



**SECTION 71 FINANCIAL REPORT
DECEMBER 2025**

PURPOSE

To report on monthly actual performance and implementation of the municipality's budget for the period ending 31 December 2025

LEGAL/STATUTORY REQUIREMENT

Municipal Finance Management Act No. 56 of 2003.

Municipal Budget and Reporting Regulations gazette No 32141

BACKGROUND

In terms of Section 71(1), (2) and (3) of the MFMA No 56, 2003 Chapter 8, the Accounting Officer of a municipality must by no later than 10 working days after the end of each month submit to the mayor of the municipality and the relevant provincial treasury a statement on the financial performance of that municipality.

The monthly budget statement of a municipality must be in the format specified in Schedule C and include all the required tables, charts, and explanatory information of financial performance.

Executive Mayors Report Summary

This report is a summary of the main budget, issues arising from the implementation of approved budget and in-year reporting monitoring process. It compares the progress in budget implementation to the projections as at the date of reporting.

a) Summary Statement of Financial Performance

The Summary Statement of Financial Performance shown below is prepared on a similar basis of the prescribed budget format, detailing revenue by source type and expenditure per vote.

EC121 Mbashe - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December										
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										
Revenue										
Exchange Revenue										
Service charges - Electricity		-	-	-	-	-	-	-	-	-
Service charges - Water		-	-	-	-	-	-	-	-	-
Service charges - Waste Water Management		-	-	-	-	-	-	-	-	-
Service charges - Waste management		3 895	500	-	322	2 068	250	1 818	727%	500
Sale of Goods and Rendering of Services		2 325	700	-	28	98	350	(253)	-72%	700
Agency services		(342)	1 700	-	595	2 440	650	1 590	187%	1 700
Interest		-	-	-	-	-	-	-	-	-
Interest earned from Receivables		1 552	-	-	133	768	-	768	#DIV/0!	-
Interest from Current and Non Current Assets		45 354	32 000	-	3 919	18 198	16 000	-	-	32 000
Dividends		-	-	-	-	-	-	-	-	-
Rent on Land		-	2 000	-	301	1 662	1 000	662	-	2 000
Rental from Fixed Assets		3 191	270	-	28	203	135	68	50%	270
Licence and permits		1 945	-	-	-	-	-	-	-	-
Special rating levies		-	-	-	-	-	-	-	-	-
Operational Revenue		428	1 210	-	44	330	605	(275)	-45%	1 210
Non-Exchange Revenue										
Property rates		21 099	10 000	-	406	18 508	5 000	13 508	270%	10 000
Surcharges and Taxes		615	27 057	-	-	21 441	13 529	7 913	-	27 057
Fines, penalties and forfeits		1 625	2 200	-	440	1 466	1 100	366	-	2 200
Licence and permits		574	1 000	-	76	883	500	383	-	1 000
Transfers and subsidies - Operational		382 941	373 535	-	114 368	277 688	186 767	90 920	-	373 535
Interest		4 130	-	-	225	1 330	-	1 330	-	-
Fuel Levy		-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		-	-	-	-	-	-	-	-	-
Other Gains		-	-	-	-	-	-	-	-	-
Discontinued Operations										
Total Revenue (excluding capital transfers and contributions)		469 331	452 172	-	120 885	347 081	226 086	120 995	54%	452 172

The billing for the Municipality has been done for the month of December 2025. Property rates variance percentage is 270%. Service charges variance is 727%. Interest from current and non current Assets (Which is Cash monies) is showing an amount of R3 919 136.00 for the month of December 2025. What contributes to variances which are more than 100% is the fact that the

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Municipality's budget is based on collections margins not billing whereas the actual revenue is made up of billed monies.

EC121 Mhashe - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) – M06 December 2025

Expenditure By Type									
Employee related costs	143.176	166.716	-	548	55.382	83.358	(27.976)	-34%	166.716
Remuneration of councillors	26.342	30.565	-	-	7.816	15.283	(7.467)	-49%	30.565
Bulk purchases - electricity	-	-	-	-	-	-	-	-	-
Inventory consumed	-	-	-	-	-	-	-	-	-
Debt impairment	-	-	-	-	-	-	-	-	-
Depreciation and amortisation	67.765	55.000	-	-	-	27.500	(27.500)	-100%	55.000
Interest	218	-	-	-	-	-	-	-	-
Contracted services	101.245	153.503	-	12.846	75.048	99.649	(24.601)	-25%	153.503
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Irrecoverable debts written off	19.176	2.000	-	-	71	1.000	(929)	-	2.000
Operational costs	74.613	64.263	-	5.563	28.553	33.948	(5.396)	-16%	64.263
Losses on Disposal of Assets	-	-	-	-	-	-	-	-	-
Other Losses	-	-	-	-	-	-	-	-	-
Total Expenditure	432.534	472.047	-	18.958	166.869	260.738	(93.869)	-36%	472.047

