



## **SECTION 71 REPORT FOR THE MONTH OF AUGUST 2025**

**DISTRIBUTION:**

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

# Contents

- 1. Purpose .....3
- 2. Background .....3
- 3. Executive summary .....4
- 4. Budget performance overview .....5
  - 4.1 Operating Revenue by Source .....9
  - 4.2 Operating Expenditure by Type .....10
  - 4.3 Capital expenditure .....11
  - 4.4 Cashflows .....12
- 5. In-year budget statement tables .....13
- 6. Debtors' Analysis .....13
- 7. Creditors' Analysis .....14
- 8. Investment portfolio analysis .....14
- 9. Allocation and grant receipts and expenditure .....15
- 10. Councillor allowances and employee benefits .....15
- 11. Material variances to the service delivery and budget implementation plan .....18
- 12. Capital programme performance .....18
- 13. Other supporting documents. ....18
- 14. Conclusion .....18
- 15. Annexure A: C-schedules .....19
- 16. Annexure B: Compliance with the conditions for Municipal Debt Relief .....19
  - 16.1 MFMA Circular 124 – Municipality Compliance Self-Assessment .....19
  - 16.2 Municipal Debt Relief Performance across the period of debt relief participation .....19
  - 16.4 MFMA Circular 124 – Condition 6.6 & 6.7 .....21
  - 16.5 MFMA Circular 124 - Condition 6.8 (Completeness of the revenue base).....23
    - 16.5.1 MFMA Circular 124 – Condition 6.8 (Completeness of the revenue base)....24
  - 16.6 MFMA Circular 124 – Condition 6.3 and Condition 6.12 ..... 27
- 17. Municipal Manager's quality certification .....29
- 18. Recommendations .....29

## **PART 1: IN-YEAR REPORT FOR THE PERIOD ENDING 31 AUGUST 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 August 2025 is:**

(a) The Revenue Trend Analysis Report for August 2025, was compiled by the revenue unit in August 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 – July 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 177 624 909**, a significant portion from bulk purchases **R 75 023 164 (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 102 601 745**, and total cash collection is **R 88 333 812 (i.e. 86%)**. The impact of the low collection rate of **86%**, 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 July 2025.

It has also been observed that when fixed costs (employee costs, fuel & repairs & maintenance) are considered, it equates to **R 44 178 757**. Repairs & Maintenance comprises R 27 062 974 (**i.e. 61%**) of total fixed costs. This represents an average of **R 966 534** per month over **28** 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 July 2025, the electricity losses in units were **1 771 489**, which equates to electricity losses of **R 4 634 244**. 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 62 330 288**, 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, July 2025, it indicates that the total amount of debtors owing the municipality is **R 176 064 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 **July 2025**.

### **Electricity Losses**

The following provides an overview of Electricity Losses for August 2025

<b>AUGUST 2025 ELECTRICITY LOSSES</b>						
	<b>KW - UNITS</b>					
	<b>Purchases for 25/26</b>	<b>Sold to Conventional</b>	<b>Sold to Prepaid</b>	<b>Electricity Loss</b>	<b>Sale per unit</b>	<b>Rand Value Lost R</b>
Energy Peak	1,244,167.00	292,854.00	0	951,313.00	5.37	5,112,379.84
Energy Std	2,669,675.00	523,715.00	1,612,610.00	533,350.00	2.90	1,547,722.65
Energy Off	2,553,436.00	574,809.00	0	1,978,627.00	1.47	2,915,061.69
	<b>6,467,278.00</b>	<b>1,391,378.00</b>	<b>1,612,610.00</b>	<b>3,463,290.00</b>		<b>9,575,164.19</b>
			<b>Loss %</b>	<b>53.55%</b>		

### **Key Observations:**

- Total Units purchased is 6 467 278.00
- Total Units sold – Conventional 1 391 378.00 **(i.e. 22%)**
- Total Units sold – Prepaid 1 612 610.00 **(i.e. 25%)**
- Total electricity loss in Units – **3 463 290 (i.e. 53 %)**

**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 August 2025				
	Full Year Budget Adopted 2025/26	Pro Rata Budget August 2025	YTD Actual August 2025	YTD Variance Amount August 2025	YTD percentage
<b>Total Revenue:</b>	<b>R 209,053,554</b>	<b>R 24,293,198</b>	<b>R 42,873,584</b>	<b>R -18,580,386</b>	<b>45.06%</b>
Revenue - Operational	R 192,888,454	R 21,599,014	R 38,844,800	R -17,245,786	20.14%
Revenue - Capital	R 16,165,100	R 2,694,184	R 4,028,784	R -1,334,600	24.92%
<b>Total Expenditure:</b>	<b>R 200,352,646</b>	<b>R 33,392,124</b>	<b>R 49,966,059</b>	<b>R -16,573,935</b>	<b>63.03%</b>
Expenditure - Operational	R 186,369,733	R 31,061,638	R 44,490,679	R -13,429,041	23.87%
Expenditure - Capital	R 13,982,913	R 2,330,486	R 5,475,380	R -3,144,894	39.16%
<b>Surplus/(Deficit)</b>	<b>R 8,700,908</b>	<b>R -9,098,926</b>	<b>-7,092,475</b>	<b>-2,006,451</b>	

The above table gives the consolidated overview of the Budget Projections and Actual Performance on Operating Revenue of R38,8 million or 20% of Operational revenue and Capital revenue of R4 million or 24% of Budgeted Capital Revenue.

The municipality has incurred Operational Expenditure of R44,4 million or 23% and Capital expenditure of R5,4 million or 39% as at month ending 31 August 2025.

## 4.1 Operating Revenue by Source

KZN223 Mpfana - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M02 August										
Description	Ref	2024/25	Budget Year 2025/26							Full Year Forecast
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
<b>R thousands</b>										
<b>Revenue</b>										
<b>Exchange Revenue</b>										
Service charges - Electricity		54,021	65,535	-	5,846	11,265	10,923	343	3%	65,535
Service charges - Water		-	-	-	-	-	-	-	-	-
Service charges - Waste Water Management		-	-	-	-	-	-	-	-	-
Service charges - Waste management		5,473	6,513	-	508	1,018	1,085	(67)	-6%	6,513
Sale of Goods and Rendering of Services		1,147	250	-	9	36	30	6	22%	250
Agency services		-	-	-	-	-	-	-	-	-
Interest		-	-	-	-	-	-	-	-	-
Interest earned from Receivables		(175)	2,636	-	(2)	(2)	439	(442)	-100%	2,636
Interest from Current and Non Current Assets		559	616	-	64	119	103	-	-	616
Dividends		-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		192	196	-	20	76	33	43	131%	196
Licence and permits		4,858	5,429	-	262	671	905	(234)	-26%	5,429
Special rating levies		-	-	-	-	-	-	-	-	-
Operational Revenue		1,099	9,088	-	(58)	(36)	1,510	(1,546)	-102%	9,088
<b>Non-Exchange Revenue</b>										
Property rates		13,477	26,719	-	1,482	2,965	(6,079)	9,044	-149%	26,719
Surcharges and Taxes		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		4,545	8,371	-	-	-	1,395	(1,395)	-	8,371
Licence and permits		-	-	-	-	-	-	-	-	-
Transfers and subsidies - Operational		61,367	57,724	-	4,322	22,733	9,621	13,113	-	57,724
Interest		-	-	-	-	-	-	-	-	-
Fuel Levy		-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		-	9,810	-	-	-	1,635	(1,635)	-	9,810
Other Gains		31	-	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>146,592</b>	<b>192,888</b>	<b>-</b>	<b>12,454</b>	<b>38,845</b>	<b>21,599</b>	<b>17,246</b>	<b>80%</b>	<b>192,888</b>

### 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 R12,4 million or 6% of budgeted operational revenue for the month ending 31 August 2025.

## 4.2 Operating Expenditure by Type

KZN223 Mpfana - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M02 August										
Description	Ref	2024/25	Budget Year 2025/26							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
<b>Expenditure By Type</b>										
Employee related costs		71,211	62,010	-	5,450	10,737	10,335	402	4%	62,010
Remuneration of councillors		3,537	4,057	-	1,233	2,968	676	2,292	339%	4,057
Bulk purchases - electricity		81,004	71,910	-	10,311	19,656	11,985	7,671		71,910
Inventory consumed		11,033	8,800	-	-	-	1,467	(1,467)		8,800
Debt impairment		(4,467)	8,757	-	-	-	1,460	(1,460)	-100%	8,757
Depreciation and amortisation		14,865	10,894	-	-	-	1,816	(1,816)	-100%	10,894
Interest		23,459	-	-	3,100	5,456	-	5,456	#DIV/0!	-
Contracted services		24,734	6,435	-	780	2,238	1,072	1,166	109%	6,435
Transfers and subsidies		64	-	-	-	-	-	-		-
Irrecoverable debts written off		-	-	-	-	-	-	-		-
Operational costs		34,401	13,507	-	1,644	3,436	2,251	1,185	53%	13,507
Losses on Disposal of Assets		5,901	-	-	-	-	-	-		-
Other Losses		116	-	-	-	-	-	-		-
<b>Total Expenditure</b>		<b>265,857</b>	<b>186,370</b>	<b>-</b>	<b>22,517</b>	<b>44,491</b>	<b>31,062</b>	<b>13,429</b>	<b>43%</b>	<b>186,370</b>

### Operating Expenditure by type

- Actual expenditure vs Approved budget expenditure – the municipality incurred monthly expenditure of R22,5 million or 12% of the budgeted expenditure as at end of 31 August 2025.

### 4.3 Capital expenditure

KZN223 Mpfana - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M02 August										
Vote Description	Ref	2024/25	Budget Year 2025/26							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
<b>Capital Expenditure - Functional Classification</b>										
<b>Governance and administration</b>		202	-	-	-	217	-	217	#DIV/0!	-
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		202	-	-	-	217	-	217	#DIV/0!	-
Internal audit		-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		13,575	332	-	596	682	55	627	1134%	332
Community and social services		12,627	-	-	596	682	-	682	#DIV/0!	-
Sport and recreation		948	332	-	-	-	55	(55)	-100%	332
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		9,281	11,116	-	1,972	4,577	1,853	2,724	147%	11,116
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		9,281	11,116	-	1,972	4,577	1,853	2,724	147%	11,116
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		-	2,535	-	-	-	423	(423)	-100%	2,535
Energy sources		-	2,535	-	-	-	423	(423)	-100%	2,535
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
<b>Other</b>		-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Functional Classification</b>	3	23,058	13,983	-	2,568	5,475	2,330	3,145	135%	13,983
<b>Funded by:</b>										
National Government		22,856	13,983	-	1,495	4,185	2,330	1,855	80%	13,983
Provincial Government		-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educ Institutions)		-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>		22,856	13,983	-	1,495	4,185	2,330	1,855	80%	13,983
Borrowing	6	-	-	-	-	-	-	-	-	-
<b>Internally generated funds</b>		107	-	-	1,074	1,290	-	1,290	#DIV/0!	-
<b>Total Capital Funding</b>		22,963	13,983	-	2,568	5,475	2,330	3,145	135%	13,983

- Monthly actual of R2,5 or 19% million of budgeted capital expenditure has been spent as at the end of 31 August 2025.
- An unbudgeted Capital expenditure with amount of R1 million has been incurred in the month of August 2025.

#### 4.4 Cash Flow Statement August 2025

CASH FLOW STATEMENT AUGUST 2025					
<b>Balance b/f</b>	<b>251,332.01</b>	<b>191,189.83</b>	<b>1,872,230.06</b>	<b>3,641,981.41</b>	<b>211,753.76</b>
<b>Receipts</b>					
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	-
<b>Total Operating &amp; Capital Receipts</b>	<b>4,073,889.61</b>	<b>1,853,607.00</b>	<b>4,510,691.60</b>	<b>1,090,535.04</b>	<b>7,285,989.16</b>
<b>Payments</b>					
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
<b>Total Critical &amp; Contracted Payments</b>	<b>- 4,134,031.79</b>	<b>- 172,566.77</b>	<b>- 2,740,940.25</b>	<b>- 4,520,762.69</b>	<b>- 3,522,283.80</b>
<b>Balance</b>	<b>191,189.83</b>	<b>1,872,230.06</b>	<b>3,641,981.41</b>	<b>211,753.76</b>	<b>3,975,459.12</b>

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

## 5. In-year budget statement tables

KZN223 Mpfana - Table C1 Monthly Budget Statement Summary - M02 August									
Description	2024/25	Budget Year 2025/26							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>Financial Performance</b>									
Property rates	13,477	26,719	-	1,482	2,965	(6,079)	9,044	-149%	26,719
Service charges	59,494	72,048	-	6,354	12,284	12,008	276	2%	72,048
Investment revenue	559	616	-	64	119	103	16	16%	616
Transfers and subsidies - Operational	61,367	57,724	-	4,322	22,733	9,621	13,113	136%	57,724
Other own revenue	11,696	35,781	-	232	744	5,947	(5,203)	-87%	35,781
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>146,592</b>	<b>192,888</b>	<b>-</b>	<b>12,454</b>	<b>38,845</b>	<b>21,599</b>	<b>17,246</b>	<b>80%</b>	<b>192,888</b>
Employee costs	71,211	62,010	-	5,450	10,737	10,335	402		62,010
Remuneration of Councillors	3,537	4,057	-	1,233	2,968	676	2,292		4,057
Depreciation and amortisation	14,865	10,894	-	-	-	1,816	(1,816)		10,894
Interest	23,459	-	-	3,100	5,456	-	5,456		-
Inventory consumed and bulk purchases	92,037	80,710	-	10,311	19,656	13,452	6,204		80,710
Transfers and subsidies	64	-	-	-	-	-	-		-
Other expenditure	60,685	28,699	-	2,424	5,674	4,783	891	19%	28,699
<b>Total Expenditure</b>	<b>265,857</b>	<b>186,370</b>	<b>-</b>	<b>22,517</b>	<b>44,491</b>	<b>31,062</b>	<b>13,429</b>	<b>43%</b>	<b>186,370</b>
<b>Surplus/(Deficit)</b>	<b>(119,265)</b>	<b>6,519</b>	<b>-</b>	<b>(10,063)</b>	<b>(5,646)</b>	<b>(9,463)</b>	<b>3,817</b>	<b>-40%</b>	<b>6,519</b>
Transfers and subsidies - capital (monetary allocations)	28,149	16,165	-	1,034	4,029	2,694	1,335	50%	16,165
Transfers and subsidies - capital (in-kind)	-	-	-	-	-	-	-		-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(91,116)</b>	<b>22,684</b>	<b>-</b>	<b>(9,030)</b>	<b>(1,617)</b>	<b>(6,768)</b>	<b>5,151</b>	<b>-76%</b>	<b>22,684</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-		-
<b>Surplus/ (Deficit) for the year</b>	<b>(91,116)</b>	<b>22,684</b>	<b>-</b>	<b>(9,030)</b>	<b>(1,617)</b>	<b>(6,768)</b>	<b>5,151</b>	<b>-76%</b>	<b>22,684</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	<b>23,058</b>	<b>13,983</b>	<b>-</b>	<b>2,568</b>	<b>5,475</b>	<b>2,330</b>	<b>3,145</b>	<b>135%</b>	<b>13,983</b>
Capital transfers recognised	22,856	13,983	-	1,495	4,185	2,330	1,855	80%	13,983
Borrowing	-	-	-	-	-	-	-		-
Internally generated funds	107	-	-	1,074	1,290	-	1,290	#DIV/0!	-
<b>Total sources of capital funds</b>	<b>22,963</b>	<b>13,983</b>	<b>-</b>	<b>2,568</b>	<b>5,475</b>	<b>2,330</b>	<b>3,145</b>	<b>135%</b>	<b>13,983</b>
<b>Financial position</b>									
Total current assets	244,517	155,362	-		251,437				155,362
Total non current assets	218,988	302,601	-		224,464				302,601
Total current liabilities	758,425	563,683	-		772,444				563,683
Total non current liabilities	91,257	35,347	-		91,257				35,347
Community wealth/Equity	(386,182)	(141,067)	-		(387,799)				(141,067)
<b>Cash flows</b>									
Net cash from (used) operating	691,379	7,520	-	31,606	47,985	63,782	15,798	25%	7,520
Net cash from (used) investing	47,233	(16,157)	-	(2,568)	(5,475)	2,693	8,168	303%	(16,157)
Net cash from (used) financing	-	-	-	-	-	-	-		-
<b>Cash/cash equivalents at the month/year end</b>	<b>740,860</b>	<b>(4,802)</b>	<b>-</b>	<b>29,037</b>	<b>50,936</b>	<b>70,310</b>	<b>19,374</b>	<b>28%</b>	<b>-</b>
<b>Debtors &amp; creditors analysis</b>									
	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
<b>Debtors Age Analysis</b>									
Total By Income Source	5,545	2,895	2,044	1,222	1,237	1,223	7,462	153,450	175,078
<b>Creditors Age Analysis</b>									
Total Creditors	13,145	370	37,446	5,131	9,535	7,376	63,748	539,871	676,622

## 6. Debtors' Analysis

KZN223 Mpfana - Supporting Table SC3 Monthly Budget Statement - aged debtors - M02 August

Description	NT Code	Budget Year 2025/26										Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy		
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total	Total over 90 days				
R thousands															
<b>Debtors Age Analysis By Income Source</b>															
Trade and Other Receivables from Exchange Transactions - Water	1200	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trade and Other Receivables from Exchange Transactions - Electricity	1300	1,748	5	-	-	-	-	1	148	1,902	149	-	-	-	-
Receivables from Non-exchange Transactions - Property Rates	1400	1,045	1,153	1,345	710	758	738	4,399	45,502	55,651	52,108	-	-	-	-
Receivables from Exchange Transactions - Waste Water Management	1500	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Receivables from Exchange Transactions - Waste Management	1600	526	519	447	440	445	434	2,994	28,209	34,013	32,520	-	-	-	-
Receivables from Exchange Transactions - Property Rental Debtors	1700	(962)	28	6	4	4	4	59	1,079	232	1,150	-	-	-	-
Interest on Arrear Debtor Accounts	1810	-	-	-	(1)	(1)	-	(3)	(11)	(16)	(16)	-	-	-	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	1900	3,178	1,191	245	69	31	47	12	78,523	83,296	78,683	-	-	-	-
<b>Total By Income Source</b>	<b>2000</b>	<b>5,545</b>	<b>2,895</b>	<b>2,044</b>	<b>1,222</b>	<b>1,237</b>	<b>1,223</b>	<b>7,462</b>	<b>153,450</b>	<b>175,078</b>	<b>164,594</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2024/25 - totals only</b>															
<b>Debtors Age Analysis By Customer Group</b>															
Organs of State	2200	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial	2300	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Households	2400	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	2500	5,545	2,895	2,044	1,222	1,237	1,223	7,462	153,450	175,078	164,594	-	-	-	-
<b>Total By Customer Group</b>	<b>2600</b>	<b>5,545</b>	<b>2,895</b>	<b>2,044</b>	<b>1,222</b>	<b>1,237</b>	<b>1,223</b>	<b>7,462</b>	<b>153,450</b>	<b>175,078</b>	<b>164,594</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

- Debtors age analysis as at 31 August 2025 has a balance of R 175 million.

