid waste tariff is not cost reflective from year 1 to 3 (R8 311 165 shortfall in year 1, R7 885 494 deficit in year 2, and R7 685 539 deficit in year 3).

The PT has identified the gaps on the completed tariff tool using the final budget for the 2025/26 financial year which needs to be addressed going forward. These gaps are as follows:

1) Governance and Administration has been allocated most of the revenue budget from the component of Transfer and Subsidies – Operational.

   - ✓ Year 1: R52.614 Million (M) (91.15%) of R57.7239M
   - ✓ Year 2: R53.022M (93.26%) of R56.8539M
   - ✓ Year 3: R55.377M (93.26%) of R59.376M.

   Equitable share needs to be allocated to trading services to cater for cost of free basic services.

2) Most functions are budgeted for a deficit, which might be caused by a failure to allocate Equitable Share correctly.

3) Employee related costs allocated to services (Electricity and Refuse) appear to be understated per allocation below:

   - ✓ Year 1: Employee Cost of R7.130 M (11.50%) of total Employee cost of R62M
   - ✓ Year 2: Employee Cost of R7.490M (11.79%) of total Employee cost R63.488M
   - ✓ Year 3: Employee Cost of R7.766M (11.70%) of total Employee cost R66.329M

4) Understatement of debt impairment expenditure for Electricity Services Function:

   - ✓ Year 1: R0 allocation of a total of R8.757M
   - ✓ Year 2: R0 allocation of a total of R6.447M
   - ✓ Year 3: R0 allocation of a total of R4.710M

5) Understatement of depreciation expenditure for Electricity Services Function:

   - ✓ Year 1: R276K (2.5%) allocation of a total of R10.893M
   - ✓ Year 2: R290K (2.5%) allocation of a total of R11.4M
   - ✓ Year 3: R304K (2.5%) allocation of a total of R11.920M

The Municipality's budget narratives for the final 2025/26 budget, did not include any phasing-in strategy for non-cost reflective tariffs.

The allocation and the values of budgeted revenue and budgeted expenditure across the various functions of the municipality needs to be reviewed by the municipality. As this has a direct impact on the outcome of the tool and the assessment of whether tariffs are cost reflective or not. Thus, the results of the tool may not be accurate.

Condition 6.6: Electricity as collection tools

The municipality does issue consolidated bills to consumers, reflecting rates, electricity and refuse services on one invoice.

As per the final 25/26 Credit control and debt collection policy, reference is made to the following" If one account is rendered for more than one Municipal service provided, the amount due and payable by a customer constitutes a consolidated debt, and any payment made by a customer of an amount less

than the total amount due, will be allocated at the discretion of the Municipality between service debts. Firstly, to property rates and thereafter to refuse removal lastly to electricity."

The municipality does not issue consolidated bills for accounts that are attached to Public Works. Hence the municipality is partially compliant with this condition.

KZN PT requested further engagement with National Treasury regarding Public Works / state-owned properties and the requirement for the consolidation of bills. As this impacts the entire KZN Province and not only municipalities on the debt relief programme.

A meeting was held with NT, KZN PT, CoGTA and Public Works on the 07 June 2024 to determine the way forward. The resolution from the meeting was that NT would consult further internally and will review the institutional arrangements in 2 other Provinces. Thereafter, a follow up engagement will need to be held. To date, no further feedback has been received.

Mpofana LM implemented disconnections of electricity services for defaulting customers other than those registered as indigent in the month of August 2025. The electricity disconnection report for August 2025 has been provided to KZN PT.

The municipality has indicated that they are still compiling the indigent register. Furthermore, a billing / Eskom (FBE) report to confirm the 50 kilowatt electricity provided to registered indigent consumer with the municipality is not attached in their Sec 71 report. **As August is the second month of the 2025/26 financial year, the municipality needs to implement their indigent register as promised.**

The municipality has not utilised the Annexure C – National Treasury template to reflect their monthly indigent information. Thus, this was not included in their S71 report nor was it parallel uploaded to Go Muni. The municipality has indicated that a draft indigent register has been completed and sent to CoGTA for review and that a budget provision for free basic services has been made in the 2025/26 annual budget process. Per National Treasury instruction issued on 14th March 2025, where a municipality has not included this annexure in their Section 71 report, Provincial Treasuries are required to mark the municipality as non-compliant across the entire Condition 6.6. in the debt relief certificate.

Condition 6.7: Maintain a minimum of 85% average quarterly collection of property rates and service charges

This reporting period being August 2025 is not a quarter end, and therefore, the quarterly collection rate of property rates and service charges is not required to be assessed.

However, the municipality has achieved a 106% average monthly collection rate (Collection in August 2025: R5 790 648 / Billing for July 2025: R5 482 896) for property rates and services charges for the month of August 2025, which is above the minimum of 85% required as per MFMA Circular 124.

KZN PT engaged with the Municipality on 8th September 2025 with regards to the correctness and accuracy of the NT Revenue collection template. Per the status of all documents submissions report extracted from GOMUNI for Mpofana Local Municipality on 17th September 2025, it was confirmed the Municipality had uploaded the payment rate per service for month 2 of the 25/26 financial year (August 2025).

The municipality utilised the **Annexure D – National Treasury template** to determine their **monthly collection rate.** This was included in their S71 report as well as parallel uploaded to Go Muni. The municipality also shares the electronic excel copies with KZN PT.

The municipality has not made provision for the installation of smart pre-paid meters in the 2024/25 and 2025/26 capital budgets. During the engagement with the municipality on 09 November 2023 and 19 February 2024, the municipality indicated that due to financial constraints; the installation of smart pre-

paid meters was not feasible. The municipality would require funding assistance through the smart-meter grant.

The municipality has indicated on page 27 of the Month 02 (August 2025) Section 71 report that it has not made a provision for the installation of pre-paid meters in the 2025/26 MTREF due to financial constraints. The Municipality has however submitted a request to National Treasury to be invited to participate in the Smart Meter Grant programme as they require funding assistance in order to comply.

Condition 6.8: Completeness of the revenue base

For the latest ending quarter (June 2025), the municipality has submitted its completed billing system, GVR and / or interim GVR reconciliations via the GOMUNI portal. Thus, the municipality should be compliant with this condition going forward as they have an action plan in place to address variances.

The municipality has completed the NT Valuation roll reconciliation tool with assistance of NT MFIP Advisor assigned to the municipality for August 2025. The reconciliation reflects that billing system is not perfectly aligned to its Council approved General valuation Roll and/ or any subsequent supplementary GVR/s. The municipality has developed an action plan to address the variances identified. The NT Valuation roll reconciliation tool and action plan have been included in the section 71 report and has been uploaded on GOMUNI for the latest quarter ending (June 2025).

It must however be noted that the **Municipality has made significant improvement in addressing exceptions on the NT Valuation roll reconciliation tool.** Achievements for August and further work still to be completed is detailed below:

- The system service CCG was able to resolve the variance identified for vacant land between the Valuation roll and billing system in the month of September 2025. The variance resolved included 17 properties with a market value variance of R 10 100 000.
- The financial system vendor CCG is still working on resolving the Market value variance on the billing system for Residential properties. There is still a R2 273 005 500 variance on the market values that needs to be amended on the financial system as at August 2025. It was also noted that there was a R7 490 000 variance that needs to be resolved for Agricultural property. (Refer to table 2 below). The aim is for CCG to resolve these variances by the September 2025 billing cycle.
- In terms of the variances in the number of properties on the NT Valuation roll reconciliation tool, there has been improvement in the month of August 2025 as compared to the month of July 2025. (Refer to table 1 below)

Table 1 below illustrates the trend analysis (July vs August) in the differences between the General Valuation (GV) and the Municipal Financial System (MFS) for the number of properties per category, which will be monitored monthly.

GV vs MFS		
Property Categories	Variances in NUMBER	
	Jul-25	Aug-25
Residential	19	1
Industrial	0	0
Business & Commercial	-1	-1
Agricultural	-2	-2
Mining	0	0
State	0	0
PSI	0	0
PBO	0	0
Multi Use	1	1
Vacant	-17	0
POW	0	0
Municipal	0	0
Other	0	0
TOTAL	0	-1

Table 2 below illustrates the trend analysis (July vs August 2025) in the differences between the General Valuation (GV) and the Municipal Financial System (MFS) for the Value (R) of properties per category, which will be monitored monthly.

GV vs MFS		
Property Categories	Variances in VALUE	
	Jul-25	Aug-25
Residential	-R 2 231 875 500	-R 2 273 005 500
Industrial	R -	R -
Business & Commercial	R -	R -
Agricultural	-R 7 490 000	-R 7 490 000
Mining	R -	R -
State	R -	R -
PSI	R -	R -
PBO	R -	R -
Multi Use	R -	R -
Vacant	-R 10 100 000	R -
POW	R -	R -
Municipal	R -	R -
Other	R -	R -
TOTAL	-R2 249 465 500	-R2 280 495 500

On 21st, 27th and 28th August 2025, the MFIP advisor had a working session and on the job training on GV reconciliation tool for August 2025; including analysis of billing report, sorting and pivot into suitable format, compiling workings and emailed the tool to the Accountant Revenue, Accountant Budget and Acting CFO for consideration. The MFIP Advisor also went through the SOP's developed with the

Revenue Unit. Guidance and support will continue to be provided to the municipality to ensure that variances are fully addressed.

Condition 6.9: Monthly S71 reporting

The municipality indicated that the monthly MFMA Section 71 report is tabled to the Finance Portfolio committee and MANCO before it is presented to Council. According to the latest Budget Funding Plan Progress Report provided, the municipality also indicated that the Section 71 reports are monitored through the IFC and Financial Recovery committees which meet on a weekly basis.

The municipality has reported a year-to-date (YTD) operational deficit of R5.6 million in the Section 71 Schedule C and the mSCOA data strings for Month 02 (August 2025). The municipality has spent 23.9 percent of its Operating budget in Month 02 compared to the straight-line projection of 16.7 percent. Furthermore, Provincial Treasury has observed that the municipality's spending is not aligned with the approved budget limits. According to the Section 71 report for Month 02 of the 2025/26 financial year, the municipality reported that it had already spent above the Year-to-Date Budget (YTD) on the following expenditure line items: Remuneration of councillors (192.6 percent), Bulk purchases (9.3 percent), Contracted services (36.8 percent) and Operational costs (0.98 percent). The municipality also incurred expenditure on the following line items that were not budgeted for: Interest and Internally generated funds. This variance suggests challenges in the municipality's financial management and poor implementation of the approved Budget Funding Plan. To address these issues, a Municipal Finance Improvement Programme (MFIP) advisor has been deployed to provide budget management support and assist the municipality in strengthening its financial controls.

