



SECTION 71 REPORT FOR THE MONTH OF JANUARY 2025

DISTRIBUTION:

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

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PART 1: IN-YEAR REPORT FOR THE PERIOD ENDING 31 JANUARY 2026

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 January 2026 is:

(a) The Revenue Trend Analysis Report for January 2026, was compiled by the revenue unit in January 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 – December 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 212 360 909.66**, a significant portion from bulk purchases **R 86 831 923.12 (41%)** 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 125 528 986.54**, and total cash collection is **R 110 448 744.76 (i.e. 88%)**. The impact of the low collection rate of **88%**, 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.

In addition, the municipality was unable to make payment of **R 1 500 000** in December 2025.

It has also been observed that when fixed costs (employee costs, fuel & repairs & maintenance) are considered, it equates to **R 48 085 478.82**. Repairs & Maintenance comprises R 27 396 902.58 **(i.e. 57%)** of total fixed costs. This represents an average of **R 830 209** per month over **33** 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 December 2025, the electricity losses in units were **7 930 286.24**, which equates to electricity losses of **R 21 606 171.55**. 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 75 690 394.41**, 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, December 2025, it indicates that the total amount of debtors owing the municipality is **R 183 259 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 **December 2025**.

Electricity Losses

The following provides an overview of Electricity Losses for January 2026

JANUARY 2026 ELECTRICITY LOSSES						
KW - UNITS						Rand Value Lost R
	Purchases for 25/26	Sold to Conventional	Sold to Prepaid	Electricity Loss	Sale per unit	
Energy Peak	3,452,843.00	906,878.33	0	2,545,964.67	5.37	13,682,077.77
Energy Std	7,623,064.00	1,658,756.33	5,544,932.10	419,375.57	2.90	1,216,981.46
Energy Off	7,396,508.00	1,856,498.33	0	5,540,009.67	1.47	8,161,957.74
	18,472,415.00	4,422,133.00	5,544,932.10	8,505,349.90		23,061,016.97
			Loss %	46.04%		

Key Observations:

- Total Units purchased is 18 472 415
- Total Units sold – Conventional 4 422 133 **(i.e. 24.20%)**
- Total Units sold – Prepaid 5 544 932 **(i.e. 30.01%)**
- Total electricity loss in Units – **8 505 349 (i.e. 46.04 %)**

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

Description	Table 1 - Summary for Financial Period ended Jan 2026					
	Full Year Budget 2025/26	Pro Rata Budget Jan 2026	YTD Actual Jan 2026	YTD Variance to Pro rata Budget Jan 2026		YTD to Full Year Budget (%)
Total Revenue:	R 209,053,554	R 85,026,193	R 102,342,307	R 17,316,114	20.37%	48.96%
Revenue - Operational	R 192,888,454	R 75,596,549	R 93,151,140	R 17,554,591	23.22%	48.29%
Revenue - Capital	R 16,165,100	R 9,429,644	R 9,191,167	R -238,477	-2.53%	56.86%
Total Expenditure:	R 200,352,646	R 116,872,434	R 145,924,198	R 29,051,764	24.86%	72.83%
Expenditure - Operational	R 186,369,733	R 108,715,733	R 134,433,416	R 25,717,683	23.66%	72.13%
Expenditure - Capital	R 13,982,913	R 8,156,701	R 11,490,782	R 3,334,081	40.88%	82.18%
Surplus/(Deficit)	R 8,700,908	R -31,846,241	-43,581,891	n/a		

The above table gives the consolidated overview of the Budget Projections and Actual Performance on Operating Revenue of R93,1 million or 48% of Operational revenue and Capital revenue of R9,1 million or 56% of Budgeted Capital Revenue.

The municipality has incurred Operational Expenditure of R134,4 million or 72% and Capital expenditure of R11,4 million or 82% as at month ending 31 January 2026.

4.1 Operating Revenue by Source

KZN223 Mpfana - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M07 January										
Description	Ref	2024/25	Budget Year 2025/26							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue										
Exchange Revenue										
Service charges - Electricity		54,021	65,535	-	4,588	33,573	38,229	(4,657)	-12%	65,535
Service charges - Water		-	-	-	-	-	-	-	-	-
Service charges - Waste Water Management		-	-	-	-	-	-	-	-	-
Service charges - Waste management		5,473	6,513	-	512	3,562	3,799	(237)	-6%	6,513
Sale of Goods and Rendering of Services		1,147	250	-	25	158	104	54	52%	250
Agency services		-	-	-	-	-	-	-	-	-
Interest		-	-	-	-	-	-	-	-	-
Interest earned from Receivables		(175)	2,636	-	-	(14)	1,538	(1,551)	-101%	2,636
Interest from Current and Non Current Assets		559	616	-	40	258	359	-	-	616
Dividends		-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		192	196	-	12	136	114	22	19%	196
Licence and permits		4,858	5,429	-	400	2,661	3,167	(506)	-16%	5,429
Special rating levies		-	-	-	-	-	-	-	-	-
Operational Revenue		1,099	9,088	-	46	185	5,284	(5,099)	-96%	9,088
Non-Exchange Revenue										
Property rates		17,173	26,719	-	1,540	10,726	(21,276)	32,002	-150%	26,719
Surcharges and Taxes		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		4,469	8,371	-	-	1,789	4,883	(3,095)	-	8,371
Licence and permits		-	-	-	-	-	-	-	-	-
Transfers and subsidies - Operational		61,367	57,724	-	400	40,117	33,672	6,445	-	57,724
Interest		-	-	-	-	-	-	-	-	-
Fuel Levy		-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		-	9,810	-	-	-	5,723	(5,723)	-	9,810
Other Gains		31	-	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		150,212	192,888	-	7,563	93,151	75,597	17,555	23%	192,888

Revenue by Source

Actual revenue vs Approved budgeted revenue – The total approved Operational Revenue budget is R192,8 million. The municipality recognized a monthly actual revenue of R7,5 million or 4% and YTD of R93,1 million or 48% of budgeted operational revenue for the month ending 31 January 2026.

4.2 Operating Expenditure by Type

KZN223 Mpfana - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M07 January

Description	Ref	Budget Year 2025/26								
		2024/25 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Expenditure By Type										
Employee related costs		71,211	62,010	-	7,158	42,474	36,172	6,302	17%	62,010
Remuneration of councillors		3,537	4,057	-	377	4,884	2,367	2,517	106%	4,057
Bulk purchases - electricity		81,004	71,910	-	4,871	48,951	41,948	7,004		71,910
Inventory consumed		9,883	8,800	-	-	838	5,133	(4,295)		8,800
Debt impairment		(396)	8,757	-	-	-	5,108	(5,108)	-100%	8,757
Depreciation and amortisation		14,918	10,894	-	-	-	6,355	(6,355)	-100%	10,894
Interest		23,459	-	-	3,394	19,297	-	19,297	#DIV/0!	-
Contracted services		24,734	6,435	-	1,745	9,342	3,754	5,588	149%	6,435
Transfers and subsidies		64	-	-	-	-	-	-		-
Irrecoverable debts written off		-	-	-	-	-	-	-		-
Operational costs		36,214	13,507	-	615	8,647	7,879	768	10%	13,507
Losses on Disposal of Assets		5,901	-	-	-	-	-	-		-
Other Losses		116	-	-	-	-	-	-		-
Total Expenditure		270,645	186,370	-	18,160	134,433	108,716	25,718	24%	186,370

Operating Expenditure by type

- Actual expenditure vs Approved budget expenditure – the municipality incurred monthly expenditure of R18,1 million or 10% and YTD of R134,4 million or 71% of the budgeted expenditure as at end of 31 January 2026.

4.3 Capital expenditure

KZN223 Mpfana - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M07 January										
Vote Description	Ref	Budget Year 2025/26								
		2024/25 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Capital Expenditure - Functional Classification										
Governance and administration		202	-	-	-	31	-	31	#DIV/0!	-
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		202	-	-	-	31	-	31	#DIV/0!	-
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		15,046	332	-	-	2,545	193	2,352	1216%	332
Community and social services		14,182	-	-	-	2,545	-	2,545	#DIV/0!	-
Sport and recreation		864	332	-	-	-	193	(193)	-100%	332
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		(21,565)	11,116	-	-	8,915	6,485	2,430	37%	11,116
Planning and development		-	-	-	-	53	-	53	#DIV/0!	-
Road transport		(21,565)	11,116	-	-	8,862	6,485	2,378	37%	11,116
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		-	2,535	-	-	-	1,479	(1,479)	-100%	2,535
Energy sources		-	2,535	-	-	-	1,479	(1,479)	-100%	2,535
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	3	(6,317)	13,983	-	-	11,491	8,157	3,334	41%	13,983
Funded by:										
National Government		(7,729)	13,983	-	-	10,386	8,157	2,230	27%	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)		-	-	-	-	-	-	-	-	-
Transfers recognised - capital		(7,729)	13,983	-	-	10,386	8,157	2,230	27%	13,983
Borrowing	6	-	-	-	-	-	-	-	-	-
Internally generated funds		2,227	-	-	-	1,104	-	1,104	#DIV/0!	-
Total Capital Funding		(5,502)	13,983	-	-	11,491	8,157	3,334	41%	13,983

- No expenditure has incurred for January however a YTD of R11,4 million or 75% of budgeted capital expenditure has been spent as at the end of 31 January 2026.

4.4 Cash Flow Statement January 2026

CASH FLOW STATEMENT JANUARY 2026						
Balance b/f	1,079,573.20	1,127,188.87	586,678.56	165,007.52	262,855.64	
Receipts						
Operating Receipts	50,415.70	700,567.11	4,245,726.12	438,311.32	1,756,766.90	
Capital Receipts	-	2,700,000.00	200,000.00	4,286,000.00	236,000.00	
Total Operating & Capital Receipts	50,415.70	3,400,567.11	4,445,726.12	4,724,311.32	1,992,766.90	
Payments						
Critical operating payments	- 2,800.03	- 3,941,077.42	- 767,397.16	- 3,950,888.18	- 1,577,762.82	
Current contracted Capital payments	-	-	-4,100,000.00	-675,575.02	-500,000.00	
Total Payments	- 2,800.03	- 3,941,077.42	- 4,867,397.16	- 4,626,463.20	- 2,077,762.82	
Balance (after critical & contracted payments)	1,127,188.87	586,678.56	165,007.52	262,855.64	177,859.72	

- Municipality has the positive cash balance of R177 thousand from the Primary bank at end of January 2026.

5. In-year budget statement tables

KZN223 Mpfana - Table C1 Monthly Budget Statement Summary - M07 January

Description	2024/25	Budget Year 2025/26							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	17,173	26,719	-	1,540	10,726	(21,276)	32,002	-150%	26,719
Service charges	59,494	72,048	-	5,100	37,135	42,028	(4,894)	-12%	72,048
Investment revenue	559	616	-	40	258	359	(101)	-28%	616
Transfers and subsidies - Operational	61,367	57,724	-	400	40,117	33,672	6,445	19%	57,724
Other own revenue	11,620	35,781	-	483	4,915	20,813	(15,898)	-76%	35,781
Total Revenue (excluding capital transfers and contributions)	150,212	192,888	-	7,563	93,151	75,597	17,555	23%	192,888
Employee costs	71,211	62,010	-	7,158	42,474	36,172	6,302		62,010
Remuneration of Councillors	3,537	4,057	-	377	4,884	2,367	2,517		4,057
Depreciation and amortisation	14,918	10,894	-	-	-	6,355	(6,355)		10,894
Interest	23,459	-	-	3,394	19,297	-	19,297		-
Inventory consumed and bulk purchases	90,887	80,710	-	4,871	49,789	47,081	2,708		80,710
Transfers and subsidies	64	-	-	-	-	-	-		-
Other expenditure	66,569	28,699	-	2,359	17,989	16,741	1,248	7%	28,699
Total Expenditure	270,645	186,370	-	18,160	134,433	108,716	25,718	24%	186,370
Surplus/(Deficit)	(120,433)	6,519	-	(10,597)	(41,282)	(33,119)	(8,163)	25%	6,519
Transfers and subsidies - capital (monetary allocations)	28,149	16,165	-	-	9,191	9,430	(238)	-3%	16,165
Transfers and subsidies - capital (in-kind)	-	-	-	-	-	-	-		-
Surplus/(Deficit) after capital transfers & contributions	(92,284)	22,684	-	(10,597)	(32,091)	(23,690)	(8,402)	35%	22,684
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-		-
Surplus/ (Deficit) for the year	(92,284)	22,684	-	(10,597)	(32,091)	(23,690)	(8,402)	35%	22,684
Capital expenditure & funds sources									
Capital expenditure	(6,317)	13,983	-	-	11,491	8,157	3,334	41%	13,983
Capital transfers recognised	(7,729)	13,983	-	-	10,386	8,157	2,230	27%	13,983
Borrowing	-	-	-	-	-	-	-		-
Internally generated funds	2,227	-	-	-	1,104	-	1,104	#DIV/0!	-
Total sources of capital funds	(5,502)	13,983	-	-	11,491	8,157	3,334	41%	13,983
Financial position									
Total current assets	248,635	155,362	-	-	261,555				155,362
Total non current assets	217,531	302,601	-	-	229,021				302,601
Total current liabilities	758,670	563,683	-	-	815,172				563,683
Total non current liabilities	94,840	35,347	-	-	94,840				35,347
Community wealth/Equity	(387,344)	(141,067)	-	-	(419,435)				(141,067)
Cash flows									
Net cash from (used) operating	706,781	7,520	-	11,006	154,125	223,238	69,113	31%	7,520
Net cash from (used) investing	17,858	(16,157)	-	-	(11,491)	9,425	20,915	222%	(16,157)
Net cash from (used) financing	-	-	-	-	-	-	-		-
Cash/cash equivalents at the month/year end	726,887	(4,802)	-	11,006	151,061	236,498	85,437	36%	-
Debtors & creditors analysis									
	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
Debtors Age Analysis									
Total By Income Source	5,630	3,930	3,424	1,927	1,644	703	8,693	156,309	182,259
Creditors Age Analysis									
Total Creditors	8,457	2,447	9,651	8,377	11,210	14,904	69,491	591,236	715,774

6. Debtors' Analysis

KZN223 Mpfana - Supporting Table SC3 Monthly Budget Statement - aged debtors - M07 January

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		
R thousands												
Debtors Age Analysis By Income Source												
Trade and Other Receivables from Exchange Transactions - Water	1200	-	-	-	-	-	-	-	-	-	-	-
Trade and Other Receivables from Exchange Transactions - Electricity	1300	1,694	1,725	1,462	-	-	-	5	149	5,034	153	-
Receivables from Non-exchange Transactions - Property Rates	1400	1,202	1,011	976	1,086	934	993	5,371	46,739	58,311	55,122	-
Receivables from Exchange Transactions - Waste Water Management	1500	-	-	-	-	-	-	-	-	-	-	-
Receivables from Exchange Transactions - Waste Management	1600	537	516	502	502	498	484	3,052	30,191	36,282	34,727	-
Receivables from Exchange Transactions - Property Rental Debtors	1700	11	11	8	5	5	(957)	47	1,120	249	220	-
Interest on Arrear Debtor Accounts	1810	-	-	-	-	-	-	(2)	(11)	(13)	(13)	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-
Other	1900	2,186	666	477	334	207	184	220	78,121	82,396	79,066	-
Total By Income Source	2000	5,630	3,930	3,424	1,927	1,644	703	8,693	156,309	182,259	169,275	-
2024/25 - totals only												
Debtors Age Analysis By Customer Group												
Organs of State	2200	-	-	-	-	-	-	-	-	-	-	-
Commercial	2300	-	-	-	-	-	-	-	-	-	-	-
Households	2400	-	-	-	-	-	-	-	-	-	-	-
Other	2500	5,630	3,930	3,424	1,927	1,644	703	8,693	156,309	182,259	169,275	-
Total By Customer Group	2600	5,630	3,930	3,424	1,927	1,644	703	8,693	156,309	182,259	169,275	-

- Debtors age analysis as at 31 January 2026 has a balance of R 182,2 million.

7. Creditors' Analysis

KZN223 Mpfana - Supporting Table SC4 Monthly Budget Statement - aged creditors - M07 January

Description	NT Code	Budget Year 2025/26									Total	Prior year totals for chart (same period)
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Days	151-180 Days	181 Days - 1 Year	Over 1 Year			
R thousands												
Creditors Age Analysis By Customer Type												
Bulk Electricity	0100	-	-	-	-	-	-	-	-	-	-	-
Bulk Water	0200	-	-	-	-	-	-	-	-	-	-	-
PAYE deductions	0300	-	-	-	-	-	-	-	-	-	-	-
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-	-	-
Loan repayments	0600	-	-	-	-	-	-	-	-	-	-	-
Trade Creditors	0700	9,811	4,604	8,601	9,028	10,807	13,465	66,206	589,118	711,641	711,641	
Auditor General	0800	(250)	(500)	(250)	-	-	-	300	880	180	180	
Other	0900	(1,104)	(1,656)	1,300	(651)	403	1,438	2,985	1,238	3,953	3,953	
Medical Aid deductions	0950	-	-	-	-	-	-	-	-	-	-	
Total By Customer Type	1000	8,457	2,447	9,651	8,377	11,210	14,904	69,491	591,236	715,774	715,774	

- The municipality has an outstanding Creditors balance of R715 7 million as at 31 January 2026 of which 93% of creditors belongs to Eskom bulk electricity.

10. Councillor allowances and employee benefits.

Remuneration of councillors july to January 2026

Employee 12 Month Report - Totals

Defcode	Jul 2025	Aug 2025	Sep 2025	Oct 2025	Nov 2025	Dec 2025	Jan 2026	Total
SALARY	332,169.49	341,138.07	341,138.07	341,138.07	341,138.07	370,942.08	341,138.07	2,408,801.92
CELL_ALLO_COUNC	36,000.00	36,000.00	36,000.00	36,000.00	36,000.00	36,000.00	36,000.00	252,000.00
BACKPAY_100	1,364,295.34	853,554.02	-	-	-	-	-	2,217,849.36
*TOT:EARN	1,732,464.83	1,230,692.09	377,138.07	377,138.07	377,138.07	406,942.08	377,138.07	4,878,651.28
SDL	16,011.79	11,918.07	3,154.42	3,154.42	3,154.42	3,452.46	3,154.42	44,000.00
UIF	1,771.20	1,771.20	1,771.20	1,771.20	1,771.20	1,948.32	1,771.20	12,575.52
MED_AID_LAHEALT	2,431.20	2,431.20	-	-	-	-	-	4,862.40
*TOT:CC	20,214.19	16,120.47	4,925.62	4,925.62	4,925.62	5,400.78	4,925.62	61,437.92
Total	1,752,679.02	1,246,812.56	382,063.69	382,063.69	382,063.69	412,342.86	382,063.69	4,940,089.20

- The municipality has incurred the monthly remuneration of councilors of R382 thousand and YTD of R4,9 million as at end of January 2026.