## 7. Creditors' Analysis

KZN223 Mpfana - Supporting Table SC4 Monthly Budget Statement - aged creditors - M02 August

Description	NT Code	Budget Year 2025/26								
		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
R thousands										
<b>Creditors Age Analysis By Customer Type</b>										
Bulk Electricity	0100	-	-	-	-	-	-	-	-	-
Bulk Water	0200	-	-	-	-	-	-	-	-	-
PAYE deductions	0300	-	-	-	-	-	-	-	-	-
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-
Loan repayments	0600	-	-	-	-	-	-	-	-	-
Trade Creditors	0700	13,515	6,215	27,241	5,694	9,482	6,975	59,593	539,483	668,199
Auditor General	0800	-	-	18	19	19	21	1,953	-	2,030
Other	0900	(371)	(5,845)	10,186	(582)	34	381	2,201	388	6,393
Medical Aid deductions	0950	-	-	-	-	-	-	-	-	-
<b>Total By Customer Type</b>	<b>1000</b>	<b>13,145</b>	<b>370</b>	<b>37,446</b>	<b>5,131</b>	<b>9,535</b>	<b>7,376</b>	<b>63,748</b>	<b>539,871</b>	<b>676,622</b>

- The municipality has an outstanding Creditors balance of R 676,6 million as at 31 August 2025 of which 93% of creditors belongs to Eskom bulk electricity.

## 8. Investment portfolio analysis

CONSOLIDATED INVESTMENT REGISTER FOR THE YEAR 2025/2026						
	Balance as at 01/07/2025	Invested/Re-invested	Withdrawals / Transfers	Interest	Closing balance	
PO10000/IA11876/FD10017/FX10046/RX11145/CO10000 ( INVESTMENT ACC - MUNICIPAL RESERVE)	45,748.19	-	-	394.09	46,142.28	
PO10000/IA11874/FD10017/FX10046/RX11145/CO10000 (HOUSING PROJECT TOWNVIEW)	40,302.26	-	-	347.45	40,649.71	
PO10000/IA11872/FD10017/FX10046/RX11145/CO10000 (INVESTMENT ACC - MUNICIPAL ASS PROGRA	12,126.20	-	-	81.28	12,207.48	
PO10000/IL19557/FD10502/FX10046/RX11145/CO10000	7,835,355.51	19,700,000.00	21,240,000.00	104,039.25	6,399,394.76	
PO10000/IA11870/FD10000/FX10047/RX11145/CO10000 (INVESTMENT ACC - MIG)	20,227.68	-	-	170.91	20,398.59	
Museum Subsidy Account	8,483.62	-	-	55.94	8,539.56	
Library Subsidy Account	2,421.95	-	-	-	2,421.95	
Small Town Rehabilitation Account	5,195.61	-	-	34.25	5,229.86	
Disaster Relief Grant Account	6,516.04	-	-	42.96	6,559.00	
Finance Management Grant	3,698.13	-	-	-	3,698.13	
	7,980,075.19	19,700,000.00	21,240,000.00	105,166.13	6,545,241.32	

### Investment as 31 August 2025

- Opening balance of R7,9
- Deposit R19,7 million
- Withdraw R21,2 million
- Interest R104 thousand
- Balance of R R6,5 million

## 9. Allocation and grant receipt for the month ending 31 August 2025

Conditional Grant register August 2025							
Conditional Grants			Allocations	Receipt	Expenditure	Repayment withheld from ES	Balance
- Municipal Infrastructure Grant (MIG)	NT	- 1,837,899.67	- 13,858,000.00	- 5,000,000.00	4,028,784.03		- 2,809,115.64
- Finance Management Grant (FMG)	NT		- 3,000,000.00	- 3,000,000.00	1,130,340.04		- 1,869,659.96
- Expanded Public Works Program (EPWP)	NT		- 1,400,000.00	- 350,000.00	414,450.02		64,450.02
- Museum Subsidy Grant	P		- 283,000.00		69,315.69		69,315.69
- LGSETA	P	- 444,198.35	-	-			- 444,198.35
- Energy Efficiency and Demand Management Grant		- 18,961.57	- 3,000,000.00	- 1,350,000.00			- 1,368,961.57
- Transport	P	- 134,000.00	-	-			- 134,000.00
- Provincial Library & Subsidy Grant	P		- 2,734,000.00		446,281.02		446,281.02
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
		<b>-22,259,832.98</b>	<b>- 24,275,000.00</b>	<b>- 9,700,000.00</b>	<b>6,089,170.80</b>	<b>3,723,000.00</b>	<b>- 22,147,662.18</b>

### Grant Register as 31 August 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 R9,7 million
- Expenditure of R6 million
- Balance unspent R22,1 million.

### 10. Councillor allowances and employee benefits.

Remuneration of councillors August 2025

Employee 12 Month Report - Totals

Defcode	Jul 2025	Aug 2025	Total
SALARY	332,169.49	341,138.07	673,307.56
CELL_ALLO_COUNC	36,000.00	36,000.00	72,000.00
BACKPAY_100	1,364,295.34	853,554.02	2,217,849.36
<b>*TOT:EARN</b>	<b>1,732,464.83</b>	<b>1,230,692.09</b>	<b>2,963,156.92</b>
SDL	16,011.79	11,918.07	27,929.86
UIF	1,771.20	1,771.20	3,542.40
MED_AID_LAHEALT	2,431.20	2,431.20	4,862.40
<b>*TOT:CC</b>	<b>20,214.19</b>	<b>16,120.47</b>	<b>36,334.66</b>
<b>TOTAL</b>	<b>1,752,679.02</b>	<b>1,246,812.56</b>	<b>2,999,491.58</b>

- The municipality has incurred the remuneration of councilors of R1,2 million for August 2025.

## Saff cost - August 2025

### Employee cost - Totals

Defcode	Jul 2025	Aug 2025	Total
SALARY	3,608,064.03	3,630,362.59	7,238,426.62
OTIME_1_5	87,263.48	96,274.38	183,537.86
OTIME_2_0	71,395.21	106,892.55	178,287.76
EXTRA_SALARY	8,000.00	8,000.00	16,000.00
DIRT_ALLOW	3,150.00	2,750.00	5,900.00
CAR_TRAVEL_80	88,491.28	88,491.28	176,982.56
CAR_TRAVEL_100	43,000.00	43,000.00	86,000.00
REIMB_KM_NONTAX	11,417.94	16,247.42	27,665.36
STANDBY_NORM	175,669.40	199,120.08	374,789.48
CELL_TELE_ALLOW	1,000.00	1,000.00	2,000.00
ANNUAL_BONUS	129,414.08	228,715.12	358,129.20
HOUSING_742	15,157.16	15,157.16	30,314.32
HOUSING_5000	35,445.61	35,445.61	70,891.22
DANGER_ALLOW	6,650.00	6,650.00	13,300.00
SHIFT_ALLOWANCE	54,568.78	54,568.78	109,137.56
VH_TAX_80	825.69	825.69	1,651.38
LONGSERVICE_NT	-	20,130.53	20,130.53
<b>*TOT:EARN</b>	<b>4,339,512.66</b>	<b>4,553,631.19</b>	<b>8,893,143.85</b>
SDL	43,233.05	45,089.07	88,322.12
UIF	23,698.54	23,796.99	47,495.53
PENS_SUPE_28_25	176,009.53	176,009.53	352,019.06
PROV_FD_CC_9_75	2,126.38	2,126.38	4,252.76
MED_AID_LAHEALT	215,084.66	214,655.06	429,739.72
MED_AID_BONITAS	12,590.95	11,455.37	24,046.32
PENS_RETA_53_37	7,555.03	7,555.03	15,110.06
PENS_SALA_DB_20	168,838.35	168,838.35	337,676.70
SALGA_LEVY	1,720.80	1,732.75	3,453.55
MED_AID_KEYHEAL	9,211.80	9,211.80	18,423.60
MED_AID_SAMWUME	84,266.90	84,338.90	168,605.80
MED_AID_HOSMED	7,135.15	7,135.15	14,270.30
PENS_SALA_DC_20	202,642.79	202,642.79	405,285.58
PENS_SALA_DC_18	50,839.48	50,839.48	101,678.96
PROV_FD_CC_975	2,126.38	2,126.38	4,252.76
PROV_FD_C_18	80,120.83	84,134.57	164,255.40
<b>*TOT:CC</b>	<b>1,087,200.62</b>	<b>1,091,687.60</b>	<b>2,178,888.22</b>
<b>Total</b>	<b>5,426,713.28</b>	<b>5,645,318.79</b>	<b>11,072,032.07</b>

- The municipality has incurred an expenditure of R5,6 million on municipal staff cost for August 2025

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

- Not yet a quarter

## 12. Capital programme performance

Capital Project expenditure Report August 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	- 2,750,124.37	4,800,403.06
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
	<b>16,165,095.00</b>	<b>- 5,263,368.93</b>	<b>10,901,726.07</b>

- Capital project Budget is R16,1 million,
- Expenditure for August 2025 is R5,2 million and
- The balance unspent R10,9 million.
  - Mzilanyoni R1,2 million
  - Penning dale R2,7 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:

- 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
- 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



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



Province		
KZN		
Code	District	Code Description
KZN23	uMgungundlovu	Mpofana

Monthly Performance Report																																																			
Municipal Details			Part A					Part B					Part C					Part D					Part E					Part F																							
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	Score	Rating	Compliance Status						
1.July	Mpofana	KZN23	N/A	N/A	N/A	No	Yes	Yes	No	Yes	No	Yes	Yes	N/A	No	Yes	No	Yes	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	74%	Moderate compliance	on Compliance						
2.August	Mpofana	KZN23	N/A	N/A	N/A	No	Yes	Yes	No	Yes	No	Yes	Yes	N/A	No	Yes	No	Yes	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	Yes	Yes	78%	Moderate compliance	on Compliance				
3.September	Mpofana	KZN23	N/A	N/A	N/A	No	Yes	Yes	No	Yes	No	Yes	Yes	N/A	No	Yes	No	Yes	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	Yes	Yes	Yes	78%	Moderate compliance	on Compliance			
4.October	Mpofana	KZN23	N/A	N/A	N/A	No	No	Yes	No	Yes	No	Yes	Yes	N/A	No	Yes	No	Yes	No	N/A	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	Yes	Yes	Yes	76%	Moderate compliance	on Compliance			
5.November	Mpofana	KZN23	N/A	N/A	N/A	No	No	No	No	Yes	No	Yes	Yes	N/A	No	Yes	No	Yes	No	N/A	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	Yes	Yes	Yes	73%	Moderate compliance	on Compliance			
6.December	Mpofana	KZN23	N/A	N/A	N/A	No	No	No	No	Yes	No	Yes	Yes	N/A	No	Yes	No	Yes	No	N/A	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	Yes	Yes	Yes	71%	Moderate compliance	on Compliance			
7.January	Mpofana	KZN23	N/A	N/A	N/A	No	No	No	No	Yes	No	Yes	Yes	N/A	No	Yes	No	Yes	No	N/A	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	Yes	Yes	Yes	74%	Moderate compliance	on Compliance			
8.February	Mpofana	KZN23	N/A	N/A	N/A	No	No	No	No	Yes	No	Yes	Yes	N/A	No	Yes	No	Yes	No	N/A	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	Yes	Yes	Yes	Yes	71%	Moderate compliance	on Compliance		
9.March	Mpofana	KZN23	N/A	N/A	N/A	No	No	No	No	Yes	No	Yes	Yes	N/A	No	Yes	No	Yes	No	N/A	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	Yes	Yes	Yes	Yes	Yes	63%	Moderate compliance	on Compliance	
10.April	Mpofana	KZN23	N/A	N/A	N/A	No	No	No	No	Yes	No	Yes	Yes	N/A	No	Yes	No	Yes	No	N/A	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	Yes	Yes	Yes	Yes	Yes	Yes	63%	Moderate compliance	on Compliance
11.May	Mpofana	KZN23	N/A	N/A	N/A	No	No	No	No	Yes	No	Yes	Yes	N/A	No	Yes	No	Yes	No	N/A	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	Yes	Yes	Yes	Yes	Yes	Yes	63%	Moderate compliance	on Compliance
12.June	Mpofana	KZN23	N/A	N/A	N/A	No	No	No	No	Yes	No	Yes	Yes	N/A	No	Yes	No	Yes	No	N/A	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	Yes	Yes	Yes	Yes	Yes	Yes	63%	Moderate compliance	on 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 procurator of the HOD must be attached as an Annexure to this Certificate of Compliance.

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



Province		
KZN		
Code	District	Code Description
KZN23	uMgungundlovu	Mpofana

Monthly Performance Report																																																						
Municipal Details			Part A					Part B					Part C					Part D					Part E					Part F																										
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	Score	Rating										
25.July25	Mpofana	KZN23	N/A	N/A	N/A	No	Yes	No	No	Yes	No	Yes	Yes	N/A	No	Yes	No	Yes	No	N/A	N/A	N/A	N/A	No	No	No	No	Yes	Yes	Yes	Yes	No	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	89%	Moderate compliance						
26.August25	Mpofana	KZN23	N/A	N/A	N/A	No	Yes	Yes	No	Yes	No	Yes	Yes	N/A	No	Yes	No	Yes	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	Yes	Yes	Yes	Yes	Yes	89%	Moderate compliance					
27.September25	Mpofana	KZN23																																															0%	Not completed				
28.October25	Mpofana	KZN23																																																0%	Not completed			
29.November25	Mpofana	KZN23																																																0%	Not completed			
30.December25	Mpofana	KZN23																																																0%	Not completed			
31.January26	Mpofana	KZN23																																																	0%	Not completed		
32.February26	Mpofana	KZN23																																																	0%	Not completed		
13.March26	Mpofana	KZN23																																																	0%	Not completed		
14.April26	Mpofana	KZN23																																																		0%	Not completed	
15.May26	Mpofana	KZN23																																																		0%	Not completed	
16.June26	Mpofana	KZN23																																																		0%	Not completed	
17.July26	Mpofana	KZN23																																																			0%	Not completed
18.August26	Mpofana	KZN23																																																			0%	Not completed
19.September26	Mpofana	KZN23																																																			0%	Not completed
20.October26	Mpofana	KZN23																																																			0%	Not completed
41.November26	Mpofana	KZN23																																																			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 – August 2025

Total Aggregate Collection		1. July - Reporting for June in July				2. August - Reporting for July in August			
		Billing For June	Collection in July	R - Billing not collected	% Collection	Billing For July	Collection in August	R - Billing not collected	% Collection
1. Collection for whole demarcation	Summary	6 049 360	4 339 697	1 709 663	72%	5 482 896	5 790 648	480 481	106%
2. Collection excl Eskom supplied areas		6 049 360	4 339 697	1 709 663	72%	5 482 896	5 790 648	480 481	106%
3. Collection: <b>Property Rates</b>		1 373 054	991 670	381 384	72%	1 497 030	1 556 830	0	104%
4. Total average collection: <b>Electricity</b> (Municipal supplied areas)		4 164 961	3 288 848	876 113	79%	3 408 202	4 136 635	0	121%
5. Total average collection: <b>Water</b>		-	-	-	#DIV/0!	-	-	-	#DIV/0!
6. Total average collection: <b>Wastewater</b>		-	-	-	#DIV/0!	-	-	-	#DIV/0!
7. Total average collection: <b>Refuse</b>		511 345	59 179	452 167	12%	577 664	97 183	480 481	17%
8. Total average collection: <b>Interest</b>		-	-	-	#DIV/0!	-	-	-	#DIV/0!

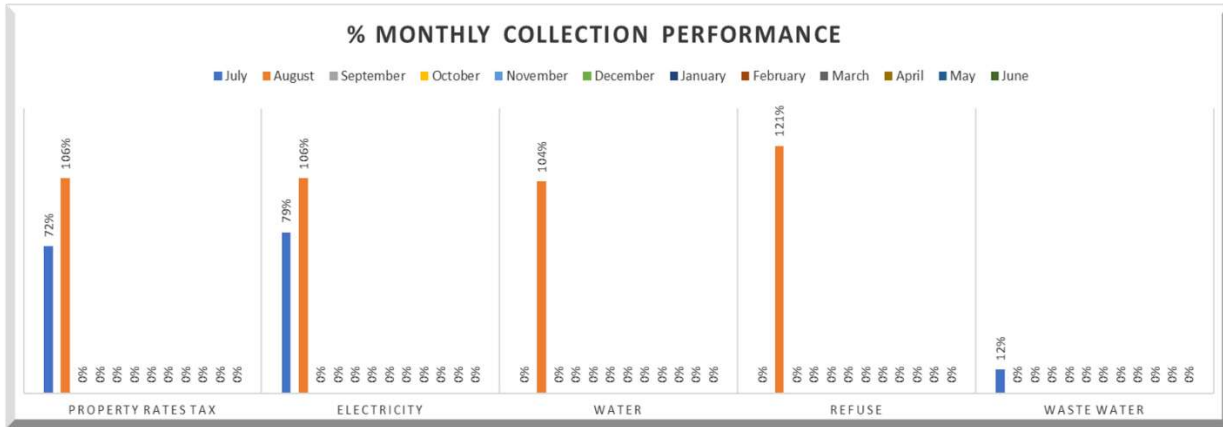
#### SUMMARY FOR COLLECTION RATE – MONTH 1 OF THE 2025/2026 FINANCIAL YEAR

Aggregate Collection	Summary - Quarter 1				Q1
	Billing	Collection	R - Billing not collected	% Collection	
1. Collection for whole demarcation	11 532 256	10 130 344	1 401 911	88%	88%
2. Collection excl Eskom supplied areas	11 532 256	10 130 344	1 401 911	88%	88%
3. Collection: <b>Property Rates</b>	2 870 084	2 548 500	321 584	89%	89%
4. Total average collection: <b>Electricity</b> (Municipal supplied areas)	7 573 163	7 425 483	147 679	98%	98%
5. Total average collection: <b>Water</b>	-	-	-	#DIV/0!	
6. Total average collection: <b>Wastewater</b>	-	-	-	#DIV/0!	
7. Total average collection: <b>Refuse</b>	1 089 009	156 361	932 648	14%	14%
8. Total average collection: <b>Interest</b>	-	-	-	#DIV/0!	0%

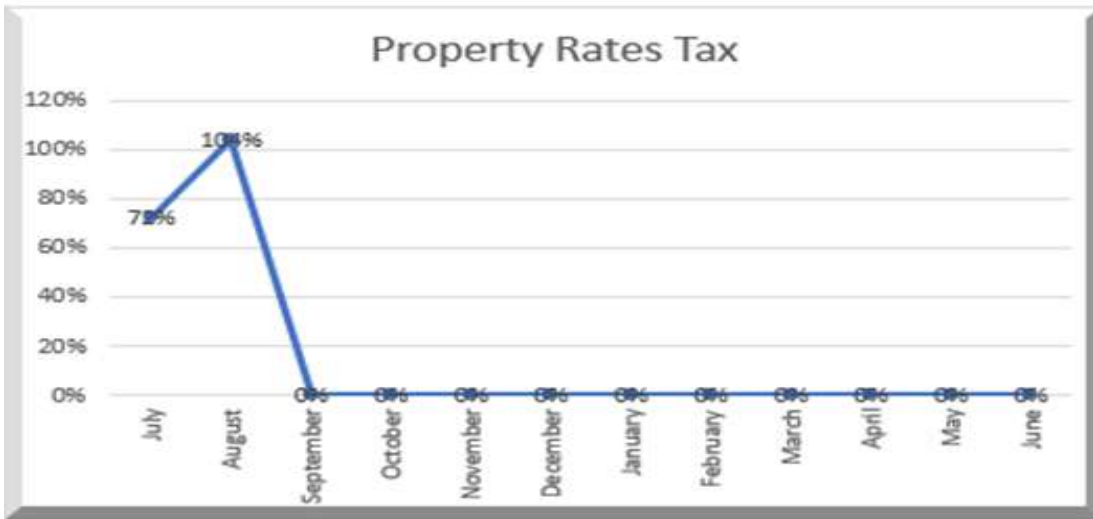
- The collection rate for August 88%.
- Property rates 88%
- Electricity 98%
- Refuse 14%

The following table is breakdown for collection per month.