Municipality payroll integration and other earnings for the month are currently in progress, currently the Management is doing manual Integration which is taking more time, the issue of automating the Payroll Integration is being attended to by the system Vendor. The below table shows full payroll costs for December which is extracted from Section 66 Report.

SECTION 66 REPORT FOR 2025/2026

Description	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Total
Total Earnings	12,112,252.98	12,447,242.72	12,475,561.43	15,101,441.63	11,985,175.83	11,643,857.00	77,765,526.59
Total Deductions	3,490,603.67	3,515,931.82	3,552,407.38	4,588,287.97	3,276,128.83	3,909,369.25	22,310,728.90
Net Salaries	8,621,649.31	8,931,310.90	8,923,154.07	10,513,153.68	8,709,047.00	17,553,221.25	63,273,536.19
Total Company Contributions	2,009,703.70	2,050,475.76	2,034,145.88	2,045,781.03	1,807,819.78	2,025,411.88	12,063,437.96
Total Cost to Company	14,181,958.68	14,497,718.48	14,509,707.31	17,147,222.66	13,823,095.81	15,869,283.81	69,828,964.55

Capital Expenditure

The following table provides a summary of the capital expenditure trends based on planned capital projects and actual spending.

EC121 Mhashe - Supporting Table SC12 Monthly Budget Statement - capital expenditure trend - M06 December

Month	Budget Year 2025/26									
	2024/25	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	% spend of Original Budget	
R thousands										
Monthly expenditure performance trend										
July	115.812	10.633	-	15.742	15.742	10.633	(5.110)	-48.1%	12%	
August	115.812	10.633	-	5.368	21.110	21.265	155	0.7%	17%	
September	115.812	10.633	-	10.897	32.007	31.898	(109)	-0.3%	25%	
October	115.812	10.633	-	22.367	54.374	42.531	(11,843)	-27.8%	43%	
November	115.812	10.633	-	18.093	72.467	53.163	(19,304)	-36.3%	57%	
December	115.812	10.633	-	17.013	89.480	63.796	(25,684)	-40.3%	70%	
January	115.812	10.633	-	-	-	74.428	-	-	-	
February	115.812	10.633	-	-	-	85.061	-	-	-	
March	115.812	10.633	-	-	-	95.694	-	-	-	
April	115.812	10.633	-	-	-	106.326	-	-	-	
May	115.812	10.633	-	-	-	116.959	-	-	-	
June	115.812	10.633	-	-	-	127.582	-	-	-	
Total Capital expenditure	1,389,745	127,592	-	89,480						

Based on the above table total capital expenditure as at December 2025 is R89.48 million, most of this expenditure is capital projects for Infrastructure.

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GRANTS STATUS FOR THE PERIOD ENDED 31 DECEMBER 2025

GRANT DETAILS	PERIOD	ANNUAL BUDGET	TOTAL RECEIVED AS AT 31 DECEMBER 2025		% SPENT VS ANNUAL BUDGET	% SPENT BASED ON RECEIPTS
			AS AT 31 DECEMBER 2025	ACTUAL SPENT		
MIG	Dec-25	R74.175.000.00	R61.790.000.00	R63.568.232.86	86%	103%
EPWP	Dec-25	R2.382.000.00	R1.668.000.00	R2.382.000.00	100%	143%
OTP	Dec-25	R10.000.000.00	R14.216.961.75	R6.129.706.90	61%	43%
FMG	Dec-25	R1.700.000.00	R1.700.000.00	R869.533.97	51%	51%
INEP	Dec-25	R16.369.000.00	R9.167.000.00	R13.959.510.40	85%	152%
DISASTER GRANT	Dec-25	R24.167.000.00	R12.325.000.00	R12.371.429.24	51%	100%
LIBRARY GRANT	Dec-25	R1.490.000.00	R1.490.000.00	R313.737.45	21%	21%
GRAND TOTAL		R130.283.000.00	R100.866.961.75	R99.594.150.82	76%	99%