Staff cost July to January 2026

Employee 12 Month Report - Totals

Defcode	Jul 2025	Aug 2025	Sep 2025	Oct 2025	Nov 2025	Dec 2025	Jan 2026	Total
SALARY	3,608,064.03	3,630,362.59	3,664,403.92	3,660,903.92	3,677,311.23	3,677,311.23	3,757,288.06	25,675,644.98
OTIME_1_5	87,263.48	96,274.38	99,020.75	96,621.15	106,609.51	58,720.33	79,783.05	624,292.65
OTIME_2_0	71,395.21	106,892.55	94,786.76	119,286.49	108,622.04	85,148.60	212,011.53	798,143.18
EXTRA_SALARY	8,000.00	8,000.00	8,000.00	8,000.00	8,000.00	8,000.00	8,000.00	56,000.00
DIRT_ALLOW	3,150.00	2,750.00	2,400.00	3,100.00	3,300.00	2,400.00	2,250.00	19,350.00
CAR_TRAVEL_80	88,491.28	88,491.28	88,491.28	88,491.28	88,491.28	88,491.28	88,491.28	619,438.96
CAR_TRAVEL_100	43,000.00	43,000.00	43,000.00	43,000.00	43,000.00	43,000.00	43,000.00	301,000.00
UNPAID_LEAVE	-	-	-	(6,200.45)	(5,818.06)	(7,938.92)	(23,597.73)	(43,555.16)
REIMB_KM_NONTAX	11,417.94	16,247.42	25,319.26	28,913.81	26,007.67	27,934.32	19,560.32	155,400.74
STANDBY_NORM	175,669.40	199,120.08	201,129.80	171,333.65	193,176.08	173,715.33	186,039.58	1,300,183.92
CELL_TELE_ALLOW	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	7,000.00
ACTING_ALLOW	-	-	1,740.09	6,518.66	6,518.66	6,518.66	6,518.66	27,814.73
BACKPAY_100	-	-	1,393.36	-	6,518.40	-	752,244.15	760,155.91
BPAY_TRAVEL_80	-	-	-	-	-	-	233,117.85	233,117.85
ANNUAL_BONUS	129,414.08	228,715.12	337,808.55	272,321.24	184,451.90	301,666.96	383,267.58	1,837,645.43
HOUSING_742	15,157.16	15,157.16	15,157.16	15,157.16	15,157.16	15,157.16	15,157.16	106,100.12
HOUSING_5000	35,445.61	35,445.61	35,445.61	35,445.61	35,445.61	35,445.61	35,445.61	248,119.27
LONGSERVICE_TAX	-	-	43,947.98	126,549.44	170,417.31	-	-	340,914.73
DANGER_ALLOW	6,650.00	6,650.00	6,650.00	6,650.00	6,650.00	6,650.00	6,650.00	46,550.00
SHIFT_ALLOWANCE	54,568.78	54,568.78	54,568.78	54,568.78	54,568.78	54,568.78	54,568.78	381,981.46
VH_TAX_80	825.69	825.69	825.69	825.69	825.69	825.69	825.69	5,779.83
LONGSERVICE_NT	-	20,130.53	-	-	17,525.33	-	-	37,655.86
*TOT:EARN	4,339,512.66	4,553,631.19	4,725,088.99	4,732,486.43	4,747,778.59	4,578,615.03	5,861,621.57	33,538,734.46
SDL	43,233.05	45,089.07	46,868.90	46,868.92	46,869.94	45,363.94	58,078.91	332,372.73
UIF	23,698.54	23,796.99	23,876.59	23,778.76	23,859.30	23,801.44	24,124.64	166,936.26
PENS_SUPE_28_25	176,009.53	176,009.53	184,450.54	187,678.25	184,450.54	184,450.54	184,450.54	1,277,499.47
PROV_FD_CC_9_75	2,126.38	2,126.38	2,126.38	2,126.38	2,126.38	2,126.38	2,126.38	14,884.66
MED_AID_LAHEALT	215,084.66	214,655.06	216,534.86	216,534.86	216,534.86	216,534.86	234,775.15	1,530,654.31
MED_AID_BONITAS	12,590.95	11,455.37	10,088.75	12,590.95	12,590.95	12,590.95	17,343.55	89,251.47
PENS_RET_53_37	7,555.03	7,555.03	7,555.03	7,555.03	7,555.03	7,555.03	7,555.03	52,885.21
PENS_SALA_DB_20	168,838.35	168,838.35	169,563.13	169,563.13	169,563.13	169,563.13	169,563.13	1,185,492.35
SALGA_LEVY	1,720.80	1,732.75	1,732.75	1,732.75	1,744.70	1,744.70	1,759.10	12,167.55
MED_AID_KEYHEAL	9,211.80	9,211.80	9,211.80	9,211.80	9,211.80	9,211.80	9,598.15	64,868.95
MED_AID_SAMVUME	84,266.90	84,338.90	81,911.30	76,076.95	76,076.95	78,475.75	86,803.10	567,949.85
MED_AID_HOSMED	7,135.15	7,135.15	7,604.95	7,135.15	7,135.15	7,135.15	2,175.00	45,455.70
PENS_SALA_DC_20	202,642.79	202,642.79	203,927.65	203,927.65	203,927.65	203,927.65	203,927.65	1,424,923.83
PENS_SALA_DC_18	50,839.48	50,839.48	50,839.48	50,839.48	50,839.48	50,839.48	50,839.48	355,876.36
PROV_FD_CC_975	2,126.38	2,126.38	2,126.38	2,126.38	2,126.38	2,126.38	2,126.38	14,884.66
PROV_FD_C_18	80,120.83	84,134.57	81,649.63	81,649.63	81,649.63	81,649.63	81,649.63	572,503.55
*TOT:CC	1,087,200.62	1,091,687.60	1,100,068.12	1,099,396.07	1,096,261.87	1,097,096.81	1,136,895.82	7,708,606.91
Total	5,426,713.28	5,645,318.79	5,825,157.11	5,831,882.50	5,844,040.46	5,675,711.84	6,998,517.39	41,247,341.37

- The municipality has incurred monthly expenditure of R6,9 million and YTD of R41,2 million on municipal staff cost as at 31 January 2026.

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

Not yet a quarter.

12. Capital programme performance

Capital Project expenditure Report January 2025			
Project Name	Budget	Expenditure	Balance
Mzilanyoni	5,011,011.11	- 2,283,036.66	2,727,974.45
Penning dale	7,550,527.43	- 6,144,456.56	1,406,070.87
Bruntville Sport fied	381,263.39	-	381,263.39
Phumlal /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
Gower Road		- 922,921.00	- 922,921.00
	16,165,095.00	- 10,584,999.12	5,580,095.88

- Capital project Budget is R16,1 million,
- Expenditure for January 2026 is R10,5 million and
- The balance unspent R5,7million.

MIG

- Mzilanyoni R2,2 million
- Penning dale R6,1 million

Municipal Own revenue

- Bruntville Road R1,2

Disaster Grant

- Gower Road R922 thousand

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

15. Annexure A: C-schedules

- Budget statement C schedule for 31 January 2026 will be attached as: **Attachment 2**

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

16.1 MFMA Circular 124 – Municipality Compliance Self-Assessment for January 2026.

- **Attachment 3.** Municipality's signed self-assessment for January 2026.

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

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

Municipal Details		Part A		Part B				Part C				Part D				Part E				Part F				Month applicable																									
Month	Code	C1	C2	C3	C4	C5	C6	C7	C8	C9	C10	C11	C12	C13	C14	C15	C16	C17	C18	C19	C20	C21	C22		C23	C24	C25	C26	C27	C28	C29	C30	C31	C32	C33	C34	C35	C36	C37	C38	C39	C40	C41	Score	Compliance Status				
1.July	Mpofana	KZN223																																										0%	Non Compliance	Yes			
2.August	Mpofana	KZN223																																												0%	Non Compliance	Yes	
3.September	Mpofana	KZN223																																												0%	Non Compliance	Yes	
4.October	Mpofana	KZN223	N/A	N/A	N/A	No	No	Yes	No	Yes	Yes	Yes	Yes	N/A	Yes	Yes	No	Yes	N/A	No	N/A	N/A	N/A	No	No	No	No	No	Yes	Yes	Yes	Yes	No	N/A	N/A	Yes	Yes	N/A	Yes	Yes	Yes	Yes	N/A	N/A	76%	Non Compliance	Yes		
5.November	Mpofana	KZN223	N/A	N/A	N/A	No	No	No	No	Yes	Yes	Yes	Yes	N/A	Yes	Yes	No	Yes	N/A	No	N/A	N/A	N/A	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	No	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	73%	Non Compliance	Yes
6.December	Mpofana	KZN223	N/A	N/A	N/A	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	N/A	Yes	Yes	No	Yes	N/A	No	No	N/A	N/A	N/A	No	No	No	No	Yes	Yes	Yes	Yes	Yes	No	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	71%	Non Compliance	Yes
7.January	Mpofana	KZN223	N/A	N/A	N/A	No	No	No	No	Yes	Yes	Yes	Yes	N/A	Yes	Yes	No	Yes	N/A	No	N/A	N/A	N/A	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	No	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	73%	Non Compliance	Yes
8.February	Mpofana	KZN223	N/A	N/A	N/A	No	No	No	No	Yes	Yes	Yes	Yes	N/A	Yes	Yes	No	Yes	N/A	No	N/A	N/A	N/A	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	No	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	73%	Non Compliance	Yes
9.March	Mpofana	KZN223	N/A	N/A	N/A	No	No	No	No	No	No	Yes	No	N/A	No	Yes	No	Yes	N/A	No	No	N/A	N/A	N/A	No	No	No	No	Yes	No	Yes	Yes	Yes	No	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	51%	Non Compliance	Yes
10.April	Mpofana	KZN223	N/A	N/A	N/A	No	No	No	No	No	No	Yes	No	N/A	No	Yes	No	Yes	N/A	No	No	N/A	N/A	N/A	No	No	No	No	Yes	Yes	Yes	Yes	Yes	No	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	61%	Non Compliance	Yes
11.May	Mpofana	KZN223	N/A	N/A	N/A	No	No	No	No	No	No	No	N/A	No	Yes	No	Yes	N/A	No	No	N/A	N/A	N/A	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	No	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	59%	Non Compliance	Yes
12.June	Mpofana	KZN223	N/A	N/A	N/A	Yes	Yes	No	No	No	No	No	No	N/A	No	Yes	No	Yes	N/A	No	No	N/A	N/A	N/A	No	No	No	No	Yes	Yes	Yes	Yes	Yes	No	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	59%	Non Compliance	Yes

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 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	KZN223	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	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	78%	Moderate compliance	on Compliance								
2.August	Mpofana	KZN223	N/A	N/A	N/A	No	Yes	Yes	No	Yes	No	Yes	Yes	N/A	No	Yes	No	Yes	No	N/A	N/A	N/A	N/A	No	No	No	No	Yes	Yes	Yes	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	78%	Moderate compliance	on Compliance					
3.September	Mpofana	KZN223	N/A	N/A	N/A	No	Yes	Yes	No	Yes	No	Yes	Yes	N/A	No	Yes	No	Yes	No	N/A	N/A	N/A	N/A	No	No	No	No	Yes	Yes	Yes	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	78%	Moderate compliance	on Compliance				
4.October	Mpofana	KZN223	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	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	76%	Moderate compliance	on Compliance			
5.November	Mpofana	KZN223	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	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	73%	Moderate compliance	on Compliance			
6.December	Mpofana	KZN223	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	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	71%	Moderate compliance	on Compliance			
7.January	Mpofana	KZN223	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	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	73%	Moderate compliance	on Compliance			
8.February	Mpofana	KZN223	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	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	71%	Moderate compliance	on Compliance		
9.March	Mpofana	KZN223	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	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	63%	Moderate compliance	on Compliance	
10.April	Mpofana	KZN223	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	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	63%	Moderate compliance	on Compliance
11.May	Mpofana	KZN223	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	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	63%	Moderate compliance	on Compliance
12.June	Mpofana	KZN223	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	N/A	N/A	Yes	Yes	Yes	Yes	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 procurement of the HOD must be attached as an Annexure to this Certificate of Compliance.

The table below is Municipality's self-assessment certificate for January 2026



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													
26.July25	Mpofana	KZN223	N/A	N/A	N/A	No	Yes	No	No	Yes	No	No	No	N/A	No	Yes	No	No	No	N/A	N/A	N/A	N/A	No	No	No	No	Yes	Yes	Yes	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	66%	Moderate compliance								
26.August25	Mpofana	KZN223	N/A	N/A	N/A	No	Yes	No	No	Yes	No	No	No	N/A	No	Yes	No	No	No	N/A	N/A	N/A	N/A	No	No	No	No	Yes	Yes	Yes	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	69%	Moderate compliance					
27.September25	Mpofana	KZN223	N/A	N/A	N/A	No	Yes	No	No	Yes	No	No	No	N/A	No	Yes	No	No	No	N/A	N/A	N/A	N/A	No	No	No	No	Yes	Yes	Yes	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	66%	Moderate compliance				
28.October25	Mpofana	KZN223	N/A	N/A	N/A	No	Yes	No	No	Yes	No	No	No	N/A	No	Yes	No	No	No	N/A	N/A	N/A	N/A	No	No	No	No	Yes	Yes	Yes	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	61%	Moderate compliance			
29.November25	Mpofana	KZN223	N/A	N/A	N/A	No	Yes	No	No	Yes	No	No	No	N/A	No	Yes	No	No	No	N/A	N/A	N/A	N/A	No	No	No	No	Yes	Yes	Yes	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	61%	Moderate compliance			
30.December25	Mpofana	KZN223	N/A	N/A	N/A	No	Yes	No	No	Yes	No	No	No	N/A	No	Yes	No	No	No	N/A	N/A	N/A	N/A	No	No	No	No	Yes	Yes	Yes	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	51%	Moderate compliance		
31.January26	Mpofana	KZN223	N/A	N/A	N/A	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A	No	Yes	No	No	No	N/A	N/A	N/A	N/A	No	No	No	No	Yes	Yes	Yes	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	68%	Moderate compliance		
32.February26	Mpofana	KZN223																																																				0%	Not completed		
33.March26	Mpofana	KZN223																																																						0%	Not completed
34.April26	Mpofana	KZN223																																																						0%	Not completed
35.May26	Mpofana	KZN223																																																						0%	Not completed
36.June26	Mpofana	KZN223																																																						0%	Not completed
37.July26	Mpofana	KZN223																																																						0%	Not completed
38.August26	Mpofana	KZN223																																																						0%	Not completed
39.September26	Mpofana	KZN223																																																						0%	Not completed
40.October26	Mpofana	KZN223																																																						0%	Not completed
41.November26	Mpofana	KZN223																																																						0%	Not completed

Comments/Motivation

HOD Name: _____

Signature of HOD: _____

Date: 31/01/2026

16.3 The January 2026 Provincial Treasury Municipal (Eskom) Debt Relief Compliance Assessment

16.4 MFMA Circular 124 – Condition 6.6 & 6.7

16.4.1 Monthly collection

Collection Rate Monthly Performance – January 2026

7 January - Reporting for December in January				
Billing For December	Collection in January	R - Billing not collected	% Collection	
6 593 276	7 751 615	692 776	118%	
6 593 276	7 751 615	692 776	118%	
1 548 937	1 314 182	234 755	85%	
4 468 397	6 319 513	0	141%	
-	-	-	#DIV/0!	
-	-	-	#DIV/0!	
575 941	117 920	458 021	20%	
-	-	-	#DIV/0!	

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

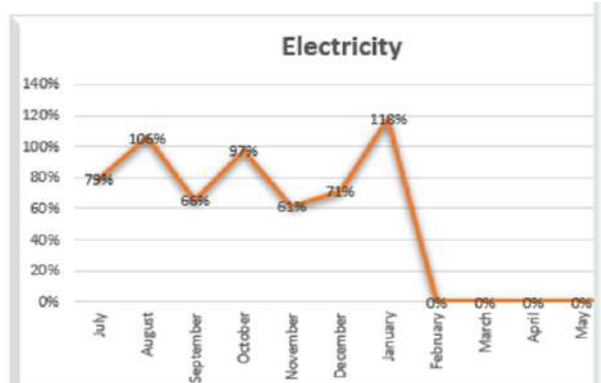
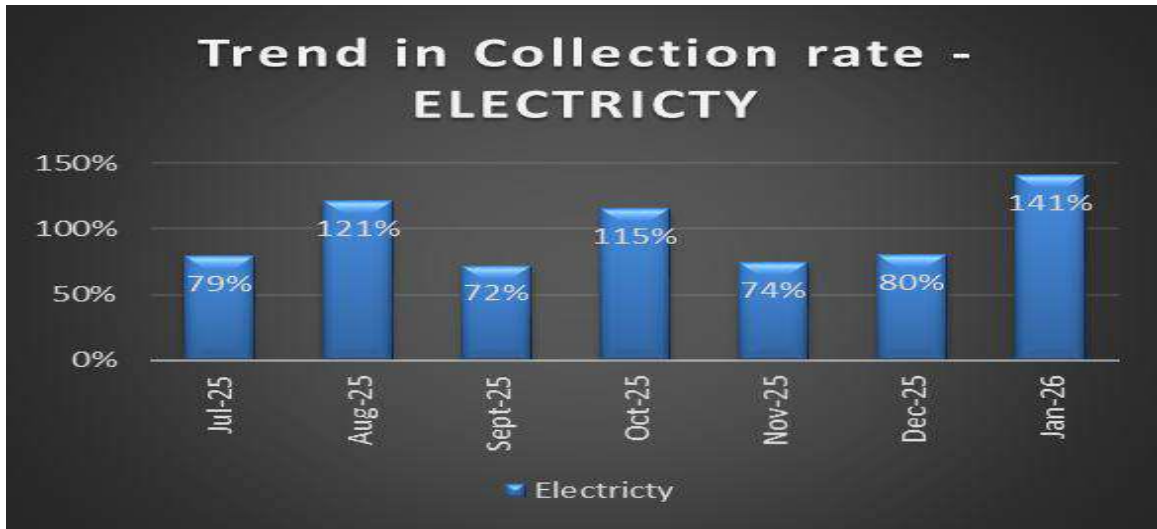
Collection Rate Assessment														
Aggregate Collection	Summary - Quarter 1				Q1	Summary - Quarter 2				Q2	Summary - Quarter 3			
	Billing	Collection	R - Billing not collected	% Collection		Billing	Collection	R - Billing not collected	% Collection		Billing	Collection	R - Billing not collected	% Collection
1. Collection for whole demarcation	17 467 464	14 020 890	3 436 574	80%	80%	23 290 900	17 859 536	5 429 563	77%	77%	6 593 276	7 751 615	(1 158 339)	118%
2. Collection <u>incl Eskom supplied areas</u>	17 467 464	14 020 890	3 436 574	80%	80%	23 290 900	17 859 536	5 429 563	77%	77%	6 593 276	7 751 615	(1 158 339)	118%
3. Collection: Property Rates	4 366 242	3 586 128	780 084	82%	82%	4 647 238	2 461 883	2 185 355	53%	53%	1 548 937	1 314 182	234 755	85%
4. Total average collection: Electricity (Municipal supplied areas)	11 435 720	10 214 362	1 221 358	89%	89%	16 981 385	15 809 428	1 171 896	90%	90%	4 468 397	6 319 513	(1 851 116)	141%
5. Total average collection: Water	-	-	-	#DIV/0!		-	-	-	#DIV/0!		-	-	-	#DIV/0!
6. Total average collection: Wastewater	-	-	-	#DIV/0!		-	-	-	#DIV/0!		-	-	-	#DIV/0!
7. Total average collection: Refuse	1 665 524	230 400	1 435 125	14%	14%	1 729 546	208 234	1 521 312	12%	12%	575 941	117 920	458 021	20%
8. Total average collection: Interest	-	-	-	#DIV/0!	0%	-	-	-	#DIV/0!		-	-	-	#DIV/0!

- The collection rate for January 118%.
- Property rates 85%
- Electricity 141%
- Refuse 20%
- The following table is breakdown for collection per month.

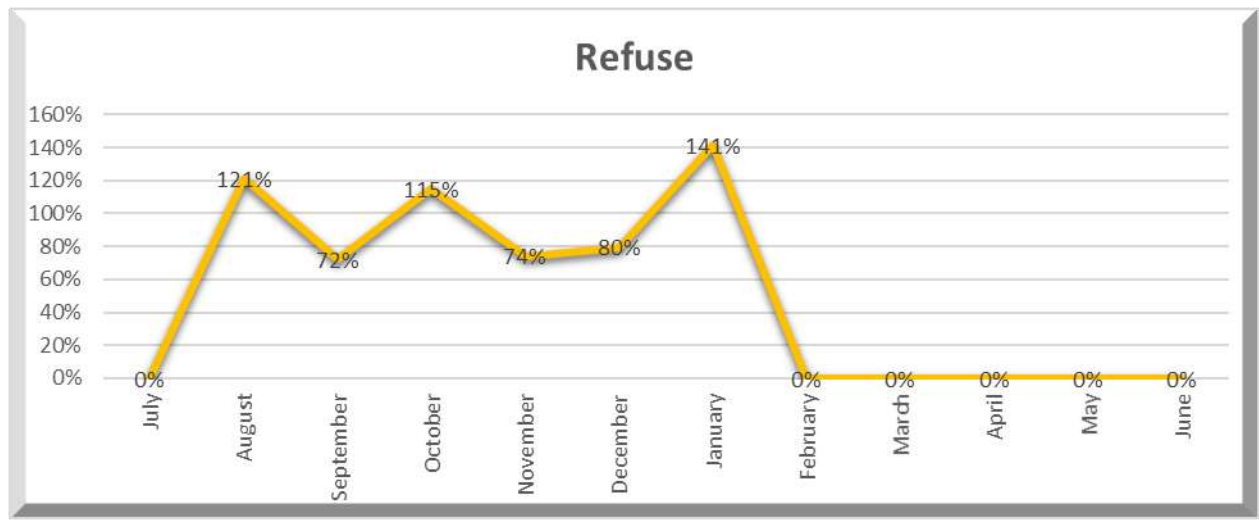
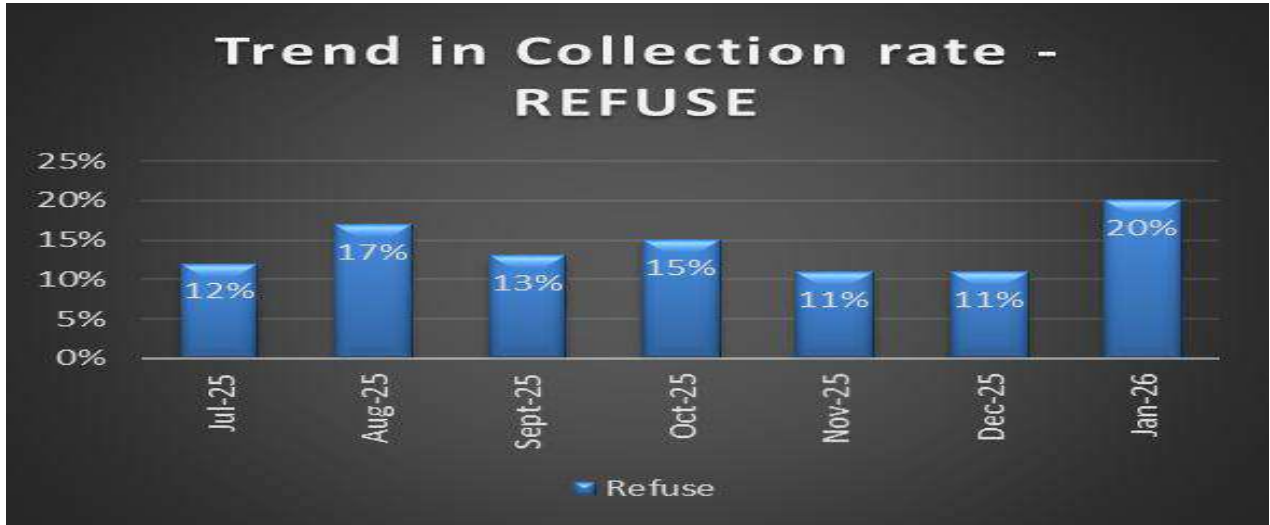
Trend in Collection rate – Property Rates: January 2026 is 85%



Trend in Collection rate – Electricity: January 2025 is 141%



Trend in Collection rate – Refuse: January Refuse is 20%



16.4.2 Monthly - Restriction of Free Basic Services to Indigent Households



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

Municipal Debt Relief - Monthly Reporting - Indigent Households Information (MFMA Circular 124 (Condition 6.6))
Instruction - complete only with information of the current households registered as indigent with the municipality (Do NOT include the information of all households unless explicitly stated otherwise)