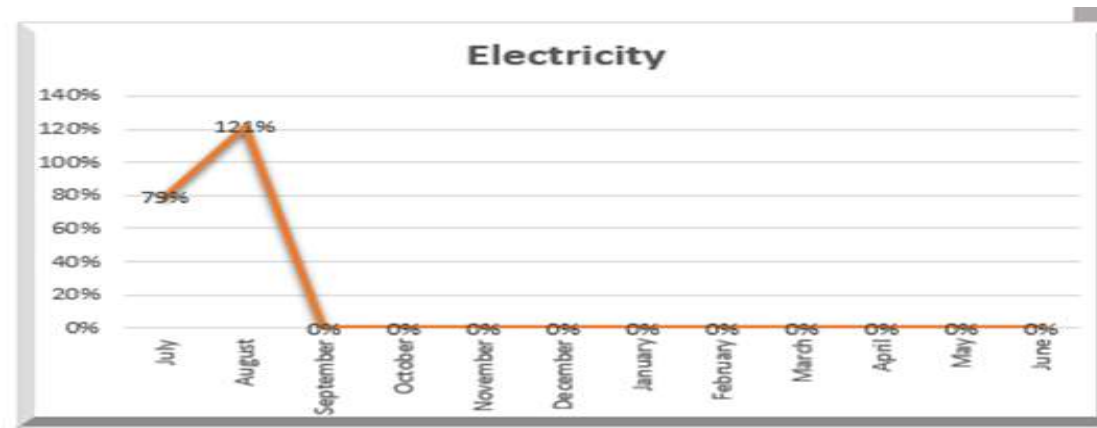
**Trend in Collection rate - Total:** August 2025 is 88%



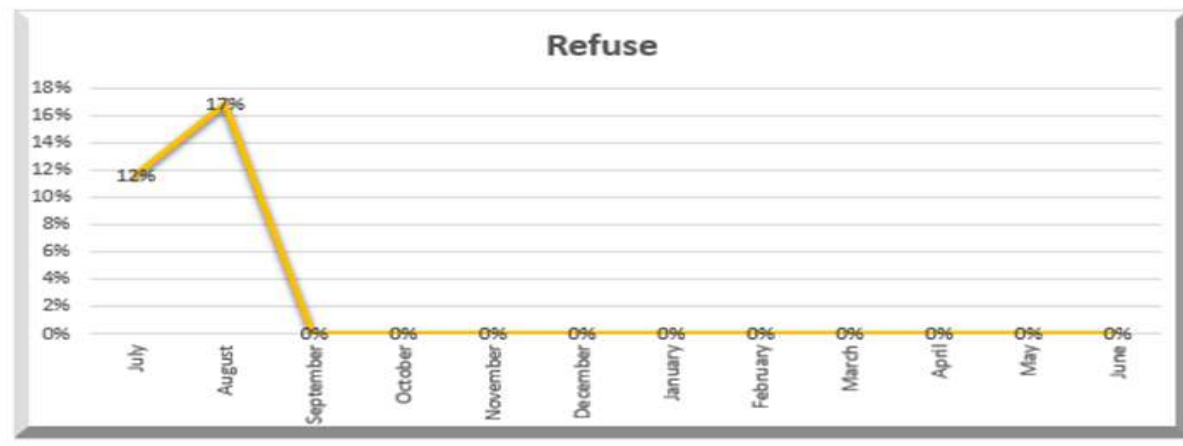
**Trend in Collection rate – Property Rates:** August 2025 is 104%



**Trend in Collection rate – Electricity:** August 2025 is 124%



**Trend in Collection rate – Refuse:** August Refuse is 17%



**August 2025 collection percentage**

- Property Rates is 104%
- Electricity is 124%
- Refuse is 17%
- Total average collection for August 2025 is 88%

**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. August 2025 Property rates reconciliation.

The GV reconciliation was performed in August 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						
Property Categories	# of Properties			Market Values		
	GV	MFS	Variance	GV Market Values	MFS Market Values	Variance
Residential	3621	3603	18	1 221 700 500,00	3 464 406 000,00	2 242 705 500,00
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	726	-2	3 021 575 000,00	3 029 065 000,00	7 490 000,00
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	341	-17	53 672 000,00	63 772 000,00	10 100 000,00
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	-
	<b>5938</b>	<b>5939</b>	<b>-1</b>	<b>5 256 411 500,00</b>	<b>7 516 707 000,00</b>	<b>2 260 295 500,00</b>

- The revenue team identified the properties causing the variance of 17 in terms of no of properties & market value of R 10 100 000 for Vacant Land. These observations were communicated to CCG system service provider to rectify before final bill
- This was subsequently addressed, as no differences identified in the post bill reconciliation, for Vacant Land

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	Mpotana					
GV Period	01/07/2021 - 30/06/2026					
Financial Year	2025/2026					
Reconciliation Period	Quarter 1					
Reconciliation Overview						
High Level Reconciliation						
Property Categories	# of Properties			Market Values		
	GV	MFS	Variance	GV Market Values	MFS Market Values	Variance
Residential	3621	3620	1	1 221 700 500,00	3 494 706 000,00	- 2 273 005 500,00
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	726	-2	3 021 575 000,00	3 029 065 000,00	- 7 490 000,00
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	324	0	53 672 000,00	53 672 000,00	-
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	-
	<u>5938</u>	<u>5939</u>	<u>-1</u>	<u>5 256 411 500,00</u>	<u>7 536 907 000,00</u>	<u>- 2 280 495 500,00</u>

- Following the results, of the post bill reconciliation, the CCG system provider has been advised to assist in investigating the identified variances in no of properties, and in particular those related to market values in the Residential, & Agriculture categories.
- The aim is to resolve the above variances before the September 2025 billing cycle.

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
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
<b>TOTAL</b>	<b>0</b>	<b>-1</b>

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

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

## **16.6 MFMA Circular 124 – Condition 6.3 and Condition 6.12**

### **6.3 Maintenance of Eskom Current account**

- A payment of R1,5 million has been made towards the Eskom bulk current account for August 2025.
- The municipality has provided Eskom Reconciliation indicating that the balance of R617,1 million as per the Eskom statement agrees to their Creditors age analysis on their financial system.

### **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 August 2025 and will be attached as: **Attachment 4**

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

- It not yet the quarter however the municipality has achieved an average collection rate of 88% for August 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 proof of payment of any such Eskom Bulk current account invoice(s) during the month of reporting;
- iii. The municipality's reconciliation statement for electricity aligning to the MFMA S71 mSCOA data strings upload

## **P/T MONTHLY DEBT RELIEF REPORT AND CERTIFICATE – JULY 2025**



**KWAZULU-NATAL PROVINCE**

**TREASURY**  
REPUBLIC OF SOUTH AFRICA

Provincial Treasury MFMA Circular 124

Municipal Debt Relief Report

Mpofana Municipality

July 2025

**DISTRIBUTION:**

Municipal Manager: **Dr. E.H. Dladla**

Chief Financial Officer: **Mr. N Duma**

Sector Departments: **National Treasury Email: [RevenueManagement@treasury.gov.za](mailto:RevenueManagement@treasury.gov.za)**

**Email: [Mohamed@mfip.gov.za](mailto: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  
26 August 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](mailto:RevenueManagement@treasury.gov.za); [Mohamed@mfip.gov.za](mailto:Mohamed@mfip.gov.za);  
[mm.office@mpofana.gov.za](mailto:mm.office@mpofana.gov.za); [sli.buthelezi@mpofana.gov.za](mailto:sli.buthelezi@mpofana.gov.za); [cfo.office@mpofana.gov.za](mailto:cfo.office@mpofana.gov.za);

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

#### **MPOFANA MUNICIPALITY – MONTHLY DEBT RELIEF REPORT – JULY 2025**

National Treasury approved the debt relief application of Mpofana Municipality with effect 01 October 2023. September 2024 constituted the 12<sup>th</sup> month of the municipality's first 12-month debt relief compliance cycle. July 2025 constitutes the 10<sup>th</sup> 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 July 2025. This report **highlights the areas of compliance and non-compliance** for the month of July 2025, the support measures instituted by Provincial Treasury, and the actions taken by the municipality in the month of August 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 66% average compliance with the MFMA Circular 124 conditions during July 2025 – refer to the performance sheet in the table below that shows the municipality's debt relief compliance performance for July 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 30<sup>th</sup> September 2024, nor the second third (2/3), which ends on the 30<sup>th</sup> September 2025 unless the outstanding non-compliance issues are addressed.

**National Treasury issued a final warning to the municipality on the 17<sup>th</sup> 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 17<sup>th</sup> 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 – June 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 July 2025 are discussed in more detail below.



**KWAZULU-NATAL PROVINCE**

TREASURY  
REPUBLIC OF SOUTH AFRICA

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

Municipal Details			Monthly Performance Report																														Scoring and Rating														
			Part A						Part B					Part C			Part D				Part E					Part F																					
Month	Code Descr	Code	Eskom And Bulk water current account						Compliance with a funded MTREF					FRP/BFP & Tariff Assessment			Electricity and water as collection tools				Quarterly collection of property rates and services charges					Maximization of Revenue Base			Oversight							Score	Rating										
			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				
25.July25	Mpfana	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	Mpfana	KZN223																																												0%	Not completed
27.September25	Mpfana	KZN223																																											0%	Not completed	
28.October25	Mpfana	KZN223																																											0%	Not completed	
29.November25	Mpfana	KZN223																																											0%	Not completed	
30.December25	Mpfana	KZN223																																										0%	Not completed		
31.January26	Mpfana	KZN223																																										0%	Not completed		
32.February26	Mpfana	KZN223																																										0%	Not completed		
33.March26	Mpfana	KZN223																																										0%	Not completed		
34.April26	Mpfana	KZN223																																										0%	Not completed		
35.May26	Mpfana	KZN223																																										0%	Not completed		
36.June26	Mpfana	KZN223																																										0%	Not completed		
37.July26	Mpfana	KZN223																																										0%	Not completed		
38.August26	Mpfana	KZN223																																										0%	Not completed		
39.September26	Mpfana	KZN223																																										0%	Not completed		
40.October26	Mpfana	KZN223																																										0%	Not completed		
41.November26	Mpfana	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 R10.7 million as per the Eskom invoice for June 2025 (which was due and payable on 18 July 2025) was not fully paid. **The municipality has provided proof of payment of only R1.5 million made on 15 July 2025 toward the June 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. However, during the meeting held on 11 March 2025 which was attended by the Ministerial Representative, Municipal Manager and Acting CFO, KZN PT was advised that the payment plan between the municipality and Eskom is still not concluded. The municipality was accordingly reminded of the potential consequences of not adhering to the Debt relief conditions.

During the 2025/26 MTREF Budget bilateral meeting held on 09 May 2025, the municipality indicated that it is currently negotiating the finalisation of the DAA agreement with Eskom.

Eskom confirmed in its Section 41 report for July 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 17<sup>th</sup> December 2024. The municipality indicated in its Section 71 report that there was no payment made towards the May 2025 invoice due to financial constraints faced by the municipality.

The proof of the Eskom payment of the R1.5 million made on 15<sup>th</sup> July 2025 has been uploaded on the GoMuni portal. Furthermore, no proof of payments has been provided by the municipality in relation to the October 2024, November 2024, December 2024, January 2025, February 2025, March 2025, April 2025 and May 2025 invoices.

As per the mSCOA data string for Month 01 (July 2025), the municipality appears to have significantly understated the payments to Suppliers and employees in Table C7. The municipality reported Suppliers and employees of R602 000 in Table C7 while Table C4 reflects that the municipality has incurred operational expenditure of R21.9 million. Therefore, the proof of payment does not reconcile to the amount recorded in the mSCOA data string. It should be noted that the Eskom S41 report for July 2025 did reflect the payment made of R 1,5 million.

### **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 and is a critical area that the municipality needs to focus on to achieve a funded position.

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 in the Budget funding plan to address the aging of infrastructure and the increase in electricity losses. The municipality has also not concluded a repayment plan with Eskom in respect of the arrear amount of R213.8 million not covered by the Debt Relief Programme. 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. KZN Provincial Treasury together with the NT MFIP advisor will be meeting with the municipality in September 2025 to provide support on the Budget funding plan.

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. 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 July 2025. The electricity disconnection report for July 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 July is the first 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 14<sup>th</sup> 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 July 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 72% average monthly collection rate (Collection in July 2025: R4 339 697 / Billing for June 2025: R6 049 360) for property rates and services charges for the month of July 2025, which is below the minimum of 85% required as per MFMA Circular 124.

KZN PT engaged with the Municipality on 5<sup>th</sup> and 6<sup>th</sup> August 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 20<sup>th</sup> August 2025, it was confirmed the Municipality had uploaded the payment rate per service for month 1 of the 25/26 financial year (July 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 25 of the Month 01 (July 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 July 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**. The remaining variances were not able to be resolved in the month of July 2025 as anticipated:

- The financial system vendor is still working on resolving the Market value variance on the billing system for Residential properties. There is still a R2 231 875 500 variance on the market values that needs to be amended on the financial system as at July 2025.
- The Municipality used a July 25 supplementary roll which resulted in additional variances arising in the month of July 25 as compared to the month of June 25. In June 2025 there was 1 variance on the number of properties on the NT Valuation roll tool, while in July 2025, there was 19 positive and 19 negative variances. These variances have been reduced during August 2025 and the MFIP Advisor is working with the Municipality to clear these exceptions.
-



On 23<sup>rd</sup> and 31<sup>st</sup> July 2025, the MFIP advisor had a working session and on the job training on GV reconciliation tool for July 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 surplus of R4.5 million in the Section 71 Schedule C and the mSCOA data strings for Month 01 (July 2025). The municipality has spent 11.8 percent of its Operating budget in Month 01 compared to the straight-line projection of 8.3 percent. This variance suggests challenges in the municipality's financial management and reporting processes as well as the 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 and improving the accuracy of its financial reporting.

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:

<b>MFMA S71 Statement component</b>		<b>Compliance (Yes / No)</b>
1.	<b><i>The Budget Performance Overview (paragraph 4) of the MFMA S71 statement</i></b> 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 01 in the S71 report. However, the municipality has not uploaded the Budget Funding Plan performance report on GoMuni.
2.	<b><i>The conclusion (paragraph 14) of the MFMA S71 statement</i></b> 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.



## KWAZULU-NATAL PROVINCE

TREASURY  
REPUBLIC OF SOUTH AFRICA

	with the implementation of the municipality's Budget Funding Plan and / or Funded Budget.	
3.	<b>Annexure B of the MFMA S71 statement included the following debt relief reporting components-</b>	
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 <b>MFMA Budget Circular 128 (Annexure B)</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 <b>MFMA Budget Circular 128 (Annexure D).</b>	Yes
3.5.1	The indigent management information	No
3.5.2	The indigent management information was included in the format of <b>MFMA Budget Circular 128 (Annexure C).</b>	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 July 2025 (i.e. the June 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 15 <sup>th</sup> July 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 14<sup>th</sup> May 2024, to take the officials through the S71 reporting guidelines issued by National Treasury on the 10<sup>th</sup> 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 Mpfana LM in the months of June 2024 – July 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 15<sup>th</sup>, 18<sup>th</sup>, 23<sup>th</sup>, 24<sup>th</sup> and 31<sup>st</sup> July 2025. The debt relief engagements by the MFIP Advisor covered the following:

- Comparison of revised General Valuation (GV) roll for July 25 to Initial April 25 GV roll; Assessing impact on revenue; Emailed CFO and revenue team the reconciliation.
- Performed year end check of Tariffs per June 25 billing report to tariffs listing per system; Identified differences reported to Revenue unit for investigation.
- Facilitated completion of One-on-One training on Section 71 Reporting and analytical outcome, with key findings and recommendations (June 25).
- Facilitating working session of Implementing Invoice Register; Review of register from July 2024 - June 2025; portfolio of evidence for 30 days MFMA compliance.
- Facilitated completion of One-on-One training with Expenditure unit on Expenditure analysis and management report writing for June 25 with supporting documents.
- Performed and facilitated training on the GV reconciliation for July 2025 (Pre-bill Test) - VERSION 1 and 2 (including analysis of billing report, sorting and pivot into suitable format, and compiling workings); Going through the SOPs developed.
- Finalizing Final Report on Debt Compliance Status Report (June 25), and updating from consolidating supporting documents (including Executive Summary, Impact assessment for Electricity losses, under billing, high fixed costs, low collection, and other key finding and recommendations)
- Facilitated completion of One-on-One training on Revenue analysis and management report writing; Revenue management including trends, collection rate, government debt, TOP 50, and improvement initiatives for June 25.

#### **Condition 6.10: Provincial Treasury certification of municipal compliance**

KZN Provincial Treasury has no outstanding compliance assessments and reports for Mpfana LM since its approval effective 1<sup>st</sup> 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 Mpfana 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 July 2025. **The signed compliance certificate is attached as an Annexure to this report.**

The KZN Provincial Treasury's assessment and compliance certificate confirmed that Mpfana Municipality during July 2025 did not fully comply with all the MFMA Circular 124 conditions and was elaborated on above. It is noted that the municipality's July 2025 average compliance of 66% is an improvement as compared to the 63% compliance rate achieved during June 2025.



## KWAZULU-NATAL PROVINCE

TREASURY  
REPUBLIC OF SOUTH AFRICA

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 17<sup>th</sup> 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

A handwritten signature in cursive script, appearing to read 'C. Coetzee'.