The MFMA S71 Statement was assessed against the National Treasury MFMA S71 reporting guidance issued to debt relief municipalities on 10 May 2024 read in conjunction with paragraphs 9(i) to 9(xii) of the NT debt relief approval letter. The assessment confirmed that the MFMA S71 narrative statement included the following information tabled below:

	MFMA S71 Statement component	Compliance (Yes / No)
1.	***The Budget Performance Overview (paragraph 4) of the MFMA S71 statement*** explicitly advised on the municipality's progress in implementing the municipality's budget and (where relevant also the budget funding plan) – where implementation is slow, the statement advised explicitly on progress, challenges and corrective actions.	Yes. The municipality included a paragraph on budget performance overview and reported on the progress against the Budget Funding Plan for Month 02 in the S71 report. However, the municipality has not uploaded the Budget Funding Plan performance report on GoMuni.
2.	***The conclusion (paragraph 14) of the MFMA S71 statement*** explicitly advised as part of the MFMA Circular 124: Condition 6.9 reporting - i. Any risk associated; and ii. The mitigating factors	Yes, the municipality has reported on the associated risks and mitigating factors in the S71 report.

	with the implementation of the municipality's Budget Funding Plan and / or Funded Budget.	
3.	***Annexure B of the MFMA S71 statement included the following debt relief reporting components-***	
3.1.1	The municipality's MFMA Circular 124 self-assessment	Yes
3.1.2	The self-assessment (refer 3.1.1 above) was included in the format of **MFMA Budget Circular 128 (Annexure B)**	Yes
3.2	The municipality's overall relief compliance across the months of its debt relief participation since its National Treasury debt relief approval effective date	Yes
3.3	The latest Provincial Treasury debt relief compliance certificate and report issued to the municipality	Yes
3.4.1	The municipality's revenue collection performance i. the overall performance graph; ii. Summary worksheet; and iii. Collection per ward indicating who supplies electricity in the ward	Yes
3.4.2	The revenue collection performance information (refer 3.4.2) was included in the format of **MFMA Budget Circular 128 (Annexure D).**	Yes
3.5.1	The indigent management information	No
3.5.2	The indigent management information was included in the format of **MFMA Budget Circular 128 (Annexure C).**	Not included
3.6.1	The summary of the municipality's property rates reconciliation undertaken in the National Treasury format.	Yes
3.6.2	The municipality's progress during the month against its planned corrective action to address any variances evident from the property rates reconciliation.	Yes
3.7.1	Any Eskom and Water (if the municipality has the Water function) Bulk current account invoice(s) due and payable during the month of reporting	Yes, the Eskom statement due and payable in the month of August 2025 (i.e. the July 2025 account) was included in the S71 report.
3.7.2	The municipality's proof of payment of any such Eskom and / or Water Bulk current account invoice(s) during the month of reporting.	Yes, Payment of R1.5M was made on 29th August 2025.
3.7.3	The municipality's reconciliation statement for electricity and water (if it has the function) aligning to the MFMA S71 mSCOA data strings upload.	Yes A reconciliation was included in the S71 report.
3.8	Recommendations noting explicitly the aforementioned debt relief reporting to the Mayor and / or Mayoral Committee meeting	Yes

It should be noted that a virtual meeting was held with the municipality on 14th May 2024, to take the officials through the S71 reporting guidelines issued by National Treasury on the 10th May 2024 and to

assist the municipality to comply with the debt relief reporting requirements and related excel schedules required to be populated.

Ongoing telephonic and email engagement has taken place with the Budget and Treasury Office of Mpofana LM in the months of June 2024 – August 2025, to comply with debt relief reporting requirements.

Furthermore, the NT MFIP Advisor has also had ongoing engagements with the municipality to discuss debt relief compliance and strengthening of S71 report structure. Engagements were held with the municipality on the 13th, 14th, 21st, 22nd, 27th 28th August 2025, as well as 9th and 10th September 2025. The debt relief engagements by the MFIP Advisor covered the following:

- On the job training Compiling the Debt Compliance Status Report and illustrating to officials on how to populate and analyse supporting documents.
- Debt relief compliance status meeting with Accountant Budget, using June and July 25 compliance feedback from KZN PT.
- Working session on Debtors including accuracy Checks for 2024/25, Identification of duplicates, Processing of Journals, and completeness checks.
- Working session on Debtors Ages Analysis vs General Ledger (GL), accuracy Check for 2024/25, Identification of variances, Checks for accuracy and completeness.
- Performed and Facilitated training on the GV reconciliation for August 2025 using Pre Bill (Version 1 and 2) and post billing, including analysis of billing report, sorting and pivot into suitable format, and compiling workings; Going through the Standard Operating Procedures developed. After revenue team engagement with system vendor on variances identified in Version 1 of the pre-billing; worked with the Revenue team to reduce identified variances before Post Billing.
- Discussions held, and narrative compiled on all progress made on GV reconciliation for August 25; Input was included in Section 71 Report for August 2025
- Facilitation of working session on Revenue Report management writing, including analysis of supporting documents received for Bank, Interest, Investments, Cut-offs and Revenue training on the Collection rate.
- Compiling Draft and Final Report on Debt Compliance Status Report for July 25.
- Finalizing Expenditure management report for Creditors, Sundry, Payroll, Working Capital and reconciliations; Updating Invoice Register for July 25.
- Facilitated completion of One-on-One training on Section 71 Reporting and analytical outcome, with key findings and recommendations for reporting month of July 25. Facilitated completion of One-on-One training with Expenditure unit on Expenditure analysis and management report writing for July 25. (including Creditors, Sundry, payroll and Invoice register)
- On the job training Compiling Report on Debt Compliance Status Report for July 25, and illustrating how to populate and analyse supporting documents including Debt compliance, Eskom Debt, Fixed Costs, Bulk purchases, Billing, Collection, and Electricity Losses.
- Attended, participated and presented in Bi-Lateral engagement on IYM and Budget Funding action plan, with KZN PT.

Condition 6.10: Provincial Treasury certification of municipal compliance

KZN Provincial Treasury has no outstanding compliance assessments and reports for Mpofana LM since its approval effective 1st October 2023. All monthly certificates and compliance reports were compiled and issued to National Treasury and the municipality by the required deadline date.

Condition 6.11 - Limitation on Municipal borrowing powers

The limitation on municipality borrowing powers and the prohibition of borrowing during debt relief periods form a dual regulatory framework aimed at ensuring fiscal responsibility. Compliance necessitates meticulous scrutiny of borrowing activities to ascertain adherence to authorized limits and program guidelines. These measures, while promoting sustainable debt management, also stabilize the municipality's financial standing, prevent over-leveraging, and mitigate immediate financial strain. Adhering to these regulations is paramount for maintaining creditworthiness, mitigating financial risks, and safeguarding the municipality's long-term financial health. Thus, robust oversight and adherence to regulatory frameworks are imperative for prudent financial governance and sustained fiscal resilience.

The municipality complied with this condition since its debt relief effective date of 01 October 2023, to date.

Condition 6.12: Management of resources

It is noted that during February 2024, the National Treasury: Office of the Accountant General (OAG) issued the Supplementary Guide to MFMA Circular 124 on 21 February 2024. In terms of the guidance, the municipality no longer has to maintain a separate bank account for debt relief purposes as envisaged in MFMA Circular 124 (Condition 6.12), however, irrespective of whether a municipality decides to discontinue a separate bank account, ring-fencing for debt relief purposes must be enabled and demonstrated through the municipality’s monthly mSCOA data string submissions.

The municipality has not ring-fenced receipts for electricity sales and equitable share earmarked for free basic services (FBE). However, the municipality has opened a separate bank account to serve this purpose. Ring-fencing can be enabled via transacting in terms of mSCOA.

Condition 6.14 - NERSA Licence

By having applied for Municipal Debt Relief, the council of a municipality, that during the duration of the Municipal Debt Relief programme fails to comply with any condition of the Relief, agreed to make an application to NERSA to voluntarily revoke the municipality’s license in terms of section 17 of the Electricity Regulation Act, 2006 (Act no. 4 of 2006).

It is noted that this condition will only come into effect if the municipality’s participation in the debt relief programme is terminated.

Provincial Treasury Compliance Certification

The Provincial Treasury certifies that it monitored and assessed Mpofana Municipality's compliance against the MFMA Circular 124 conditions and NT debt relief approval letter as set-out below in the PT's compliance certificate for the municipality in relation to the period 01 – 31 August 2025. **The signed compliance certificate is attached as an Annexure to this report.**

The KZN Provincial Treasury's assessment and compliance certificate confirmed that Mpofana Municipality during August 2025 did not fully comply with all the MFMA Circular 124 conditions and was elaborated on above. It is noted that the municipality's August 2025 average compliance of 68% is a slight improvement as compared to the 66% compliance rate achieved during July 2025.

Although, the municipality has made progress, it is noted that the automated performance reports are indicative that the municipality is unlikely to receive a 1/3 Eskom debt write-off, linked to their first 12-month compliance cycle (which ended on the 30 September 2024). **National Treasury issued a final warning to the municipality on the 17th December 2024 for non-compliance with conditions of the municipal debt relief programme, particularly with respect to non-payment of the current Eskom account.** The municipality is urged to strengthen its implementation of the relief conditions to fully benefit from the relief by a return to basic financial management best practice.