Description	Ref	As Per Debt Relief Application		2025/2026 - Monthly Monitoring													
		Current Year - 2025/2026		2025/2026 - Monthly Monitoring													
		Baseline	Adopted Budget	Adjusted Budget	Full Year Forecast	M01	M02	M03	M04	M05	M06	M07	M08	M09	M10	M11	M12
Indigent Household Service Levels	1																
Water: (Include All Indigent households also in Eskom supplied areas)																	
Indigent HHs with piped water inside dwelling																	
Indigent HHs with piped water inside yard (but not in dwelling)	2																
Indigent HHs using public tap (at least min service level)	3																
Indigent HHs with other water supply (at least min service level)	4																
Total no. of indigent HHs receiving Minimum Service Level and Above sub-total	5																
Indigent HHs using public tap (< min service level)	6																
Indigent HHs with other water supply (< min service level)	7																
Indigent HHs with No water supply	8																
Total no. of indigent HHs receiving - Below Minimum Service Level sub-total	9																
Total number of registered indigent households	10																
Status of Water meters:																	
Number of indigent HHs with prepaid Water																	
Number of indigent HHs with conventional metered Water																	
Number of indigent HHs NOT metered currently - Water																	
Number of indigent HHs with NO Water supply - No metering																	
Total number of registered indigent households	11																
Status of unlimited supply of Water:																	
Number of indigent HHs with conventional metered Water - where the municipality is NOT physically restricting Water to the national free basic limit of 6 kilolitres per household per month																	
Number of indigent HHs NOT metered currently receiving unlimited supply - Water																	
Total number of registered indigent households receiving unlimited supply - Water	12																
Of the Total Number of registered indigent households receiving unlimited supply - State the Number of HHs billed for consumption above the 6 kilolitres	13																
Electricity: (Include All Indigent households also in Eskom supplied areas)																	
Indigent HHs with Electricity (at least min service level)																	
Indigent HHs with Electricity - prepaid (min service level)	14	2,029															
Total of indigent HHs receiving Minimum Service Level and Above sub-total	15	2,029															
Indigent HHs with Electricity (< min service level)	16																
Indigent HHs with Electricity - prepaid (< min service level)	17																
Indigent HHs with other energy sources	18																
Total no. of indigent HHs receiving - Below Minimum Service Level sub-total	19	2,029															
Total number of registered indigent households	20	2,029															
Status of Electricity meters:																	
Number of indigent HHs with prepaid Electricity																	
Number of indigent HHs with conventional metered Electricity																	
Number of indigent HHs NOT metered currently - Electricity																	
Number of indigent HHs with other energy sources - No metering																	
Total number of registered indigent households	21	2,029															
Status of unlimited supply of Electricity:																	
Number of indigent HHs with conventional metered Electricity - where the municipality is NOT physically restricting Electricity to the national free basic limit of 50kwh per household per month																	
Number of indigent HHs NOT metered currently receiving unlimited supply - Electricity																	
Total number of registered indigent households receiving unlimited supply - Electricity	22																
Of the Total Number of registered indigent households receiving unlimited supply of Electricity - State the Number of HHs billed for consumption above the 50 kwh	23																
Number of ALL Households receiving Free Basic Service (including registered indigent households)	7																
Water (6 kilolitres per household per month)																	
Electricity/other energy (50kwh per household per month)																	
Cost of Free Basic Services provided to ALL Households in - Formal Settlements (R'000)																	
Water (6 kilolitres per household per month)																	
Electricity/other energy (50kwh per household per month)																	
Total cost of Free Basic Services provided to ALL Households in - Informal Formal Settlements (R'000)	8	228,119															
Water (6 kilolitres per household per month)																	
Electricity/other energy (50kwh per household per month)																	
Total cost of Free Basic Services provided to ALL Households in - Informal Formal Settlements (R'000)	9	228,119															
Highest level of free service provided per household (ALL Households)																	
Property rates (R value threshold)																	
Water (kilolitres per household per month)																	
Sanitation (kilolitres per household per month)																	
Sanitation (Rand per household per month)																	
Electricity (kwh per household per month)																	
Refuse (average litres per week)																	
Revenue cost of subsidised services provided for ALL Households (R'000)	10																
Residential Category - Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)	14(a)																
PSI Category - Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)	14(b)																
Additional Subsidies: Property rates exemptions, reductions and rebates in excess of section 17 of MPRA)	15																
Water (in excess of 6 kilolitres per indigent household per month)	16																
Sanitation (in excess of free sanitation service to indigent households)	17																
Electricity/other energy (in excess of 50 kwh per indigent household per month)	18																
Refuse (in excess of one removal a week for indigent households)	19																
Municipal Housing - rental rebates	20																
Housing - top structure subsidies	21																
Clear	22																
Total revenue cost of subsidised services provided	23																

- 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

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

16.5. January 2026 Property rates reconciliation.

16.6 MFMA Circular 124 – Condition 6.3 and Condition 6.12

The GV reconciliation was performed in January 2026, 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 3					
Reconciliation Overview						
High Level Reconciliation						
Property Categories	# of Properties			Market Values		
Property Categories	GV	MFS	Variance	GV Market Values	MFS Market Values	Variance
Residential	3621	3616	5	1 222 860 500,00	1 213 170 500,00	9 690 000,00
Industrial	21	21	0	75 130 000,00	75 130 000,00	-
Business and Commercial	134	134	0	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	19	0	-	-	-
Vacant	324	327	-3	53 672 000,00	56 322 000,00	- 2 650 000,00
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>5938</u>	<u>0</u>	<u>5 257 571 500,00</u>	<u>5 258 021 500,00</u>	<u>- 450 000,00</u>

- The revenue team investigated the differences, and it was discovered that, these were identified in December 2025, which was not resolved:
 - Residential properties:
 - Erf 1384 – 10002183: This property is not reflected in the billing report, despite being correctly linked on the system, resulting in a variance in the reconciliation.
 - Erf 7971 - 10002039: Similarly, this property is not reflected in the billing report, although it is correctly linked on the system, causing a variance in the reconciliation.
 - Erf 2170 portion 143 – 10002205: This property is also not reflected in the billing report, despite being correctly linked on the system, resulting in a variance in the reconciliation.
 - Agricultural properties:
 - Erf 7333 portion 3: Linked to a different account number on the billing system and incorrectly categorized as vacant land.

- Erf 1322 portion 1: Correctly linked, but the market value is incorrect in the system
- Erf 7972 portion 0: Correctly linked, but the market value is incorrect in the system.
- Vacant Land:
 - 3 properties are incorrectly linked

➤ The System Vendor was engaged in January 2026, to investigate & resolve the differences.

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	Mpofoana					
GV Period	01/07/2021 - 30/06/2026					
Financial Year	2025/2026					
Reconciliation Period	Quarter 3					
Reconciliation Overview						
High Level Reconciliation						
Property Categories	# of Properties			Market Values		
Property Categories	GV	MFS	Variance	GV Market Values	MFS Market Values	Variance
Residential	3621	3621	0	1 222 860 500,00	1 222 860 500,00	-
Industrial	21	21	0	75 130 000,00	75 130 000,00	-
Business and Commercial	134	134	0	444 535 000,00	444 535 000,00	-
Agricultural	724	724	0	3 021 575 000,00	3 021 575 000,00	-
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	19	0	-	-	-
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>5938</u>	<u>0</u>	<u>5 257 571 500,00</u>	<u>5 257 571 500,00</u>	<u>-</u>

- The no of properties of **5 938** match, between the General Valuation (Valuer) & the System Generated General Valuation (Billing Report)
- The market value also agrees to the sum of **R 5 257 571 500.**
- Monthly monitoring shall continue for any remedial action

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 <u>NUMBER</u>						
	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26
Residential	19	1	2	0	0	5	0
Industrial	0	0	0	0	0	0	0
Business & Commercial	-1	-1	-1	0	0	0	0
Agricultural	-2	-2	-2	0	0	-2	0
Mining	0	0	0	0	0	0	0
State	0	0	0	0	0	0	0
PSI	0	0	0	0	0	0	0
PBO	0	0	0	0	0	0	0
Multi Use	1	1	1	0	0	0	0
Vacant	-17	0	1	0	0	-3	0
POW	0	0	0	0	0	0	0
Municipal	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
TOTAL	0	-1	1	0	0	0	0

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

GV vs MFS							
Property Categories	Variances in <u>VALUE</u>						
	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26
Residential	-R 2 231 875 500	-R 2 273 005 500	-R 933 840 000	R -	R -	R 10 590 000	R -
Industrial	R -	R -	R -	R -	R -	R -	R -
Business & Commercial	R -	R -	R -	R -	R -	R -	R -
Agricultural	-R 7 490 000	-R 7 490 000	-R 40 360 000	R -	R -	-R 7 490 000	R -
Mining	R -	R -	R -	R -	R -	R -	R -
State	R -	R -	R -	R -	R -	R -	R -
PSI	R -	R -	R -	R -	R -	R -	R -
PBO	R -	R -	R -	R -	R -	R -	R -
Multi Use	R -	R -	R -	R -	R -	R -	R -
Vacant	-R 10 100 000	R -	R 120 000	R -	R -	-R 2 650 000	R -
POW	R -	R -	R -	R -	R -	R -	R -
Municipal	R -	R -	R -	R -	R -	R -	R -
Other	R -	R -	R -	R -	R -	R -	R -
TOTAL	-R2 249 465 500	-R2 280 495 500	-R 974 080 000	R -	R -	R 450 000	R -

6.3 Maintenance of Eskom Current account

- No payment has been made towards the Eskom bulk current account for January 2026.
- The municipality has provided Eskom Reconciliation indicating that the balance of R669 million.

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.

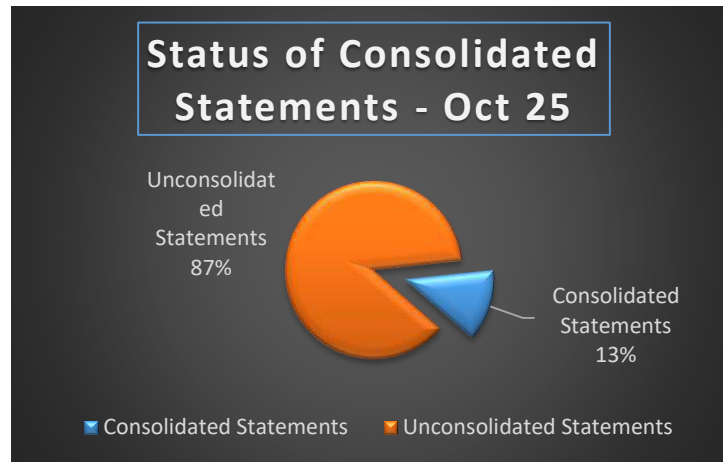
6.6 Electricity as a collection tools

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

A resolution was reached in a meeting in September 2025, with system service provider, municipality & MFIP Advisor, regarding the investigation into the debtor's statements that are Consolidated for all services, and debtors accounts which are stand alone.

A Report was extracted in October 2025 from the system, and the following are the findings, for consideration:

Description	No of Debtors	% of Debtors
Consolidated statements	454	13%
Unconsolidated statements	3 028	87%
TOTAL ACCOUNTS ON SYSTEM	3 482	100%



Observations (December 2025)

1. No of statements consolidated are **454**, i.e. 13%.
2. No of statements unconsolidated are **3 028**, i.e.87%

Recommendations

1. The **3 028** debtors whose statements are not consolidated, must be analysed & investigated. The reasons for not being consolidated, must be communicated to the CFO. Based on the outcome, an implementation plan must be devised to address these accordingly.
 2. Monthly monitoring must be performed & reported accordingly as service still working on the issue.
- Disconnection list for January 2026 will be attached as: **Attachment 4**

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

- Not Yet a quarter.

6.7.2

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

6.8 Completeness of the revenue base

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

6.9 Monitor and report on implementation

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

6.10 Provincial Treasury certification of municipal compliance.

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

6.11 Limitation on Municipal borrowing powers.

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

6.12 Management of resources

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

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

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



KWAZULU-NATAL PROVINCE

TREASURY
REPUBLIC OF SOUTH AFRICA

Provincial Treasury MFMA Circular 124

Municipal Debt Relief Report

Mpofana Municipality

December 2025

DISTRIBUTION:

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

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

Sector Departments: **National Treasury Email: RevenueManagement@treasury.gov.za**

Email: mohamed@mfip.gov.za

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



KWAZULU-NATAL PROVINCE

TREASURY
REPUBLIC OF SOUTH AFRICA

DIRECTORATE: HEAD OF DEPARTMENT

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27 January 2026

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

MPOFANA MUNICIPALITY – MONTHLY DEBT RELIEF REPORT – DECEMBER 2025

National Treasury approved the debt relief application of Mpofana Municipality with effect 01 October 2023. September 2024 constituted the 12th month of the municipality's first 12-month debt relief compliance cycle. September 2025 constituted the 12th month of the municipality's second 12-month debt relief compliance cycle. December 2025 constitutes the 3rd month of the municipality's third 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 December 2025. This report **highlights the areas of compliance and non-compliance** for the month of December 2025, the support measures instituted by KZN Provincial Treasury, and the actions taken by the municipality in the month of January 2026.



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 51% average compliance with the MFMA Circular 124 conditions during December 2025 – refer to the performance sheet in the table below that shows the municipality's debt relief compliance performance for December 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 30 September 2024, nor the second third (2/3), which ended on 30 September 2025, nor the third third (3/3), which ends on 30 September 2026 unless the outstanding non-compliance issues are addressed.

National Treasury has indicated that the assessment period for the first-year debt relief cycles is now closed. Thus, the municipality will not be able to achieve a 100% write off of the ring-fenced Eskom debt.

National Treasury issued a final warning to the municipality on 17 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 17 March 2025 to rectify the situation, which includes settlement of the new arrear debt, since approval to the programme, of R85 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 – November 2025), the municipality did not fully adhere to all the conditions of MFMA Circular 124. The specific condition(s) to which Mpozana Municipality did not comply during December 2025 are discussed in more detail below.



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



MFMA Circular No. 124

Municipal Finance Management Act No. 56 of 2003

Code	District	Code Description
KZN223	uMgungundlovu	Mpofana

Monthly Performance Report																																															
Municipal Details			Part A						Part B					Part C				Part D				Part C						Maximization of Revenue Base			Part E														Scoring and Rating		
			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									Oversight														Score	Rating	
Month	Code Descr	Code	C1	C2	C3	C4	C5	C6	C7	C8	C9	C10	C11	C12	C13	C14	C15	C16	C17	C18	C19	C20	C21	C22	C23	C24	C25	C26	C27	C28	C29	C30	C31	C32	C33	C34	C35	C36	C37	C38	C39	C40	C41				
25.July25	Mpofana	KZN223	N/A	N/A	N/A	No	Yes	No	No	Yes	No	No	No	N/A	No	Yes	No	No	N/A	No	N/A	N/A	N/A	N/A	No	No	No	No	Yes	Yes	Yes	No	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	66%	Moderate compliance
26.August25	Mpofana	KZN223	N/A	N/A	N/A	No	Yes	Yes	No	Yes	No	No	No	N/A	No	Yes	No	No	N/A	No	N/A	N/A	N/A	N/A	No	No	No	No	Yes	Yes	Yes	No	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	68%	Moderate compliance
27.September25	Mpofana	KZN223	N/A	N/A	N/A	No	No	No	No	Yes	No	No	No	N/A	No	Yes	No	No	N/A	No	No	No	N/A	No	No	No	No	No	Yes	Yes	Yes	No	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	56%	Moderate compliance
28.October25	Mpofana	KZN223	N/A	N/A	N/A	No	No	No	No	Yes	No	No	No	N/A	No	Yes	No	No	N/A	No	N/A	N/A	N/A	N/A	No	No	No	Yes	Yes	Yes	Yes	No	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	66%	Moderate compliance	
29.November25	Mpofana	KZN223	N/A	N/A	N/A	No	No	No	No	Yes	No	No	No	N/A	No	Yes	No	No	N/A	No	N/A	N/A	N/A	N/A	No	No	No	Yes	Yes	Yes	Yes	No	N/A	N/A	Yes	Yes	Yes	Yes	No	No	Yes	Yes	Yes	Yes	61%	Moderate compliance	
30.December25	Mpofana	KZN223	N/A	N/A	N/A	No	No	No	No	Yes	No	No	No	N/A	No	Yes	No	No	N/A	No	No	No	N/A	No	No	No	No	Yes	Yes	Yes	No	N/A	N/A	Yes	Yes	Yes	Yes	No	No	Yes	Yes	Yes	Yes	51%	Moderate compliance		
31.January26	Mpofana	KZN223																																											0%	Not completed	
32.February26	Mpofana	KZN223																																											0%	Not completed	
33.March26	Mpofana	KZN223																																											0%	Not completed	
34.April26	Mpofana	KZN223																																											0%	Not completed	
35.May26	Mpofana	KZN223																																											0%	Not completed	
36.June26	Mpofana	KZN223																																											0%	Not completed	
37.July26	Mpofana	KZN223																																											0%	Not completed	
38.August26	Mpofana	KZN223																																											0%	Not completed	
39.September26	Mpofana	KZN223																																											0%	Not completed	
40.October26	Mpofana	KZN223																																											0%	Not completed	
41.November26	Mpofana	KZN223																																											0%	Not completed	



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

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

Condition 6.3: Maintaining the Eskom current account

The municipality has not made a payment towards the November 2025 invoice (R9.5 million) which was due and payable on 18 December 2025. No payment has been made to Eskom in the month of December 2025.

The municipality does not have an approved repayment plan in place for the arrear debt. The municipality was assisted by the MFIP advisor to prepare the supporting documentation for the repayment arrangement. The municipality indicated that the proposed repayment agreement was submitted to Eskom in May 2025. The municipality is awaiting feedback from Eskom.

Eskom indicated in its Section 41 report for November 2025 that the municipality is not complying with the debt relief conditions and that the DAA negotiations are in progress. National Treasury has also indicated that the non-payment of Eskom accounts places Mpofana municipality at high risk of losing access to debt relief support. It also exposes the municipality to the possibility of legal escalation or disconnection of electricity supply, which would have devastating consequences for local service delivery. Without a repayment plan, arrears will continue to grow uncontrollably, increasing the likelihood of insolvency.

National Treasury further recommended that the municipality concludes a binding repayment plan with Eskom with immediate effect. These concerns were discussed with the municipality during the IYM meetings held on 09 September 2025 and 10 December 2025.

The municipality, as highlighted in the Section 71 report, indicated that they are experiencing financial challenges, which consequently rendered them unable to meet their payment obligation for November 2025.

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.

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 major concern was that there was no clear strategy included in the Budget funding plan to address the aging of infrastructure and the increase in electricity losses.

The municipality subsequently submitted a revised Budget funding plan on 14 November 2025 which has been assessed as not credible by Provincial Treasury. The reason for assessing the Budget Funding plan as not credible is that in the Budget Funding Plan submitted by the municipality, the debt relief write-offs of one third of the R391.8 million (i.e. R130.8 million) were applied over the three (3) MTREF financial years in Table A8. However, National Treasury has indicated that the first cycle of debt write-offs for the period ending 30 September 2024 has been closed and, therefore, the municipality is only eligible for 67 percent (two thirds) of the Eskom ring-fenced debt, which would potentially be subject to write-off provided that the municipality adequately complies with the debt relief



conditions as per MFMA Circular No. 124 in the second and third cycles. As a result, the municipality can no longer apply the three (3) write offs in Table A8. To ensure the successful implementation of the Budget funding plan, the municipality was advised to urgently facilitate and conclude a repayment arrangement with Eskom for all arrear debt and to monitor the implementation of the Budget funding plan on a monthly basis.

The municipality has budgeted for a Surplus of R6.5 million. However, the budgeted Surplus does not appear reasonable 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. Provincial Treasury 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). As a result, the budgeted amount could be understated. The municipality was advised to make a correction during the 2025/26 Adjustments Budget.

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 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 2025/26 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.

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 tool 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:



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- 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

Per the Section 71 report for December 2025, a system report on Consolidated debtors was extracted for October 2025. The report illustrated that 454 (13%) debtors accounts are consolidated, reflecting rates, electricity and refuse services on one invoice. 3028 (87%) of consumer debtors accounts remain unconsolidated.

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 December 2025.

The Municipality has uploaded the draft and final indigent register on GOMUNI, however, no consumers on the Indigent register are currently receiving the Indigent subsidy for Property rates and Service charges. 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

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. Per National Treasury instruction issued on 14th March 2025, where a municipality has not included this annexure in their Section 71 report, Provincial Treasuries are required to mark the municipality as non-compliant across the entire Condition 6.6. in the debt relief certificate.

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

The reporting period being December 2025 is the end of a quarter, and therefore, the quarterly collection rate of property rates and service charges is required to be assessed for this reporting month.

The municipality has achieved an 77% average quarterly collection rate (Collection for quarter: R 17 859 536/ Billing for quarter: R23 288 100) for property rates and services charges as per their Sec 71 report for Quarter 2 (October, November and December 2025) which is below the minimum required 85% average quarterly collection as per MFMA Circular 124.

There has been a regression in the collection rate from quarter 1 of the 2025/2026 financial year (80%) to quarter 2 of the 2025/2026 financial year (77%). KZN PT assisted Mpofana LM with the review of the collection rate template during the second quarter of the 2025/2026 financial year. KZN PT will continue to support the LM with the review of the collection rate on a monthly basis.

KZN PT engaged with the Municipality on 13th and 14th January 2026 with regards to the correctness and accuracy of the NT Revenue collection template. Per the status of all documents submissions extracted from GOMUNI for Mpofana Local Municipality on 23 January 2026, it was confirmed the Municipality had uploaded the payment rate per service for month 06 (December 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 31 of the Month 06 (December 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 (December 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 December 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 (December 2025).

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

- The Municipality together with the MFIP advisor and system vendor is still working on resolving the Market value variance on the billing system for Residential, Agricultural and Vacant properties. The aim is for these variances to be resolved by the end of January 2026 (Refer to table 2 below).
- In terms of the variances in the number of properties on the NT Valuation roll reconciliation tool, there is a few exceptions that still need to be addressed (Refer to table 1 below). Exceptions are expected to be addressed in the month of January 2026.