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**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**

**Kwa-Zulu Natal Provincial Treasury**

### Certificate of Compliance: Municipal Debt Relief Conditions for Application

**Period**

Jul'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 <b>bulk water current account</b> within 30 days of receiving the relevant invoice (this applies to all municipalities, including metros)? <i>Note - refer condition 6.12.2</i>	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 <a href="https://lguploadportal.treasury.gov.za">https://lguploadportal.treasury.gov.za</a> ?	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 <b>Eskom bulk current account</b> within 30 days of receiving the relevant invoice (this applies to all municipalities, including metros)? <i>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.</i>	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 <a href="https://lguploadportal.treasury.gov.za">https://lguploadportal.treasury.gov.za</a> ?	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?	No
	6,4	Compliance with a funded MTREF – <i>(choose from drop down list the MTREF assessed)</i>	Select
7	6.4.1	- Is the municipality's MTREF funded and aligning to the National Treasury's Budget Funding Guidelines - <a href="http://mfma.treasury.gov.za/Guidelines/Pages/Funding.aspx">http://mfma.treasury.gov.za/Guidelines/Pages/Funding.aspx</a> ?	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 <i>(considering the actual collection of revenue and property rates during the 12 months immediately preceding the tabling of the budget)</i> on the A1 Schedule (Table A4 - Budgeted Financial Performance) of the Municipal Budget-and Reporting Regulations?	No

		<i>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".</i>	
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
		<i>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".</i>	
11	6.4.2	- <b>If the municipality's MTREF is not funded</b> , 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
		<i>Note - if the municipality has an FRP, a separate budget funding plan is not necessary. However, the PT / NT must assesses whether the existing FRP incorporates / will give effect to a funded MTREF. If not, the FRP requires strengthening.</i>	
12	6.4.2	- <b>If the municipality's MTREF is not funded and it has an FRP per the legislative framework</b> , 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)? <i>Note - only if the municipality does not have an FRP may "N/A" be selected from the dropdown list.</i>	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	<b>Cost reflective tariffs</b> – (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	<b>Electricity and water as collection tools</b> – has the municipality, with effect from the tabling of the 2023/24 MTREF, <b>demonstrated, through its by-laws and budget related policies</b> 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? <i>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.</i>	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? <i>Note – the municipality's monthly MFMA s.71 statement must include as part of the narratives the Indigent Information in the required NT format.</i>	No
	6.6	<b>Supporting evidence</b> : 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	<b>Maintain a minimum average quarterly collection of property rates and services charges</b> –	
19	6.7.1	- Has the municipality achieved a minimum of <b>80 per cent average quarterly collection</b> of property rates and service charges <b>with effect from 01 April 2023</b> and <b>85 per cent average quarterly collection</b> <b>with effect from 01 April 2024</b> 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
		<i>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.</i>	
	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, <b>has the municipality demonstrated to the satisfaction of National Treasury the following :</b>	

20	6.7.2.1	* the underperformance directly relates to Eskom supplied areas where the municipality does not have electricity as a collection tool <u>and</u> 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 <u>and</u> 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 <u>and</u> 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
<b>6,8 Municipality's Completeness of the revenue base –</b>			
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? <i>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</i>	Yes
28	6.8.2	- <b>For the latest ending Quarter</b> -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 <a href="https://lguploadportal.treasury.gov.za">https://lguploadportal.treasury.gov.za</a> ?	Yes
<b>6,9 Monitor and report on implementation –</b>			
29	6.9.1	- <b>MFMA section 71 reporting</b> – 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 <b>active intervention evident</b> from the narratives supporting the municipality's monthly MFMA section 71 reporting and recorded on the financial system as per the mSCOA data string? <i>Note - condition 6.9.2 has a typing error and must refer to 6.9.1.</i>	No
31	6.9.3	- <b>Municipalities with financial recovery plans (FRP)</b> – 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 <a href="https://lguploadportal.treasury.gov.za">https://lguploadportal.treasury.gov.za</a> ?	No FRP
<i>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.</i>			
<b>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:</b>			
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 <b>conditions for provincial treasuries</b> (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 <a href="https://lguploadportal.treasury.gov.za">https://lguploadportal.treasury.gov.za</a> ? <i>Note - in the case of a non-delegated municipality the National Treasury to issue the compliance certificate.</i>	Yes
35	6.10.3	- has the Provincial Treasury failed to rectify any provincial treasury non-compliance with any of the <b>conditions for provincial treasuries</b> (refer paragraph 4.1.1 to 4.1.6 of MFMA Circular no. 124) within one month of the non-compliance occurring?	No
<i>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.</i>			

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
		<i>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.</i>	
	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
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
		<i>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).</i>	
39		<b>Supporting evidence</b> : 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
40	6,13	<b>Accounting Treatment</b> - 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? <i>Note - to include accounting for any related benefit (e.g. interest suppression, etc.) and alignment with mSCOA.</i>	Yes
41	6,14	'NERSA License - has the municipality during the month failed to comply with any condition of the Municipal Debt Relief?	No
		<i>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.</i>	

PT: HOD/ NT / MM Name:

Carol Coetzee

Signature of HOD/ NT/ MM:



Date:

28/08/25

**\*\* 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.

## **17. Municipal Manager's quality certification**

- Municipal Manager's quality certificate for August 2025 will be attached as: **Attachment 6**

## **18. Recommendations:**

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

1. The monthly budget statement for August 2025
2. The non-compliance emanating from the municipality's debt relief self-assessment as well as the Provincial Treasury's independent assessment set-out in paragraph 16 above;
3. The following remedial actions necessary and / or undertaken to improve the municipality's monthly compliance in terms of the Debt Relief Conditions:
  - a. The municipal urgently starts with Meter auditing and Meter calibration as per the Electricity distribution losses
  - b. The municipality to table Municipal Debt Concession for customers to settle their outstanding account to increase collection on all debt which will enable the municipality to start servicing the Eskom Account.
  - c. The municipality to use the Energy Efficiency and Demand side management grant to improve electricity function as per latest DORA
  - d. To ring fence all electricity Proceeds in the 2025/26 FY;
4. The balance of the Eskom bulk account and the municipality's reconciliation of these accounts as set-out in paragraph 16.6 above.





REVENUE TREND ANALYSIS REPORT – (August 2025)

# **Mpofana Local Municipality**

## REPORT TO THE CFO



Report number: 2025/26\_(M02)

Author: Billing/Debtors & Credit Control  
Designation: Accountants Revenue

**SUBJECT:** REVENUE TREND ANALYSIS REPORT (August 2025)

**DATE:** September 2025

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## REVENUE TREND ANALYSIS REPORT – (August 2025)

### Table of Contents

1	Introduction .....	3
1.1	Background .....	3
1.2	Purpose .....	5
2	Report on Debtors Management.....	6
2.1	Age Analysis vs C schedule.....	6
2.2	Analysis of Debtors by Income Source.....	8
2.3	Analysis of Debtors by Days outstanding.....	10
2.4	Analysis of Debtors – Government .....	11
2.5	Analysis of Debtors – TOP 100 .....	12
2.6	Report on Valuation Roll reconciliation .....	13
3	Report on Credit Control.....	16
3.1	Status of Cut Offs .....	16
3.2	Revenue protection .....	18
3.3	Electricity Losses .....	19
3.4	Collection Rate .....	20
4	Report on Indigent management.....	23
5	Revenue Assessments.....	24
6	Revenue Training .....	25
7	Status of Reconciliations.....	27
7.1	Summary Status .....	27
7.2	Bank & Investment Reconciliation .....	28
7.3	Interest Reconciliation .....	29
7.4	Unallocated deposits Reconciliation.....	30
7.5	Rates Reconciliation.....	32
7.6	Refuse .....	33
7.7	Electricity.....	34
7.8	Sundry - Rental.....	35
7.9	Sundry - Fines.....	36
8	Recommendations .....	37



## REVENUE TREND ANALYSIS REPORT – (August 2025)

# 1 Introduction

## 1.1 Background

Revenue Management is part of the key deliverables identified in the SDBIP under the CFO responsibility. Status of Revenue is reported monthly via MFMA Section 71 Reports. A Finance Portfolio committee is in place to monitor and optimise efforts in Revenue Analysis and management.

MPOFANA LOCAL MUNICIPALITY SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDDIP) 2025/2026														
National Key Performance Area	Responsible Department	Back to Basics Pillars	IDP Objectives	IDP Ref No.	Strategy	Msoo Project Ref	Project Name (Msoo)	Unit of Measure	SDBIP Indicator Reference No.	Indicator	2025/2026			Annual Target 2025 / 2026
											Demand	Baseline	Backlook	
	Budget and Treasury Office	Sound Financial Management	To increase funding and revenue generation	E1	Develop and implement measures to expand revenue base and generation	E1.1		%	E1.1.1	% Revenue Growth- (Period under review's Total Revenue)	7%			12% Revenue Growth by 30 June 2026
									E1.1.2	% Revenue Growth Excluding capital grants	7%			15% Revenue Growth Excluding capital grants by 30 June 2026
									E1.1.3	% Operating Revenue Budget implementation indicator. $\frac{\text{Actual Operating Revenue}}{\text{Budget Operating Revenue}}$	95% - 100%			95%-100% Actual Operating Revenue over Budgeted Operating Revenue by 30 June 2026
									E1.1.4	Date valuation roll implemented	01-Jul			Valuation roll implemented by 01 July 2025 on the billing system
	Budget and Treasury Office	Sound Financial Management				E1.2		Number in days	E1.2.1	Number of Net Debtors Days - $\frac{\text{((Gross Debtors - Bad debt Provision))}}{\text{Actual Billed Revenue}}$ x 365	30			30 or < Net Debtors Days by 30 June 2026
									E1.2.2	Number of monthly disconnection report done	12			12 disconnection report (1 per month) by 30 June 2026
									E1.2.3	% Collection Rate - $\frac{\text{((Gross Debtors Opening Balance + Billed Revenue - Gross Debtors Closing Balance - Bad Debt Provision))}}{\text{Gross Debtors Opening Balance + Billed Revenue}}$	93% - 95%			95% - 100% Collection Rate by 30 June 2026
	Budget and Treasury Office	Sound Financial Management				E1.3		Number	E1.3.1	Current Ratio. Number of Current Assets/ Current Liabilities	1.5 - 2.1			1.5 - 2.1 Current Asset ratio by 2026
									E1.3.2	Cash / Cost coverage ratio in months. $\frac{\text{Cash/Cost Coverage Ratio in Months - ((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure}}{\text{Monthly Fixed Operational Expenditure}}$	1-3 Months			1 - 3 Cash / Cost Coverage Ratio in Months by 30 June 2026



REVENUE TREND ANALYSIS REPORT – (August 2025)

MPOFANA LOCAL MUNICIPALITY SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP) 2025/2026

National Key Performance Area	Responsible Department	Back to Basics Pillars	IDP Objectives	IDP Ref No.	Strategy	Msooa Project Ref	Project Name (Msooa)	Unit of Measure	SDBIP Indicator Reference No.	Indicator	2025/2026			Annual Target 2025 / 2026
											Demand	Baseline	Backlog	
FINANCIAL VIABILITY & FINANCIAL MANAGEMENT	Budget and Treasury Office	Sound Financial Management	Improve expenditure and maximise the economies of scale	E2	To control and account for all Municipal expenditure	E2.1			E1.3.3	Number of Monthly cash flow projection report prepared	12			12 Monthly cash flow reports prepared by 30 June 2026
								Number in days	E1.3.4	Number of Creditors Payment Period in days - Trade Creditors Outstanding /Credit	30			30 Creditors Payment days by 30 June 2026
								%	E2.1.1	% I,F & W, U Expenditure incurred-(Irregular, Fruitless and Wasteful and Unauthorised Expenditure)/Total Operating Expenditure x100	0%			0% Irregular, Fruitless and Wasteful and Unauthorised Expenditure incurred by 30 June 2026
									E2.1.2	% staff cost over OPEX incurred - remuneration (Employee Related Costs and Councillors' Remuneration) / Total Operating Expenditure x 100	25% - 40%			25%- 40% staff cost over OPEX incurred by 30 June 2026
									E2.1.2	% Contract Serv incurred over OPEX - Contracted Services / Total Operating Expenditure x 100	2% - 5%			2% - 5% Contract Serv incurred over OPEX by 30 June 2026
									E2.1.3	%CAPEX BUDGET SPENT - Actual Capital Expenditure / Budget Capital Expenditure x 100	95% - 100%			95%- 100% CAPEX BUDGET SPENT by 30 June 2026
									E2.1.4	% OPEX Budget Spent - Actual Operating Expenditure / Budgeted Operating Expenditure x100	95% - 100%			95% - 100% OPEX Budget Spent by 30 June 2026
									E2.1.5	% Electricity Grant (INEP) Budget Spent - Actual INEP Expenditure / INEP Budget Expenditure x 100	95% -100%			95%- 100% Electricity Grant (INEP) Budget Spent by 30 June 2026
								Number	E2.1.6	Number of budget statement (S71/S72) reports submitted to Treasury	12			12 Budget Statement (S71/S72) reports submitted to Treasury by 30 June 2026
								%	E2.1.7	%of electricity losses to be within the 7%- 10% thresholds	7%-10%			Electricity losses to be within the 7%-10% thresholds by 30 June 2026



## REVENUE TREND ANALYSIS REPORT – (August 2025)

## MPOFANA LOCAL MUNICIPALITY SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP) 2025/2026

National Key Performance Area	Responsible Department	Back to Basics Pillars	IDP Objectives	IDP Ref No.	Strategy	Mscosa Project Ref	Project Name (Mscosa)	Unit of Measure	SDBIP Indicator Reference No.	Indicator	2025/2026			Annual Target 2025 / 2026
											Demand	Baseline	Backlog	
	Budget and Treasury Office	Sound Financial Management			To enforce a fair and legislatively compliance SCM policy	E2.2		Number	E2.2.1	Number of report on update contract register submitted to portfolio committee	12			12 reports on contract register updated and submitted to portfolio committee by 30 June 2026
								Date	E2.2.2	Date SCM Policy reviewed	31-Mar-22			SCM Policy reviewed and adopted by Council by 31 March 2026
								Number	E2.2.3	Number of Quarterly report on the implementation of SCM policy reported to Council	4			4 Report on the implementation of SCM policy reported to Council by 30 June 2026
								Date	E2.2.4	Date the Organisational procurement plan approved				Organisational procurement plan approved by the CFO on or before 31 March 2026
	Budget and Treasury Office	Sound Financial Management	To budget and report on all Municipal financial transactions according to legislation	E3	Compliance with MFMA	E3.1		Date	E3.1.1	Date Draft Budget tabled approved by Council	31-Mar			Draft Budget tabled approved by Council on or before 31 March 2026
									E3.1.2	Date Final Budget approved by Council	31-May			Final Budget approved by Council on or before 31 May 2026
								Number	E3.1.3	Number of meetings conducted to review the Rates and Tariffs (Budget Road Shows) by 30 June 2026	1			1 Meeting conducted to review the Rates and Tariffs (Budget Road Shows) by 30 June 2026
									E3.1.4	Number of Budget Steering Committee meeting held				2 Budget Steering Committee meetings held by 30 June 2026
								Date	E3.1.5	Date Mid-Year budget review approved by Council	25-Jan			Mid-Year budget reviewed approved by Council on or before 25 January 2026
									E3.1.6	Date Adjustment budget approved	25-Feb			Adjustment budget approved by Council on or before 25 February 2026
									E3.1.7	Date 2024/2025 Financial year AFS submitted to Auditor General	31-Aug			2024/2025 Financial Year AFS submitted to Auditor General on or before 31 August 2025
								%	E3.1.8	% of leased properties with valid lease agreements	100%			100% of leased properties with valid lease agreements by 30 June 2026
								Number	E3.1.9	Number of VAT returns submitted to SARS	12			12 VAT returns submitted to SARS by 30 June 2026

## 1.2 Purpose

To report on the trend in Revenue to track Revenue performance, measure the Revenue Enhancement initiatives and be able to take remedial action accordingly. To provide status quo on Reconciliations to date.



REVENUE TREND ANALYSIS REPORT – (August 2025)

## 2 Report on Debtors Management

### 2.1 Age Analysis vs C schedule

The following represents the comparison for August 2025, between the C schedules & debtors age analysis:

Aug-25				
C schedule		Debtors age analysis		Differences
Category	Value	Category	Value	
Organs of state	R -	Organs of state	R 7 264 395.41	-R 7 264 395.41
Commercial	R -	Commercial	R 30 425 040.17	-R 30 425 040.17
Households	R -	Households	R 118 820 525.01	-R 118 820 525.01
Other	R175 077 505.00	Other	R 18 468 291.73	R 156 609 213.27
<b>TOTAL</b>	<b>R175 077 505.00</b>		<b>R 174 978 252.32</b>	<b>R 99 252.68</b>



### REVENUE TREND ANALYSIS REPORT – (August 2025)

#### C Schedule – August 25:

KZN223 Mpfana - Supporting Table SC3 Monthly Budget Statement - aged debtors - M02 August													
Description	NT Code	Budget Year 2025/26										Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total	Total over 90 days		
R thousands													
Total By Income Source	2000	5 545	2 895	2 044	1 222	1 237	1 223	7 462	153 450	175 078	164 594	-	-
2024/25 - totals only										-	-		
Debtors Age Analysis By Customer Group													
Organs of State	2200	-	-	-	-	-	-	-	-	-	-	-	-
Commercial	2300	-	-	-	-	-	-	-	-	-	-	-	-
Households	2400	-	-	-	-	-	-	-	-	-	-	-	-
Other	2500	5 545	2 895	2 044	1 222	1 237	1 223	7 462	153 450	175 078	164 594	-	-
Total By Customer Group	2600	5 545	2 895	2 044	1 222	1 237	1 223	7 462	153 450	175 078	164 594	-	-

#### Age Analysis – August 25:

AR Age Analysis per (Category Service)													
Aging Date		31-Aug-25											
Area: <ALL>		Report Date: 08 September 2											
											Balance Check to Detail Aging	✓	-
Service	Report Category	Property Zoning	180 Days	150 Days	120 Days	90 Days	60 Days	30 Days	Current	Balance			
Rental	Exchange	Business and Commercial	127 481.16	1 232.04	1 232.04	1 232.04	1 232.04	1 232.04	1 232.04	1 232.04	134 873.40		
		Government	36 976.66	0.00	0.00	0.00	814.81	2 500.00	2 500.00	42 791.47			
<b>Grand Total</b>			<b>160 944 679.74</b>	<b>1 205 477.64</b>	<b>1 241 534.35</b>	<b>1 188 997.76</b>	<b>2 045 940.09</b>	<b>2 893 766.13</b>	<b>5 457 856.60</b>	<b>174 978 252.31</b>			

#### Key observations & recommendations (August 2025):

- It is observed that there are differences in TOTAL of R 99 252 between the C schedules & Age Analysis.
- C schedules are not being populated for categories State, Commercial & Households; To engage the service provider to ensure alignment



REVENUE TREND ANALYSIS REPORT – (August 2025)

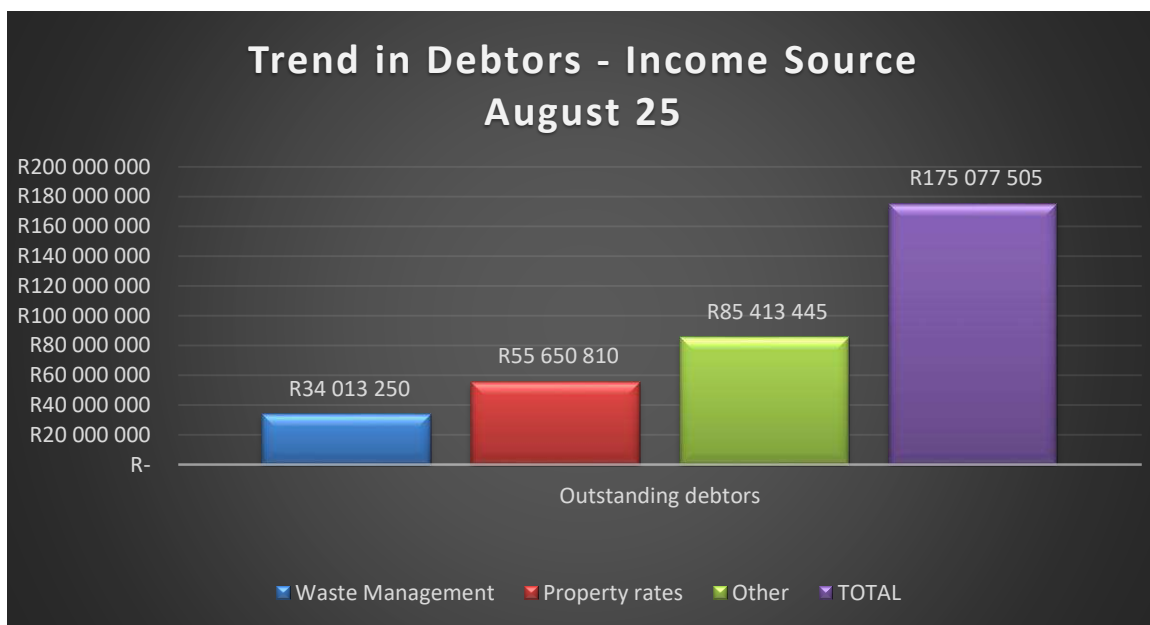
2.2 Analysis of Debtors by Income Source