The Municipality has received R61.7 million of MIG allocation and managed to spend 103% of the received amount and 86% of the total allocation as at the end of December 2025. The municipality has spent 51% of the FMG Allocation. The Municipality has received R14 216 961.75 of Office of The Premier allocation and has managed to spend 61% of the allocated amount as at the end of December 2025. The municipality has received R12.3 million on Disaster Grant and spent 51% based on the total allocation. The municipality has received R9.1 million of INEP Grant allocation ,85% of the allocated amount has been spent. The municipality has received R1.4 million of Library Grant allocation ,21% of the allocated amount has been spent. Expanded Public Works Programme has spent 100% based on the total allocation as at the end of December 2025. The overall spending of conditional grants is sitting at 76%.

Cash and Investment management

The table below details the Call Deposits made by the Municipality for the period ending 31 December 2025.

The total cash available as at 31 December 2025 indicates a total balance of **R 585 740 341.95** which is made up of the following: -

INVESTMENTS AS AT 31 DECEMBER 2025										
	Bank	Account Type	Status	Acc number	2025/07/01	Interest	Deposits	Withdrawals	Bank	Closing Balance as at 31/12/2025
						Total	Total	Total	Total	
1	FNB	7 Day Interest Plus	Active	74321424942	108 339 29	1 370 425 65	80 000 000 00	(81 300 000 00)	-	178 764 94
2	FNB	Call Account	Active	62562355373	37 179 10	944 41	-	-	-	38 123 57
3	FNB	Call Account	Active	62562352410	152 847 98	4 074 06	-	-	-	156 722 04
4	FNB	Call Account	Active	74813155287	43 151 432 71	1 779 314 29	5 000 000 00	-	-	49 930 747 00
5	ABSA	Fixed Deposit	Active	2081687867	-	11 087 999 99	300 000 000 00	-	-	311 087 999 99
6	Nedbank	Fixed Deposit	Active	037881169370000007	10 780 82	1 757 273 98	50 000 000 00	-	-	51 768 054 80
7	Standard Bank	Fixed Deposit	Active	88829511-007	-	3 018 438 36	100 000 000 00	-	-	103 616 438 36
					43,460,379.96	19,616,470.74	535,000,000.00	(81,300,000.00)	-	516,776,850.70

Main Account balance R 68 963 491.25
 Call Account Deposits R 516 776 850.00
Total **R 585 740 341.95**

All the interest disclosed in the investment register is based on the received investment statements. The Revenue section has updated the interest in the system to align with the Investment register. Monies that were invested in other Banks, other than the primary bank will be received back to the Municipality on maturity of those Short-term investments.

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Outstanding Creditors

The municipality strives to pay its creditors within 30 days. Below is the balance of creditors as at 31 December 2025.

EC121 Mbhashe - Supporting Table SC4 Monthly Budget Statement - aged creditors - M06 December												
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	-	-	-	14	223	183	944	(797)	568	568	568
Auditor General	0800	-	-	-	-	-	-	-	-	-	-	-
Other	0900	-	-	-	-	-	-	-	278	278	278	278
Total By Customer Type	1000	-	-	-	14	223	183	944	(519)	846	846	846

As at 31 December 2025 the Municipality had no overdue creditors, the capturing errors that led to the amounts which are showing on the above table are still being investigated for correction.

Debt Management Outstanding debtors

DEBTORS AGE ANALYSIS AS AT 31 DECEMBER 2025									
CATEGORY	180 Days	150 Days	120 Days	90 Days	60 Days	30 Days	Current	Balance	
AGRICULTURE	-50.659.20	2.189.74	2.289.74	2.289.74	5.848.46	2.325.33	2.440.08	-33.276.11	
BUSINESS	9.939.504.48	274.958.32	182.104.62	191.504.76	198.984.32	233.729.76	269.439.99	11 290.226.25	
GOVERNMENT	33.893.661.38	8.844.945.76	5.130.102.91	39.633.36	49.408.67	39.203.95	55.304.34	48.052.260.37	
MUNICIPAL	521.054.90	14.933.83	14.939.87	14.927.13	15.146.90	15.250.41	15.826.66	612.079.70	
OTHER	2.580.959.82	214.199.97	47.950.12	16.186.26	33.063.49	24.321.06	35.305.71	2.951.986.23	
PLACE OF WORSHIP	590.405.35	18.590.87	8.040.40	8.076.69	8.112.48	8.148.59	8.157.83	649.532.21	
PUBLIC SERVICE INFRASTRUCTURE	-109.73	0.00	0.00	0.00	0.00	0.00	0.00	-109.73	
RESIDENTIAL	34.300.196.93	782.526.15	629.610.25	607.380.44	657.647.03	655.309.13	639.332.35	38 272.002.28	
VACANT LAND	1.985.835.13	73.414.36	49.654.97	50.333.79	48.080.81	49.940.20	48.935.31	2.306.194.57	
GRAND TOTAL	83.760.848.86	10.225.759.00	6.064.692.88	930.332.17	1.018.292.16	1.028.228.43	1.074.742.27	104.100.895.77	