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Table 1 below illustrates the trend analysis from July till December 2025 in the differences between the General Valuation (GV) and the Municipal Financial System (MFS) for the number of properties per category, which will be monitored monthly:

GV vs MFS						
Property Categories	Variances in <u>NUMBER</u>					
	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25
Residential	19	1	2	0	0	5
Industrial	0	0	0	0	0	0
Business & Commercial	-1	-1	-1	0	0	0
Agricultural	-2	-2	-2	0	0	-2
Mining	0	0	0	0	0	0
State	0	0	0	0	0	0
PSI	0	0	0	0	0	0
PBO	0	0	0	0	0	0
Multi Use	1	1	1	0	0	0
Vacant	-17	0	1	0	0	-3
POW	0	0	0	0	0	0
Municipal	0	0	0	0	0	0
Other	0	0	0	0	0	0
TOTAL	<u>0</u>	<u>-1</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>



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

GV vs MFS						
Property Categories	Variances in <u>VALUE</u>					
	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25
Residential	-R 2 231 875 500	-R 2 273 005 500	-R 933 840 000	R -	R -	R 10 590 000
Industrial	R -	R -	R -	R -	R -	R -
Business & Commercial	R -	R -	R -	R -	R -	R -
Agricultural	-R 7 490 000	-R 7 490 000	-R 40 360 000	R -	R -	-R 7 490 000
Mining	R -	R -	R -	R -	R -	R -
State	R -	R -	R -	R -	R -	R -
PSI	R -	R -	R -	R -	R -	R -
PBO	R -	R -	R -	R -	R -	R -
Multi Use	R -	R -	R -	R -	R -	R -
Vacant	-R 10 100 000	R -	R 120 000	R -	R -	-R 2 650 000
POW	R -	R -	R -	R -	R -	R -
Municipal	R -	R -	R -	R -	R -	R -
Other	R -	R -	R -	R -	R -	R -
TOTAL	-R2 249 465 500	-R2 280 495 500	-R 974 080 000	R -	R -	R 450 000

On 7th January 2026, the MFIP advisor had a working session and on the job training on GV reconciliation tool for December 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 Financial Recovery committee which meet on a weekly basis.

The municipality has reported a year-to-date (YTD) operational deficit of R28.9 million in the Section 71 Schedule C for Month 06 (December 2025). The municipality has spent 61.2 percent of its Operating budget in Month 06 compared to the straight-line projection of 50 percent. However, discrepancies arise when examining the mSCOA data strings for the same period, which reflects a YTD operational deficit of R25.7 million against the expected YTD budget operating surplus of R3.3 million. This significant



variance suggests challenges in the municipality’s financial management and reporting processes as well as the poor implementation of the approved Budget Funding Plan.

Furthermore, Provincial Treasury has observed that the municipality’s spending is not aligned with the approved budget limits. According to the Section 71 report based on the mSCOA data strings for Month 06 of the 2025/26 financial year, the municipality reported that it had already spent above the Year-to-Date Budget (YTD) on the following expenditure line items: Employee related costs (55.8 percent), Remuneration of councillors (111 percent), Bulk purchases (61.3 percent) and Contracted services (66.6 percent). Additionally, the municipality also incurred expenditure on the following line items that were not budgeted for: Interest of R15.9 million and Internally funded capital expenditure of R1.1 million. This variance suggests challenges in the municipality’s financial management and poor implementation of the approved Budget Funding Plan. To address these issues, a Municipal Finance Improvement Programme (MFIP) advisor has been deployed to provide budget management support and assist the municipality in strengthening its financial controls 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:

MFMA S71 Statement component		Compliance (Yes/No)
1.	<i>The Budget Performance Overview (paragraph 4) of the MFMA S71 statement</i> 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 06 in the S71 report. However, the municipality has not uploaded the Budget Funding Plan performance report on GoMuni
2.	<i>The conclusion (paragraph 14) of the MFMA S71 statement</i> explicitly advised as part of the MFMA Circular 124: Condition 6.9 reporting - i. Any risk associated; and ii. The mitigating factors with the implementation of the municipality’s Budget Funding Plan and / or Funded Budget.	Yes, the municipality has reported on the associated risks and mitigating factors in the S71 report.
3.	<i>Annexure B of the MFMA S71 statement included the following debt relief reporting components-</i>	
3.1.1	The municipality’s MFMA Circular 124 self-assessment	Yes
3.1.2	The self-assessment (refer 3.1.1 above) was included in the format of MFMA Budget Circular 128 (Annexure B)	Yes



MFMA S71 Statement component		Compliance (Yes/No)
3.2	The municipality's overall relief compliance across the months of its debt relief participation since its National Treasury debt relief approval effective date	Yes
3.3	The latest Provincial Treasury debt relief compliance certificate and report issued to the municipality	Yes
3.4.1	The municipality's revenue collection performance i. the overall performance graph; ii. Summary worksheet; and iii. Collection per ward indicating who supplies electricity in the ward	Yes
3.4.2	The revenue collection performance information (refer 3.4.2) was included in the format of MFMA Budget Circular 128 (Annexure D) .	Partially met, Revenue collection summary for Month 6 report has been omitted.
3.5.1	The indigent management information	No
3.5.2	The indigent management information was included in the format of MFMA Budget Circular 128 (Annexure C) .	Not included
3.6.1	The summary of the municipality's property rates reconciliation undertaken in the National Treasury format.	Yes
3.6.2	The municipality's progress during the month against its planned corrective action to address any variances evident from the property rates reconciliation.	Yes
3.7.1	Any Eskom and Water (if the municipality has the Water function) Bulk current account invoice(s) due and payable during the month of reporting	Yes The Eskom statement due and payable in the month of December 2025 (i.e. the November 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.	No payment was made in December 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 May 2024, to take the officials through the S71 reporting guidelines issued by National Treasury on the 10 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 – December 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 12th December 2025, as well as 7th and 8th January 2026. The debt relief engagements by the MFIP Advisor covered the following:

- Working session on Age analysis, for November 2025; Sorting system report for comparison to C schedule, which shall form part of Revenue management Report.
- Compiling the Section 71 Trend analysis Report for November 2025, which provided an overview of Revenue and Expenditure, for the Capital and Operating budget.
- Debt relief compliance status meeting with Accountant Budget, using November 2025 compliance feedback from KZN PT.
- Facilitated training on the GV reconciliation for December 2025 including analysis of billing report, sorting, and pivot into suitable format, and compiling workings; Going through the SOPs developed.
- Facilitated completion of One on One Follow up training on Section 71 Trend Report writing and analytical outcome, with key findings and recommendations.
- Compiling Final Report on Debt Compliance Status Report (November 2025), after consolidating supporting documents (including Executive Summary, key finding and recommendations; Debt compliance; Eskom debt; Debtors; Electricity Losses; Fixed Costs).
- On the job training/working session with Debtors Controller including Debt relief report writing, including status on Debt Compliance; Electricity Losses, Debtors, Eskom account and affordability, Fixed Costs, Debtors age, illustrating the observations, trends, and findings.

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 01 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 and Condition 6.13: Accounting Treatment

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.

The municipality is not making payments to Eskom. Ring-fencing is not being achieved via mSCOA Reporting nor transfer of electricity receipts into the separate bank account for electricity.

Condition 6.14: NERSA Licence

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

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



Provincial Treasury Compliance Certification

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

The KZN Provincial Treasury's assessment and compliance certificate confirmed that Mpofana Municipality during December 2025 did not fully comply with all the MFMA Circular 124 conditions and was elaborated on above. It is noted that the municipality's December 2025 average compliance of 51% has regressed as compared to the 61% compliance rate achieved during November 2025.

Although, the municipality has made progress, it is noted that the automated performance reports are indicative that the municipality is unlikely to receive a 1/3 Eskom debt write-off, linked to their first 12-month compliance cycle (which ended on the 30 September 2024), nor the 2/3 Eskom debt write-off, linked to their second 12-month compliance cycle (which ended on the 30 September 2025), nor the 3/3 Eskom debt write-off, linked to their third 12-month compliance cycle (which ends on the 30 September 2026). **National Treasury issued a final warning to the municipality on 17 December 2024 for non-compliance with conditions of the municipal debt relief programme, particularly with respect to non-payment of the current Eskom account.**

The municipality is urged to strengthen its implementation of the relief conditions to fully benefit from the relief by a return to basic financial management best practice.

Kind regards

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



Annexure A2 - Monthly

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

Kwa-Zulu Natal Provincial Treasury

Certificate of Compliance: Municipal Debt Relief Conditions for Application

Period

Dec'25

National Financial Year

2025/26

Demarcation Code of Municipality being assessed

KZN223

District

uMgungundlovu

Demarcation Description

Mpofana

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

Municipal Debt Relief Conditions (Monthly reporting)

Choose from drop down list

Condition	6,3 + 6,12	Maintaining the Eskom and bulk water current account – (current account for the purpose of this exercise means the account for a single month's consumption):	
1	6.12.2	- Has the municipality paid its bulk water current account within 30 days of receiving the relevant invoice (this applies to all municipalities, including metros)? <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 https://lguploadportal.treasury.gov.za ?	Does not have function
3	6.12.2	- Does the amount of the bulk water current account payment as per the proof of payment reconcile to the amount recorded on the financial system as per the mSCOA data string and the section 41(2) MFMA statement of the Water Board and/ or Water Trading Entity?	Does not have function
4	6.3.1	- Has the municipality paid its Eskom bulk current account within 30 days of receiving the relevant invoice (this applies to all municipalities, including metros)? <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 https://lguploadportal.treasury.gov.za ?	No
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>	2025/26 Adopted MTREF
7	6.4.1	- Is the municipality's MTREF funded and aligning to the National Treasury's Budget Funding Guidelines - http://mfma.treasury.gov.za/Guidelines/Pages/Funding.aspx ?	No
8	6.4.1	- Has the municipality budgeted for any operating surplus on the A1 Schedule (Table A4 – Budgeted Financial Performance) of the Municipal Budget- and Reporting Regulations?	Yes
9	6.4.1	- Has the municipality made adequate provision for debt impairment <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	- If the municipality's MTREF is not funded , has it tabled and adopted a credible Budget Funding Plan as part of the MTREF budget (refer item 9.3 of MFMA Budget Circular no. 122, 09 December 2022)?	No
		<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	- 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)? <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	Cost reflective tariffs – (excluding metros) has the municipality included its completed tariff tool (refer MFMA Circular no. 98 and item 5.2 of MFMA Budget Circular no. 122) as part of the municipality's annual tabled and adopted MTREF submissions with effect the tabling of the 2023/24 MTREF?	Yes
	6.6	Electricity and water as collection tools – has the municipality, with effect from the tabling of the 2023/24 MTREF, demonstrated, through its by-laws and budget related policies that:	
15	6.6.1	- the municipality issues a consolidated monthly bill to all consumers/property owners in terms of which all partial payments received are allocated in the following order of priority: firstly, to property rates, thereafter to water, wastewater, refuse removal and lastly to electricity?	No
16	6.6.2	- the municipality disconnects electricity services and/or block the purchasing of pre-paid electricity of any defaulting consumer/property owner unless the defaulter already registered as an indigent consumer with the municipality?	No
17	6.6.3	- the municipality is restricting and/or interrupting the supply of water of any defaulting consumer/ property owner unless the defaulter already registered as an indigent consumer with the municipality? <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	Supporting evidence : The National Treasury and/ or provincial treasury's related budget assessment confirms the municipality's relevant MTREF's related budget policies and by-laws demonstrate compliance with paragraph 6.6.	
	6.7	Maintain a minimum average quarterly collection of property rates and services charges –	
19	6.7.1	- Has the municipality achieved a minimum of 80 per cent average quarterly collection of property rates and service charges with effect from 01 April 2023 and 85 per cent average quarterly collection with effect from 01 April 2024 during any quarter - demonstrated in the MFMA s.71 monthly and quarterly statement(s) and mSCOA data strings uploaded via the GoMuni Upload Portal?	No
		<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, 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 <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;	No
21	6.7.2.2	* the municipality for technical engineering reasons is unable to physically restrict and/or limit the supply of water in the Eskom supplied area(s)?	Does not have function
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?	No
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
6,8 Municipality's Completeness of the revenue base –			
26	6.8.1	- Has the municipality demonstrated through the National Treasury property rates reconciliation tool that the municipality's billing system perfectly aligns to its Council approved General Valuation Roll (GVR) and/ or any subsequent supplementary GVR compiled by the registered municipal valuer?	No
27	6.8.1	- If the response in 6.8.1 is "No", has the municipality demonstrated the steps taken to correct the variances identified? <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	- For the latest ending Quarter -Has the municipality submitted its completed billing system, GVR and/or interim GVR reconciliations required in terms of paragraph 6.8.1 to the National Treasury quarterly (refer MFMA Circulars no. 93, 98, 107 and 108) to the upload portal on https://lguploadportal.treasury.gov.za ?	Yes
6,9 Monitor and report on implementation –			
29	6.9.1	- MFMA section 71 reporting – has the municipal council and senior management team instituted processes to monitor and enforce accountability for the implementation of the municipality's funded budget and Budget Funding Plan where relevant?	Yes
30	6.9.2	- If progress is slow in terms of paragraph 6.9.1, is the active intervention evident from the narratives supporting the municipality's monthly MFMA section 71 reporting and recorded on the financial system as per the mSCOA data string? <i>Note - condition 6.9.2 has a typing error and must refer to 6.9.1.</i>	No
31	6.9.3	- Municipalities with financial recovery plans (FRP) – if the municipality has a FRP as envisaged in the prevailing local government legislative framework, is the municipality reporting monthly its progress in implementing its FRP to the Provincial Executive?	No FRP
32	6.9.4	- If the municipality has an FRP, with effect from 01 April 2023, parallel to submitting its monthly FRP progress report to the Provincial Executive, has the municipality also submitted the FRP progress report to the National Treasury: Municipal Financial Recovery Service (MFRS) timeously via the GoMuni Upload Portal https://lguploadportal.treasury.gov.za ?	No FRP
<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>			
6.10 Provincial Treasury Note - Provincial Treasury certification of municipal compliance – in terms of section 5 and 74 of the MFMA, with effect from 01 April 2023, a delegated municipality may not benefit from Municipal Debt Relief, unless:			
33	6.10.1	- has the relevant Provincial Treasury (delegated) / National Treasury (non-delegated) monthly monitored the municipality's compliance in terms of these conditions?	Yes
34	6.10.2	- has the Head of the relevant Provincial Treasury (delegated) monthly certified the municipality's compliance to these conditions, to the National Treasury's satisfaction as envisaged in the conditions for provincial treasuries (refer paragraph 4.1.1 to 4.1.5 of MFMA Circular no. 124) and timeously uploaded the compliance certificate via the GoMuni Upload Portal https://lguploadportal.treasury.gov.za ? <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 conditions for provincial treasuries (refer paragraph 4.1.1 to 4.1.6 of MFMA Circular no. 124) within one month of the non-compliance occurring?	No
<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?	No
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?	No
		<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		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
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? <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:

27/01/26

**** 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 January 2026 will be attached as:
Attachment 7

18. Recommendations:

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

1. The monthly budget statement for January 2026
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.



Mpopana Local Municipality

REPORT TO THE CFO



Report number: 2025/26_(M07)

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

SUBJECT: REVENUE TREND ANALYSIS REPORT (January 2026)

DATE: FEBRUARY 2026



REVENUE TREND ANALYSIS REPORT – (January 2026)

Attachment 1

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REVENUE TREND ANALYSIS REPORT – (January 2026)

Attachment 1

1 Introduction

1.1 Background & Purpose

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 (SDBIP) 2025/2026														
National Key Performance Area	Responsible Department	Back to Basics Pillars	IDP Objectives	IDP Ref No.	Strategy	Mcooa Project Ref	Project Name (Mcooa)	Unit of Measure	SDBIP Indicator Reference No.	Indicator	2025/2026			Annual Target 2025 / 2026
											Demand	Baseline	Backlock	
	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 = $\frac{\text{((Gross Debtors - Bad debt Provision) / Actual Billed Revenue)}}{\times 365}$	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 = $\frac{\text{Gross Debtors Opening Balance + Billed Revenue - Gross Debtors Closing Balance}}{\text{Gross Debtors Opening Balance + Billed Revenue}}$	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. $\frac{\text{Cash/Cost Coverage Ratio in Months} = \text{((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure}}{\text{Monthly Fixed Operational Expenditure}}$	1-3 Months			1 - 3 Cash / Cost Coverage Ratio in Months by 30 June 2026



REVENUE TREND ANALYSIS REPORT – (January 2026)

Attachment 1

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	Mscoc Project Ref	Project Name (Mscoc)	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 maximize 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	
										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 x 100	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	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 x 100	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 – (January 2026)

Attachment 1

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	
	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 Organizational procurement plan approved				Organizational 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 Show) by 30 June 2026	1			1 Meeting conducted to review the Rates and Tariffs (Budget Road Show) 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

The purpose of the report is 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 – (January 2026)

Attachment 1

2 Report on Debtors Management

2.1 Age Analysis vs C schedule

The following represents the comparison for July 2025 – Jan 2026, between the C schedules & debtors age analysis:

YTD Debtors Reconciliation				
List	Period	C schedule	Debtors age analysis	Differences
Month 1	July 25	R 176 063 794,00	R 176 052 010,24	R 11 783,76
Month 2	Aug 25	R 175 077 505,00	R 174 978 252,32	R 99 252,68
Month 3	Sept 25	R 177 878 788,00	R 177 866 998,25	R 11 789,75
Month 4	Oct 25	R 176 273 607,00	R 176 247 981,75	R 25 625,25
Month 5	Nov 25	R 180 937 919,00	R 180 926 129,80	R 11 789,20
Month 6	Dec 25	R 183 258 262,00	R 183 637 567,78	-R 379 305,78
Month 7	Jan 26	R 182 258 540,00	R 182 192 492,77	R 66 047,23



REVENUE TREND ANALYSIS REPORT – (January 2026)

Attachment 1

The following represents the comparison for January 2026, between the C schedules & debtors age analysis:

Jan-26					
C schedule			Debtors age analysis		Differences
Category	Value		Category	Value	
Organs of state	R	-	Organs of state	R 7 943 322,64	-R 7 943 322,64
Commercial	R	-	Commercial	R 24 803 239,48	-R 24 803 239,48
Households	R	-	Households	R 137 779 172,73	-R 137 779 172,73
Other	R 182 258 540,00		Other	R 11 666 757,92	R 170 591 782,08
TOTAL	R 182 258 540,00			R 182 192 492,77	R 66 047,23

Key observations & recommendations (January 2026):

- It is observed that there are differences in TOTAL of **R 66 047.23** 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



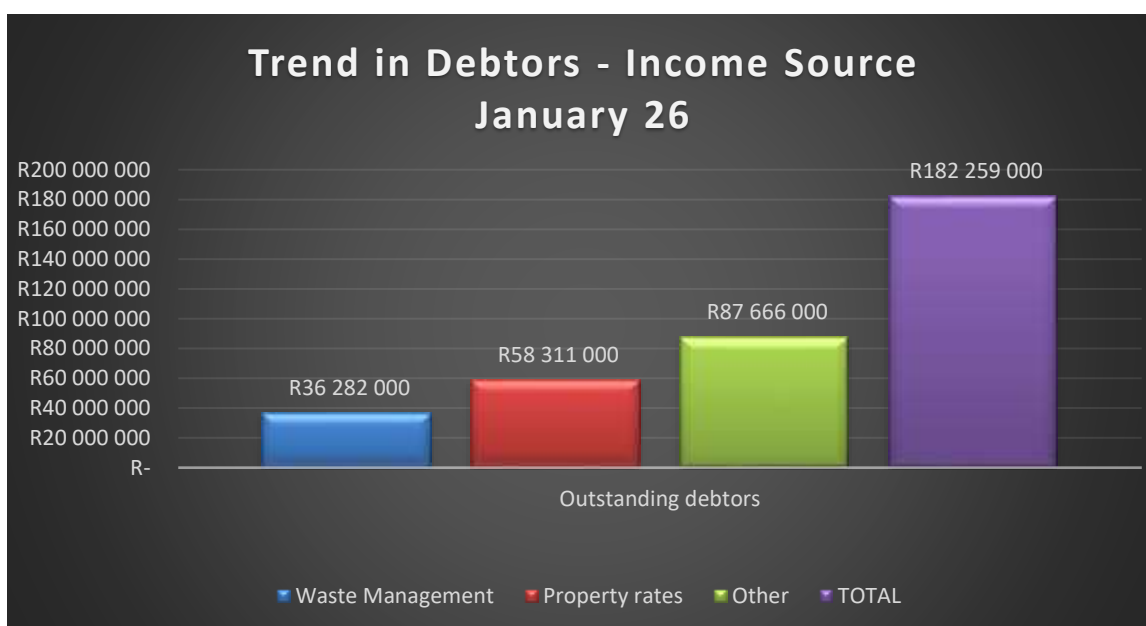
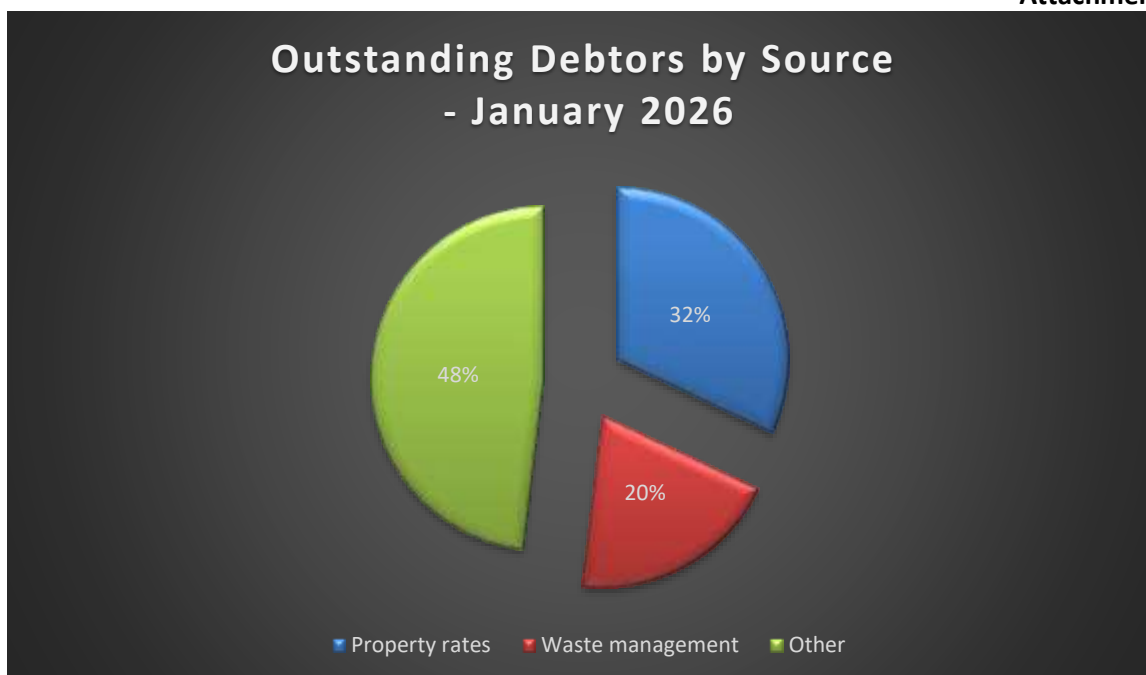
REVENUE TREND ANALYSIS REPORT – (January 2026)