KZN223 Mpofana - Supporting Table SC3 Monthly Budget Statement - aged debtors - M02 August

Description	NT Code	Budget Year 2025/26									Total over 90 days	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy	
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total				
<b>R thousands</b>														
<b>Debtors Age Analysis By Income Source</b>														
Trade and Other Receivables from Exchange Transactions - Water	1200	-	-	-	-	-	-	-	-	-	-	-	-	-
Trade and Other Receivables from Exchange Transactions - Electricity	1300	1 748	5	-	-	-	-	1	148	1 902	149	-	-	-
Receivables from Non-exchange Transactions - Property Rates	1400	1 045	1 153	1 345	710	758	738	4 399	45 502	55 651	52 108	-	-	-
Receivables from Exchange Transactions - Waste Water Management	1500	-	-	-	-	-	-	-	-	-	-	-	-	-
Receivables from Exchange Transactions - Waste Management	1600	526	519	447	440	445	434	2 994	28 209	34 013	32 520	-	-	-
Receivables from Exchange Transactions - Property Rental Debtors	1700	(952)	28	6	4	4	4	59	1 079	232	1 150	-	-	-
Interest on Arrear Debtor Accounts	1810	-	-	-	(1)	(1)	-	(3)	(11)	(16)	(16)	-	-	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	1900	3 178	1 191	245	69	31	47	12	78 523	83 296	78 683	-	-	-
<b>Total By Income Source</b>	<b>2000</b>	<b>5 545</b>	<b>2 895</b>	<b>2 044</b>	<b>1 222</b>	<b>1 237</b>	<b>1 223</b>	<b>7 462</b>	<b>153 450</b>	<b>175 078</b>	<b>164 594</b>	-	-	-
<b>2024/25 - totals only</b>														
<b>Debtors Age Analysis By Customer Group</b>														
Organs of State	2200	-	-	-	-	-	-	-	-	-	-	-	-	-
Commercial	2300	-	-	-	-	-	-	-	-	-	-	-	-	-
Households	2400	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	2500	5 545	2 895	2 044	1 222	1 237	1 223	7 462	153 450	175 078	164 594	-	-	-
<b>Total By Customer Group</b>	<b>2600</b>	<b>5 545</b>	<b>2 895</b>	<b>2 044</b>	<b>1 222</b>	<b>1 237</b>	<b>1 223</b>	<b>7 462</b>	<b>153 450</b>	<b>175 078</b>	<b>164 594</b>	-	-	-



REVENUE TREND ANALYSIS REPORT – (August 2025)



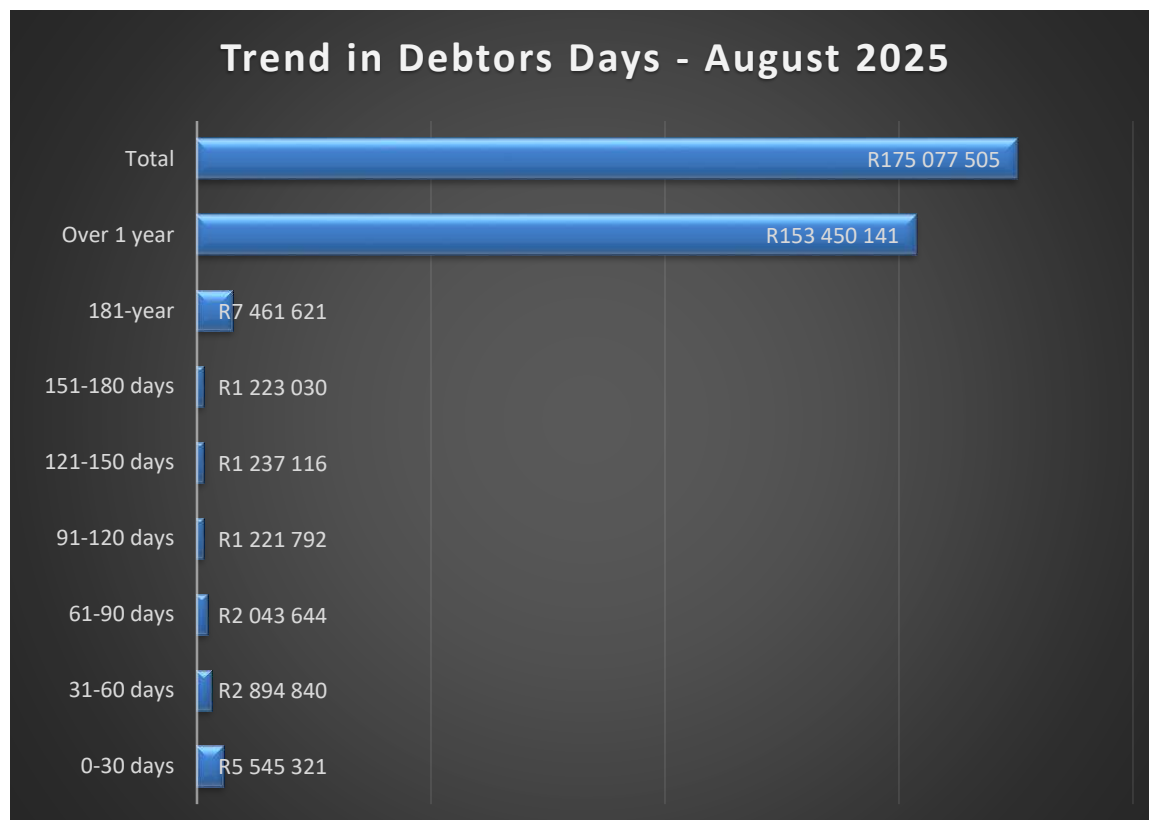
**Key observations & recommendations (August 2025):**

- It can be clearly seen from the table & illustration above, that when comparing Debtors age analysis by Income Source, the category with the highest debtors is Other **R 85 413 m**, i.e. **49%**
- It is recommended that this category of “Other” is investigated via the accounting system to identify the source of debtors and allocate correctly by Income Source



## REVENUE TREND ANALYSIS REPORT – (August 2025)

## 2.3 Analysis of Debtors by Days outstanding

**Key observations & recommendations (August 2025):**

- It can be clearly seen from the table above, that when comparing Debtors age analysis by Outstanding days, the category with the highest debtors is Over a year, at **R 153 450 m**, from a total of **R 175 077 m**, which represents **88%**.
- It is recommended that the age analysis be reviewed monthly & to engage the system provider, as it appears the debtors age analysis by customer group is incorrectly classified, as “Other”. Accountant Billing shall engage the service provider accordingly.



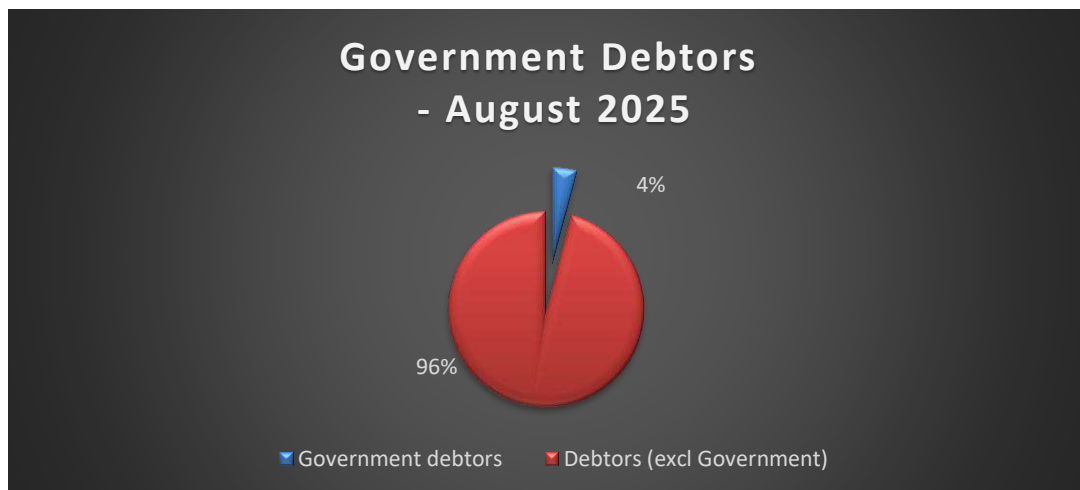
## REVENUE TREND ANALYSIS REPORT – (August 2025)

### 2.4 Analysis of Debtors – Government

The Debtors age analysis for August 2025, was obtained & analysed. It was sorted from the Master into Government & Non-Governmental debtors. The Non-Governmental Debtors, was further analysed, ranked from highest to lowest, and the TOP 100 Debtors excluding Government identified.

The following illustrates the percentage of Government debtors from overall debtors age analysis:

OVERVIEW OF ALL DEBTORS		
Government Debtors	R 7 248 841.07	4.14%
Debtors (excluding GOVT)	R 167 729 009.60	95.86%
<b>TOTAL</b>	<b>R 174 977 850.67</b>	<b>100.00%</b>



#### Key observations & recommendations (August 2025):

- It can be clearly seen from the table and illustration above, that Government debt comprises **4%** of total debt, for an amount of **R 7 248 m**
- These debtors must be included in a Revenue implementation plan, with key deliverables, responsible persons & timelines
- The progress to be reported & monitored on a monthly basis



## REVENUE TREND ANALYSIS REPORT – (August 2025)

### 2.5 Analysis of Debtors – TOP 100

The following illustrates the Overview of TOP 100 debtors (excluding government):

OVERVIEW OF TOP 100 DEBTORS (excl GOVT)			
<b>No of debtor</b>			
45 Group By Group: 2300 (Business)	13 816 979.38	53%	
54 Group By Group: 2400 (Households)	10 684 294.75	41%	
1 Group By Group: Sundry Debtor (Sundry Debtor)	1 748 341.26	7%	
	<b>26 249 615.39</b>	100.00%	

#### Key observations & recommendations (August 2025):

- The 2 highest categories from the TOP 100 Debtors are:
  - Business/Commercial (**45** Debtors with **R 13 816 m** owing)
  - Households (**54** Debtors with **R 10 684 m** owing)
- These debtors must be included in a Revenue implementation plan, with key deliverables, responsible persons & timelines
- The progress to be reported & monitored on a monthly basis



REVENUE TREND ANALYSIS REPORT – (August 2025)

2.6 Report on Valuation Roll reconciliation

The following reconciliations have been performed: August 2025:

Property Rates Reconciliation						
Province	EZH					
District	Mogale City Local Municipality					
Type	RM					
Municipal Phase	Mophona					
GV Period	01/07/2024 - 30/06/2025					
Financial Year	2025/2026					
Reconciliation Period	Quarter 1					
Reconciliation Overview						
Property Categories	High Level Reconciliation			Market Values		
	GV	# of Properties	Variance	GV Market Values	MPD Market Values	Variance
Residential	3921	3629	1	1 221 750 500.00	3 494 705 000.00	2 272 954 500.00
Industrial	21	21	0	75 150 000.00	75 150 000.00	0.00
Business and Commercial	134	135	-1	444 525 000.00	444 535 000.00	10 000.00
Agricultural	724	725	-1	3 021 573 000.00	3 023 055 000.00	1 482 000.00
Mining	0	0	0	0	0	0.00
State Owned for Public Purpose	25	25	0	138 340 000.00	138 340 000.00	0.00
PSD	340	340	0	15 711 000.00	15 711 000.00	0.00
PSD	30	30	0	125 735 000.00	125 735 000.00	0.00
Walk Site	18	18	0	0	0	0.00
Vacant	304	304	0	53 872 000.00	53 872 000.00	0.00
PCW	15	15	0	25 070 000.00	25 070 000.00	0.00
Municipal	611	611	0	48 288 000.00	48 288 000.00	0.00
Other	52	52	0	30 250 000.00	30 250 000.00	0.00
<b>Total</b>	<b>5528</b>	<b>5528</b>	<b>0</b>	<b>3 256 411 500.00</b>	<b>3 256 411 500.00</b>	<b>0.00</b>
Detailed Reconciliation						
Property Categories	Monthly Billing			Quarterly		
	GV	MPD	Variance	GV	MPD	Variance
Residential	1 510 302	449 833	360 469	3 930 008.73	1 348 996.32	1 581 012.41
Industrial	102 240	102 240	0	302 018.75	302 018.71	0.04
Business and Commercial	312 268	312 268	0	853 305.31	853 305.29	0.02
Agricultural	309 812	307 482	2 330	1 995 129.98	1 917 516.91	77 613.07
Mining	0	0	0	0	0	0.00
State Owned for Public Purpose	207 291	207 291	0	107 407 298	107 407 298	0.00
PSD	1 658	1 658	0	4 943.67	4 943.67	0.00
PSD	18 818	18 818	0	86 542.61	86 542.62	0.01
Walk Site	0	0	0	0	0	0.00
Vacant	40 205	40 205	0	120 627.87	120 628.76	0.89
PCW	0	0	0	0	0	0.00
Municipal	0	0	0	0	0	0.00
Other	0	0	0	0	0	0.00
<b>Total</b>	<b>31 054 348.73</b>	<b>11 435 187.05</b>	<b>19 619 161.68</b>	<b>6 152 046.20</b>	<b>4 408 282.30</b>	<b>1 743 763.90</b>
Prepared By	Ms KM Bulehlozi			Date	AUG 2025 Reconciliation	
Signature						
Reviewed By	Mrs. M.P. Mkhize			Date	AUG 2025 Reconciliation	
Signature						



## REVENUE TREND ANALYSIS REPORT – (August 2025)

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

GV vs MFS		
Property Categories	Variances in <u>NUMBER</u>	
	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
<b>TOTAL</b>	<b><u>0</u></b>	<b><u>-1</u></b>



REVENUE TREND ANALYSIS REPORT – (August 2025)

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

GV vs MFS		
Property Categories	Variances in <u>VALUE</u>	
	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 -
<b>TOTAL</b>	<b>-R2 249 465 500</b>	<b>-R2 280 495 500</b>



## REVENUE TREND ANALYSIS REPORT – (August 2025)

### 3 Report on Credit Control

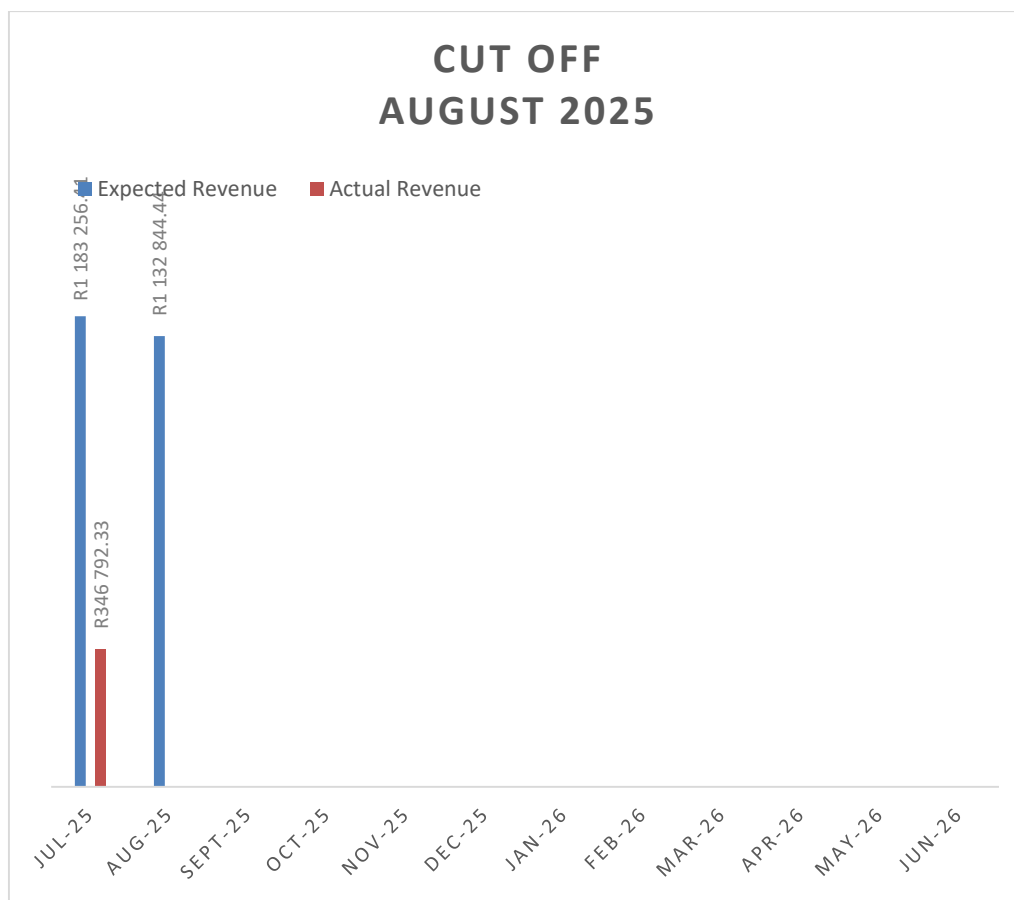
#### 3.1 Status of Cut Offs

##### List of Residents Cut Off

Month	No of Residents	Expected Revenue	Actual Revenue Received	Collection rate
July 2025	37	1 183 256.41	346 792.33	29%
Aug 2025	35	1 132 844.44		
Sept 2025				
Oct 2025				
Nov 2025				
Dec 2025				
Jan 2026				
Feb 2026				
March 2026				
April 2026				
May 2026				
June2026				



## REVENUE TREND ANALYSIS REPORT – (August 2025)

**Key observations of Cut-offs (July and August 2025):**

- For July 2025, disconnections were carried out later than scheduled, and the related payments were only recorded at the end of August. The disconnections for August will take place after the due date of 15 September 2025.