Kind regards

Ms. C. Coetzee
Head of Department
KwaZulu-Natal (KZN) Provincial Treasury

Annexure A2 - Monthly

National Treasury

Municipal Debt Relief

MFMA Circular No. 124

Municipal Finance Management Act No. 56 of 2003

Select Assessor

Certificate of Compliance: Municipal Debt Relief Conditions for Application

Period	Aug'25
National Financial Year	2025/26
Demarcation Code of Municipality being assessed	KZN223
District	uMgungundlovu
Demarcation Description	Mpofana

I, Carol Coetzee , hereby certify that the provincial treasury monitored the compliance against the conditions of Municipal Debt Relief as set-out in MFMA Circular No. 124 and that the Provincial Treasury is satisfied and certifies that the said municipality fully complies with the conditions as set-out in the table below:

Municipal Debt Relief Conditions (Monthly reporting)

Choose from drop down list

Condition	6,3 + 6,12	Maintaining the Eskom and bulk water current account – (current account for the purpose of this exercise means the account for a single month's consumption):	
1	6.12.2	- Has the municipality paid its bulk water current account within 30 days of receiving the relevant invoice (this applies to all municipalities, including metros)? Note - refer condition 6.12.2	Does not have function
2	6.12.2	- Has the municipality submitted the supporting evidence of the bulk water current account payment to the National Treasury, the Water Board and/ or Water Trading Entity within 1 day of making any such payment (in PDF format) via the GoMuni Upload Portal https://lguploadportal.treasury.gov.za?	Does not have function
3	6.12.2	- Does the amount of the bulk water current account payment as per the proof of payment reconcile to the amount recorded on the financial system as per the mSCOA data string and the section 41(2) MFMA statement of the Water Board and/ or Water Trading Entity?	Does not have function
4	6.3.1	- Has the municipality paid its Eskom bulk current account within 30 days of receiving the relevant invoice (this applies to all municipalities, including metros)? Note - current account in terms of municipal debt relief approval means the total Eskom charges for the billing period plus VAT plus any component that may be due in terms of a payment arrangement of "New arrears" (March 2023 and / or subsequent current account(s) up to the date of NT approval of the application	No
5	6.3.2 6.3.3	- Has the municipality submitted the supporting evidence of the bulk Eskom current account payment to the National Treasury and Eskom within 1 day of making any such payment (in PDF format) via the GoMuni Upload Portal https://lguploadportal.treasury.gov.za?	Yes
6	6.3.4	- Does the amount as per the proof of payment reconcile to the amount recorded on the financial system as per the mSCOA data string and the section 41(2) MFMA statement of Eskom?	Yes
	6,4	**Compliance with a funded MTREF – (choose from drop down list the MTREF assessed)**	2025/26 Adopted MTREF
7	6.4.1	- Is the municipality's MTREF funded and aligning to the National Treasury's Budget Funding Guidelines - http://mfma.treasury.gov.za/Guidelines/Pages/Funding.aspx?	No
8	6.4.1	- Has the municipality budgeted for any operating surplus on the A1 Schedule (Table A4 – Budgeted Financial Performance) of the Municipal Budget- and Reporting Regulations?	Yes
9	6.4.1	- Has the municipality made adequate provision for debt impairment (considering the actual collection of revenue and property rates during the 12 months immediately preceding the tabling of the budget) on the A1 Schedule (Table A4 - Budgeted Financial Performance) of the Municipal Budget-and Reporting Regulations?	No

		Note - For example, if the municipality during the preceding 12 months only managed to collect 60 per cent of its revenue (also property rates), the provision for debt impairment aligning with the historic collection trend should align to 40 per cent of the 2023/24 MTREF revenue projections (also propert rates). If the municipality merely used the debt impairment to 'balance' the budget and there is no real alignment between the provision for such with the actual collection of revenue, the Provincial Treasury must respond to this item as: "No".	
10	6.4.1	- Has the municipality made adequate provision for depreciation and asset impairment (considering its asset register and physical state of assets) on the A1 Schedule) Table A4 - Budgeted Financial Performance) of the Municipal Budget-and Reporting Regulations?	No
		Note - If the municipality merely used the depreciation and asset impairment to 'balance' the budget and there is no real alignment between the provision for such with the state of assets/asset register, the Provincial Treasury must respond to this item as: "No".	
11	6.4.2	- If the municipality's MTREF is not funded, has it tabled and adopted a credible Budget Funding Plan as part of the MTREF budget (refer item 9.3 of MFMA Budget Circular no. 122, 09 December 2022)?	No
		Note - If the municipality has an FRP, a separate budget funding plan is not necesary. However, the PT / NT must assesses whether the existing FRP incorporates / will give effect to a funded MTREF. If not, the FRP requires strenghtening.	
12	6.4.2	- If the municipality's MTREF is not funded and it has an FRP per the legislative framework, does the existing FRP incorporate a credible Budget Funding Plan (will the FRP give effect to a funded MTREF over the period of the FRP) - aligning with the principles of a budget funding plan as envisaged in item 9.3 of MFMA Budget Circular no. 122, 09 December 2022)? Note - only if the municipality does not have an FRP may "N/A" be selected from the dropdown list.	N/a
13	6.4.2	- Does the municipality's annual and monthly cashflow projections included on the A1 Schedule (Table A7 - Budgeted Cash Flows and Supporting Table SA 30 – Budgeted Monthly Cash Flows) of the Municipal Budget and Reporting Regulations aligns with and gives effect to the municipality's Budget Funding Plan strategy (or the FRP strategy) and related seasonal trends (For example higher winter Eskom tariffs, lower January collection rates, etc.?)	No
14	6,5	**Cost reflective tariffs – (excluding metros) has the municipality included its completed tariff tool (refer MFMA Circular no. 98 and item 5.2 of MFMA Budget Circular no. 122) as part of the municipality's annual tabled and adopted MTREF submissions with effect the tabling of the 2023/24 MTREF?**	Yes
	6,6	Electricity and water as collection tools – has the municipality, with effect from the tabling of the 2023/24 MTREF, demonstrated, through its by-laws and budget related policies that:	
15	6.6.1	- the municipality issues a consolidated monthly bill to all consumers/property owners in terms of which all partial payments received are allocated in the following order of priority: firstly, to property rates, thereafter to water, wastewater, refuse removal and lastly to electricity?	No
16	6.6.2	- the municipality disconnects electricity services and/or block the purchasing of pre-paid electricity of any defaulting consumer/property owner unless the defaulter already registered as an indigent consumer with the municipality?	No
17	6.6.3	- the municipality is restricting and/or interrupting the supply of water of any defaulting consumer/ property owner unless the defaulter already registered as an indigent consumer with the municipality? Note: In terms of this condition the municipality must undertake such restriction/ interruption of water together with the municipal engineer(s) to ensure a minimum supply of waste water.	Does not have function
18	6.6.4	- If the defaulting consumer/property owner is registered as an indigent consumer with the municipality, is the monthly supply of electricity and water to that consumer/property owner physically restricted to the monthly national basic free electricity- and water limits of 50 Kilowatt electricity and 6 Kilolitres water, respectively? Note – the municipality's monthly MFMA s.71 statement must include as part of the narratives the Indigent Information in the required NT format.	No
	6.6	Supporting evidence: The National Treasury and/ or provincial treasury's related budget assessment confirms the municipality's relevant MTREF's related budget policies and by-laws demonstrate compliance with paragraph 6.6.	
	6,7	**Maintain a minimum average quarterly collection of property rates and services charges –**	
19	6.7.1	- Has the municipality achieved a minimum of 80 per cent average quarterly collection of property rates and service charges with effect from 01 April 2023 and 85 per cent average quarterly collection with effect from 01 April 2024 during any quarter - demonstrated in the MFMA s.71 monthly and quarterly statement(s) and mSCOA data strings uploaded via the GoMuni Upload Portal?	Not yet end of quarter
		Note - although the norm and standard for collection (MFMA Circular No. 71) is a 95 per cent threshold, municipalities under the debt relief support will be exempted for the first two years from adhering to this norm.	
	6.7.2	- If the response in 6.7.1 is "No" and the municipality is unable to achieve the minimum average quarterly collection as per paragraph 6.7.1, has the municipality demonstrated to the satisfaction of National Treasury the following :	

20	6.7.2.1		* the underperformance directly relates to Eskom supplied areas where the municipality does not have electricity as a collection tool and that the average quarterly collection of the municipality (excluding Eskom supplied areas) equals the required quarterly average collection set-out in paragraph 6.7.1;	not yet the end of a quarter
21	6.7.2.2		* the municipality for technical engineering reasons is unable to physically restrict and/or limit the supply of water in the Eskom supplied area(s)?	not yet the end of a quarter
22	6.7.2.3		* the municipality before 01 February 2024 attempted to enter into a service delivery agreement with Eskom for purposes of municipal revenue collection in the Eskom supplied area(s) as envisaged in sections 76 to 78 of the Municipal Systems Act, 2000 and that such failed and the reason(s) for the failure?	not yet the end of a quarter
23	6.7.3	- The municipality has progressively installed smart pre-paid meters in the municipality supplied areas to improve its collection and only then, on an individual case-by-case basis, considered writing off the debt of its customers, within its normal credit control process?		No
24	6.7.4	- Has the municipality adopted a policy to install any new electricity connection in the demarcated area with effect the 2023/24 MTREF with a smart pre-paid meter?		No
25	6.7.5	- Has the municipality's 2023/24, 2024/25 and 2025/26 tabled and adopted capital budgets and MFMA section 71 statements reflected the approach set-out in 6.7.3 and 6.7.4?		No
	6,8	**Municipality's Completeness of the revenue base –**		
26	6.8.1	- Has the municipality demonstrated through the National Treasury property rates reconciliation tool that the municipality's billing system perfectly aligns to its Council approved General Valuation Roll (GVR) and/ or any subsequent supplementary GVR compiled by the registered municipal valuer?		No
27	6.8.1	- If the response in 6.8.1 is "No", has the municipality demonstrated the steps taken to correct the variances identified? Note - monthly progress against the action plan to address variances to be included as part of the municipality's debt relief compliance reporting in the MFMA s.71 statement		Yes
28	6.8.2	- For the latest ending Quarter -Has the municipality submitted its completed billing system, GVR and/or interim GVR reconciliations required in terms of paragraph 6.8.1 to the National Treasury quarterly (refer MFMA Circulars no. 93, 98, 107 and 108) to the upload portal on https://lguploadportal.treasury.gov.za?		Yes
	6,9	**Monitor and report on implementation –**		
29	6.9.1	- MFMA section 71 reporting – has the municipal council and senior management team instituted processes to monitor and enforce accountability for the implementation of the municipality's funded budget and Budget Funding Plan where relevant?		Yes
30	6.9.2	- If progress is slow in terms of paragraph 6.9.1, is the active intervention evident from the narratives supporting the municipality's monthly MFMA section 71 reporting and recorded on the financial system as per the mSCOA data string? Note - condition 6.9.2 has a typing error and must refer to 6.9.1.		No
31	6.9.3	- Municipalities with financial recovery plans (FRP) – if the municipality has a FRP as envisaged in the prevailing local government legislative framework, is the municipality reporting monthly its progress in implementing its FRP to the Provincial Executive?		No FRP
32	6.9.4	- If the municipality has an FRP, with effect from 01 April 2023, parallel to submitting its monthly FRP progress report to the Provincial Executive, has the municipality also submitted the FRP progress report to the National Treasury: Municipal Financial Recovery Service (MFRS) timeously via the GoMuni Upload Portal https://lguploadportal.treasury.gov.za?		No FRP
		Note - a municipality with a FRP may only benefit from the Municipal Debt Support programme if the FRP progress report was submitted to both the Provincial Executive and MFRS.		
	6.10	*Provincial Treasury Note - Provincial Treasury certification of municipal compliance – in terms of section 5 and 74 of the MFMA, with effect from 01 April 2023, a delegated municipality may not benefit from Municipal Debt Relief, unless:*		
33	6.10.1	- has the relevant Provincial Treasury (delegated) / National Treasury (non-delegated) monthly monitored the municipality's compliance in terms of these conditions?		Yes
34	6.10.2	- has the Head of the relevant Provincial Treasury (delegated) monthly certified the municipality's compliance to these conditions, to the National Treasury's satisfaction as envisaged in the conditions for provincial treasuries (refer paragraph 4.1.1 to 4.1.5 of MFMA Circular no. 124) and timeously uploaded the compliance certificate via the GoMuni Upload Portal https://lguploadportal.treasury.gov.za? Note - in the case of a non-delegated municipality the National Treasury to issue the compliance certificate.		Yes
35	6.10.3	- has the Provincial Treasury failed to rectify any provincial treasury non-compliance with any of the conditions for provincial treasuries (refer paragraph 4.1.1 to 4.1.6 of MFMA Circular no. 124) within one month of the non-compliance occurring?		No
		Note - if the PT failed to address its failure such non-compliance will be considered as non-compliance by the municipality in terms of paragraph 6.1.1.		