Attachment 1

2.2 Analysis of Debtors by Income Source

KZN223 Mpfana - Supporting Table SC3 Monthly Budget Statement - aged debtors - M07 January

Description	NT Code	Budget Year 2025/26									Total	Total over 90 days	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.o Council Policy
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr					
R thousands														
Debtors Age Analysis By Income Source														
Trade and Other Receivables from Exchange Transactions - Water	1200	-	-	-	-	-	-	-	-	-	-	-	-	-
Trade and Other Receivables from Exchange Transactions - Electricity	1300	1 694	1 725	1 462	-	-	-	5	149	5 034	153	-	-	
Receivables from Non-exchange Transactions - Property Rates	1400	1 202	1 011	976	1 086	934	993	5 371	46 739	58 311	55 122	-	-	
Receivables from Exchange Transactions - Waste Water Management	1500	-	-	-	-	-	-	-	-	-	-	-	-	
Receivables from Exchange Transactions - Waste Management	1600	537	516	502	502	498	484	3 052	30 191	36 282	34 727	-	-	
Receivables from Exchange Transactions - Property Rental Debtors	1700	11	11	8	5	5	(957)	47	1 120	249	220	-	-	
Interest on Arrear Debtor Accounts	1810	-	-	-	-	-	-	(2)	(11)	(13)	(13)	-	-	
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-	
Other	1900	2 186	666	477	334	207	184	220	78 121	82 396	79 066	-	-	
Total By Income Source	2900	5 630	3 930	3 424	1 927	1 644	703	8 693	156 309	182 259	169 275	-	-	
2024/25 - totals only														
Debtors Age Analysis By Customer Group														
Organs of State	2200	-	-	-	-	-	-	-	-	-	-	-	-	
Commercial	2300	-	-	-	-	-	-	-	-	-	-	-	-	
Households	2400	-	-	-	-	-	-	-	-	-	-	-	-	
Other	2500	5 630	3 930	3 424	1 927	1 644	703	8 693	156 309	182 259	169 275	-	-	
Total By Customer Group	2600	5 630	3 930	3 424	1 927	1 644	703	8 693	156 309	182 259	169 275	-	-	

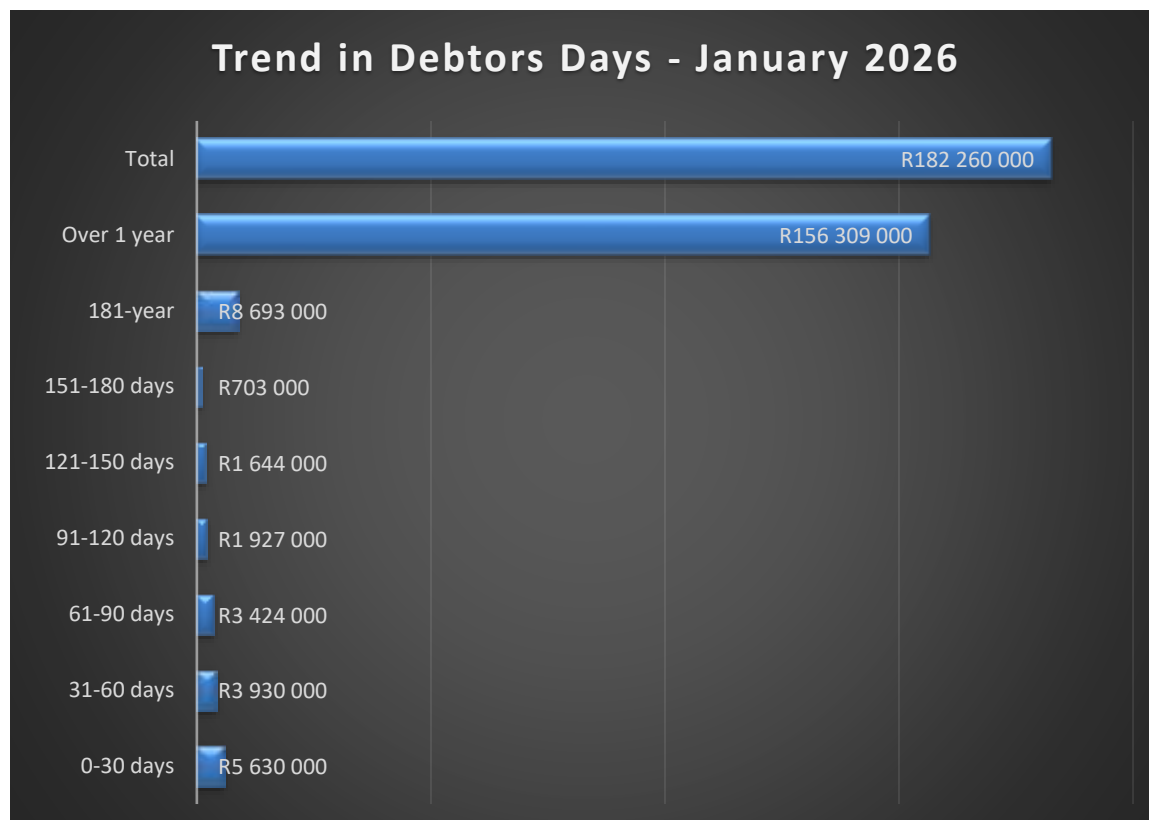


Key observations & recommendations (January 2026):

- 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 87 666 m**, i.e. **48%**
- It is recommended that this category of “Other” is investigated via the accounting system to identify the source of debtors and allocate correctly by Income Source



2.3 Analysis of Debtors by Days outstanding



Key observations & recommendations (January 2026):

- It can be clearly seen from the table above, that when comparing Debtors age analysis by Outstanding days, the category with the highest debtors is Over a year, at **R 156 309 m**, from a total of **R 182 260 m**, which represents **86%**.
- 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 – (January 2026)

Attachment 1

2.4 Analysis of Debtors – Government

The Debtors age analysis for January 2026, 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			
	Value	%	
Government Debtors	R 7 943 322,64	4%	
Debtors (excluding GOVT) - TOP 100	R 29 849 699,28	16%	
Debtors (excluding GOVT) - Other	R 144 399 470,85	79%	
	R 182 192 492,77	100%	



Key observations & recommendations (January 2026):

- It can be clearly seen from the table and illustration above, that Government debt comprises **4%** of total debt, for an amount of **R 7 943 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 – (January 2026)

Attachment 1

2.5 Analysis of Debtors – TOP 100

The following illustrates the Overview of TOP 100 debtors (excluding government), for January 2026:

OVERVIEW OF TOP 100 DEBTORS				
No of Debtors	Category (excl GOVT)		Value	%
47	Business & Commercial	R	14 195 655,30	47,56%
36	Households	R	7 355 552,68	24,64%
15	Other	R	3 233 446,49	10,83%
2	Sundry	R	5 065 044,81	16,97%
100		R	29 849 699,28	100,00%

Key observations & recommendations (January 2026):

- The 2 highest categories from the TOP 100 Debtors are:
 - Business/Commercial (47 Debtors with R 14 195 m owing)
 - Households (36 Debtors with R 7 355 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 – (January 2026)

Attachment 1

2.6 Report on Valuation Roll reconciliation

The following reconciliations have been performed: January 2026:

The GV reconciliation was performed in January 2026, on the pre-bill, with the following results:

Property Rates Reconciliation						
Province	KZN					
District	Umgungundlovu District					
Type	LM					
Municipal Name	Mogale City					
GV Period	01/07/2021 - 30/06/2026					
Financial Year	2025/2026					
Reconciliation Period	Quarter 3					
Reconciliation Overview						
High Level Reconciliation						
Property Categories	# of Properties			Market Values		
Property Categories	GV	MFS	Variance	GV Market Values	MFS Market Values	Variance
Residential	3621	3616	5	1 222 860 500,00	1 213 170 500,00	9 690 000,00
Industrial	21	21	0	75 130 000,00	75 130 000,00	-
Business and Commercial	134	134	0	444 535 000,00	444 535 000,00	-
Agricultural	724	725	-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	138 940 000,00	138 340 000,00	600 000,00
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	19	0	-	-	-
Vacant	324	327	-3	53 672 000,00	56 322 000,00	-2 650 000,00
PDW	15	15	0	25 070 000,00	25 070 000,00	-
Municipal	611	611	0	95 008 000,00	95 008 000,00	-
Other	62	62	0	39 880 000,00	39 880 000,00	-
	5938	5938	0	5 257 571 500,00	5 259 021 500,00	-1 450 000,00

➤ The revenue team investigated the differences, and it was discovered that, these were identified in December 2025, which was not resolved:

- Residential properties:
 - Erf 1384 – 10002183: This property is not reflected in the billing report, despite being correctly linked on the system, resulting in a variance in the reconciliation.
 - Erf 7971 - 10002039: Similarly, this property is not reflected in the billing report, although it is correctly linked on the system, causing a variance in the reconciliation.
 - Erf 2170 portion 143 – 10002205: This property is also not reflected in the billing report, despite being correctly linked on the system, resulting in a variance in the reconciliation.
- Agricultural properties:
 - Erf 7333 portion 3: Linked to a different account number on the billing system and incorrectly categorized as vacant land.



REVENUE TREND ANALYSIS REPORT – (January 2026)

Attachment 1

- Erf 1322 portion 1: Correctly linked, but the market value is incorrect in the system
- Erf 7972 portion 0: Correctly linked, but the market value is incorrect in the system.
- Vacant Land:
 - 3 properties are incorrectly linked

➤ The System Vendor was engaged in January 2026, to investigate & resolve the differences.

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	Mogofana					
GV Period	01/01/2021 - 30/06/2026					
Financial Year	2025/2026					
Reconciliation Period	Quarter 3					
Reconciliation Overview						
High Level Reconciliation						
Property Categories	# of Properties			Market Values		
	GV	MFS	Variance	GV Market Values	MFS Market Values	Variance
Residential	3521	3521	0	1 222 860 500.00	1 222 860 500.00	-
Industrial	21	21	0	75 130 000.00	75 130 000.00	-
Business and Commercial	134	134	0	444 535 000.00	444 535 000.00	-
Agricultural	724	724	0	3 021 575 000.00	3 021 575 000.00	-
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	19	0	-	-	-
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	95 005 000.00	95 005 000.00	-
Other	62	62	0	39 880 000.00	39 880 000.00	-
Total	5938	5938	0	5 257 571 500.00	5 257 571 500.00	-
Detailed Reconciliation						
Property Categories	Monthly Billing			Quarterly		
	GV	MFS	Variance	GV	MFS	Variance
Residential	791 170	508 050	273 120	2 343 509.83	1 524 151.05	819 358.78
Industrial	102 340	102 340	0	307 018.75	307 018.71	0.04
Business and Commercial	317 768	317 769	-	953 305.31	953 305.59	-0.28
Agricultural	350 042	352 169	-3 873	1 068 126.76	1 056 506.82	11 619.94
Mining	-	-	-	-	-	-
State Owned for Public Purpose	207 291	207 291	0	621 872.89	621 872.94	-0.05
PSI	1 648	2 354	-706	4 943.47	7 062.30	-2 118.83
PBO	18 848	18 848	0	56 542.61	56 542.62	-0.02
Multi Use	-	-	-	-	-	-
Vacant	40 209	40 209	0	120 627.82	120 628.29	-0.47
POW	-	-	-	-	-	-
Municipal	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	R1 825 315.81	R1 549 029.44	R276 286.37	5 475 947.42	4 647 088.52	828 858.90

Prepared By: Ms K.M. Butheleci Date: JAN 2026 Reconciliation

Contact Details:

Signature: _____

Reviewed By: _____ Date: JAN 2026 Reconciliation

Contact Details:

Signature: _____



REVENUE TREND ANALYSIS REPORT – (January 2026)

Attachment 1

- The no of properties of **5 938** match, between the General Valuation (Valuer) & the System Generated General Valuation (Billing Report)
- The market value also agrees to the sum of **R 5 257 571 500**.
- Monthly monitoring shall continue for any remedial action

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 <u>NUMBER</u>						
	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26
Residential	19	1	2	0	0	5	0
Industrial	0	0	0	0	0	0	0
Business & Commercial	-1	-1	-1	0	0	0	0
Agricultural	-2	-2	-2	0	0	-2	0
Mining	0	0	0	0	0	0	0
State	0	0	0	0	0	0	0
PSI	0	0	0	0	0	0	0
PBO	0	0	0	0	0	0	0
Multi Use	1	1	1	0	0	0	0
Vacant	-17	0	1	0	0	-3	0
POW	0	0	0	0	0	0	0
Municipal	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
TOTAL	0	-1	1	0	0	0	0



REVENUE TREND ANALYSIS REPORT – (January 2026)

Attachment 1

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

GV vs MFS							
Property Categories	Variances in <u>VALUE</u>						
	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26
Residential	-R 2 231 875 500	-R 2 273 005 500	-R 933 840 000	R -	R -	R 10 590 000	R -
Industrial	R -	R -	R -	R -	R -	R -	R -
Business & Commercial	R -	R -	R -	R -	R -	R -	R -
Agricultural	-R 7 490 000	-R 7 490 000	-R 40 360 000	R -	R -	-R 7 490 000	R -
Mining	R -	R -	R -	R -	R -	R -	R -
State	R -	R -	R -	R -	R -	R -	R -
PSI	R -	R -	R -	R -	R -	R -	R -
PBO	R -	R -	R -	R -	R -	R -	R -
Multi Use	R -	R -	R -	R -	R -	R -	R -
Vacant	-R 10 100 000	R -	R 120 000	R -	R -	-R 2 650 000	R -
POW	R -	R -	R -	R -	R -	R -	R -
Municipal	R -	R -	R -	R -	R -	R -	R -
Other	R -	R -	R -	R -	R -	R -	R -
TOTAL	-R2 249 465 500	-R2 280 495 500	-R 974 080 000	R -	R -	R 450 000	R -



3 Report on Credit Control

3.1 Status of Cut Offs

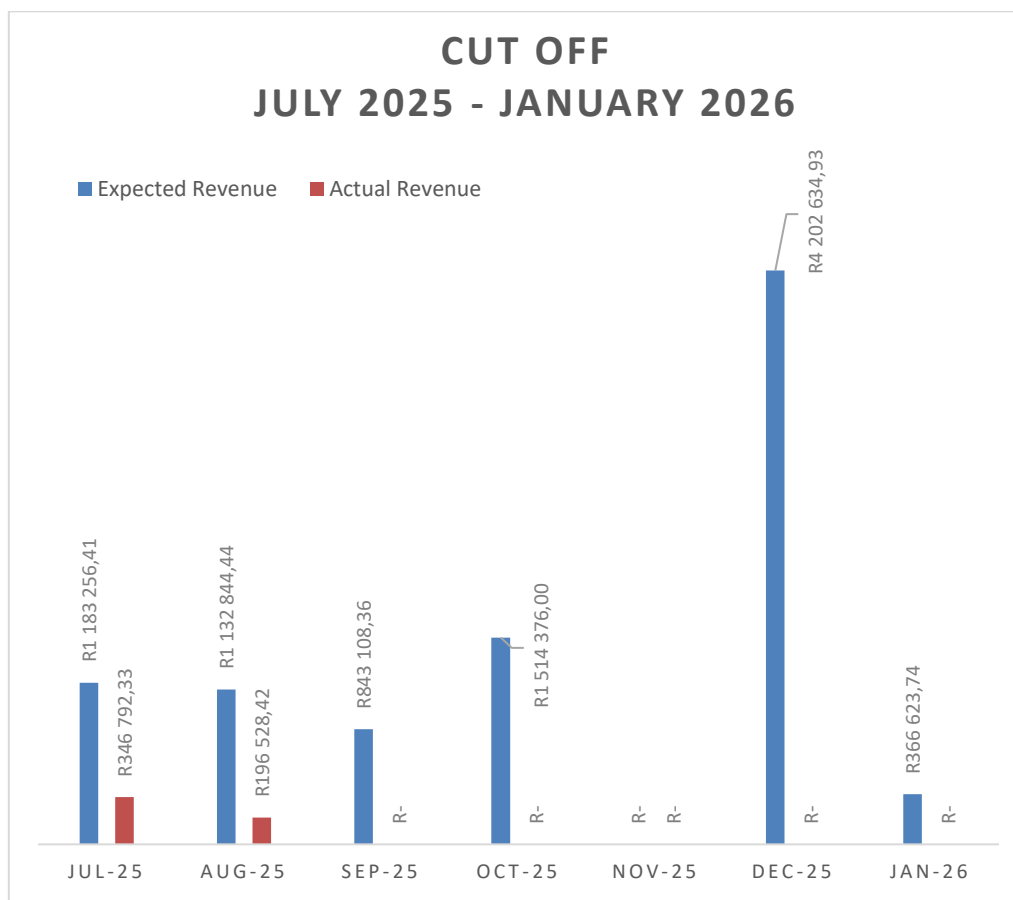
List of Residents Cut Off

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	196 528.42	17%
Sept 2025	21	843 108.36	-	-
Oct 2025	32	1 514 376.00	-	-
Nov 2025	0	-	-	-
Dec 2025	33	4 202 634.93	-	-
Jan 2026	27	366 623.74	-	-
Feb 2026				
March 2026				
April 2026				
May 2026				
June2026				



REVENUE TREND ANALYSIS REPORT – (January 2026)

Attachment 1



Key observations of Cut-offs (July 2025 to January 2026):

- Disconnections are carried out after the due date for invoices, which is the 15th of each month. Prior to disconnection, notices are issued to debtors, allowing them a period of seven (7) days to respond.
- Revenue generated from the disconnections is recorded once the disconnection process has been completed.



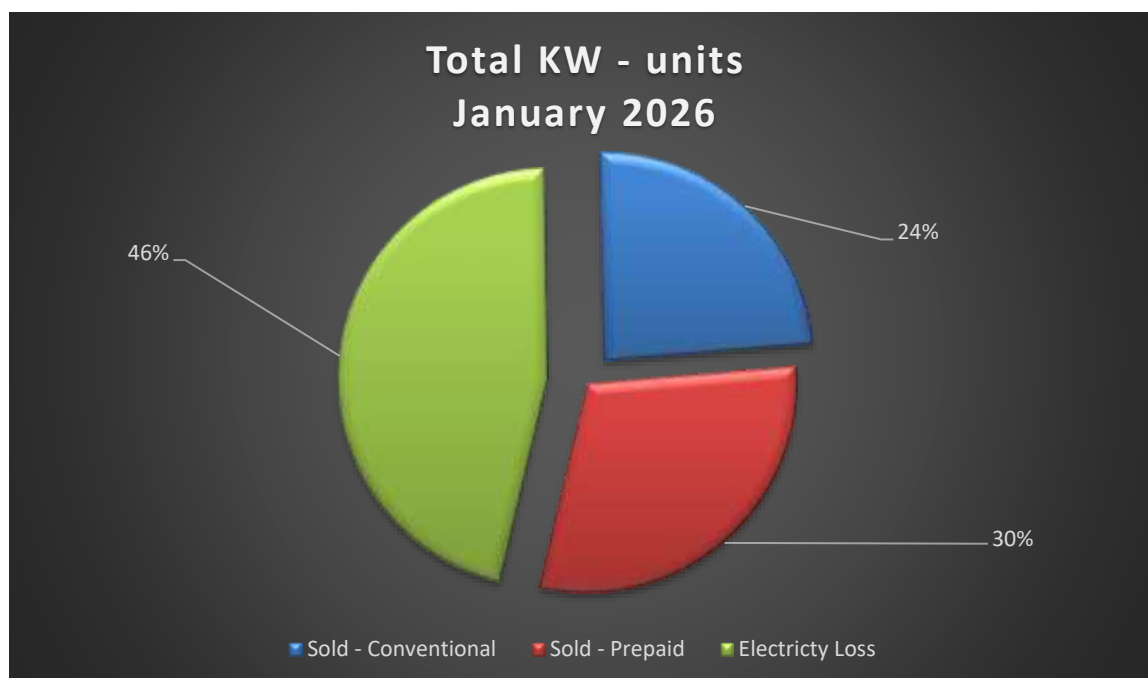
REVENUE TREND ANALYSIS REPORT – (January 2026)

Attachment 1

3.2 Electricity Losses

The following provides an overview of Electricity Losses for January 2026:

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	3 452 843,00	906 878,33	0	2 545 964,67	5,37	13 682 077,77
Energy Std	7 623 064,00	1 658 756,33	5 544 932,10	419 375,57	2,90	1 216 981,46
Energy Off	7 396 508,00	1 856 498,33	0	5 540 009,67	1,47	8 161 957,74
	18 472 415,00	4 422 133,00	5 544 932,10	8 505 349,90		23 061 016,97
			Loss %	46,04%		



Key Observations:

- Total Units purchased is 18 472 415
- Total Units sold – Conventional 4 422 133 (i.e. **24%**)
- Total Units sold – Prepaid 5 544 932 (i.e. **30%**)
- Total electricity loss in Units – **8 505 349 (i.e. 46%)**

The impact of the above is that the Rand value lost for electricity, for January 2026 is

R 23 061 016.97.