REVENUE TREND ANALYSIS REPORT – (August 2025)

3.2 Revenue protection

The following represents the Illegal tempering list August 2025:

DATE	SURNAME	ADDRESS	AMOUNT	COMMENTS	METER NUMBER
2025/08/04	MVULA	745 TOWN VIEW	8 050.00	TEMPERING	4297428387
2025/08/05	ZUMA	182 TOWN VIEW	2 308.80	NEW METER	4297427801
2025/08/07	MLOTSHWA	1058 TOWN VIEW	5 147.00	TEMPERING	4297427777
2025/08/07	MUNGWE	687 TOEWN VIEW	2 308.80	NEW METER	4297427744
2025/08/07	MASANGO	981 PHUMLASI	3 147.00	TEMPERING	4297427736
2025/08/07	CELE	OPEN SPACE T/V	2 043.40	NEW METER	4297427702
2025/08/07	NTILI	1396 GWALA PARK	5 190.20	NEW METER & TEMPERING	4297428551
2025/08/07	KHUMALO	1171 TOWN VIEW	2 308.80	NEW METER	
2025/08/08	MTUNYWA	453 TOWN VIEW	2 308.80	NEW METER	4297427629
2025/08/08	DUBE	1170 TOWN VIEW	2 308.80	NEW METER	4297427488
2025/08/11	MADLALA	618 TOWN VIEW	2 308.80	NEW METER	4297427561
2025/08/12	KHUZWAYO	369 TOWN VIEW	8 050.00	TEMPERING	4297427520
2025/08/12	MAJOLA	1069 RIVERSDALE	8 050.00	TEMPERING	4297427470
2025/08/12	PERSAD	1145 RIVERSDALE	8 050.00	TEMPERING	4297427512
2025/08/12	BALKAREN	1144 RIVERSDALE	8 050.00	TEMPERING	4297427496
2025/08/11	XULU	1011 PHUMLASI	8 050.00	TEMPERING	4297428056
2025/08/11	KHUMALO	512 VEZUNYAWO	2 308.80	NEW METER	4297427603
2025/08/13	DASARATH	1151 RIVERSDALE	2 308.80	NEW METER	4297428437
2025/08/14	MADELA	1079 RIVESDALE	8 050.00	NEW METER&TEMPERING	4297428015
2025/08/14	HLONGWANE	1151 TOWN VIEW	2 308.80	NEW METER	4297428601
2025/08/18	MKHIZE	1135 RIVERSDALE	2 308.80	NEW METER	4297429278
2025/08/19	MKHIZE	996 RIVERSDALE	8 050.00	NEW METER & TEMPERING	4297429302
2025/08/19	MUNUSAMY	1021 RIVERSDALE	8 050.00	TEMPERING	4297428833
2025/08/21	DLADLA	1815 MANGAUNG	8 050.00	TEMPERING	4297429310
2025/08/22	LAMBO	492 TOWN VIEW	8 050.00	TEMPERING	4297427439
2025/08/22	NDLELA	1057PHUMLASI	8 050.00	TEMPERING	4297429294
2025/08/22	SHOZI	1814 MANGAUNG	2 308.80	NEW METER BOX	4297427736
2025/08/23	CEBEKHULU	1822 MANGAUNG	8 050.00	TEMPERING	4297428171
2025/08/25	ZACA	1061 PHUMLASI	8 050.00	TEMPERING	4297428130
2025/08/25	LAMULA	MASTHETHENI	8 050.00	TEMPERING	4297427652
2025/08/28	ZUMA	349 town view	2 308.80	NEW METER	4297428916
2025/08/27	GOVENDER	FLAT 7 EDGHILL	2 308.80	NEW METER	4297428890
2025/08/26	MKHIZE	867 PHUMLASI	2 308.80	NEW METER	42974290906
2025/08/27	NDAWONDE	MANGAUNG	2 308.80	NEW METER	4297428908
2025/08/27	MAIOLA	MANGAUNG	8 050.00	TEMPERING	4297428676
2025/08/28	SAFLA	NO 3 LAWRENCE RD	8 050.00	TEMPERING	4297428734
2025/08/28	BHUDU	CORNER LARENCE	8 050.00	TEMPERING	4297427447
2025/08/28	ZUNGU	MANGAUNG	8 050.00	TEMPERING	4297428874
2025/08/30	CEBEKHULY	1105 RIVESDALE	8 050.00	TEMPERING	4297429005
			<b>133 479.20</b>		

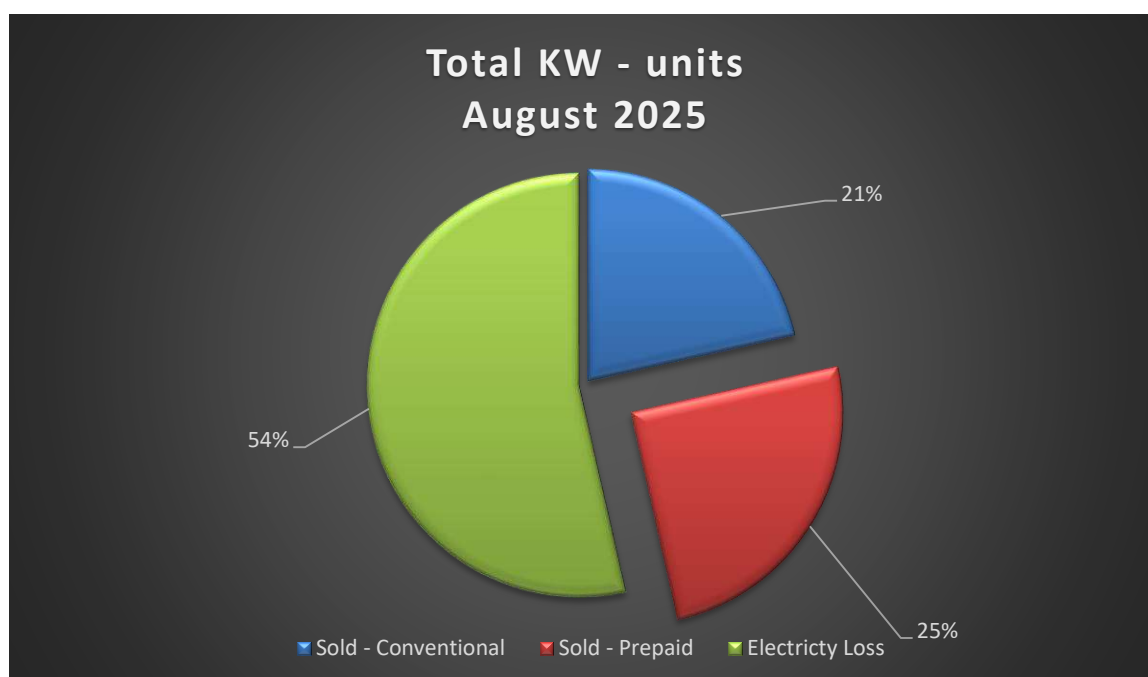


REVENUE TREND ANALYSIS REPORT – (August 2025)

### 3.3 Electricity Losses

The following provides an overview of Electricity Losses for August 2025:

25/26 ELECTRICITY LOSSES						
	KW - UNITS				Sale per unit	Rand Value Lost R
	Purchases for 25/26	Sold to Conventional	Sold to Prepaid	Electricity Loss		
Energy Peak	1 244 167.00	292 854.00	0	951 313.00	5.37	5 112 379.84
Energy Std	2 669 675.00	523 715.00	1 612 610.00	533 350.00	2.90	1 547 722.65
Energy Off	2 553 436.00	574 809.00	0	1 978 627.00	1.47	2 915 061.69
	<b>6 467 278.00</b>	<b>1 391 378.00</b>	<b>1 612 610.00</b>	<b>3 463 290.00</b>		<b>9 575 164.19</b>
			Loss %	53.55%		



**Key Observations:**

- Total Units purchased is 6 467 278.00
- Total Units sold – Conventional 1 391 378.00 (i.e.21%)
- Total Units sold – Prepaid 1 612 610 (i.e. 25%)
- Total electricity loss in Units – **3 463 290 (i.e. 54%)**

The impact of the above is that the Rand value lost for electricity, for August 2025 is

**R 9 575 164.19**



REVENUE TREND ANALYSIS REPORT – (August 2025)

3.4 Collection Rate

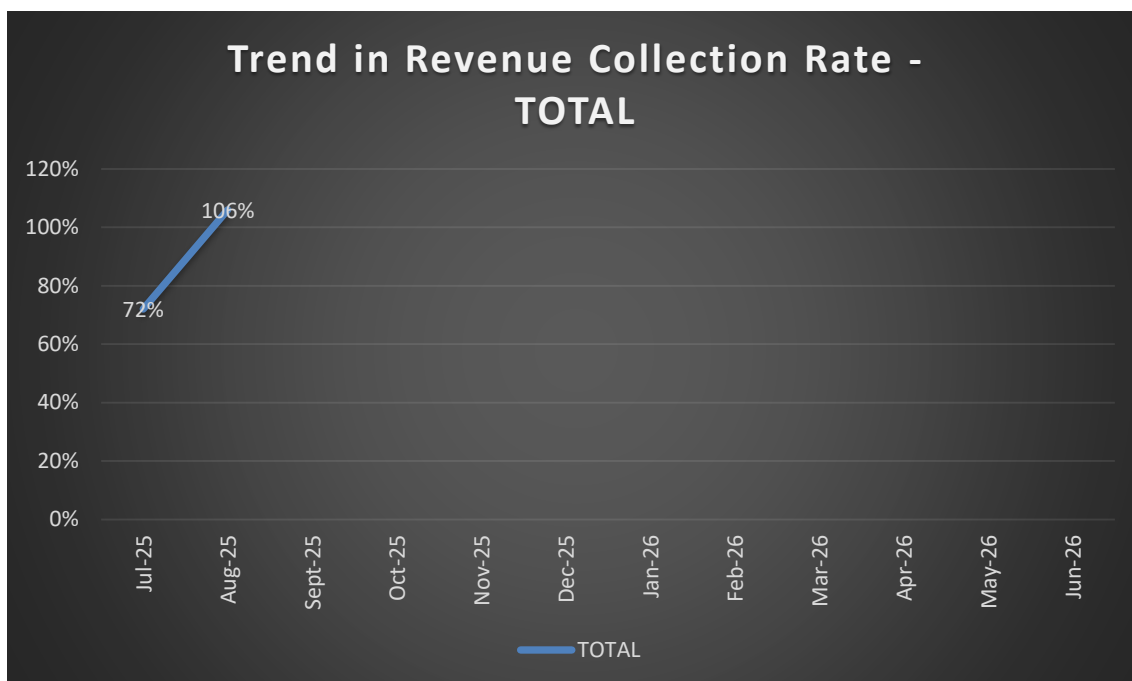
The table & illustrations below demonstrates the collection ratio and related trends for reporting period August 2025.

Collection Rate - Overview												
Reporting period	Property Rates			Electricity			Refuse			TOTAL		
	Billed	Received	Collection rate %	Billed	Received	Collection rate %	Billed	Received	Collection rate %	Billed	Received	Collection rate %
Jul-25	R 1 373 054.17	R 991 670.26	72%	R 4 164 960.55	R 3 288 847.90	79%	R 511 345.36	R 59 178.62	12%	R 6 049 360.08	R 4 339 696.78	72%
Aug-25	R 1 497 030.06	R 1 556 829.57	104%	R 3 408 202.95	R 4 136 635.37	121%	R 577 663.58	R 97 182.56	17%	R 5 482 896.59	R 5 790 647.50	106%
Sept-25			#DIV/0!			#DIV/0!			#DIV/0!	R -	R -	#DIV/0!
Oct-25			#DIV/0!			#DIV/0!			#DIV/0!	R -	R -	#DIV/0!
Nov-25			#DIV/0!			#DIV/0!			#DIV/0!	R -	R -	#DIV/0!
Dec-26			#DIV/0!			#DIV/0!			#DIV/0!	R -	R -	#DIV/0!
Jan-26			#DIV/0!			#DIV/0!			#DIV/0!	R -	R -	#DIV/0!
Feb-26			#DIV/0!			#DIV/0!			#DIV/0!	R -	R -	#DIV/0!
Mar-26			#DIV/0!			#DIV/0!			#DIV/0!	R -	R -	#DIV/0!
Apr-26			#DIV/0!			#DIV/0!			#DIV/0!	R -	R -	#DIV/0!
May-26			#DIV/0!			#DIV/0!			#DIV/0!	R -	R -	#DIV/0!
Jun-26			#DIV/0!			#DIV/0!			#DIV/0!	R -	R -	#DIV/0!

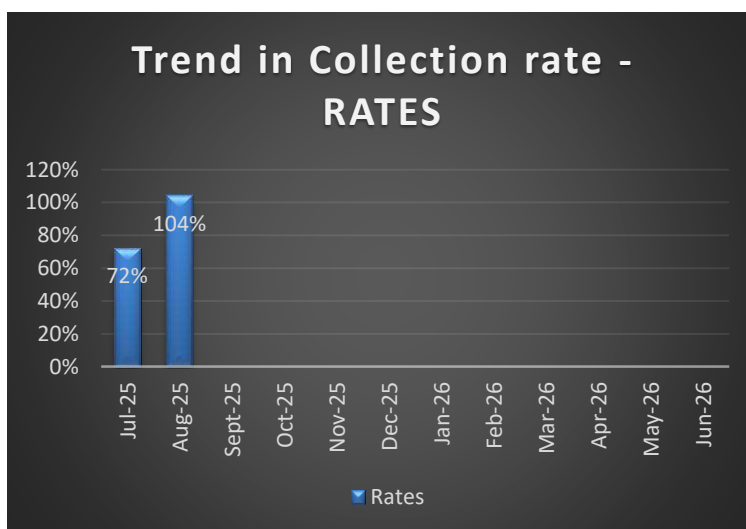


### REVENUE TREND ANALYSIS REPORT – (August 2025)

#### Trend in Collection rate - Total:



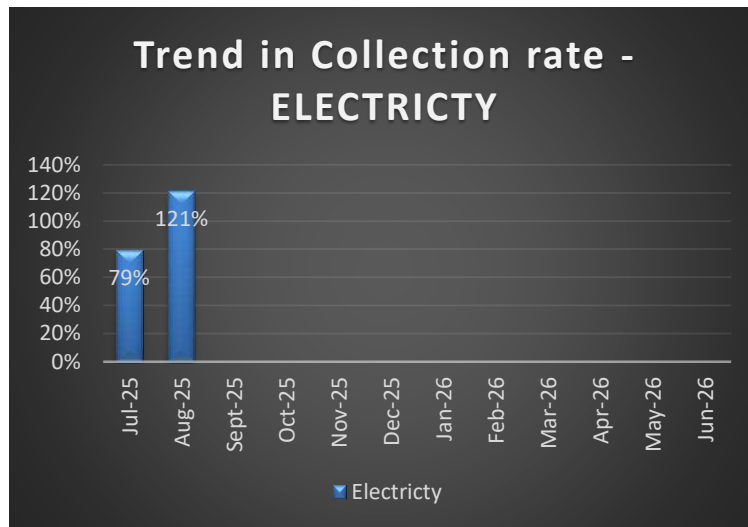
#### Trend in Collection rate - Rates:



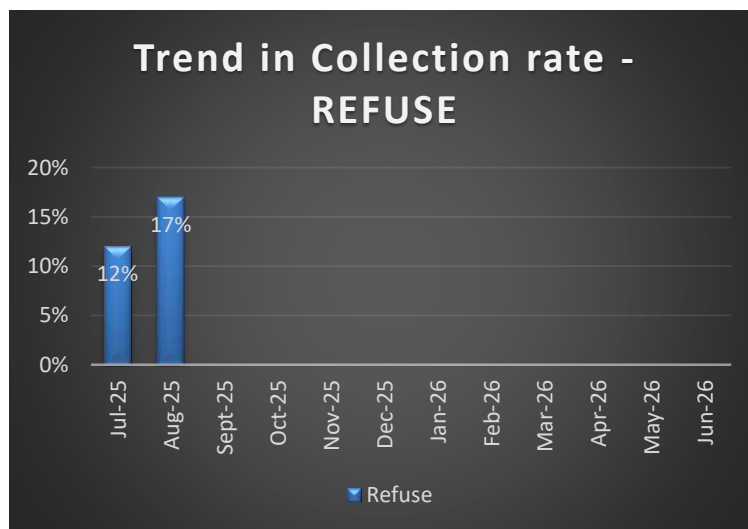


### REVENUE TREND ANALYSIS REPORT – (August 2025)

#### Trend in Collection rate – Electricity:



#### Trend in Collection rate – Refuse:





## REVENUE TREND ANALYSIS REPORT – (August 2025)

## 4 Report on Indigent management

### **Legislation & Background:**

The Municipal Services Act states that the municipality must develop its indigent policy to target FBS to indigent households. The Act requires the municipality to adopt, maintain, and implement a credit control and debt collection policy, which must make “provision for indigent debtors that is consistent with its rates and tariff policies and any national policy on indigents.

The provision of FBS is through the local implementation of municipal indigent policy. According to Stats SA 2016 CS; it was estimated that there were 26919 indigent households identified in RMLM.

### **Current Status of Indigent Debtors management:**

As at the start of the financial year, campaigns have been initiated with public notices to invite the public to apply for Indigent support. As part of the application, and to encourage applicants, it was indicated that those who do not apply, and are Indigent with outstanding balances, shall be disconnected.

Indigent process plan was developed, served to Council & approved. The Draft Indigent register has been completed & sent for review to COGTA.

Currently the Budget provision for free basic services has not been made in the 2025/26 Annual Budget process. However, the indigent register has been approved by council.



## REVENUE TREND ANALYSIS REPORT – (August 2025)

# 5 Revenue Assessments

### **Background**

The Single and Integrated Revenue Management Framework (SIRMF) is a national framework for revenue management, and incorporates an assessment tool that is aligned to the revenue management value chain.

The tool was used to assess the revenue management capacity of **Mpopana Local Municipality**, in August – October 2024, highlight the status quo of revenue management, and generate content that is used to develop a Revenue Management Improvement Programme.

### **Assessment results**

The municipality was assessed overall at **48%**, which indicates an "Average" result. It suggests that the functional areas are performing adequately, but there is room for improvement. Further, illustrates a balanced performance with both strengths and areas that require attention and enhancement.

### **Recommendations:**

For each Revenue Focus area, where questions are rated as Poor, Very Poor, an implementation plan was developed with corrective action.

Since the Revenue Assessment results, monthly Revenue Reports have been compiled by the Revenue unit, and submitted to the ACFO/Accounting Officer/ Municipal Representative on monthly basis for consideration, and necessary oversight.