36	**6,11**	**Limitation on municipality borrowing powers - has the municipality borrowed since its initial or any subsequent benefit in terms of this municipal debt support programme?**	
		Note - there is a prohibition on municipal borrowing for three consecutive municipal financial years from the date of the municipality's initial or any subsequent benefit in terms of this municipal debt support programme. NT confirms that MFMA Circular No. 124: condition 6.11 (Limitation on municipality borrowing powers) will only be enforced in relation to new long term loans (entered into after the effective date of debt relief approval) as envisaged in MFMA section 46. Short term borrowing, including making use of an overdraft for in-year bridging purposes are not considered within the ambit of this condition.	
	6,12	**For the duration of the Municipal Debt Relief (to ensure proper management of resources):**	
37	6.12.1	- has the municipality apportioned and ring-fenced in a sub-account to its primary bank account – (a) all electricity, water and sanitation revenue the municipality collects in any month; and (b) the component of the Local Government Equitable Share (LGES) the municipality earmarked to provide free basic electricity, water and sanitation?	
38	6.12.2	- has the municipality during the month first applied the revenue in the sub-account (required per paragraph 6.12.1) to pay its current Eskom account and then secondly its bulk water current account before it applied the revenue in the sub-account for any other purpose?	
		Note: Only if relevant in the specific circumstances, will a request be made to the Minister of Finance upon the municipality's request to exempt the municipality from MFMA s.8(3).	
39		Supporting evidence: Has the municipality submitted a copy of the monthly bank statement of its ring-fenced bank account to the National Treasury and provincial treasury aligning to its MFMA s.71 statement collected revenue.	
40	**6,13**	Accounting Treatment - has the municipality fully accounted for and correctly reported on the write-off of its Eskom arrear debt (debt existing as on 31 March 2023) as per any written instruction of the National Treasury: Office of the Accountant General issued for Municipal Debt Relief to date? Note - to include accounting for any related benefit (e.g. interest suppression, etc.) and alignment with mSCOA.	
41	**6,14**	'NERSA License - has the municipality during the month failed to comply with any condition of the Municipal Debt Relief?	
		Note: By applying for Municipal Debt Relief as set-out in paragraph 3. of MFMA Circular no. 124, the council of a municipality that during the duration of the Municipal Debt Relief programme fails to comply with any condition of the Relief, agrees to apply to NERSA to revoke the municipality's license in terms of section 17 of the Electricity Regulation Act, 2006 (Act no. 4 of 2006). Any such application must be preceded by the relevant processes for appointing an external mechanism as envisaged in Chapter 8 of the Municipal Systems Act, 2000, including the necessary service delivery agreement aligning with the Municipal Systems Act, 2000 and Electricity Regulation Act, 2006. In terms of the conditions of government's wider support to Eskom, Eskom will once again have to enforce its credit control and debt collection policies also in relation to the municipality's arrears that are the subject of municipal debt relief, etc.	

Attachment 1

7.3 Interest Reconciliation

The following is documented proof of reconciliation for **September 2025**:

MPOFANA LOCAL MUNICIPALITY
CONSOLIDATED INVESTMENT REGISTER FOR THE YEAR 2025/2026

Investment Name	Account Number		Balance as at 01/07/2025	Invested/Re-invested	Withdrawals / Transfers	Penalties/ Early redemptions	Interest
FIRST NATIONAL BANK							
Municipal Reserve Acount	62173946040	PO10000/IA11876/FD10017/FX10046/RX11145/CO10000 (INVESTMENT ACC - MUNICIPAL RESERVE)	45 748.19	-	-		590.04
Housing Project Grant	62187203957	PO10000/IA11874/FD10017/FX10046/RX11145/CO10000 (HOUSING PROJECT TOWNVIEW)	40 302.26	-	-		520.08
Municipal Assistance Programme	62172493935	PO10000/IA11872/FD10017/FX10046/RX11145/CO10000 (INVESTMENT ACC - MUNICIPAL ASS PROGRA	12 126.20	-	-		120.16
Municipal Housing Account	62237621760	PO10000/IL19557/FD10502/FX10046/RX11145/CO10000	7 835 355.51	19 700 000.00	24 040 000.00		135 667.07
Municipal Infrastructure grant	62134172890	PO10000/IA11870/FD10000/FX10047/RX11145/CO10000 (INVESTMENT ACC - MIG)	20 227.68	-	-		263.12
Museum Subsidy Account	62854535790	Museum Subsidy Account	8 483.62	-	-		82.26
Library Subsidy Account	62854534990	Library Subsidy Account	2 421.95	-	-		-
Small Town Rehabilitation Account	62854538786	Small Town Rehabilitation Account	5 195.61	-	-		50.37
Disaster Relief Grant Account	62854536607	Disaster Relief Grant Account	6 516.04	-	-		63.17
Finance Management Grant	62854537449	Finance Management Grant	3 698.13	-	-		-
Overall Investment Total			**7 980 075.19**	**19 700 000.00**	**24 040 000.00**		**137 356.27**

Attachment 1

7.4 Unallocated deposits Reconciliation

The following is documented proof of signed reconciliation for **September 2025**:

Mpofana Municipality
Financial Reporting
30 September 2025

Unallocated deposits Reconciliation

SAGE UNALLOCATEI	D0001/LN00021/F0001/X049/R1324/001/36	-	1 438 453.21
SAGE UNALLOCATEI	D0001/LN00047/F0001/X049/R1324/001/39		113 787.14
SAGE UN-DEPOSIT	D0001/IL53935/F0929/X049/R1324/001/39	-	388 620.86
SAGE UN-WID	D0001/IL53936/F0929/X049/R1324/001/39		827 568.16
	OPENING BALANCE PER CASHBOOK	-	885 718.77
	DEPOSIT-UNALLOCATED FOR THE YEAR 25/26	-	37 572.78
	WIDRAWAL-UNALLOCATED		224 632.18
	BALANCE AS PER CASHBOOK ACCOUNT	-	698 659.37
	BALANCE AS PER REGISTER		698 659.37
	DIFFERENCE		-

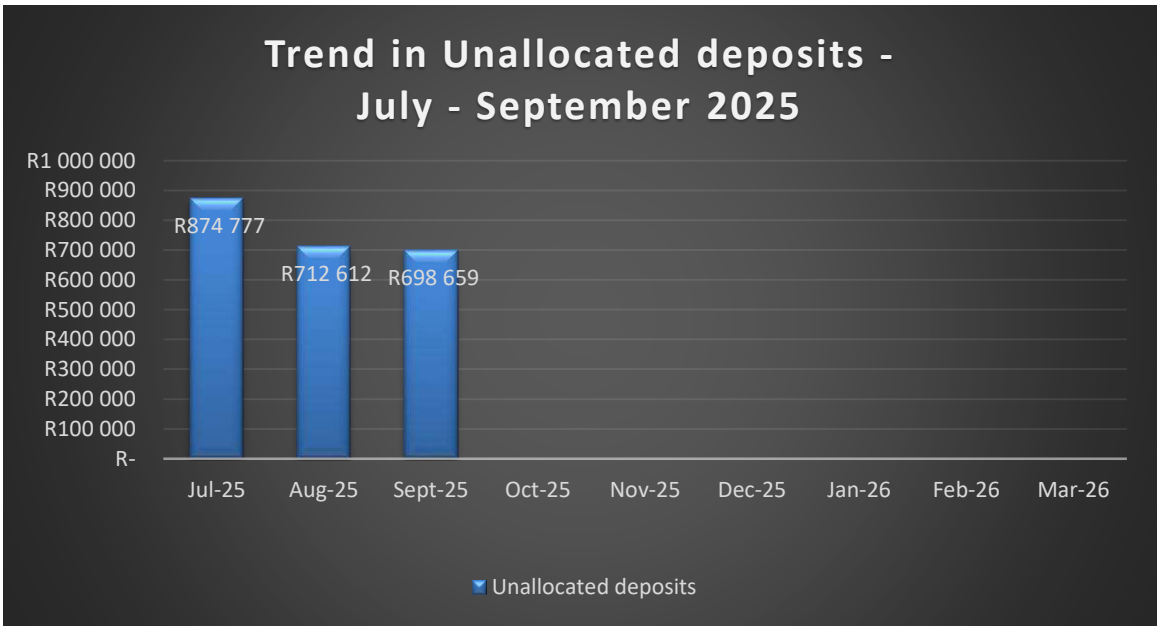
Prepared By _____ Date 08/10/2025

Reviewed By _____ Date 08/10/2025

Attachment 1

The following is an overview of Unallocated deposits for September 2025, and the trend shall be monitored:

Month	Value of Unallocated deposits
July 2025	874 777.35
Aug 2025	712 611.72
Sep 2025	698 659.37
Oct 2025	
Nov 2025	
Dec 2025	
Jan 2026	
Feb 2026	
March 2026	