REVENUE TREND ANALYSIS REPORT – (January 2026)

Attachment 1

3.3 Collection Rate

The table & illustrations below demonstrates the collection ratio and related trends for reporting period January 2026.

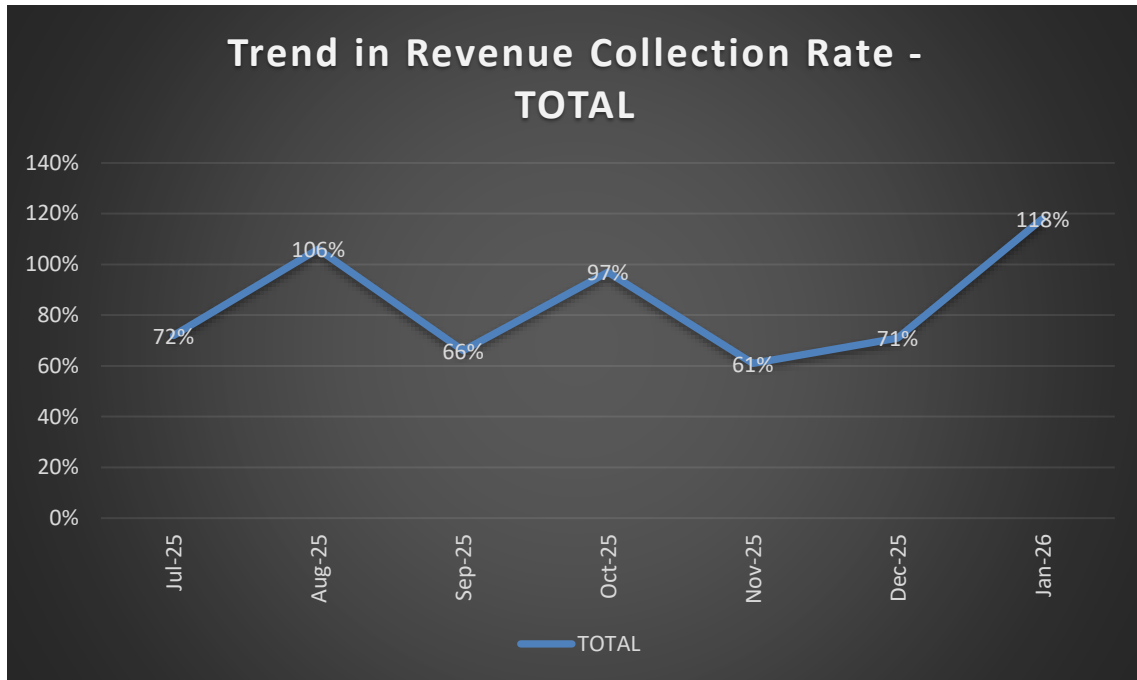
Collection Rate - Overview												
Reporting period	Property Rates			Electricity			Refuse			TOTAL		
	Billed	Received	Collection rate %	Billed prepaid+ conventional	Received Prepaid+ Conventional	Collection rate %	Billed	Received	Collection rate %	Billed	Received	Collection rate %
Jul-25	R 1 373 054,17	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%
Sep-25	R 1 496 127,87	R 1 037 628,28	69%	R 3 862 564,55	R 2 788 878,82	72%	R 576 515,23	R 74 038,49	13%	R 5 935 207,65	R 3 900 545,59	66%
Oct-25	R 1 547 667,69	R 948 993,25	61%	R 5 707 639,27	R 6 560 880,01	115%	R 576 515,23	R 83 991,61	15%	R 7 831 822,19	R 7 593 864,87	97%
Nov-25	R 1 550 731,75	R 561 273,00	36%	R 5 344 994,22	R 3 958 889,00	74%	R 576 945,85	R 60 882,97	11%	R 7 472 671,82	R 4 581 044,97	61%
Dec-26	R 1 548 839,04	R 951 617,00	61%	R 5 858 682,00	R 4 669 649,00	80%	R 576 084,59	R 63 359,00	11%	R 7 983 605,63	R 5 684 625,00	71%
Jan-26	R 1 548 937,34	R 1 314 181,86	85%	R 4 468 397,23	R 6 319 512,78	141%	R 575 941,05	R 117 920,41	20%	R 6 593 275,62	R 7 751 615,05	118%



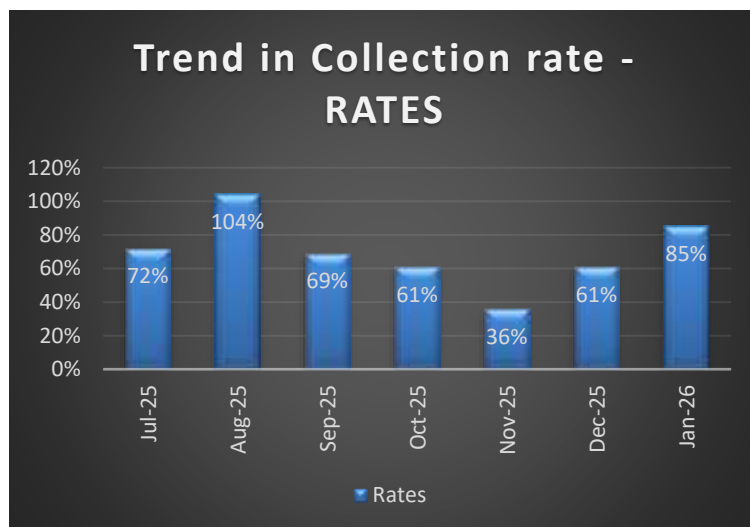
REVENUE TREND ANALYSIS REPORT – (January 2026)

Attachment 1

Trend in Collection rate - Total:



Trend in Collection rate - Rates:

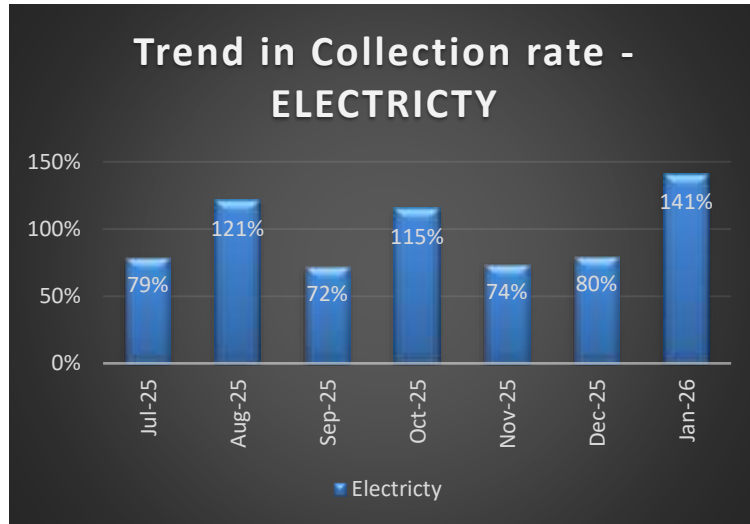




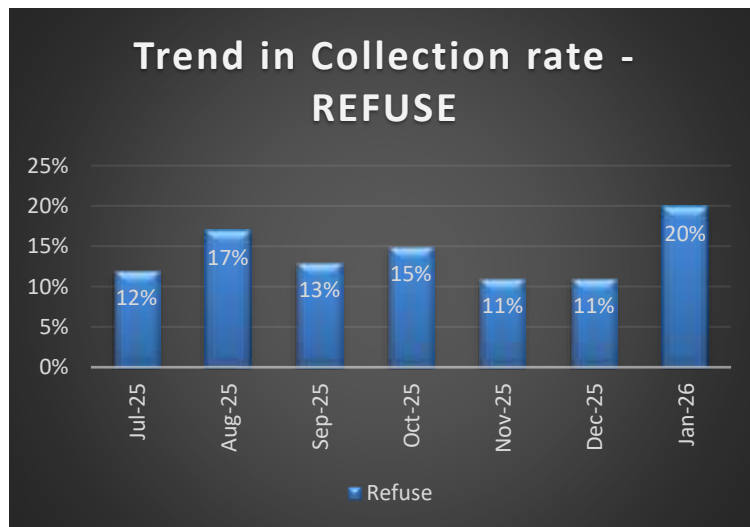
REVENUE TREND ANALYSIS REPORT – (January 2026)

Attachment 1

Trend in Collection rate – Electricity:



Trend in Collection rate – Refuse:





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.



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 **Mpofana 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.

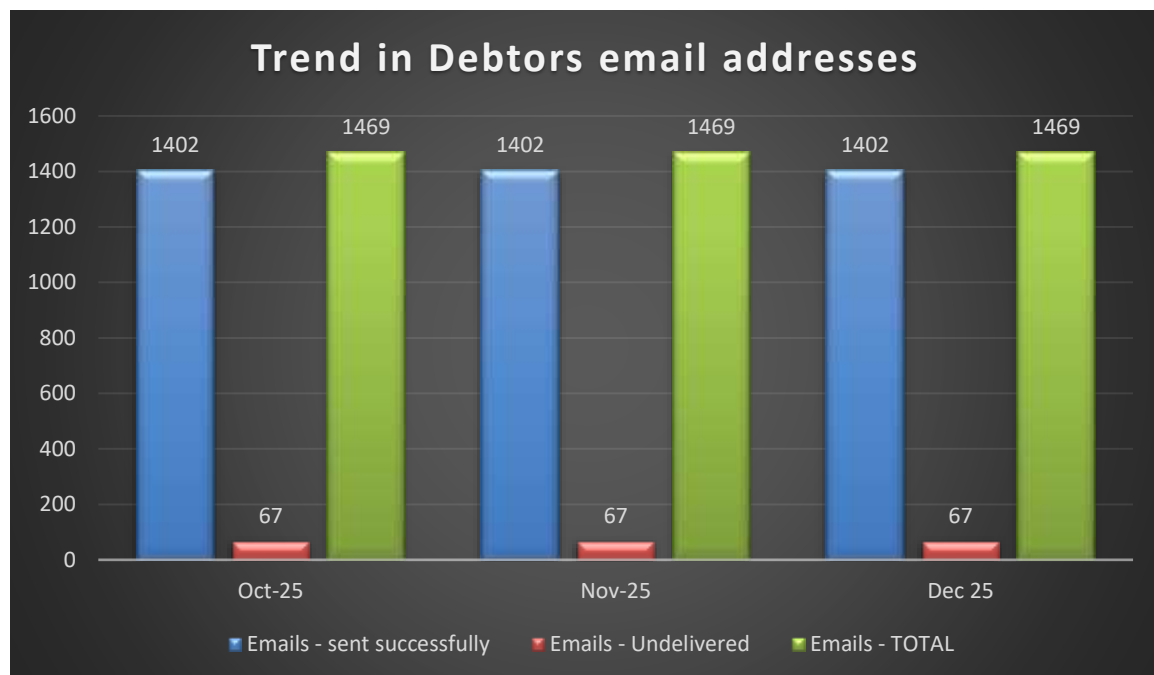


6 Report on Debtors email addresses

A resolution was reached in a meeting in September 2025, with system service provider, municipality & MFIP Advisor, regarding the investigation into the dispatch of rates payers' accounts.

A Report was extracted for December 2025 from the system, and the following are the findings, for consideration:

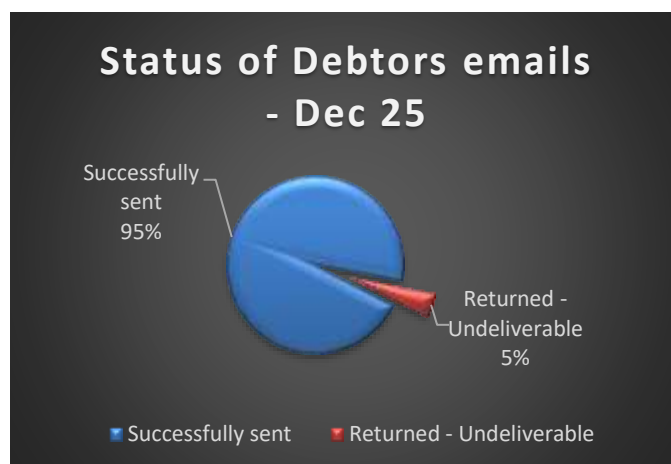
Description	October 2025	November 2025	December 2025
Emails - Successfully sent	1 402	1 402	1 402
Emails Returned - undeliverable	67	67	67
TOTAL ACCOUNTS CAPTURED (with email addresses)	1 469	1 469	1 469





REVENUE TREND ANALYSIS REPORT – (January 2026)

Attachment 1



Observations (December 2025)

1. No of emails successfully sent to Debtors are **1 402**, i.e. 95%.
2. No of emails returned are **67**, i.e.5%
3. There is no action taken to reduce the 67 return emails, as the difference is the same for October & November 2025

Recommendations

1. The 67 debtors whose email addresses have been returned as undeliverable, must be investigated & resolved
2. Utilise contact via telephone, in person, in order to obtain the correct email addresses.
3. Monthly monitoring must be performed & reported accordingly
4. The system report must be compared to total debtors list to ensure completeness



REVENUE TREND ANALYSIS REPORT – (January 2026)

Attachment 1

7 Report on Debtors Consolidated Statements

A resolution was reached in a meeting in September 2025, with system service provider, municipality & MFIP Advisor, regarding the investigation into the debtor’s statements that are Consolidated for all services, and debtors accounts which are stand alone.

There was no system report generated for November, December 2025 & January 2026; hence no further analysis could be performed.

However, there was a virtual engagement between the municipality & System service provider, to discuss the status of consolidated statements in January 2026.

The following is the agreed action plan:

MPOFANA LOCAL MUNICIPALITY ACTION PLAN									
Issue Log Reference	Department	Priority	Issue	Issue description	Time Frame (By when you need to achieve the task)	MLM Staff	Resource (what resource you need for each task)	STATUS	Notes/Recommendations
1	REVENUE	High	incorrect billing of accounts	For some properties, the GV reflects the previous owner's accounts even though ownership of the property has been transferred. This has resulted in incorrect billing of the previous owner. Correcting journals are to be prepared to rectify the accounts, and GV to be updated to reflect correct customer accounts.	16 February 2026	Revenue Team	CCG team	Outstanding	A resource will be deployed on site to assist with preventative and correctional measures.
2	REVENUE	High	incorrect billing of accounts	There are a number of accounts that bill refuse only, while rates are billed under separate accounts. These accounts need to be consolidated so that a single account bills both refuse and rates.	16 February 2026	Revenue Team	CCG team	Outstanding	A resource will be deployed on site to assist with preventative and correctional measures.

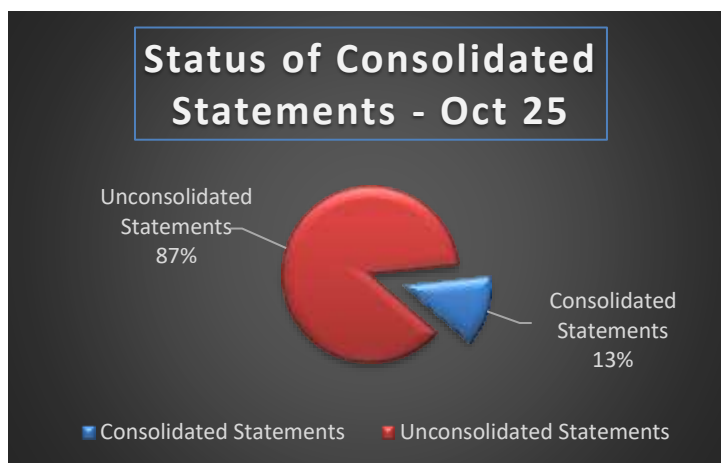
The latest Report was extracted in October 2025 from the system, and the following are the findings, for consideration:

Description	No of Debtors	% of Debtors
Consolidated statements	454	13%
Unconsolidated statements	3 028	87%
TOTAL ACCOUNTS ON SYSTEM	3 482	100%



REVENUE TREND ANALYSIS REPORT – (January 2026)

Attachment 1



Observations (October 2025):

1. No of statements consolidated are **454**, i.e. 13%.
2. No of statements unconsolidated are **3 028**, i.e.87%

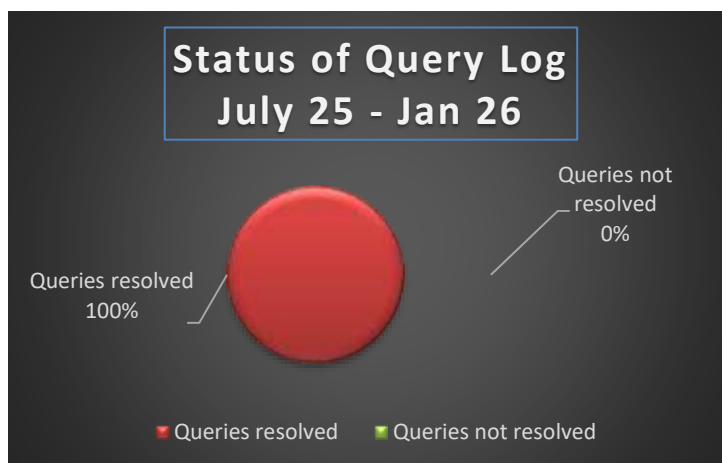
Recommendations (Jan 2026):

1. Progress shall be reported in February 2026

8 Report on Customer Care – Queries management

In order to determine whether Customer Care is functioning well at the municipality, the Schedule for Queries was analysed, and the following represents the status quo from July 2025 - January 2026, with the findings, for consideration:

Period	Queries resolved	Queries NOT resolved	TOTAL QUERY LOG	% resolved	% NOT RESOLVED
Jul-25	3	0	3	100%	0%
Aug-25	0	0	0	N/A	N/A
Sep-25	0	0	0	N/A	N/A
Oct-25	14	0	14	100%	0%
Nov-25	12	0	12	100%	0%
Dec-25	4	0	4	100%	0%
Jan-26	11	0	11	100%	0%
	44	0	44		



Observations (January 2026)

1. No of queries resolved are **44**, i.e. 100%.
2. No of queries NOT resolved are **0**, i.e.0%

Recommendations

1. Any outstanding queries which have not been resolved, must be referred to the Accountant and or Manager Revenue to resolve.