## REVENUE TREND ANALYSIS REPORT – (August 2025)

## 6 Revenue Training

- A total of **90** training sessions were conducted from July 2024- June 2025, which have been facilitated by the MFIP (Municipal Finance Improvement Programme) Advisor, seconded by National Treasury. All POEs are maintained on file for audit purposes.
- In the month of **Aug 2025**, a total of **9** training sessions, have been facilitated by the MFIP (Municipal Finance Improvement Programme) Advisor, seconded by National Treasury. All POEs are maintained for audit purposes.
- To date, for 2025/2026 financial year, a TOTAL no of **23** training sessions, facilitated, between July 2025 – August 2025, as follows:

REVENUE TRAINING – 2025/26				
Session	Date	Description of training	Unit	No of people
1	1 July 2025	GV Recon working session - June 25 (Pre-Bill)	Revenue unit	1
2	3 July 2025	Working session/on the job training Cost reflective tariff assessment on FINAL 25/26	Budget unit	1
3	4 July 2025	Debt relief status report - May 25	Revenue unit	1
4	9 July 2025	GV Recon working session - June 25 (Post Bill)	Revenue unit	2
5	10 July 2025	Internal Controls for check between FAR & TB	Asset unit	2
6	11 July 2025	Follow up-Internal Controls for check between FAR & TB	Asset unit	2
7	11 July 2025	Recalculation Retentions & Commitments	Asset unit	2
8	15 July 2025	Comparison of revised GV July 25 to April 25	Revenue unit	1
9	15 July 2025	Performed year end check of Tariffs 24/25	Revenue unit	1
10	18 July 2025	Section 71 Trend Report & analyses - June 2025	Budget unit	1
11	23 July 2025	Facilitated working session Invoice register - July 24 to June 25	Expenditure unit	1
12	23 July 2025	Expenditure monthly report & Management - June 25	Expenditure unit	1
13	23 July 2025	GV Recon working session - July 25 (Pre-Bill)	Revenue unit	1
14	31 July 2025	GV Recon working session - July 25 (Post-Bill)	Revenue unit	1
15	13 Aug 2025	Debt relief status report - June 25	Budget unit	1



## REVENUE TREND ANALYSIS REPORT – (August 2025)

REVENUE TRAINING – 2025/26				
Session	Date	Description of training	Unit	No of people
16	14 Aug 2025	Working session to address Debtors accuracy	Revenue unit	1
17	14 Aug 2025	Working session to address Age vs GL Debtors accuracy	Expenditure unit	1
18	21 Aug 2025	GV Recon working session - Aug 25 (Pre-Bill)	Revenue unit	2
19	21 Aug 2025	Revenue Report - July 25	Revenue unit	1
20	28 Aug 2025	GV Recon working session - Aug 25 (Post-Bill)	Revenue unit	2
21	28 Aug 2025	Section 71 Trend Report & analyses - July 2025	Budget unit	1
22	29 Aug 2025	Facilitated training on Expenditure Mgt Report - July 25	Expenditure unit	1
23	29 Aug 2025	Facilitated training on Debt Relief Mgt Report - July 25	Budget unit	1



## REVENUE TREND ANALYSIS REPORT – (August 2025)

### 7 Status of Reconciliations

#### 7.1 Summary Status

The following represents the progress on Revenue Reconciliations as of **August 2025**:

List	July 2025	Aug 2025	Sept 2025	Oct 2025	Nov 2025	Dec 2025	Jan 2026	Feb 2026	March 2026	April 2026	May 2026	June 2026
Bank & Investment	Yes	Yes										
Interest	Yes	Yes										
Unallocated deposits	Yes	Yes										
Rates	Yes	Yes										
Refuse	Yes	Yes										
Sundry – Rental	Yes	Yes										



REVENUE TREND ANALYSIS REPORT – (August 2025)

7.2 Bank & Investment Reconciliation

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

Mpefana Municipality  
Financial Reporting  
31 AUGUST 2025



Bank Reconciliation

CASHBOOK	PRIMAARY BANK A/C	TRADING BANK A/C	TRAC	Small Towns Rehabilitation Reserve	Municipal Reserve	Heritage Project C Reserve	Library Subsidy Reserve	Revenue Subsidy Reserve	Disaster Relief Grant Reserve	Municipal Audit	SHDRA SA0902	Municipal Health	AME Grant	TOTAL
BANK ACCOUNT NUMBER	IA12150	IA12150	IA13879	IA13879	IA11876	IA15874	IA11881	IA11877	IA11876	IA11892	IA11680	IA11517	IA11870	
BANK ACCOUNT NUMBER	53050359507	623101108034	62854537465	62854538786	62172946040	62187203957	62854536990	62854535790	62854536607	621728493935	629766137969	62337621750	62114172880	
OPENING BALANCE PER CASHBOOK	251 628.26													
RECEIPTS AS PER CASHBOOK	23 832 956.93													
LESS PAYMENTS AS PER CASHBOOK	13 688 890.07													
BALANCE AS PER CASH BOOK	3 975 459.12	66 294.93	3 698.13	5 229.86	46 142.28	40 649.71	2 421.95	8 539.56	6 559.00	12 207.48	8 927.50	6 399 394.76	20 398.59	10 595 922.87
BALANCE AS PER BANK STATEMENT	3 975 459.12	66 294.93	3 698.13	5 229.86	46 142.27	40 650.14	2 421.95	8 539.56	6 559.00	12 207.48	8 927.50	6 399 394.76	20 398.59	10 595 928.29
DIFFERENCE	0.00				0.01	0.43								5.42
<b>RECEIPTS NOT RECORDED ON BANK STATEMENTS</b>														
Cashiers shortage														
<b>PAYMENTS ON CASHBOOK NOT ON BANK STATEMENT</b>														
TRANSFERS														
REVERSALS														
SALES														
RECEIPTS REVERSED / DUPLICATED														
CASH SHORTAGE														
CASH BOOK BALANCE AFTER RECONCILING ITEMS	3 975 459.12	66 294.93	3 698.13	5 229.86	46 142.28	40 649.71	2 421.95	8 539.56	6 559.00	12 207.48	8 927.50	6 399 394.76	20 398.59	10 595 922.87
BALANCE AS PER BANK STATEMENT	3 975 459.12	66 294.93	3 698.13	5 229.86	46 142.27	40 650.14	2 421.95	8 539.56	6 559.00	12 207.48	8 927.50	6 399 394.76	20 398.59	10 595 928.29
DIFFERENCE	0.00				0.01	0.43								5.42

Prepared by: Pandance Khungile  
Date: 04/09/2025  
Signature: [Signature]

Reviewed by: M.P. Mkhize  
Date: 04/09/2025  
Signature: [Signature]

Approved by: S. Sithole  
Date: 04/09/2025  
Signature: [Signature]



REVENUE TREND ANALYSIS REPORT – (August 2025)

7.3 Interest Reconciliation

The following is documented proof of reconciliation for **August 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
<b>FIRST NATIONAL BANK</b>							
Municipal Reserve Account	62173946040	PO10000/IA11876/FD10017/FX10046/RX11145/CO10000 ( INVESTMENT ACC - MUNICIPAL RESERVE)	45 748.19	-	-	-	394.09
Housing Project Grant	62187203957	PO10000/IA11874/FD10017/FX10046/RX11145/CO10000 (HOUSING PROJECT TOWNVIEW)	40 302.26	-	-	-	347.45
Municipal Assistance Programme	62172493935	PO10000/IA11872/FD10017/FX10046/RX11145/CO10000 (INVESTMENT ACC - MUNICIPAL ASS PROGRA	12 126.20	-	-	-	81.28
Municipal Housing Account	62237621760	PO10000/IL19557/FD10502/FX10046/RX11145/CO10000	7 835 355.51	19 700 000.00	21 240 000.00	-	104 039.25
Municipal Infrastructure grant	62134172890	PO10000/IA11870/FD10000/FX10047/RX11145/CO10000 (INVESTMENT ACC - MIG)	20 227.68	-	-	-	170.91
Museum Subsidy Account	62854535790	Museum Subsidy Account	8 483.62	-	-	-	55.94
Library Subsidy Account	62854534990	Library Subsidy Account	2 421.95	-	-	-	-
Small Town Rehabilitation Account	62854538786	Small Town Rehabilitation Account	5 195.61	-	-	-	34.25
Disaster Relief Grant Account	62854536607	Disaster Relief Grant Account	6 516.04	-	-	-	42.96
Finance Management Grant	62854537449	Finance Management Grant	3 698.13	-	-	-	-
<b>Overall Investment Total</b>			<b>7 980 075.19</b>	<b>19 700 000.00</b>	<b>21 240 000.00</b>		<b>105 166.13</b>



REVENUE TREND ANALYSIS REPORT – (August 2025)

7.4 Unallocated deposits Reconciliation

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

Mpofana Municipality  
 Financial Reporting  
 31 August 2025



Unallocated deposits Reconciliation

SAGE UNALLOCATED D0001/LN00021/F0001/X049/R1324/001/36	1 438 453.21
SAGE UNALLOCATED 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	1 877.72
WIDRAWAL-UNALLOCATED	174 984.77
BALANCE AS PER CASHBOOK ACCOUNT	712 611.72
BALANCE AS PER REGISTER	712 611.72
DIFFERENCE	-

Prepared By [Signature]

Date 4/09/2025

Reviewed By [Signature]

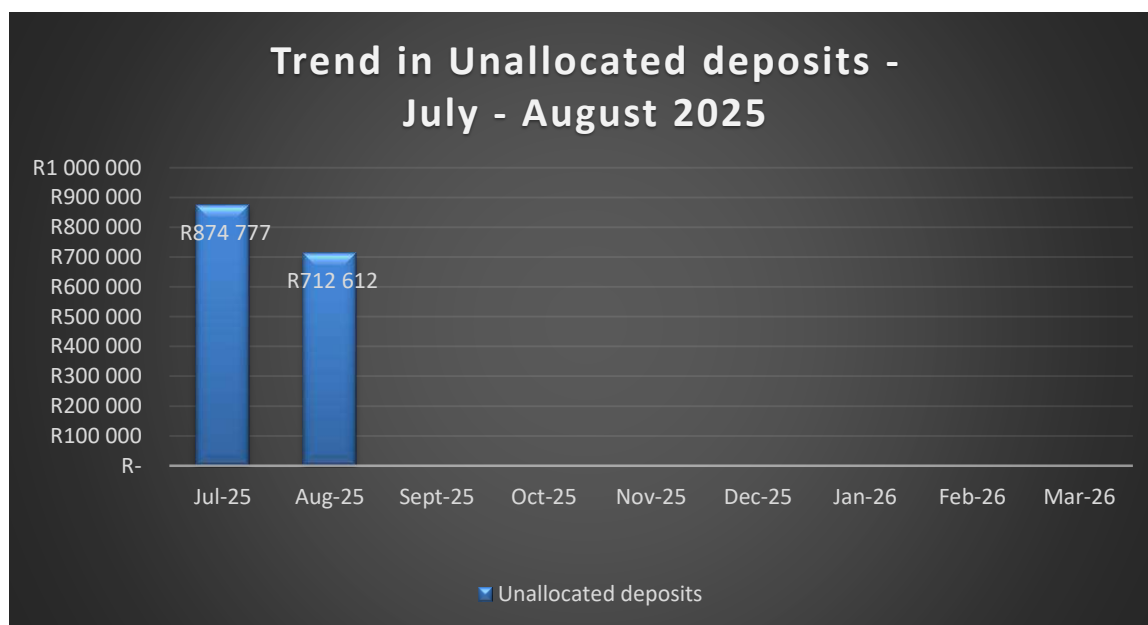
Date 04/09/2025



### REVENUE TREND ANALYSIS REPORT – (August 2025)

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

Month	Value of Unallocated deposits
July 2025	874 777.35
Aug 2025	712 611.72
Sep 2024	
Oct 2025	
Nov 2025	
Dec 2025	
Jan 2026	
Feb 2026	
March 2026	





REVENUE TREND ANALYSIS REPORT – (August 2025)

7.5 Rates Reconciliation

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

Mpfana Municipality RATES		
AUGUST 2025		
<b>GL RATES</b>		
Agricultural Properties	01331-1/R007145/F2496/X049/R1324/001/39	356 783,77
Business and Commercial Properties	01331-2/R007141/F2496/X049/R1324/001/39	318 579,86
Vacant Land	01331-4/R007146/F2496/X049/R1324/001/39	41 137,16
Industrial Properties	01331-6/R007142/F2496/X049/R1324/001/39	102 339,57
Public Benefit Organisations	01331-7/R007146/F2496/X049/R1324/001/39	18 847,54
Residential Properties	01331-8/R007144/F2496/X049/R1324/001/39	904 570,68
Public Service Purposes Properties	01331-9/R007147/F2496/X049/R1324/001/39	207 290,98
Rebate Residential Properties	03612/R007145/F2496/X049/R1324/001/39	469 764,25
Public Service Infrastructure Properties	00001/R007149/F2496/X049/R1324/001/39	2 554,10
<b>TOTAL GL</b>		<b>R 1 402 198,91</b>
<b>BILLING REPORT RATES</b>		
Public Benefit Organisations	00001/R007149/F2496/X049/R1324/001/39	38 847,54
Agricultural Properties	01331-1/R007145/F2496/X049/R1324/001/39	356 783,27
Business and Commercial Properties	01331-2/R007141/F2496/X049/R1324/001/39	317 768,53
Vacant Land	01331-4/R007146/F2496/X049/R1324/001/39	41 106,45
Industrial Properties	01331-6/R007142/F2496/X049/R1324/001/39	102 339,57
Residential Properties	01331-8/R007144/F2496/X049/R1324/001/39	911 836,86
Public Service Purposes Properties	01331-9/R007147/F2496/X049/R1324/001/39	207 290,98
Tobacco/Residential Properties	03612/R007145/F2496/X049/R1324/001/39	462 201,41
Public Service Infrastructure Properties	00001/R007149/F2496/X049/R1324/001/39	2 554,10
<b>TOTAL BILLING</b>		<b>R 1 496 127,67</b>
<b>VARIANCE BETWEEN GL &amp; BILLING REPORT</b>		
		<b>R 13 549,05</b>
<i>Difference is due to adjustments made to Billing as follows:</i>		
Business & Commercial	Correction billing	
Vacant Land	Correction billing	
Residential	Correction billing	
Rebate Residential	Monthly rebate: pensioners & rates	

Prepared: K. Butheingi  
 Reviewed: M. Mkhize

Date: 2025/09/05  
 Date: 2025/09/05



REVENUE TREND ANALYSIS REPORT – (August 2025)

7.6 Refuse

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

<b>Mpofana Municipality REFUSE REMOVAL</b>		
<b>AUGUST 2025</b>		
GL REFUSE REMOVAL	D0001/R00992/F0930/X132/R1325/001/48	501 326.39
BILLING REPORT REFUSE	D0001/R00992/F0930/X132/R1325/001/48	501 326.39
<b>TOTAL</b>		<b>R 444 921.271</b>
<b>VARIANCE BETWEEN GL &amp; BILLINGS REPORT</b>		<b>R 0.00</b>
<i>Difference is due to adjustments made to Billing as follows:</i>		

Prepared: K. Buthelezi 

Date: 2025/09/05

Reviewed: M. Mkhize 


Date: 2025/09/05



REVENUE TREND ANALYSIS REPORT – (August 2025)

7.7 Electricity

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

Mpfana Municipality ELECTRICITY		
AUGUST 2025		
GL ELEC	DD001/IR01297/F0928/X035/R1325/001/48	3 358 751.70
<b>TOTAL GL</b>		<b>R 3 358 751.70</b>
BILLING REPORT ELECTRICITY	DD001/IR01297/F0928/X035/R1325/001/48	3 358 751.69
<b>TOTAL BILLING</b>		<b>R 3 358 751.69</b>
<b>VARIANCE BETWEEN GL &amp; BILLING REPORT</b>		<b>R 0.01</b>
Difference is due to adjustments made to GL as follows: Roundoff		R0.01

Preparer: K. Buthepe 

Date: 2025/09/01

Reviewer: M. Mkhize 

Date: 2025/09/04



REVENUE TREND ANALYSIS REPORT – (August 2025)

7.8 Sundry - Rental

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

<b>Mpofana Municipality</b>		
<b>RENTAL</b>		
<hr style="border: 2px solid green;"/>		
GL RENTAL	DC001/IR01091/F0046/X046/R1325/001/39	20 355.85
<b>TOTAL GL</b>		<u>R 20 355.85</u>
BILLING REPORT RENTAL	DC001/IR01091/F0046/X046/R1325/001/39	11 660.20
<b>TOTAL BILLING</b>		<u>R 11 660.20</u>
<b>VARIANCE BETWEEN GL &amp; BILLINGS REPORT</b>		<u>R 8 695.65</u>
<i>Difference is due to adjustments made to GL as follows:</i>		
Rental bill (Batch)		
Rental billing		

Prepared: K. Ruthelosi 

Date: 2025/09/05

Reviewed: M. Mchise 

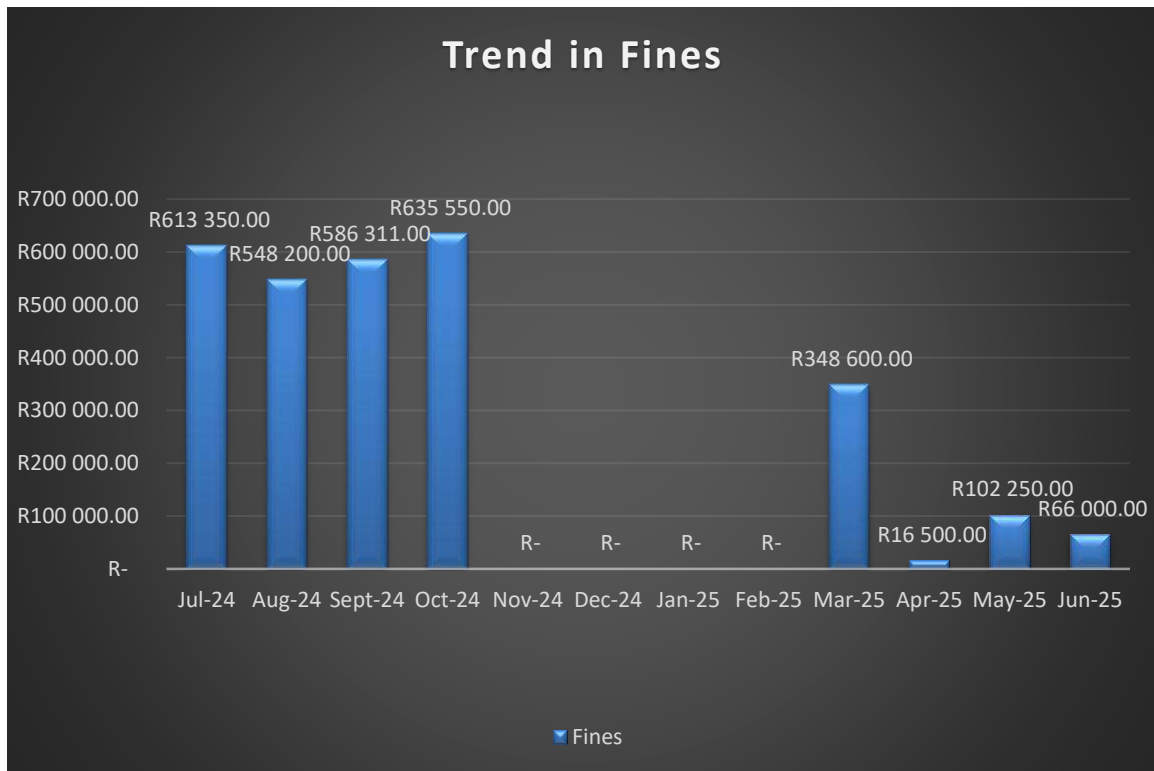
Date: 2025/09/05



REVENUE TREND ANALYSIS REPORT – (August 2025)

7.9 Sundry - Fines

The following shows the revenue raised. It must be noted that the Weighbridge unit was closed in November 2024. The weigh bridge started operating in March 2025.