Attachment 1

7.5 Rates Reconciliation

The following shows the reconciliation for **September 2025:**

Mpofana Municipality
RATES

SEPT 2025

GL RATES		
Agricultural Properties	O1331-1/IR007145/F2496/X049/R1324/001/39	359 320.32
Business and Commercial Properties	O1331-2/IR007141/F2496/X049/R1324/001/39	317 768.53
Vacant Land	O1331-4/IR007148/F2496/X049/R1324/001/39	41 108.43
Industrial Properties	O1331-6/IR007142/F2496/X049/R1324/001/39	102 339.57
Public Benefit Organisations	O1331-7/IR007146/F2496/X049/R1324/001/39	18 847.54
Residential Properties	O1331-8/IR007144/F2496/X049/R1324/001/39	915 775.45
Public Service Purposes Properties	O1331-9/IR007147/F2496/X049/R1324/001/39	207 290.98
Rebate Residential Properties	O3612/IR007145/F2496/X049/R1324/001/39	- 389 003.65
Public Service Infrastructure Properties	D0001/IR007149/F2496/X049/R1324/001/39	2 354.10
TOTAL GL		**R 1 575 801.27**
BILLING REPORT RATES		
Public Benefit Organisations	D0001/IR007149/F2496/X049/R1324/001/39	18 847.54
Agricultural Properties	O1331-1/IR007145/F2496/X049/R1324/001/39	356 783.27
Business and Commercial Properties	O1331-2/IR007141/F2496/X049/R1324/001/39	317 768.53
Vacant Land	O1331-4/IR007148/F2496/X049/R1324/001/39	41 018.53
Industrial Properties	O1331-6/IR007142/F2496/X049/R1324/001/39	102 339.57
Residential Properties	O1331-8/IR007144/F2496/X049/R1324/001/39	911 604.62
Public Service Purposes Properties	O1331-9/IR007147/F2496/X049/R1324/001/39	207 290.98
Rebate/Residentiall Properties	O3612/IR007145/F2496/X049/R1324/001/39	- 410 339.45
Public Service Infrastructure Properties	D0001/IR007149/F2496/X049/R1324/001/39	2 354.10
TOTAL BILLING		**R 1 547 667.69**
	VARIANCE BETWEEN GL & BILLINGS REPORT	**R 28 133.58**

Difference is due to adjustments made to Billing as follows:

Agric	2 537.05
Residential	4170.83
Rebate Residential	21335.8

Preparer: K. Ruthelezi **Date:** 2025/10/10

Reviewer: M.Michize **Date:** 2025/10/10

Attachment 1

7.6 Refuse

The following shows the reconciliation for **September 2025:**

Mpofana Municipality
REFUSE REMOVAL

SEPT 2025

GL REFUSE REMOVAL	D0001/IR00992/F0930/X132/R1325/001/48	501 326.39
BILLING REPORT REFUSE	D0001/IR00992/F0930/X132/R1325/001/48	501 326.39
TOTAL		**R 0.00**
VARIANCE BETWEEN GL & BILLINGS REPORT		**R 0.00**

Difference is due to adjustments made to Billing as follows:

Preparer: K. Buthelezi **Date:** 2025/10/10

Reviewer: M. Mkhize **Date:** 2025/10/10

Attachment 1

7.7 Electricity

The following shows the reconciliation for **September 2025:**

Mpofana Municipality
ELECTRICITY

SEPTEMBER 2025

GL ELEC	D0001/IR01297/F0928/X035/R1325/001/48	2 614 804.09
TOTAL GL		**R 2 614 804.09**
BILLING REPORT ELECTRICITY	D0001/IR01297/F0928/X035/R1325/001/48	2 614 804.19
TOTAL BILLING		**R 2 614 804.19**
VARIANCE BETWEEN GL & BILLINGS REPORT		(R 0.10)
Difference is due to adjustments made to GL as follows:		
Roundoff		R0.01

Preparer: K. Buthelezi **Date:** 2025/10/10

Reviewer: M. Mkhize **Date:** 2025/10/10

Attachment 1

7.8 Sundry - Rental

The following shows the reconciliation for **September 2025:**

Mpofana Municipality
RENTAL

SEPT 2025

GL RENTAL	D0001/IR01091/FD046/X046/R1325/001/39	12 464.54
TOTAL GL		R 12 464.54
BILLING REPORT RENTAL	D0001/IR01091/FD046/X046/R1325/001/39	12 029.76
TOTAL BILLING		R 12 029.76
VARIANCE BETWEEN GL & BILLINGS REPORT		R 434.78

Difference is due to adjustments made to GL as follows:

Rental (Batch)	434.78
Round off	0.22

Preparer: K. Buthelezi Date: 2025/10/10

Reviewer: M.Mkhize Date: 2025/10/10

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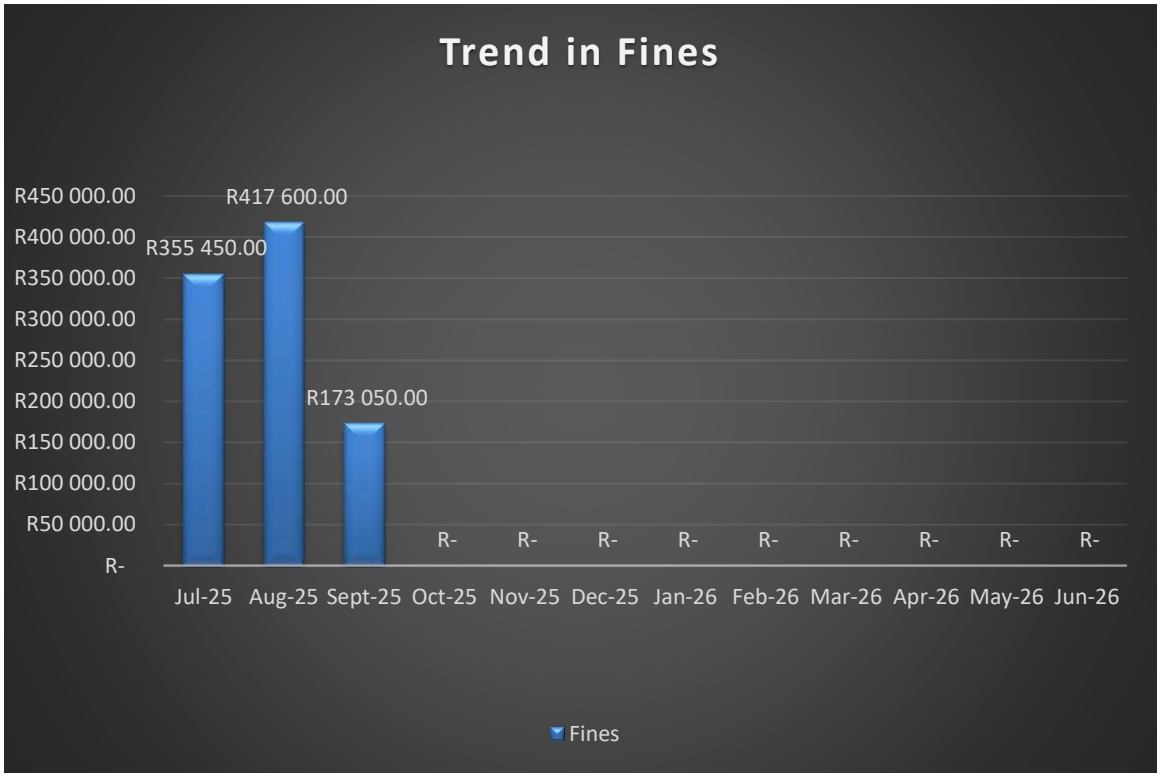
7.9 Sundry - Fines

The following shows the revenue raised from July to September 2025 for traffic fines.



8 Recommendations

The following are considerations:

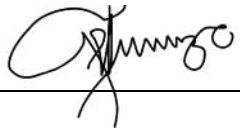
- The analytical results from the observations above to be noted, and to inform management of current status

Prepared by:

Name:	Prudence Maharaj
Designation:	Accountant - Credit Control
Signature:	
Date:	14/10/2025

Name:	Khethiwe Buthelezi
Designation:	Accountant - Billing & Debtors
Signature:	
Date:	14/10/2025

Reviewed by:

Name:	Mfanafuthi Mkhize
Designation:	Manager Risk and compliance
Signature:	
Date:	14/10/2025

Attachment 3

Annexure A2 - Monthly

National Treasury

Municipal Debt Relief

MFMA Circular No. 124

Municipal Finance Management Act No. 56 of 2003

Select Assessor

Certificate of Compliance: Municipal Debt Relief Conditions for Application

		Notes/Comments
Period	Sept'23	
National Financial Year	2025/26	
Demarcation Code of Municipality being assessed	KZN223	
District	uMgungundlovu	
Demarcation Description	Mpofana	

I, Ms Gugu Mashiteng , hereby certify that the provincial treasury monitored the compliance against the conditions of Municipal Debt Relief as set-out in **MFMA Circular No. 124** and that the Provincial Treasury is satisfied and certifies that the said municipality fully complies with the conditions as set-out in the table below:

Municipal Debt Relief Conditions (Monthly reporting)