Monthly monitoring must be performed & reported accordingly



REVENUE TREND ANALYSIS REPORT – (January 2026)

Attachment 1

9 Revenue Training

- A total of **90** training sessions were conducted in previous financial year, 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 **January 2026**, a total of **13** training sessions, highlighted below, 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 **86** training sessions, facilitated, between July 2025 – January 2026, 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 – (January 2026)

Attachment 1

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
24	5 Sept 2025	Facilitated training on Employee costs recon template - July 25	Expenditure unit	1
25	10 Sept 2025	Facilitated training (revenue recons) - Aug 25	Revenue unit	1
26	12 Sept 2025	Revenue Report - Aug 25	Revenue unit	1
27	17 Sept 2025	Facilitated training on Credit Control & Debt policy -2025/26	Revenue unit	4
28	18 Sept 2025	Facilitated training on Banking, Cash & Invest policy -2025/26	Revenue unit	4
29	18 Sept 2025	Facilitated training on Expenditure mgt Report - Aug 25	Expenditure unit	1
30	19 Sept 2025	Facilitated training on Debt write-off policy -2025/26	Revenue unit	4
31	25 Sept 2025	GV Recon working session - Sept 25 (Pre-Bill)	Revenue unit	1
32	25 Sept 2025	Section 71 Trend Report & analyses - Aug 2025	Budget unit	2
33	26 Sept 2025	GV Recon working session - Sept 25 (Post Bill)	Revenue unit	1
34	26 Sept 2025	Facilitated training on Debt Relief mgt Report - August 25	Revenue unit	2
35	1 Oct 2025	Facilitated training on Rates policy -2025/26	Revenue unit	7
36	1 Oct 2025	GV Recon working session - Sept 25 (Post Bill) - FINAL	Revenue unit	1
37	3 Oct 2025	Facilitated training on Tariff policy -2025/26	Revenue unit	7
38	9 Oct 2025	GV Recon working session - Oct 25 (Pre Bill)	Revenue unit	1
39	15 Oct 2025	Facilitated training on Budget & Virement policy -2025/26	Budget unit	2
40	16 Oct 2025	Facilitated training on Revenue mgt/Report - Sept 25	Revenue unit	3



REVENUE TREND ANALYSIS REPORT – (January 2026)

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REVENUE TRAINING – 2025/26				
Session	Date	Description of training	Unit	No of people
41	16 Oct 2025	Section 71 Trend Report & analyses - Sept 2025	Budget unit	2
42	23 Oct 2025	GV Recon working session - Oct 25 (Pre Bill)	Revenue unit	1
43	23 Oct 2025	Facilitated training on Debt Relief mgt - Sept 25	Revenue unit	1
44	24 Oct 2025	Facilitated training on Debt Relief report writing - Sept 25	Revenue unit	1
45	24 Oct 2025	Section 71 Trend Report & analyses - Sept 2025	Budget unit	1
46	29 Oct 2025	Debtors' analysis-email addresses - Oct 25	Revenue unit	1
47	29 Oct 2025	Debtors' analysis-Consolidated statements - Oct 25	Revenue unit	1
48	30 Oct 2025	Facilitated training on MFMA Section 75 templates	Budget unit	1
49	31 Oct 2025	GV Recon working session - Oct 25 (Post Bill)	Revenue unit	1
50	31 Oct 2025	Expenditure monthly report & Management - Sept 25	Expenditure unit	1
51	6 Nov 2025	Facilitated training on MFMA Section 75 Report-Nov 25	Budget unit	1
52	7 Nov 2025	Facilitated training on MFMA Section 75 Report-Nov 25	Budget unit	1
53	7 Nov 2025	Facilitated training on Customer Care-Query Log Sheet-Oct 25	Revenue unit	1
54	12 Nov 2025	Age analysis - Oct 25 (C schedule comparison)	Revenue unit	1
55	12 Nov 2025	Age analysis - Oct 25 (GOVT vs other comparison)	Revenue unit	1
56	14 Nov 2025	Section 71 Narrative - GV status -Oct 25	Revenue unit	1
57	14 Nov 2025	Section 71 Narrative - Consolidated statements - Oct 25	Revenue unit	1
58	14 Nov 2025	Facilitated training on Revenue mgt/Report - Oct 25	Revenue unit	1
59	19 Nov 2025	Section 71 Trend Report - Oct 2025 (Accountant)	Revenue unit	1
60	19 Nov 2025	GV Recon working session - Nov 25 (pre-bill)	Revenue unit	2
61	20 Nov 2025	Section 71 Trend Report - Oct 2025 (Budget Clerk)	Revenue unit	1
62	26 Nov 2025	Facilitated training on Customer Care-Query Log Sheet-Nov 25	Revenue unit	1
63	27 Nov 2025	Facilitated training on Debt Relief mgt - Oct 25	Revenue unit	1
64	27 Nov 2025	Expenditure monthly report & Management - Oct 25	Revenue unit	1
65	28 Nov 2025	GV Recon working session - Nov 25 (pre-bill 2)	Revenue unit	1



REVENUE TREND ANALYSIS REPORT – (January 2026)

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REVENUE TRAINING – 2025/26				
Session	Date	Description of training	Unit	No of people
66	3 Dec 2025	Section 71 Trend Report - Oct 2025 (Budget Clerk) Follow up	Revenue unit	1
67	3 Dec 2025	GV Recon working session - Nov 25 (FINAL)	Revenue unit	1
68	4 Dec 2025	Facilitated training on Customer Care-Query Log Sheet-Nov 25	Revenue unit	1
69	4 Dec 2025	Section 71 Trend Report - Combined PDF	Revenue unit	1
70	5 Dec 2025	Debtors' analysis-Consolidated statements	Revenue unit	1
71	5 Dec 2025	Debtors' analysis-Email addresses	Revenue unit	1
72	10 Dec 2025	Section 71 Narrative - Consolidated statements - Nov 25	Revenue unit	1
73	12 Dec 2025	Age analysis - Nov 25 (C schedule comparison)	Revenue unit	1
74	7 Jan 2026	GV Recon working session - Dec 25	Revenue unit	1
75	7 Jan 2026	Section 71 Trend Report - Nov 2025 (Budget Clerk)	Budget unit	1
76	8 Jan 2026	Facilitated training on Debt Relief mgt - Nov 25	Revenue unit	1
77	15 Jan 2026	Age analysis - Dec 25 (GOVT vs other comparison)	Budget unit	1
78	15 Jan 2026	Facilitated training on Revenue mgt/Report - Dec 25	Budget unit	1
79	21 Jan 2026	Expenditure monthly report & Management - Nov 25	Revenue unit	1
80	21 Jan 2026	GV Recon working session - Jan 26 pre-bill	Revenue unit	2
81	21 Jan 2026	Section 72 Mid-term Budget Assessment - Dec 2025	Budget unit	1
82	27 Jan 2026	Facilitated training on AFS, Audit & Action plan Day 1 of 2	BTO	4
83	28 Jan 2026	Facilitated training on AFS, Audit & Action plan Day 2 of 2	BTO	10
84	29 Jan 2026	GV Recon working session - Jan 26 post-bill	Revenue unit	1
85	30 Jan 2026	Facilitated training on Debt Relief mgt - Dec 25	Revenue unit	1
86	30 Jan 2026	Expenditure monthly report & Management - Dec 25	Expenditure unit	1



REVENUE TREND ANALYSIS REPORT – (January 2026)

Attachment 1

10 Status of Reconciliations

10.1 Summary Status

The following represents the progress on Revenue Reconciliations as of **January 2026**:

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	Yes	Yes	Yes	Yes	Yes					
Interest	Yes	Yes	Yes	Yes	Yes	Yes	Yes					
Unallocated deposits	Yes	Yes	Yes	Yes	Yes	Yes	Yes					
Rates	Yes	Yes	Yes	Yes	Yes	Yes	Yes					
Refuse	Yes	Yes	Yes	Yes	Yes	Yes	Yes					
Sundry – Rental	Yes	Yes	Yes	Yes	Yes	Yes	Yes					



REVENUE TREND ANALYSIS REPORT – (January 2026)

Attachment 1

10.2 Bank & Investment Reconciliation

The following is documented proof of signed reconciliation for January 2026:

Mpefana Municipality
Financial Reporting
31 JANUARY 2026
Bank Reconciliation



CASHBOOK	PRIMABY BANK ACCT	TRAFFIC BANK ACCT	Small Town Rehabilitation Account	Municipal Reserve	Housing Project C Account	Library Subsidy Account	Museum Subsidy Account	Disaster Relief Grant Account	Municipal Asses	EHOM SAVINGS	Municipal House	MIG Cont	TOTAL
SAGE ACCOUNT NUMBER	IA12150	IA12150	IA11870	IA11870	IA11870	IA11881	IA11877	IA11876	IA11870	IA11888	IA11517	IA11870	
BANK ACCOUNT NUMBER	53050388907	62301108934	62854317408	62854330786	63175946040	62187208957	62854314950	6285434790	62854346007	62372883855	62920317508	62317621760	62131172690
OPENING BALANCE PER CASHBOOK	901 433.61												
RECEIPTS AS PER CASHBOOK	48 759 007.94												
LESS PAYMENTS AS PER CASHBOOK	70 478 371.05												
BALANCE AS PER CASH BOOK	177 859.72	340 342.34	3 098.13	5 309.98	47 095.98	41 484.24	2 421.95	8 670.37	6 659.48	12 395.84	8 963.65	6 237 482.35	20 828.15
BALANCE AS PER BANK STATEMENT	177 859.72	340 342.34	3 098.13	5 309.98	47 095.98	41 484.80	2 421.95	8 670.37	6 659.48	12 395.10	8 963.25	6 237 482.35	20 828.15
DIFFERENCE	1.00					0.56				0.74			
RECEIPTS NOT RECORDED ON BANK STATEMENTS													
Cashiers shortage													
PAYMENTS ON CASHBOOK NOT ON BANK STATEMENT													
TRANSFERS													
REVERSALS													
SALES													
RECEIPTS REVERSED / DUPLICATED													
CASH SHORTAGE													
CASH BOOK BALANCE AFTER RECONCILING ITEMS	177 859.72	340 342.34	3 098.13	5 309.98	47 095.98	41 484.24	2 421.95	8 670.37	6 659.48	12 395.84	8 963.65	6 237 482.35	20 828.15
BALANCE AS PER BANK STATEMENT	177 859.72	340 342.34	3 098.13	5 309.98	47 095.98	41 484.80	2 421.95	8 670.37	6 659.48	12 395.10	8 963.25	6 237 482.35	20 828.15
DIFFERENCE	1.00					0.56				0.74			

Prepared by: P. Khanyile
Date: 13/02/2026
Signature: Banyile

Reviewed by: M.P. Mkhize
Date: 13 Feb 2026
Signature: Mkhize

Approved by: _____
Date: _____
Signature: _____



REVENUE TREND ANALYSIS REPORT – (January 2026)

Attachment 1

10.3 Interest Reconciliation

The following is documented proof of reconciliation for **January 2026**:

MPOFANA LOCAL MUNICIPALITY							
CONSOLIDATED INVESTMENT REGISTER FOR THE YEAR 2025/2026							
Investment Name	Account Number		Balance as at 01/07/2025	Invested/Re- invested	Withdrawals / Transfers	Penalties/ Early redemptions	Interest
FIRST NATIONAL BANK							
Municipal Reserve Account	62173946040	PO10000IA11874/FD10017/FX10046/RX11145/CO10000 (INVESTMENT ACC - MUNICIPAL RESERVE)	45 748,19	-	-	-	1 347,79
Housing Project Grant	62187203957	PO10000IA11874/FD10017/FX10046/RX11145/CO10000 (HOUSING PROJECT TOWNVIEW)	40 302,26	-	-	-	1 182,54
Municipal Assistance Programme	62172493935	PO10000IA11872/FD10017/FX10046/RX11145/CO10000 (INVESTMENT ACC - MUNICIPAL ASS PROGRA	12 126,20	-	-	-	269,64
Municipal Housing Account	62237621760	PO10000IL19557/FD10502/FX10046/RX11145/CO10000	7 835 355,51	48 920 000,00	50 733 000,00	-	215 126,84
Municipal Infrastructure grant	62134172890	PO10000IA11874/FD10017/FX10046/RX11145/CO10000 (INVESTMENT ACC - MIG)	20 227,68	-	-	-	600,47
Museum Subsidy Account	62854535790	Museum Subsidy Account	8 483,62	-	-	-	186,75
Library Subsidy Account	62854534990	Library Subsidy Account	2 421,95	-	-	-	-
Small Town Rehabilitation Account	62854538786	Small Town Rehabilitation Account	5 195,61	-	-	-	114,37
Disaster Relief Grant Account	62854536607	Disaster Relief Grant Account	6 516,04	-	-	-	143,44
Finance Management Grant	62854537449	Finance Management Grant	3 698,13	-	-	-	-
Overall Investment Total			7 980 075,19	48 920 000,00	50 733 000,00	-	218 971,84



REVENUE TREND ANALYSIS REPORT – (January 2026)

Attachment 1

10.4 Unallocated deposits Reconciliation

The following is documented proof of signed reconciliation for January 2026:

Mpofana Municipality
Financial Reporting
31 January 2026



Unallocated deposits Reconciliation

SAGE UNALLOCATED D0001/LN00021/F0001/X049/R1324/001/35	-	1 438 453.23
SAGE UNALLOCATED D0001/LN00067/F0001/X049/R1324/001/39	-	113 787.14
SAGE UN-DEPOSIT D0001/IL53935/FC929/X049/R1324/001/39	-	388 820.86
SAGE UN-WID D0001/IL53936/FC929/X049/R1324/001/39	-	827 560.16
OPENING BALANCE PER CASHBOOK		885 718.77
DEPOSIT-UNALLOCATED FOR THE YEAR 25/26	-	583 874.14
WIDRAWAL-UNALLOCATED	-	540 514.87
BALANCE AS PER CASHBOOK ACCOUNT	=	929 078.54
BALANCE AS PER REGISTER		929 078.54
DIFFERENCE		-

Prepared By *R. M. M. M.* Date 12/02/2026

Reviewed By *[Signature]* Date 12/02/2026

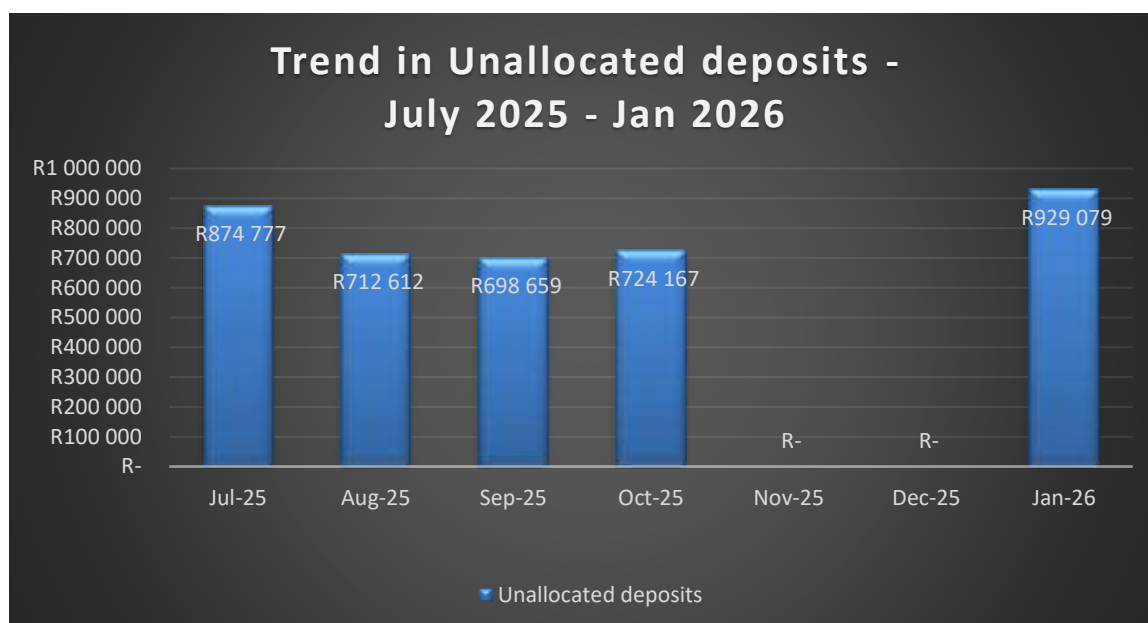


REVENUE TREND ANALYSIS REPORT – (January 2026)

Attachment 1

The following is an overview of Unallocated deposits for July 2025 – January 2026, and the trend shall be monitored:

Month	Value of Unallocated deposits
July 2025	874 777.35
Aug 2025	712 611.72
Sep 2025	698 659.37
Oct 2025	724 167.22
Nov 2025	-
Dec 2025	-
Jan 2026	929 078.54
Feb 2026	
March 2026	





REVENUE TREND ANALYSIS REPORT – (January 2026)

Attachment 1

10.5 Rates Reconciliation

The following shows the reconciliation for January 2026:

Mpošana Municipality RATES		
GL RATES		
Agricultural Properties	O1331-1/IR007145/F2496/X049/R1324/001/39	356 042,10
Business and Commercial Properties	O1331-2/IR007141/F2496/X049/R1324/001/39	317 768,53
Vacant Land	O1331-4/IR007148/F2496/X049/R1324/001/39	40 209,43
Industrial Properties	O1331-6/IR007142/F2496/X049/R1324/001/39	102 339,57
Public Benefit Organisations	O1331-7/IR007146/F2496/X049/R1324/001/39	18 847,54
Residential Properties	O1331-8/IR007147/F2496/X049/R1324/001/39	916 122,11
Public Service Purposes Properties	O1331-9/IR007144/F2496/X049/R1324/001/39	207 290,98
Rebate Residential Properties	O3612/IR007145/F2496/X049/R1324/001/39	419 938,95
Public Service Infrastructure Properties	D0001/IR007149/F2496/X049/R1324/001/39	2 354,10
TOTAL GL		R 1 841 038,41
BILLING REPORT RATES		
Public Benefit Organisations	D0001/IR007149/F2496/X049/R1324/001/39	18 847,54
Agricultural Properties	O1331-1/IR007145/F2496/X049/R1324/001/39	356 042,10
Business and Commercial Properties	O1331-2/IR007141/F2496/X049/R1324/001/39	317 768,53
Vacant Land	O1331-4/IR007148/F2496/X049/R1324/001/39	40 209,43
Industrial Properties	O1331-6/IR007142/F2496/X049/R1324/001/39	102 339,57
Residential Properties	O1331-8/IR007147/F2496/X049/R1324/001/39	916 122,11
Public Service Purposes Properties	O1331-9/IR007144/F2496/X049/R1324/001/39	207 290,98
Rebate Residential Properties	O3612/IR007145/F2496/X049/R1324/001/39	411 944,91
Public Service Infrastructure Properties	D0001/IR007149/F2496/X049/R1324/001/39	2 354,10
TOTAL BILLING		R 1 849 029,48
VARIANCE BETWEEN GL & BILLING REPORT		
<i>Difference is due to adjustments made to Billing as follows:</i>		(R 7 994,13)
Rebate Residential (Pensioners)		7 994,04



Prepared: K. Buthelal

Date: 2026/02/09

Reviewed: M. Mchibye

Date: 2026/03/09



REVENUE TREND ANALYSIS REPORT – (January 2026)

Attachment 1

10.6 Refuse

The following shows the reconciliation for January 2026:

**Mpfana Municipality
REFUSE REMOVAL**

JAN 2026

GL REFUSE REMOVAL	D0001/R00992/F0930/X132/R1325/001/48	500 827.11
BILLING REPORT REFUSE	D0001/R00992/F0930/X132/R1325/001/48	500 827.11
TOTAL		R 0.00
VARIANCE BETWEEN GL & BILLINGS REPORT		R 0.00

Difference is due to adjustments made to Billing as follows:



Preparer: K. Buthelesi

Date: 2026/02/09

Reviewer: M. Mkhize

Date: 2026/02/09



REVENUE TREND ANALYSIS REPORT – (January 2026)

Attachment 1

10.7 Electricity

The following shows the reconciliation for **January 2026:**

Mpfana Municipality ELECTRICITY		
Jan - 2026		
GL ELEC	D0001/IR01297/F0928/X035/R1325/001/48	2 474 255,16
TOTAL GL		R 2 474 255,16
BILLING REPORT ELECTRICITY	D0001/IR01297/F0928/X035/R1325/001/48	2 474 255,16
TOTAL BILLING		R 2 474 255,16
VARIANCE BETWEEN GL & BILLING REPORT		R 0,00
<i>Difference is due to adjustments made to GL as follows:</i>		
Roundoff		
Prepared: K. Buthelesi		Date: 2026/02/09
Reviewer: M. Mkhize		Date: 2026/02/09



REVENUE TREND ANALYSIS REPORT – (January 2026)

Attachment 1

10.8 Sundry - Rental

The following shows the reconciliation for January 2026:

Mpfana Municipality RENTAL		
JANV 2026		
GL RENTAL	D0001/IR01091/F0046/X046/R1325/001/59	12 029.76
TOTAL GL		<u>R 12 029.76</u>
BILLING REPORT RENTAL	D0001/IR01091/F0046/X046/R1325/001/39	12 029.76
TOTAL BILLING		<u>R 12 029.76</u>
VARIANCE BETWEEN GL & BILLING REPORT		<u>R 0.00</u>
<i>Difference is due to adjustments made to GL as follows:</i>		

Prepared: K. Euthelosi

Date: 2026/02/09

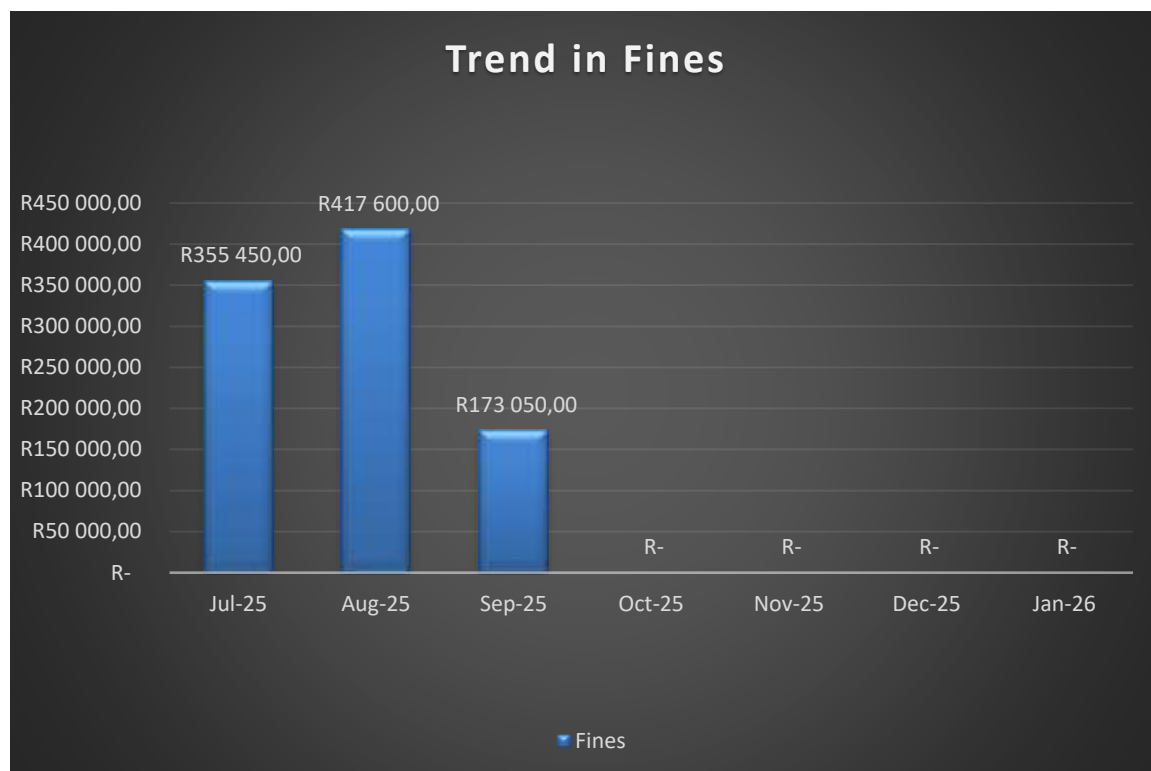
Reviewer: M. Michize

Date: 2026/02/09



10.9 Sundry - Fines

The following shows the revenue raised from July 2025 to January 2026 for traffic fines.