## REVENUE TREND ANALYSIS REPORT – (August 2025)


## 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:**

<b>Name:</b>	Prudence Maharaj
<b>Designation:</b>	Accountant - Credit Control
<b>Signature:</b>	
<b>Date:</b>	12 September 2025

<b>Name:</b>	Khethiwe Buthelezi
<b>Designation:</b>	Accountant - Billing & Debtors
<b>Signature:</b>	
<b>Date:</b>	12 September 2025

**Reviewed by:**

<b>Name:</b>	Mfanafuthi Mkhize
<b>Designation:</b>	Manager Risk and compliance
<b>Signature:</b>	
<b>Date:</b>	12 September 2025

**Annexure A2 - Monthly**

**National Treasury**  
**Municipal Debt Relief**  
 MFMA Circular No. 124  
 Municipal Finance Management Act No. 55 of 2003

Select Assessor ▼

**Certificate of Compliance: Municipal Debt Relief Conditions for Application** Aug'25 ▼

Period 2025/26 ▼

National Financial Year KZN/223 ▼

Demarcation Code of Municipality being assessed

District uMgungundlovu

Demarcation Description Mpfana

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:

Notes/Comments

**Municipal Debt Relief Conditions (Monthly reporting)**

Choose from drop down list

Condition	Description	Response	Notes/Comments
6.3+	Maintaining the Eskom and bulk water current account –		
6.12	(current account for the purpose of this exercise means the account for a single month's consumption)		
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 ▼	
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 <a href="https://guploadportal.treasury.gov.za">https://guploadportal.treasury.gov.za</a> ?	Does not have function ▼	
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 ▼	
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 ▼	
6.3.2	- 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 <a href="https://guploadportal.treasury.gov.za">https://guploadportal.treasury.gov.za</a> ?	Yes ▼	The municipality has provided proof of payment of only R1.5 million made on 29 August 2025 toward the July 2025 invoice.
6.3.3		Yes ▼	
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)	Select ▼	
6.4.1	- Is the municipality's MTREF funded and aligning to the National Treasury's Budget Funding Guidelines - <a href="http://mfma.treasury.gov.za/Guidelines/Pages/Funding.aspx">http://mfma.treasury.gov.za/Guidelines/Pages/Funding.aspx</a> ?	No ▼	
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 ▼	
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?	Yes ▼	
	<small>Note: For example, if the municipality during the preceding 12 months only managed to collect 80 per cent of its revenue (due property rates), but provision for debt impairment aligning with the historic ratio, but must align to 80 per cent of the 2023/24 MTREF revenue projections (post support rates). If the municipality evenly 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".</small>		
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 ▼	
	<small>Note: If the municipality evenly 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".</small>		
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 ▼	
	<small>Note: If the municipality has an FRP, a separate budget funding plan is not necessary. However, the FRP / NT must assess whether the existing FRP incorporates / will give effect to a funded MTREF. If not, the FRP requires strengthening.</small>		
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 ▼	
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 ▼	
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:		
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?	Yes ▼	
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 ▼	
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 MTRF'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 same said 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 strict.		
	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 MTRF 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	
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 <a href="https://uploadportal.treasury.gov.za/">https://uploadportal.treasury.gov.za/</a> ?	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.	Yes	
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 <a href="https://uploadportal.treasury.gov.za/">https://uploadportal.treasury.gov.za/</a> ?	No FRP	
		Note: a municipality with a FRP may only benefit from the Municipal Debt Relief 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 <a href="https://uploadportal.treasury.gov.za/">https://uploadportal.treasury.gov.za/</a> ? 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 4.1.5 of MFMA Circular no. 124) within one month of the non-compliance occurring?	No	Not applicable
		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 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 any other bidding 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	
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	
		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.6(5).		
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.

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
------	-------------------------------------------------------------------------------------------------------------------------	----	------------------------------

Note: By applying for Municipal Debt Relief in terms of paragraph 3 of MMA 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 13 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 4 of the Municipal Systems Act, 2000, including the necessary service delivery agreement signed 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 O&M collection policies also in relation to the municipality's entities that are the subject of municipal debt relief, etc.

PT: HOD/NT/MM Name:

RH. Dladla

Signature of HOD/NT/MM:



Date:

12/09/25

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

MIPOFANA MUNICIPALITY DISCONNECTION LIST FOR AUGUST 2025

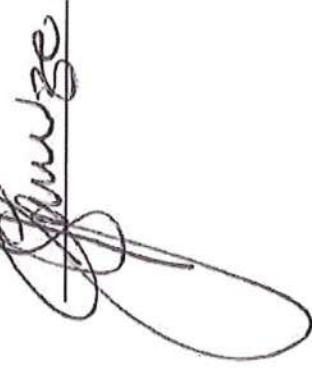
Attachment 4

Customer	Name	Balance	Physical Address 1	Date of notice	Signature
2003899	FIRST NATIONAL BANK 4210102051	R28 077.15	5 C LAUGHTON 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	R47 579.37	1139A MOOI STR, RIVERSDALE,	2025/07/10	
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 OYERDALE ROAD ROSETTA	2025/07/10	
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 RIVER	2025/09/10	
1112983	I 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	
2003526	SJ K MORRICE	R24 459.66	OLD WESTON ROAD MOOI RIVER	2025/09/10	
1022469	JT NGCOBO	R19 099.52	41 WESTON ROAD MOOI RIVER	2025/09/10	
1000757	EKS SIKHAKHANE	R33 717.89	OLD WESTON ROAD	2025/09/10	
2003428	E K ERIC K SIKHAKHANE	R4 174.04	WESTON ROAD	2025/09/10	
1000668	KA PHUNGULA	R10 043.41	WESTON ROAD	2025/09/10	
10000860	WOLLENTINE ALLAN BOTES JAN HENDERIK	R20 748.74	WESTON ROAD	2025/09/10	
10000898	naidoo	R20 660.45	Weston road	2025/09/10	
10000951	Nowlan Christopher John	R12 546.58	11 Weston Road	2025/09/10	
10001164	Mathe Fortune Bhekabambo & Christabel	R6 180.60	4A ACRES ROAD	2025/09/10	
1112431	S LIEBENBERG	R4 442.76	7 WESTACRE ROAD,MOOI	2025/09/10	
1005552	BA CALDECOTT <04149469118>	R18 645.46	17 WESTON ROAD MOOI RIVER	2025/09/10	
1114010	SOUTHGATE GRANT	R45 628.70	73 YORK TARRENCE	2025/09/10	
1108593	JH BOTES	R45 703.01	WESTON ROAD	2025/09/10	
1112444	SANDESH SINGH	R23 685.26	7 WESTACRE ROAD	2025/09/10	

PREPARED BY Ntomai Chonco



REVIEWED BY Mfanafushi Mkhike





BBST42 221105

\*MPOFANA LOCAL MUNICIPALITY  
P O BOX 47  
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](http://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 : 42  
Statement Period : 31 July 2025 to 31 August 2025  
Statement Date : 31 August 2025

Statement Balances		Bank Charges		Interest Rate	
Opening Balance	8,899.15 Cr	Service Fees	0.00	Credit Rate**	3.75%
Closing Balance	8,927.50 Cr	Cash Deposit Fees	0.00	Debit Rate (Non-NCA)	12.50%
# Inclusive of VAT @ 15.00%	0.00	Cash Handling Fees	0.00		
Total VAT (ZAR)	0.00	Other Fees	0.00		

## Transactions in RAND (ZAR)

Date	Description	Amount	Balance	Accrued Bank Charges
01 Aug	Cr.int.rate 3,75000	0.00	8,899.15Cr	
31 Aug	Int On Credit Balance	28.35Cr	8,927.50Cr	
<b>Closing Balance</b>			<b>8,927.50Cr</b>	

## Turnover for Statement Period

No. Credit Transactions	1	28.35Cr
No. Debit Transactions	0	0.00

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](http://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.

Branch Number	Account Number	Date	DDA DB/2GI/AV/QJ/IT/CLJPC/I2UR/N	FN
8208	62920117969	2025/08/30	PUBLIC SECTOR CHEQUE ACCOUNT	



EASTERN REGION  
PRIVATE BAG X16 Westville 3630

Attachment 6 (i)



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

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

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

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

YOUR ACCOUNT NO	5253349658
SECURITY HELD	1.70
BILLING DATE	2025-07-17
TAX INVOICE NO	525046170740
ACCOUNT MONTH	JULY 2025
CURRENT DUE DATE	2025-08-16
VAT REG NO	4920101682

EASTERN REGION  
PRIVATE BAG X16 Westville 3630

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

## TAX INVOICE

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

### ACCOUNT TRANSACTION SUMMARY

NON REBATABLE MONTHLY RENTAL	R	3,641.54
ADMINISTRATION CHARGE	R	3,338.49
TRANSMISSION NETWORK CAPACITY	R	207,145.00
DIST. NETWORK CAPACITY CHARGE	R	514,770.00
NETWORK DEMAND CHARGE	R	348,273.43
ANCILLARY SERVICE (ALL)	R	20,167.61
ENERGY CHARGE (PEAK)	564,048.00	R 3,701,280.39
ENERGY CHARGE (OFF)	1,370,666.00	R 1,477,976.62
ENERGY CHARGE (STD)	1,286,515.00	R 2,339,782.26
ELECTRIFICATION AND RURAL SUBS (ALL)	R	355,607.42
REACTIVE ENERGY	R	0.00
GENERATOR CAPACITY CHARGE	R	50,115.00
LEGACY CHARGE (ALL)	R	316,385.82
SERVICE CHARGE	R	2,621.06
SERVICE CHARGE	R	3,427.54

**TOTAL CHARGES FOR BILLING PERIOD** R 9,344,532.18

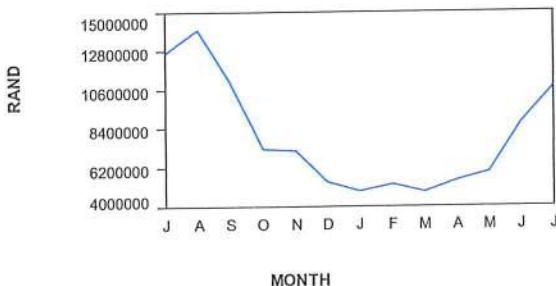
### ACCOUNT SUMMARY FOR JULY 2025

BALANCE BROUGHT FORWARD	(Due Date 2025-07-18)	R	605,576,261.95
PAYMENT(S) RECEIVED	Electronic Payments - 2025-07-15	R	-1,500,000.00
TOTAL CHARGES FOR BILLING PERIOD		R	9,344,532.18
ADJUSTMENT	Interest on overdue account	R	1,331.58
ADJUSTMENT	Interest on overdue account	R	7.11
ADJUSTMENT	Interest on overdue account	R	2,233,805.82
ADJUSTMENT	Interest on overdue account	R	83,336.17
VAT RAISED ON ITEMS AT 15%		R	1,401,679.83

<b>CURRENT</b>	<b>TOTAL DUE</b>	R	<b>617,140,954.64</b>
13,064,692.69			

ARREARS			
>90 DAYS	61-90 DAYS	31-60 DAYS	16-30 DAYS
577,381,630.14	8,016,770.55	8,006,476.33	10,671,384.93

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



PAGE RUN NO	EE 19
BILL GROUP	
BILL PAGE	1 OF 3

### ACCOUNT NO / REFERENCE NO

5253349658  
NAME  
MPOFANA LOCAL MUNICIPALITY  
FAX NUMBER  
0332631127  
unipay 7100 10 0010

27215700152533496589



9207 2525 3349 6582



### TOTAL AMOUNT DUE

617,140,954.64

### PAYMENT ARRANGEMENT

INSTALMENT  
0.00  
ARREARS (Due Immediately)  
604,076,261.95  
DUE DATE (For Current Amount)  
2025-08-16  
AMOUNT PAID

LATE PAYMENT CHARGES WILL BE ADDED TO OVERDUE ACCOUNT



EASTERN REGION  
PRIVATE BAG X16 Westville 3630

CONTACT CENTRE: (0860) 037566Sharecca

FAX NO: 0862 437 566

E-MAIL: KwaZuluNatal@eskom.co.za

WEB: WWW.ESKOM.CO.ZA

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

YOUR ACCOUNT NO	5253349658
BILLING DATE	2025-07-17
TAX INVOICE NO	525046170740
ACCOUNT MONTH	JULY 2025
CURRENT DUE DATE	2025-08-16
VAT REG NO	4920101682
NOTIFIED MAX DEMAND	15,000.00
UTILISED CAPACITY	15,000.00

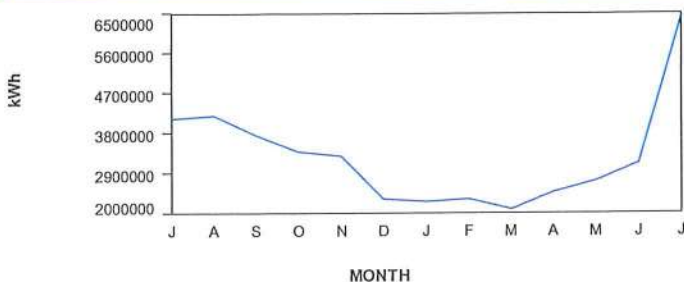
**CONSUMPTION DETAILS (2025-06-14 - 2025-07-13)**

ENERGY CONSUMPTION OFF PEAK kWh	1,910,743.56
ENERGY CONSUMPTION STD kWh	1,880,657.64
ENERGY CONSUMPTION PEAK kWh	830,385.60
ENERGY CONSUMPTION ALL kWh	3,221,229.84
DEMAND CONSUMPTION - OFF PEAK	6,869.15
DEMAND CONSUMPTION - STD	7,100.56
DEMAND CONSUMPTION - PEAK	7,674.31
DEMAND READING - kW/kVA	7,674.31
REACTIVE ENERGY - OFF PEAK	253,606.80
REACTIVE ENERGY - STD	191,254.92
REACTIVE ENERGY - PEAK	72,415.32
LOAD FACTOR	58.00

PREMISE ID NUMBER 5253349233 TARIFF NAME: Megaflex

06818 330 10 CLAUGHTON TERRACE

Administration Charge @ R181.34 per day for 17 days	R	3,082.78
TX Network Capacity Charge 15,000 kVa @ R16.31 : (for 17 of 30 days) = R9.242333	R	138,635.00
Network Capacity Charge 15,000 kVA @ R32.29 : (for 17 of 30 days) = R18.2976667/	R	274,465.00
Network Demand Charge 7,674.32 kVA @ R61.22 : (for 17 of 30 days) = R34.6913333	R	266,232.39
Ancillary Service Charge 1,820,673 kWh @ R0.008 /kWh	R	14,565.38
High Season Peak Energy Charge 297,711 kWh @ R6.303 /kWh	R	1,876,472.43
High Season Off Peak Energy Charge 830,589 kWh @ R1.0368 /kWh	R	861,154.68
High Season Standard Energy Charge 692,373 kWh @ R1.9094 /kWh	R	1,322,017.01
Electrification and Rural Subsidy 1,820,673 kWh @ R0.1567 /kWh	R	285,299.46
High Season Reactive energy Charge 0 kvarh @ R0.322 /kvarh	R	0.00
Administration Charge @ R19.67 per day for 13 days	R	255.71
TX Network Capacity Charge 15,000 kVa @ R10.54 : (for 13 of 30 days) = R4.567333	R	68,510.00
Network Capacity Charge 15,000 kVA @ R36.97 : (for 13 of 30 days) = R16.0203333/	R	240,305.00
Network Demand Charge 7,674.32 kVA @ R24.67 : (for 13 of 30 days) = R10.6903333	R	82,041.04
Ancillary Service Charge 1,400,557 kWh @ R0.004 /kWh	R	5,602.23
Generator Capacity Charge 15,000 kVa @ R7.71 : (for 13 of 30 days) = R3.341/kVA	R	50,115.00
Legacy Charge 1,400,556.96 kWh @ R0.2259 /kWh	R	316,385.82
High Season Off Peak Energy Charge 540,077 kWh @ R1.1421 /kWh	R	616,821.94
High Season Peak Energy Charge 266,337 kWh @ R6.8515 /kWh	R	1,824,807.96
High Season Standard Energy Charge 594,142 kWh @ R1.713 /kWh	R	1,017,765.25
Service Charge @ R201.62 per day for 13 days	R	2,621.06
Electrification and Rural Subsidy 1,400,557 kWh @ R0.0502 /kWh	R	70,307.96
Premium Connection Charge R3,641.54	R	3,641.54



PAGE RUN NO	EE 20
BILL GROUP	
BILL PAGE	2 OF 3



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	2025-07-17
TAX INVOICE NO	525046170740
ACCOUNT MONTH	JULY 2025
CURRENT DUE DATE	2025-08-16
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

PREMISE ID NUMBER	5253349233	TARIFF NAME: Megaflex
06818 330 10 CLAUGHTON TERRACE		
SERVICE CHARGE	R	3,427.54
<b>TOTAL CHARGES</b>	R	<b>9,344,532.18</b>

PAGE RUN NO	EE 21
BILL GROUP	
BILL PAGE	3 OF 3



## NOTIFICATION OF PAYMENT

To Whom It May Concern:

First National Bank hereby confirms that the following payment instruction has been received:

---

Date Actioned : 2025/08/29  
Time Actioned : 14:52:54  
Trace ID : CN83BF3N

### Payer Details

Payment From : \*Mpofana Municipality  
Cur/Amount : 1,500,000.00

### Payee Details

Recipient/Account No : ... 143295  
Name : ESKOM  
Bank : FNB/RMB  
Branch Code : 250655  
Reference : MPOFANA MUNICIPALITY

END OF NOTIFICATION

---

To authenticate this Payment Notification, please visit the First National Bank website at [fnb.co.za](http://fnb.co.za), select the "Verify Payments" link and follow the on-screen instructions.

Our customer (the payer) has requested First National Bank Limited to send this notification of payment to you. Should you have any queries regarding the contents of this notice, please contact the payer. First National Bank Limited does not guarantee or warrant the accuracy and integrity of the information and data transmitted electronically and we accept no liability whatsoever for any loss, expense, claim or damage, whether direct, indirect or consequential, arising from the transmission of the information and data.

---

Mpofana Municipality  
Creditors Reconciliation

Supplier: ESKOM

Account Number: 5253349658

Balance as per statement dated : 17/07/2025

R 617 140 954.64

Less: Payments that do not appear on statement

R 74 000.00

Date	Cheque Number / EFT Number	Amount
28/06/2019	Direct deposit	R 74 000.00
		R 0.00
		R -

Less: Credit notes not on statement / RFC

R 0.00

		R -
--	--	-----

Add: Invoices for R &amp; 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 617 196 949.75

Balance as per statement

R 617 196 949.75

Balance as per age analysis

617 196 949.88

Difference

R -0.13

Amount due as at the end of:

617 196 949.75

Preparer: N. C. GOVENDERSignature: [Signature]Date: 08/08/2025Reviewer: [Signature]Signature: [Signature]Date: 08/08/2025

## Accounts Payable Age Analysis

### MPOFANA LOCAL MUNICIPALITY

								Report Date:	2025/07/31
Exclude Zero Balances								Page 1 of 1	
Accounts Payable Age Analysis									
<u>Supplier</u>	<u>180 Days</u>	<u>150 Days</u>	<u>120 Days</u>	<u>90 Days</u>	<u>60 Days</u>	<u>30 Days</u>	<u>Current</u>	<u>Balance</u>	
ESK001 (Eskom)	556 878 982.37	7 467 405.19	6 601 816.20	8 033 825.24	7 989 421.63	18 660 806.56	11 564 692.69	617 196 949.88	
<b>Totals:</b>	556 878 982.37	7 467 405.19	6 601 816.20	8 033 825.24	7 989 421.63	18 660 806.56	11 564 692.69	617 196 949.88	
<b>% of Balance:</b>	90.23	1.21	1.07	1.30	1.29	3.02	1.87		



**OFFICE OF THE MUNICIPAL MANAGER**  
**MPOFANA MUNICIPALITY-UMASIPALA WASE MPOFANA**  
 10 CLAUGHTON TERRACE, MOOI RIVER 3300

Enquiries:	<i>Mrs T Cele</i>	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 : 12/09/2025
Inkomba :		iFeksi :	Datum :
Verwysing:		Faks :	Usuku :

**Municipal manager's quality certificate**

I, Dr EH Dladla, Municipal Manager of Mpozana 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 Mpozana Local Municipality (KZ223)**

Signature:

Date :

12/09/2025