			Choose from drop down list	
Condition	6.3 + 6.12	**Maintaining the Eskom and bulk water current account –** *(Eskom account for the purpose of this exercise means the account for a single month's consumption)*		
1	6.12.2	- Has the municipality paid its ***bulk water current account*** within 30 days of receiving the relevant invoice (this applies to all municipalities, including metros)? *Note - refer condition 6.12.2*	Does not have function	
2	6.12.2	- Has the municipality submitted the supporting evidence of the bulk water current account payment to the National Treasury, the Water Board and/ or Water Trading Entity within 1 day of making any such payment (in PDF format) via the GoMuni Upload Portal https://lguploadportal.treasury.gov.za?	Does not have function	
3	6.12.2	- Does the amount of the bulk water current account payment as per the proof of payment reconcile to the amount recorded on the financial system as per the mSCOA data string and the section 41(2) MFMA statement of the Water Board and/ or Water Trading Entity?	Does not have function	
4	6.3.1	- Has the municipality paid its ***Eskom bulk current account*** within 30 days of receiving the relevant invoice (this applies to all municipalities, including metros)? *Note - current account in terms of municipal debt relief approval means the total Eskom charges for the billing period plus VAT plus any component that may be due in terms of a payment arrangement of "New arrears" (March 2023 and / or subsequent current account(s) up to the date of NT approval of the application.*	No	No payment made by the municipality for September 2025
5	6.3.2 6.3.3	- Has the municipality submitted the supporting evidence of the bulk Eskom current account payment to the National Treasury and Eskom within 1 day of making any such payment (in PDF format) via the GoMuni Upload Portal https://lguploadportal.treasury.gov.za?	No	No payment for September 2025
6	6.3.4	- Does the amount as per the proof of payment reconcile to the amount recorded on the financial system as per the mSCOA data string and the section 41(2) MFMA statement of Eskom?	No	
	6.4	**Compliance with a funded MTREF –** *(choose from drop down list the MTREF assessed)*	Select	
7	6.4.1	- Is the municipality's MTREF funded and aligning to the National Treasury's Budget Funding Guidelines - http://mfma.treasury.gov.za/Guidelines/Pages/Funding.aspx?	No	
8	6.4.1	- Has the municipality budgeted for any operating surplus on the A1 Schedule (Table A4 – Budgeted Financial Performance) of the Municipal Budget- and Reporting Regulations?	Yes	
9	6.4.1	- Has the municipality made adequate provision for debt impairment *(considering the actual collection of revenue and property rates during the 12 months immediately preceding the tabling of the budget)* on the A1 Schedule (Table A4 - Budgeted Financial Performance) of the Municipal Budget-and Reporting Regulations?	No	
		Note - For example, if the municipality during the preceding 12 months only managed to collect 60 per cent of its revenue (also property rates), the provision for debt impairment aligning with the historic collection trend should align to 40 per cent of the 2023/24 MTREF revenue projections (also property rates). If the municipality merely used the debt impairment to 'balance' the budget and there is no real alignment between the provision for such with the actual collection of revenue, the Provincial Treasury must respond to this item as: "No".		
10	6.4.1	- Has the municipality made adequate provision for depreciation and asset impairment *(considering its asset register and physical state of assets)* on the A1 Schedule) Table A4 - Budgeted Financial Performance) of the Municipal Budget-and Reporting Regulations?	Yes	
		Note - If the municipality merely used the depreciation and asset impairment to 'balance' the budget and there is no real alignment between the provision for such with the state of assets/asset register, the Provincial Treasury must respond to this item as: "No".		
11	6.4.2	- ***If the municipality's MTREF is not funded***, has it tabled and adopted a credible Budget Funding Plan as part of the MTREF budget (refer item 9.3 of MFMA Budget Circular no. 122, 09 December 2022)?	Yes	
		Note - If the municipality has an FRP, a separate budget funding plan is not necessary. However, the PT / NT must assess whether the existing FRP incorporates / will give effect to a funded MTREF. If not, the FRP requires strengthening.		
12	6.4.2	- ***If the municipality's MTREF is not funded and it has an FRP per the legislative framework***, does the existing FRP incorporate a credible Budget Funding Plan (will the FRP give effect to a funded MTREF over the period of the FRP) - aligning with the principles of a budget funding plan as envisaged in item 9.3 of MFMA Budget Circular no. 122, 09 December 2022)? *Note - only if the municipality does not have an FRP may "N/A" be selected from the dropdown list.*	N/a	
13	6.4.2	- Does the municipality's annual and monthly cashflow projections included on the A1 Schedule (Table A7 - Budgeted Cash Flows and Supporting Table SA 30 – Budgeted Monthly Cash Flows) of the Municipal Budget and Reporting Regulations aligns with and gives effect to the municipality's Budget Funding Plan strategy (or the FRP strategy) and related seasonal trends *(For example higher winter Eskom tariffs, lower January collection rates, etc.?)*	No	
14	6.5	**Cost reflective tariffs** – (excluding metros) has the municipality included its completed tariff tool (refer MFMA Circular no. 98 and item 5.2 of MFMA Budget Circular no. 122) as part of the municipality's annual tabled and adopted MTREF submissions with effect the tabling of the 2023/24 MTREF?	Yes	
	6.6	**Electricity and water as collection tools** – has the municipality, with effect from the tabling of the 2023/24 MTREF, *demonstrated, through its by-laws and budget related policies* that:		
15	6.6.1	- the municipality issues a consolidated monthly bill to all consumers/property owners in terms of which all partial payments received are allocated in the following order of priority: firstly, to property rates, thereafter to water, wastewater, refuse removal and lastly to electricity?	No	
16	6.6.2	- the municipality disconnects electricity services and/or block the purchasing of pre-paid electricity of any defaulting consumer/property owner unless the defaulter already registered as an indigent consumer with the municipality?	Yes	Disconection list for September will be attached
17	6.6.3	- the municipality is restricting and/or interrupting the supply of water of any defaulting consumer/ property owner unless the defaulter already registered as an indigent consumer with the municipality? Note: In terms of this condition the municipality must undertake such restriction/ interruption of water together with the municipal engineer(s) to ensure a minimum supply of waste water.	Does not have function	

Attachment 3

18	6.6.4	- If the defaulting consumer/property owner is registered as an indigent consumer with the municipality, is the monthly supply of electricity and water to that consumer/property owner physically restricted to the monthly national basic free electricity- and water limits of 50 Kilowatt electricity and 6 Kilolitres water, respectively? *Note – the municipality's monthly MFMA s.71 statement must include as part of the narratives the indigent information in the required NT format.*	No	
	6.6	*Supporting evidence : The National Treasury and/ or provincial treasury's related budget assessment confirms the municipality's relevant MTREF's related budget policies and by laws demonstrate compliance with paragraph 6.6.*		
	6.7	**Maintain a minimum average quarterly collection of property rates and services charges –**		
19	6.7.1	- Has the municipality achieved a minimum of *80 per cent average quarterly collection* of property rates and service charges **with effect from 01 April 2023** and *85 per cent average quarterly collection* **with effect from 01 April 2024** during any quarter - demonstrated in the MFMA s.71 monthly and quarterly statement(s) and mSCOA data strings uploaded via the GoMuni Upload Portal?	Yes	The municipality has achived 80% collection rates
		Note – although the norm (not standard for collection (MFMA Circular No. 71) is 95 per cent thereabout, municipalities under the debt relief support will be exempted for the first two years from adhering to this norm.		
	6.7.2	- If the response in 6.7.1 is "No" and the municipality is unable to achieve the minimum average quarterly collection as per paragraph 6.7.1, **has the municipality demonstrated to the satisfaction of National Treasury the following :**		
20	6.7.2.1	* the underperformance directly relates to Eskom supplied areas where the municipality does not have electricity as a collection tool and that the average quarterly collection of the municipality (excluding Eskom supplied areas) equals the required quarterly average collection set-out in paragraph 6.7.1;	No	
21	6.7.2.2	* the municipality for technical engineering reasons is unable to physically restrict and/or limit the supply of water in the Eskom supplied area(s)?	No	
22	6.7.2.3	* the municipality before 01 February 2024 attempted to enter into a service delivery agreement with Eskom for purposes of municipal revenue collection in the Eskom supplied area(s) as envisaged in sections 76 to 78 of the Municipal Systems Act, 2000 and that such failed and the reason(s) for the failure?	No	
23	6.7.3	- The municipality has progressively installed smart pre-paid meters in the municipality supplied areas to improve its collection and only then, on an individual case-by-case basis, considered writing off the debt of its customers, within its normal credit control process?	No	
24	6.7.4	- Has the municipality adopted a policy to install any new electricity connection in the demarcated area with effect the 2023/24 MTREF with a smart pre-paid meter?	No	
25	6.7.5	- Has the municipality's 2023/24, 2024/25 and 2025/26 tabled and adopted capital budgets and MFMA section 71 statements reflected the approach set-out in 6.7.3 and 6.7.4?	No	
	6.8	**Municipality's Completeness of the revenue base –**		
26	6.8.1	- Has the municipality demonstrated through the National Treasury property rates reconciliation tool that the municipality's billing system perfectly aligns to its Council approved General Valuation Roll (GVR) and/ or any subsequent supplementary GVR compiled by the registered municipal valuer?	Yes	The municipality has completed the NT Valuation roll reconciliation tool with assistance of NT MFIP Advisor assigned to the municipality for August 2025. On 21st, 27th and 28th August 2025, the MFIP advisor had a Working session and on
27	6.8.1	- If the response in 6.8.1 is "No", has the municipality demonstrated the steps taken to correct the variances identified? *Note - monthly progress against the action plan to address variances to be included as part of the municipality's debt relief compliance reporting in the MFMA s.71 statement*	Yes	
28	6.8.2	- **For the latest ending Quarter** -Has the municipality submitted its completed billing system, GVR and/or interim GVR reconciliations required in terms of paragraph 6.8.1 to the National Treasury quarterly (refer MFMA Circulars no. 93, 98, 107 and 108) to the upload portal on https://lguploadportal.treasury.gov.za?	Yes	
	6.9	**Monitor and report on implementation –**		
29	6.9.1	- **MFMA section 71 reporting** – has the municipal council and senior management team instituted processes to monitor and enforce accountability for the implementation of the municipality's funded budget and Budget Funding Plan where relevant?	Yes	
30	6.9.2	- If progress is slow in terms of paragraph 6.9.1, is the **active intervention evident** from the narratives supporting the municipality's monthly MFMA section 71 reporting and recorded on the financial system as per the mSCOA data string? *Note - condition 6.9.2 has a typing error and must refer to 6.9.1.*	No	
31	6.9.3	- **Municipalities with financial recovery plans (FRP)** – if the municipality has a FRP as envisaged in the prevailing local government legislative framework, is the municipality reporting monthly its progress in implementing its FRP to the Provincial Executive?	No FRP	
32	6.9.4	- If the municipality has an FRP, with effect from 01 April 2023, parallel to submitting its monthly FRP progress report to the Provincial Executive, has the municipality also submitted the FRP progress report to the National Treasury: Municipal Financial Recovery Service (MFRS) timeously via the GoMuni Upload Portal https://guploadportal.treasury.gov.za?	No FRP	
		Note - a municipality with a FRP may only benefit from the Municipal Debt Support programme if the FRP progress report was submitted to both the Provincial Executive and MFRS.		
	6.10	*Provincial Treasury Note - Provincial Treasury confirmation of municipal compliance – in terms of section 5 and 74 of the MFMA, with effect from 01 April 2023, a delegated municipality may not benefit from Municipal Debt Relief, unless:*		
33	6.10.1	- has the relevant Provincial Treasury (delegated) / National Treasury (non-delegated) monthly monitored the municipality's compliance in terms of these conditions?	Yes	
34	6.10.2	- has the Head of the relevant Provincial Treasury (delegated) monthly certified the municipality's compliance to these conditions, to the National Treasury's satisfaction as envisaged in the **conditions for provincial treasuries** (refer paragraph 4.1.1 to 4.1.5 of MFMA Circular no. 124) and timeously uploaded the compliance certificate via the GoMuni Upload Portal https://lguploadportal.treasury.gov.za? *Note - in the case of a non-delegated municipality the National Treasury to issue the compliance certificate.*	Yes	
35	6.10.3	- has the Provincial Treasury failed to rectify any provincial treasury non-compliance with any of the **conditions for provincial treasuries** (refer paragraph 4.1.1 to 4.1.6 of MFMA Circular no. 124) within one month of the non-compliance occurring?	No	
		Note - if the PT failed to address its failure such non-compliance will be considered as non-compliance by the municipality in terms of paragraph 6.1.1.		
36	6.11	**Limitation on municipality borrowing powers** - has the municipality borrowed since its initial or any subsequent benefit in terms of this municipal debt support programme?	No	
		Note - there is a prohibition on municipal borrowing for three consecutive municipal financial years from the date of the municipality's initial or any subsequent benefit in terms of this municipal debt support programme. NT confirms that MFMA Circular No. 124, condition 6.11 (Limitation on municipality borrowing powers) will only be enforced in relation to any long term loans (entered into after the effective date of debt relief approval as envisaged in MFMA section 45. Short term borrowing, including making use of an overdraft for normal budgeting purposes are not considered within the ambit of this condition.		
	6.12	**For the duration of the Municipal Debt Relief (to ensure proper management of resources):**		
37	6.12.1	- has the municipality **apportioned and ring-fenced in a sub-account** to its primary bank account – (a) all electricity, water and sanitation revenue the municipality collects in any month; and (b) **the component of the** Local Government Equitable Share (LGES) the municipality earmarked to provide free basic electricity, water and sanitation?	Yes	The municipality has a ring-fenced bank account for electricity. However, the municipality has not ring-fenced receipts for electricity sales and equitable share earmarked for free basic services (FBE). National Treasury / OAG issued guidance via a Circular on the 21 February 2024.
38	6.12.2	- has the municipality during the month first applied the revenue in the sub-account (required per paragraph 6.12.1) to pay its current Eskom account and then secondly its bulk water current account before it applied the revenue in the sub-account for any other purpose?	Yes	National Treasury / OAG issued guidance via a Circular on the 21 February 2024. The municipality does not necessarily need to transfer amounts received from electricity sales into a separate bank account. However, the municipality must ring-fence amounts received from electricity sales to ensure that the municipality is able to make payments towards their Eskom current account. (Ring-fencing can be
		Note: Only if relevant in the specific circumstances, will a request be made to the Minister of Finance upon the municipality's request to exempt the municipality from MFMA s.8(3).		
39		***Supporting evidence*** : Has the municipality submitted a copy of the monthly bank statement of its ring-fenced bank account to the National Treasury and provincial treasury aligning to its MFMA s.71 statement collected revenue.	Yes	Bank statement included in the S71 report.
40	6.13	**Accounting Treatment** - has the municipality fully accounted for and correctly reported on the write-off of its Eskom arrear debt (debt existing as on 31 March 2023) as per any written instruction of the National Treasury: Office of the Accountant General issued for Municipal Debt Relief to date? *Note - to include accounting for any related benefit (e.g. interest suppression, etc.) and alignment with mSCOA.*	Yes	No debt has been written-off yet. OAG guidance was issued on 21 February 2024.