REVENUE TREND ANALYSIS REPORT – (January 2026)


Attachment 1

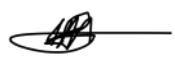
11 Recommendations

The following are considerations:

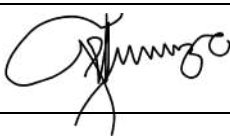
- The analytical results from the observations above to be noted, and to inform management of current status

Prepared by:

Name:	Prudence Maharaj
Designation:	Accountant - Credit Control
Signature:	
Date:	13/02/2026

Name:	Khethiwe Buthelezi
Designation:	Accountant - Billing & Debtors
Signature:	
Date:	13/02/2026

Reviewed by:

Name:	Mfanafuthi Mkhize
Designation:	Manager Revenue & Expenditure
Signature:	
Date:	13/02/2026

Annexure A2 - Monthly

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

Mpumalanga Provincial Treasury

Certificate of Compliance: Municipal Debt Relief Conditions for Application

Period: Jan'26

National Financial Year: 2025/26

Demarcation Code of Municipality being assessed: KZN223

District: **uMgungundlovu**

Demarcation Description: **Mpofana**

I, Ms Gugu Mashileng, 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
9.3 Maintaining the Eskom and bulk water current account –			
<i>Condition 9.12 Payment support for the purposes of the exercise over the account for a single entity's municipality.</i>			
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)? <i>Note - refer condition 6.12.2</i>	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 https://g.muni.gov.za/portal/treasury/gosca/ ?	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)? <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 HT approval of the application.</i>	No	The municipality has not made a payment towards the December 2025 invoice
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 https://g.muni.gov.za/portal/treasury/gosca/ ?	No	No payment has been made to date for December 2025 relates to November invoice
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	No payment has been made to date for December 2025 relates to November invoice
6.4 Compliance with a funded MTREF – (choose from drop down list the MTREF assessed)			
6.4.1	- Is the municipality's MTREF funded and aligning to the National Treasury's Budget Funding Guidelines - http://mtrf.municipal.gov.za/submit/submit.asp?formid=1000 ?	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? <i>Note - For example, if the municipality during the preceding 12 months only managed to collect 60 per cent of its revenue (for property rates), the provision for debt impairment aligning with the historic collection trend should also be 40 per cent of the 2023/24 MTREF revenue projections (for property rates). If the municipality merely used the rate impairment to "balance" the budget and there is no real alignment between the provision for debt with the actual collection of revenue, the Provincial Treasury must respond to this answer as "No".</i>	Yes	
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? <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>	Yes	
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)? <i>Note - If the municipality has an FRP, a separate budget funding plan is not necessary. However, the RT/ HT must always whether the existing FRP incorporated/ will give effect to a funded MTREF. If not, the FRP requires restructuring.</i>	Yes	
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)? <i>Note - only if the municipality does not have an FRP may "N/A" be selected from the dropdown list.</i>	No	
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 (for 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?	No	However not all statements are consolidated
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	Mpofana LM implemented disconnections of electricity services for defaulting customers other than those registered as indigent in the month of January 2026
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? <i>Note - the municipality's monthly MFMA s.71 statement must include as part of the narratives the indigent information in the required IT format.</i>	No	Indigent has been approved but not yet implemented by the municipality.
19	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.		
19	6.7	Maintaining a minimum average quarterly collection of property rates and services charges - - 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	
19	6.7.1	<i>Note - although the municipality is required to collect (MFMA Circular No. 71) 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>		
19	6.7.2	- If the response in 6.7.1 is "No" and the municipality is unable to achieve the minimum average quarterly collection as per paragraph 6.7.1, has the municipality demonstrated to the satisfaction of National Treasury the following:		
20	6.7.2.1	* the underperformance directly relates to Eskom supplied areas where the municipality does not have electricity as a collection tool and that the average quarterly collection of the municipality (excluding Eskom supplied areas) equals the required quarterly average collection set-out in paragraph 6.7.1;	No	
21	6.7.2.2	* the municipality for technical engineering reasons is unable to physically restrict and/or limit the supply of water in the Eskom supplied area(s)?	Does not have function	
22	6.7.2.3	* the municipality before 01 February 2024 attempted to enter into a service delivery agreement with Eskom for purposes of municipal revenue collection in the Eskom supplied area(s) as envisaged in sections 76 to 78 of the Municipal Systems Act, 2000 and that such failed and the reason(s) for the failure?	No	
23	6.7.3	- The municipality has progressively installed smart pre-paid meters in the municipality supplied areas to improve its collection and only then, on an individual case-by-case basis, considered writing off the debt of its customers, within its normal credit control process?	No	
24	6.7.4	- Has the municipality adopted a policy to install any new electricity connection in the demarcated area with effect the 2023/24 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	
26	6.8	Municipality's Completeness of the revenue base -		
26	6.8.1	- Has the municipality demonstrated through the National Treasury property rates reconciliation tool that the municipality's billing system perfectly aligns to its Council approved General Valuation Roll (GVR) and/ or any subsequent supplementary GVR compiled by the registered municipal valuer?	Yes	The municipality has completed the NT Valuation roll reconciliation tool with assistance of NT MFIP Advisor assigned to the municipality for January 2026
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	Refer section 7.1 report
28	6.8.2	- For the latest ending Quarter -Has the municipality submitted its completed billing system, GVR and/or interim GVR reconciliations required in terms of paragraph 6.8.1 to the National Treasury quarterly (refer MFMA Circulars no. 93, 98, 107 and 108) to the upload portal on https://goportal.nat.treasury.gov.za/ ?	Yes	
29	6.9	Monitor and report on Implementation -		
30	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	
31	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? <i>Note - condition 6.9.2 has a typing error and must refer to 6.9.1.</i>	6.9.1 = Yes	
32	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	
33	6.9.4	- If the municipality has an FRP, with effect from 01 April 2023, parallel to submitting its monthly FRP progress report to the Provincial Executive, has the municipality also submitted the FRP progress report to the National Treasury; Municipal Financial Recovery Service (MFRS) timeously via the GoMuni Upload Portal https://goportal.nat.treasury.gov.za/ ?	No FRP	
34	6.10	<i>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 Treasury and MTRC.</i> 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:		
35	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	
36	6.10.2	- has the Head of the relevant Provincial Treasury (delegated) monthly certified the municipality's compliance to these conditions, to the National Treasury's satisfaction as envisaged in the conditions for provincial treasuries (refer paragraph 4.1.1 to 4.1.5 of MFMA Circular no. 124) and timeously uploaded the compliance certificate via the GoMuni Upload Portal https://goportal.nat.treasury.gov.za/ ? <i>Note - in the case of a non-delegated municipality the National Treasury to issue the compliance certificate.</i>	Yes	
37	6.10.3	- has the Provincial Treasury failed to rectify any provincial treasury non-compliance with any of the conditions for provincial treasuries (refer paragraph 4.1.1 to 4.1.6 of MFMA Circular no. 124) within one month of the non-compliance occurring? <i>Note - if the FRP is used to address its failure such non-compliance will be considered as non-compliance by the municipality in terms of paragraph 6.1.1.</i>	No	
38	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? <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. It is noted 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 approved as envisaged in MFMA section 46. Short term borrowing, including making use of overdrafts for day-to-day purposes are not considered within the scope of this condition.</i>	No	
39	6.12	For the duration of the Municipal Debt Relief (to ensure proper management of resources):		
39	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?	No	
40	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? <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 4.12.1.</i>	No	
41	6.13	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. Accounting Treatment - has the municipality fully accounted for and correctly reported on the write-off of its Eskom arrears 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	Bank statement will be attached
41	6.14	HERSA License - has the municipality during the month failed to comply with any condition of the Municipal Debt Relief?	No	No debt has been written-off yet
41	6.14		No	Not applicable at this stage

NOTE: By applying for Municipal Debt Relief as set out in paragraph 2 of MMDA Order 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 order, agrees to notify the DIRECTOR in writing the municipality's failure in terms of section 17 of the Electricity Regulation Act, 2006 (Act no. 6 of 2006). Any such application must be provided by the relevant province for approval in original mechanism as envisaged in Chapter 3 of the Municipal Systems Act, 2002 including the necessary service delivery agreement in line with the Municipal Systems Act, 2002 and Electricity Regulation Act, 2006. In terms of the conditions of government's tender process to Eskom, Eskom will only issue bids to municipalities that have in place its waste control and debt collection policies due in relation to the municipality's current status as a municipal debt relief etc.

PT: HOD/NT / MM Name: PHUKUKWENEA ECPHAS DLADLA
Signature of HOD/NT / MM: [Handwritten Signature]
Date: 10 FEBRUARY 2026

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

DISCONNECTION LIST FOR JANUARY 2026

Attachment 4

Account	Name	Balance	Physical Address	Date of Notice	Comments
1108866	SS MADONDO	15210.62	50 STIRLING TERRACE, MOOI RIVER	2026/09/02	
2003953	SANDILE NDAEWONDE	13314.74	1 ALEXANDER TERRACE	2026/09/02	
1076884	DD PETER	19193.52	78 NORFOLK TERRACE	2026/09/02	
1108026	RW PATTERSON	18020.38	61 YORK TERRACE	2026/09/02	
1107532	BK JOOSTE	16010.16	60 NORFOLK TERRACE	2026/09/02	
1004413	X NDELU_04171520416	16799.12	FLAT 3 MACLINS, CLAUGHTON TERRACE	2026/09/02	
1019320	FJ BADENHORST	16408.13	FLAT 2 PK'S CLAUGHTON TERRACE	2026/09/02	
1000741	IDU PLESSIS (SCREENART)	10580.26	29 CLAUGHTON TERRACE	2026/09/02	
2003609	K L JACKSON	12568.16	11 CLAUGHTON TERRACE, MOOI RIVER	2026/09/02	
1021304	SE MRS DE GOEDE - HAMBURGER DEN	11380.79	CLAUGHTON TERRACE - LOT 72 REMO F1	2026/09/02	
1000177	TB SHABALALA	10233.97	63 NORFOLK TERRACE, MOOI RIVER	2026/09/02	
1000146	M/RIVER HOMES FOR AGED	17078.38	55 YORK TERRACE	2026/09/02	
2003845	M VEENSTRA	5028.84	25 ALEXANDER TERRACE, MOOI RIVER	2026/09/02	
1116063	MOHAMED ISMAIL	5595.58	58 STIRLING TERRACE	2026/09/02	
1000040	Clover Proprietary Limited	18875.85	ALEXANDER TERRACE	2026/09/02	
1108775	LN HLONGWANA	20808.05	63 YORK TERRACE	2026/09/02	
1004439	L SIKHAKHANE	18007.54	FLAT 2 MACLINS, CLAUGHTON TERRACE	2026/09/02	
1000148	M/RIVER HOMES FOR AGED	16196.39	56 NORFOLK TERRACE	2026/09/02	
1000564	PM THOMAS	10200.69	ALEXANDER TERRACE	2026/09/02	
2004100	RAMPERSAD	3546.36	8 ALEXANDER TERRACE, MOOI RIVER	2026/09/02	
1022954	MR MRS E ISMAIL_04225151226	8746.29	56 STIRLING TERRACE	2026/09/02	
1000051	M/RVC PROPERTIES	37615.37	17 ALEXANDER TERRACE	2026/09/02	
2003832	MIDLANDS VETERINARY WHOLESALERS (PTY)L	9619.92	19 ALEXANDER TERRACE, MOOI RIVER	2026/09/02	
1000070	TS NGCOBO	4260.27	20 YORK TERRACE	2026/09/02	
10000784	NEL MARTIN LYNTON	3018.75	6 Stirling Terrace Road	2026/09/02	
10001020	19 Alexander Terrace Properties Cc	19773.61	19 Alexander Terrace	2026/09/02	
10001051	Shabalala Nonhlanhla Mildred & Lincoln Sibusiso N	8532.00	69 YORK TERRACE	2026/09/02	

366623.74

Prepared by:

Approved by:



BBST47 211622
 *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
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 : 47
 Statement Period : 31 December 2025 to 31 January 2026
 Statement Date : 31 January 2026

Statement Balances		Bank Charges		Interest Rate	
Opening Balance	8,957.03 Cr	Service Fees	0.00	Credit Rate**	3.50%
Closing Balance	8,963.65 Cr	Cash Deposit Fees	0.00	Debit Rate (Non-NCA)	12.25%
# Inclusive of VAT @ 15.00%	2.61 Dr	Cash Handling Fees	0.00		
Total VAT (ZAR)	2.61 Dr	Other Fees	20.00 Dr		

Transactions in RAND (ZAR)

Date	Description	Amount	Balance	Accrued Bank Charges
31 Jan	Int On Credit Balance	26.62Cr	8,983.65Cr	
31 Jan	#Dormant Service Charge	20.00	8,963.65Cr	
Closing Balance			8,963.65Cr	

Turnover for Statement Period

No. Credit Transactions	1	26.62Cr
No. Debit Transactions	1	20.00Dr

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

For more information on your Pricing Option, please contact us or visit our website.

**For the latest Credit Rates on product, please go to fnb.co.za

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

On 21 November 2025, the Prime Lending Rate changed to 10.25%. This may impact the rate on any of your credit facilities.

Branch Number	Account Number	Date	DDA DB/2G/AV/QJ/IT/CL/PC/I2/UR/N	FN
8208	62920117969	2026/01/31	PUBLIC SECTOR CHEQUE ACCOUNT	



EASTERN REGION
PRIVATE BAG X16 Westville 3630



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

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

YOUR ACCOUNT NO	5253349658
SECURITY HELD	1.70
BILLING DATE	2025-12-17
TAX INVOICE NO	525843221302
ACCOUNT MONTH	DECEMBER 2025
CURRENT DUE DATE	2026-01-16
VAT REG NO	4920101682

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

EASTERN REGION
PRIVATE BAG X16 Westville 3630

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

TAX INVOICE

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

ACCOUNT TRANSACTION SUMMARY		
NON REBATABLE MONTHLY RENTAL	R	3,582.72
ADMINISTRATION CHARGE	R	590.10
TRANSMISSION NETWORK CAPACITY	R	158,100.00
DIST. NETWORK CAPACITY CHARGE	R	554,550.00
NETWORK DEMAND CHARGE	R	136,340.48
ANCILLARY SERVICE (ALL)	R	9,016.43
GENERATOR CAPACITY CHARGE	R	115,650.00
LEGACY CHARGE (ALL)	R	509,202.80
ENERGY CHARGE (STD)	953,855.00 R	1,525,023.37
ENERGY CHARGE (PEAK)	417,848.00 R	1,188,109.00
ENERGY CHARGE (OFF)	882,404.00 R	1,007,793.61
SERVICE CHARGE	R	6,048.60
ELECTRIFICATION AND RURAL SUBS (ALL)	R	113,156.17
TOTAL CHARGES FOR BILLING PERIOD	R	5,327,163.28

ACCOUNT NO / REFERENCE NO	5253349658
NAME	MPOFANA LOCAL MUNICIPALITY
FAX NUMBER	

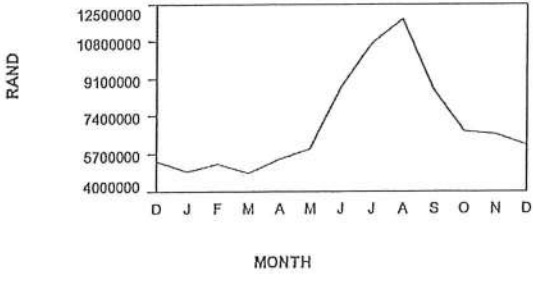
ACCOUNT SUMMARY FOR DECEMBER 2025		
BALANCE BROUGHT FORWARD (Due Date 2025-12-18)	R	660,194,730.78
TOTAL CHARGES FOR BILLING PERIOD	R	5,327,163.28
ADJUSTMENT Interest on overdue account	R	1,336.17
ADJUSTMENT Interest on overdue account	R	100.93
ADJUSTMENT Interest on overdue account	R	2,440,356.33
ADJUSTMENT Interest on overdue account	R	184,311.58
VAT RAISED ON ITEMS AT 15%	R	799,074.49

272157001 52533496589

9207 2525 3349 6582

CURRENT	TOTAL DUE		R	668,947,073.56
8,752,342.78				
ARREARS				
>90 DAYS	61-90 DAYS	31-60 DAYS	16-30 DAYS	
630,559,362.10	20,101,578.23	0.00	9,533,790.45	
Total outstanding debt must be settled immediately, subject to disconnection without further notice				

TOTAL AMOUNT DUE
668,947,073.56



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

PAYMENT ARRANGEMENT	
INSTALMENT	0.00
ARREARS (Due Immediately)	660,194,730.78
DUE DATE (For Current Amount)	2026-01-16
AMOUNT PAID	

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BILL GROUP	
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LATE PAYMENT CHARGES WILL BE ADDED TO OVERDUE ACCOUNT



EASTERN REGION
PRIVATE BAG X16 Westville 3630

CONTACT CENTRE: (0860) 037566Shareca
FAX NO: 0862 437 566
E-MAIL: KwaZulu.Natal@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	2025-12-17
TAX INVOICE NO	525843221302
ACCOUNT MONTH	DECEMBER 2025
CURRENT DUE DATE	2026-01-16
VAT REG NO	4920101682
NOTIFIED MAX DEMAND	15,000.00
UTILISED CAPACITY	15,000.00

CONSUMPTION DETAILS (2025-11-14 - 2025-12-13)

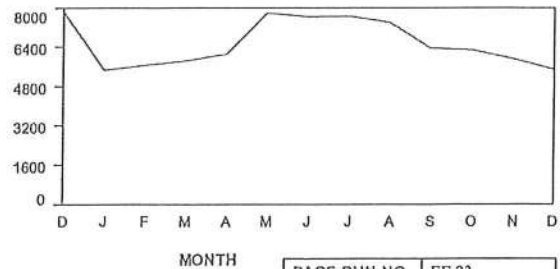
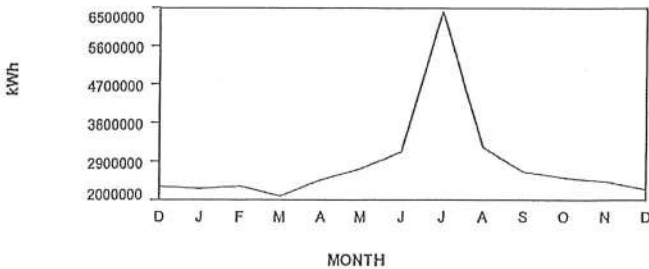
ENERGY CONSUMPTION OFF PEAK kWh	882,403.68
ENERGY CONSUMPTION STD kWh	953,855.16
ENERGY CONSUMPTION PEAK kWh	417,848.28
ENERGY CONSUMPTION ALL kWh	2,254,107.12
DEMAND CONSUMPTION - OFF PEAK	5,049.48
DEMAND CONSUMPTION - STD	5,286.18
DEMAND CONSUMPTION - PEAK	5,526.56
DEMAND READING - kW/KVA	5,526.56
REACTIVE ENERGY - OFF PEAK	343,392.00
REACTIVE ENERGY - STD	298,085.28
REACTIVE ENERGY - PEAK	111,778.92

PREMISE ID NUMBER 5253349233 TARIFF NAME: Municiflex

06818 330 10 CLAUGHTON TERRACE

Administration Charge @ R19.67 per day for 30 days	R	590.10
TX Network Capacity Charge 15,000 kVa @ R10.54 : = R10.54/kVA	R	158,100.00
Network Capacity Charge 15,000 kVA @ R36.97 : = R36.97/kVA	R	554,550.00
Network Demand Charge 5,526.57 kVA @ R24.67 : = R24.67 /kVA	R	136,340.48
Ancillary Service Charge 2,254,107 kWh @ R0.004 /kWh	R	9,016.43
Generator Capacity Charge 15,000 kVa @ R7.71 : = R7.71/kVA	R	115,650.00
Legacy Charge 2,254,107.12 kWh @ R0.2259 /kWh	R	509,202.80
Low Season Standard Energy Charge 953,855 kWh @ R1.5988 /kWh	R	1,525,023.37
Low Season Peak Energy Charge 417,848 kWh @ R2.8434 /kWh	R	1,188,109.00
Low Season Off Peak Energy Charge 882,404 kWh @ R1.1421 /kWh	R	1,007,793.61
Service Charge @ R201.62 per day for 30 days	R	6,048.60
Electrification and Rural Subsidy 2,254,107 kWh @ R0.0502 /kWh	R	113,156.17
Premium Connection Charge R3,582.72	R	3,582.72

TOTAL CHARGES R **5,327,163.28**



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Mpofana Municipality
Creditors Reconciliation



Supplier: ESKOM

Account Number: 5253349658

Balance as per statement dated : 2025/12/17 R 668 947 073.56

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 & 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 -

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R 669 003 068.67

Balance as per statement R 669 003 068.67

Balance as per age analysis 669 003 068.80

Difference R -0.13

Amount due as at the end of: 669 003 068.67

Preparer: N.C. Gwender

Signature: [Signature]

Date: 15/01/2026

Reviewer: M.P. Mkhize

Signature: [Signature]

Date: 15 Jan 2026

Accounts Payable Age Analysis

MPOFANA LOCAL MUNICIPALITY

Exclude Zero Balances Report Date: 2025/12/31

Accounts Payable Age Analysis Page 1 of 1

Supplier	180 Days	150 Days	120 Days	90 Days	60 Days	30 Days	Current	Balance
ESK001 (Eskom)	605 632 257.19	11 564 692.69	13 418 407.46	10 782 918.70	9 318 659.53	9 533 790.45	8 752 342.78	669 003 068.80
Totals:	605 632 257.19	11 564 692.69	13 418 407.46	10 782 918.70	9 318 659.53	9 533 790.45	8 752 342.78	669 003 068.80
% of Balance:	90.53	1.73	2.01	1.61	1.39	1.43	1.31	



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

Enquiries:	Mrs T Cele	Tel :	033-2631221	P.O BOX :	47
Imibuzo :		Ucingo :		Isikhwama sepos :	Mooi River
Navrae :		Telefoon :		Privaat Sak :	3300
Reference:	Section 71	Fax :	033-2631127	Date :	12/02/2026
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 : _____