Attachment 3

43	6.14	'NERSA License - has the municipality during the month failed to comply with any condition of the Municipal Debt Relief?	No	Not applicable at this stage. Areas of non-compliance to be addressed and NT guidance to be issued in certain areas.
		Note: By applying for Municipal Debt Relief as set out in paragraph 3 of MFMA Circular no. 124, the council of a municipality that during the duration of the Municipal Debt Relief programme fails to comply with any condition of the Relief, agrees to apply to NERSA to revoke the municipality's license in terms of section 17 of the Electricity Regulation Act, 2006 (Act no. 4 of 2006). Any such application must be preceded by the relevant processes for appointment an external mechanism as envisaged in Chapter 8 of the Municipal Systems Act, 2000, including the mandatory service delivery agreement aligning with the Municipal Systems Act & Electricity Regulation Act, 2006, to ensure all the conditions of government's wider support to Eskom, Eskom will once again have to enforce its credit control and debt collection policies also in relation to the municipality, a consequence of municipal debt relief e.g.		

PT: HOD/ NT / MM Name: E. H. Hadla

Signature of HOD/ NT/ MM:

Date: 14/10/2025

***Note – if the official is signing on behalf of the Head of the Provincial Treasury (HOD) / Municipal Manager, the written procuration of the HOD / MM must be attached as an Annexure to this Certificate of Compliance.*

Attachment 4

MPOFANA MUNICIPALITY DISCONNECTION LIST FOR SEPTEMBER 2025

Customer	Name	BALANCE	Physical Address 1	Date of notice
2003899	FIRST NATIONAL BANK_4210102051	R28 077.15	5 CLAUGHTON TERRACE	2025/09/10
2003197	WESTON COLLEGE (4400113637)	R271 891.42	Weston Agric College	2025/09/10
1000552	GLYNTON ALBERT CHISLETT	R48 456.29	9 PIONEER CRESENT	2025/09/10
1005552	BA CALDECOTT <04149469118>	R18 645.46	17 WESTON ROAD MOOI RIVER	2025/09/10
1078749	B BASE	R10 442.14	1068 RIVERSDALE MOOI RIVER	2025/09/10
1108669	A R KHARGA	R67 140.76	2 MARKET STREET	2025/09/10
1073759	Mark Ellapen	R17 579.37	1139A MOOI STR, RIVERSDALE,	2025/09/10
1000146	M/RIVER HOMES FOR AGED	R16 007.08	55 YORK TERRACE	2025/09/10
1113633	BE ZUMA	R8 753.46	14 HELEN BROWN DRIVE	2025/09/10
1107482	BC WOOD	R19 567.00	1 OVERDALE ROAD ROSETTA	2025/09/10
1000751	BASANTH GANGABISSON	R30 284.77	16 CLAUGHTON TERRCE	2025/09/10
1074712	BALZER SAKTU	R38 043.12	79 ALEXANDRA TERRACE	2025/09/10
1000694	BALZER SAKTU	R59 228.65	79 ALEXANDER TERRACE	2025/09/10
2003936	STANDARD BANK(4100105461)	R15 491.88	claughton terrace	2025/09/10
1107532	BK JOOSTE	R15 292.46	60 NORFOLK TERRACE	2025/09/10
2003740	C CATHOLIC MISSION (MOOI RIVER)	R6 060.14	84 LAWRENCE ROAD, MOOI	2025/09/10
1112983	J JARK ENGINEERING CC	R51 142.90	2 MARKET STREET (NEAR ESCO	2025/09/10
1107636	HC MGWABA	R10 750.48	81 ALEXANDER TERRACE	2025/09/10
1109243	BRETT WARWICK HALEY	R60 532.05	NORFOLK TERRACE	2025/09/10
1076884	DD PETER	R18 475.82	78 NORFOLK TERRACE	2025/09/10
1077822	GROENEWALD WILLIEM HENRY	R31 245.96	WESTACRE ROAD	2025/09/10

PREPARED BY _____

REVIEWED BY _____ – MP MKHIZE

Attachment 5

BBST43 218764
*MPOFANA LOCAL MUNICIPALITY
10 CLAUGHTON TERRACE
WARD ONE
MOOI RIVER
3300

✉ P O Box 1153
Johannesburg 2000
Street Address Commercial Account Services Customers
4 First Place, 6th Floor, Bankcity
Universal Branch Code 250655
fnb.co.za
Lost Cards 087-575-9406
Account Enquiries 087-736-2247
Fraud 087-575-9444
Relationship Manager Mlungiseleli Mnyani (031) 581 9765
☎ (031) 581-9765

Customer VAT Registration Number Not Provided
Bank VAT Registration Number 4210102051

Public Sector Cheque Account : 62920117969
Tax Invoice/Statement Number : 43
Statement Period : 31 August 2025 to 30 September 2025
Statement Date : 30 September 2025

Statement Balances	
Opening Balance	8,927.50 Cr
Closing Balance	8,935.01 Cr
# Inclusive of VAT @ 15.00%	2.61 Dr
Total VAT (ZAR)	2.61 Dr

Bank Charges	
Service Fees	0.00
Cash Deposit Fees	0.00
Cash Handling Fees	0.00
Other Fees	20.00 Dr

Interest Rate	
Credit Rate**	3.75%
Debit Rate (Non-NCA)	12.50%

Transactions in RAND (ZAR)

Date	Description	Amount	Balance	Accrued Bank Charges
30 Sep	Int On Credit Balance	27.51Cr	8,955.01Cr	
30 Sep	#Dormant Service Charge	20.00	8,935.01Cr	

Closing Balance **8,935.01Cr**

Turnover for Statement Period

No. Credit Transactions 1	27.51Cr
No. Debit Transactions 1	20.00Dr

Please contact us within 30 days from your statement date, should you wish to query an entry on this statement (incl. card transactions done during this statement period, but not yet reflecting). Should we not hear from you, we will assume that you have received the statement and that it is correct.

For more information on your Pricing Option, please contact us or visit our website.
**For the latest Credit Rates on product, please go to fnb.co.za

First National Bank - a division of FirstRand Bank Limited. Registration Number 1929/001225/06. An Authorised Financial Services and Credit Provider (NCRCP20).

On 1 August 2025, the Prime Lending Rate changed to 10.50%. This may impact the rate on any of your credit facilities.

Delivery Method F1 R02
NS/EM/WV/DDA DB
8208

558137

Branch Number	Account Number	Date	DDA DB/2G/AV/QJ/IT/CL/PC/I2/UR/N	FN
8208	62920117969	2025/09/30	PUBLIC SECTOR CHEQUE ACCOUNT	

XSTZFN0:62920117969

Attachment 6 C1)

Eskom

ESKOM HOLDINGS SOC LTD REG NO 2002/015527/30
VAT REG NO 4740101508

MPOFANA LOCAL MUNICIPALITY
ATT CHIEF FINANCIAL OFFICER
PO BOX 47
MOOI RIVER
3300

EASTERN REGION
PRIVATE BAG X16 Westville 3630

CONTACT CENTRE: (0860) 037566Shareca
FAX NO: 0862 437 566
E-MAIL: KwaZuluNatal@eskom.co.za
WEB: WWW.ESKOM.CO.ZA

Eskom

CUSTOMER SELF SERVICE WEBSITE
https://csonline.co.za

EASTERN REGION
PRIVATE BAG X16 Westville 3630

DIRECT DEPOSIT DETAIL
BANK: First National Bank
BRANCH CODE: 223626
BANK ACC NO: 50850143295

YOUR ACCOUNT NO	5253349658
SECURITY HELD	1.70
BILLING DATE	2025-08-23
TAX INVOICE NO	525598209715
ACCOUNT MONTH	AUGUST 2025
CURRENT DUE DATE	2025-09-22
VAT REG NO	4920101682

TAX INVOICE

E-MAIL: nosipho.govender@mpofana.gov.za

ACCOUNT TRANSACTION SUMMARY

NON REBATABLE MONTHLY RENTAL		R	3,611.76
ADMINISTRATION CHARGE		R	609.77
TRANSMISSION NETWORK CAPACITY		R	158,100.00
DIST. NETWORK CAPACITY CHARGE		R	554,550.00
NETWORK DEMAND CHARGE		R	182,967.28
ANCILLARY SERVICE (ALL)		R	12,984.20
GENERATOR CAPACITY CHARGE		R	115,650.00
LEGACY CHARGE (ALL)		R	733,282.46
ENERGY CHARGE (OFF)	1,182,770.00	R	1,350,841.62
ENERGY CHARGE (PEAK)	680,119.00	R	4,659,835.33
ENERGY CHARGE (STD)	1,383,160.00	R	2,369,353.08
SERVICE CHARGE		R	6,250.22
ELECTRIFICATION AND RURAL SUBS (ALL)		R	162,951.66
TOTAL CHARGES FOR BILLING PERIOD		R	**10,310,987.38**

ACCOUNT SUMMARY FOR AUGUST 2025

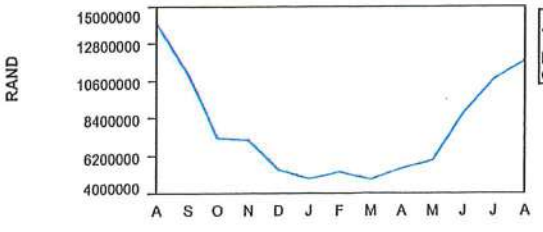
BALANCE BROUGHT FORWARD	(Due Date 2025-08-16)	R	617,140,954.64
TOTAL CHARGES FOR BILLING PERIOD		R	10,310,987.38
ADJUSTMENT	Interest on overdue account	R	670.94
ADJUSTMENT	Interest on overdue account	R	1,023.30
ADJUSTMENT	Interest on overdue account	R	1,213,945.65
ADJUSTMENT	Interest on overdue account	R	1,845,132.09
VAT RAISED ON ITEMS AT 15%		R	1,546,648.10

CURRENT	TOTAL DUE	R	632,059,362.10
14,918,407.46			

ARREARS

>90 DAYS	61-90 DAYS	31-60 DAYS	16-30 DAYS
593,404,877.02	10,671,384.93	13,064,692.69	0.00

Total outstanding debt must be settled immediately, subject to disconnection without further notice



Message
Your Monthly Connection Charge is subject to a variable interest rate of prime plus 2,0% and was adjusted in line with the prime interest rate change

ACCOUNT NO / REFERENCE NO
5253349658

NAME
MPOFANA LOCAL MUNICIPALITY

FAX NUMBER
0332631127

unipay 7100 10 0010

27215700152533496589 >>>>

Attachment 6 (i)

Eskom

EASTERN REGION
PRIVATE BAG X16 Westville 3630

CONTACT CENTRE: (0860) 037566Shareca
FAX NO: 0862 437 566
E-MAIL: KwaZuluNatal@eskom.co.za
WEB: WWW.ESKOM.CO.ZA

YOUR ACCOUNT NO	5253349658
BILLING DATE	2025-08-23
TAX INVOICE NO	525598209715
ACCOUNT MONTH	AUGUST 2025
CURRENT DUE DATE	2025-09-22
VAT REG NO	4920101682
NOTIFIED MAX DEMAND	15,000.00
UTILISED CAPACITY	15,000.00

MPOFANA LOCAL MUNICIPALITY
ATT CHIEF FINANCIAL OFFICER
PO BOX 47
MOOI RIVER
3300

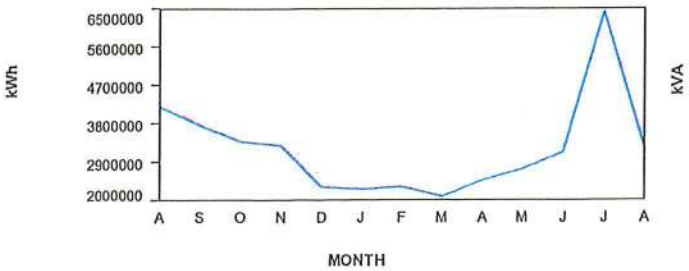
CONSUMPTION DETAILS (2025-07-14 - 2025-08-13)

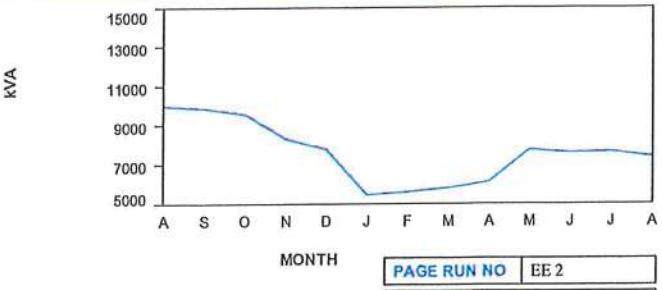
ENERGY CONSUMPTION OFF PEAK kWH	1,182,769.92
ENERGY CONSUMPTION STD kWh	1,383,159.72
ENERGY CONSUMPTION PEAK kWh	680,119.32
DEMAND CONSUMPTION - OFF PEAK	6,594.55
DEMAND CONSUMPTION - STD	6,942.73
DEMAND CONSUMPTION - PEAK	7,416.59
DEMAND READING - KW/KVA	7,416.59
REACTIVE ENERGY - OFF PEAK	274,821.00
REACTIVE ENERGY - STD	263,654.88
REACTIVE ENERGY - PEAK	104,712.24
EXCESS REACTIVE ENERGY	3,246,048.96

PREMISE ID NUMBER 5253349233 TARIFF NAME: Municflex

06818 330 10 CLAUGHTON TERRACE

Administration Charge @ R19.67 per day for 31 days	R	609.77
TX Network Capacity Charge 15,000 kVa @ R10.54 : = R10.54/kVA	R	158,100.00
Network Capacity Charge 15,000 kVA @ R36.97 : = R36.97/kVA	R	554,550.00
Network Demand Charge 7,416.59 kVA @ R24.67 : = R24.67 /kVA	R	182,967.28
Ancillary Service Charge 3,246,049 kWh @ R0.004 /kWh	R	12,984.20
Generator Capacity Charge 15,000 kVa @ R7.71 : = R7.71/kVA	R	115,650.00
Legacy Charge 3,246,048.96 kWh @ R0.2259 /kWh	R	733,282.46
High Season Off Peak Energy Charge 1,182,770 kWh @ R1.1421 /kWh	R	1,350,841.62
High Season Peak Energy Charge 680,119 kWh @ R6.8515 /kWh	R	4,659,835.33
High Season Standard Energy Charge 1,383,160 kWh @ R1.713 /kWh	R	2,369,353.08
Service Charge @ R201.62 per day for 31 days	R	6,250.22
Electrification and Rural Subsidy 3,246,049 kWh @ R0.0502 /kWh	R	162,951.66
Premium Connection Charge R3,611.76	R	3,611.76
TOTAL CHARGES	R	10,310,987.38





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BILL GROUP	
BILL PAGE	2 OF 2

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Attachment 6: (ii)

Mpofana Municipality
Creditors Reconciliation

Supplier: _ ESKOM

Account Number: 5253349658

Balance as per statement dated : 23/08/2025	R 632 059 362.10

Less: Payments that do not appear on statement — R 1 574 000.00

Date	Cheque Number / EFT Number	Amount
28/06/2019	Direct deposit	R 74 000.00
29/08/2025	Direct deposit	R 1 500 000.00
		R -

Less: Credit notes not on statement / RFC — R 0.00

		R -

Add: Invoices for R & M services included in bulk purchase statement by supplier — R 129 995.11

Date	P/Order no.	Invoice no	Amount
19/11/2018	Direct deposit		R 129 995.11
			R -

Less: Queries — R 0.00

			R 0.00
			R 0.00
			R 0.00

Less:Credit notes / Adjustments — R -

	.		

R 630 615 357.21

Balance as per statement	R 630 615 357.21
Balance as per age analysis	630 615 357.34
Difference	R -0.13
Amount due as at the end of:	630 615 357.21

Preparer: N.C. GOUENDER

Signature : _____ Date: 05/09/2025

Reviewer: S. Sithole

Signature : _____ Date: 05/09/2025

Attachment 6 (ii)

Accounts Payable Age Analysis

MPOFANA LOCAL MUNICIPALITY

Exclude Zero Balances | Report Date: 2025/08/31

Accounts Payable Age Analysis | Page 1 of 1

Supplier	180 Days	150 Days	120 Days	90 Days	60 Days	30 Days	Current	Balance
ESK001 (Eskom)	564 346 387.56	6 601 816.20	8 033 825.24	7 989 421.63	18 660 806.56	11 564 692.69	13 418 407.46	630 615 357.34
	180 Days	150 Days	120 Days	90 Days	60 Days	30 Days	Current	Balance
Totals:	564 346 387.56	6 601 816.20	8 033 825.24	7 989 421.63	18 660 806.56	11 564 692.69	13 418 407.46	630 615 357.34
% of Balance:	89.49	1.05	1.27	1.27	2.96	1.83	2.13	

Attachment 7

OFFICE OF THE MUNICIPAL MANAGER

MPOFANA MUNICIPALITY-UMASIPALA WASE MPOFANA
10 CLAUGHTON TERRACE, MOOI RIVER 3300

Enquiries:	Mrs T Cele	Tel	: 033-2631221	P.O BOX	: 47
Imibuzo :		Ucingo	:	Isikhwama sepos	: Mooi River
Navrae :		Telefoon	:	Privaat Sak	: 3300
Reference:	Section 71	Fax	: 033-2631127	Date	: 14/10/2025
Inkomba :		iFeksi	:	Datum	:
Verwysing:		Faks	:	Usuku	:

Municipal manager's quality certificate

I, Dr EH Dladla. Municipal Manager of Mpofana Local Municipality, hereby certify that the section 71 report and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act.

Print Name: Elphas Hlulukwenza Dladla

Municipal Manager of Mpofana Local Municipality (KZ223)

Signature: _____

Date : 14/10/2025