As at the end of December 2025 the Municipality's total debtors accounts amounted to R104 100 895.77 million, substantial portion of this debt relates to residential and government.

Expenditure on Employee Related Costs

The municipality has done integration up to November 2025.

All monies that were due to third parties such as SARS, Pensions and Medical Aids have been paid accordingly, including other employee deductions such as insurance, garnishes and bonds have been paid. No SARS interest or penalties that have been incurred in the month that ended 31 December 2025.

The table below is an extract from C – Schedule which details integrated remuneration for Councilors, Senior Managers (Including MM), Interns, Securities, EPWP and Permanent Staff.

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LC121 Mbhashe - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M06 December										
Summary of Employee and Councillor remuneration	Ref	2024/25			Budget Year 2025/26					
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
in thousands		A	B	C					D	
Councillors (Political Office Recruits plus Other)	1									
Basic Salaries and Wages		27 172	27 042			7 686	13 571	(5 885)	-43%	27 042
Pension and U.F. Contributions										
Medical Aid Contributions										
Motor Vehicle Allowance										
Cellphone Allowance		7 620	3 523			129	1 762	(1 632)	93%	3 523
Housing Allowances										
Other benefits and allowances										
Sub Total - Councillors		29 342	30 565			7 816	15 283	(7 467)	-48%	30 565
% increase			16.0%							16.0%
Senior Managers of the Municipality	3									
Basic Salaries and Wages		7 293	6 722			2 336	3 341	(1 025)	-31%	6 722
Pension and U.F. Contributions		26	2 520			6	1 264	(1 251)	-99%	2 520
Medical Aid Contributions			1 549				775	(775)	-100%	1 549
Overtime										
Performance Bonus		2 170	1 530				769	(769)	-100%	1 530
Motor Vehicle Allowance		3 183	2 730			111	1 365	(654)	-48%	2 730
Cellphone Allowance			657				328	(328)	-100%	657
Housing Allowances										
Other benefits and allowances		218	5			9	2	6	268%	5
Payments in lieu of leave		215								
Long service awards										
Post-retirement benefit obligations										
Entertainment										
Security										
Aging and post-related allowance										
In kind benefits										
Sub Total - Senior Managers of Municipality		12 184	15 728			3 084	7 084	(4 600)	-31%	15 728
% increase			29.3%							29.3%
Other Municipal Staff										
Basic Salaries and Wages		91 233	105 659			33 595	52 930	(19 334)	-37%	105 659
Pension and U.F. Contributions		12 474	12 122			7 293	6 061	1 231	20%	12 122
Medical Aid Contributions		8 204	17 014			2 811	6 507	(5 696)	-67%	17 014
Overtime		2 804	1 776			983	688	95	11%	1 776
Performance Bonus		5 297	5 762			2 134	2 881	(747)	-26%	5 762
Motor Vehicle Allowance		48	387			42	193	(151)	-78%	387
Cellphone Allowance		3 897	1 126			548	3 323	563	490%	1 126
Housing Allowances		2 783	3 784			914	1 892	(978)	-52%	3 784
Other benefits and allowances		794	2 158			232	1 079	(847)	-78%	2 158
Payments in lieu of leave		2 580				787		787	40110%	
Long service awards		895	1 000			204	500	(296)	-59%	1 000
Post-retirement benefit obligations										
Entertainment										
Security										
Aging and post-related allowance										
In kind benefits										
Sub Total - Other Municipal Staff		131 811	150 887			58	62 317	(19 484)	-31%	150 887
% increase			15.2%							15.2%
Total Parent Municipality		149 518	187 281			548	83 017	(38 443)	-36%	187 281
Board Members of Entities										
Basic Salaries and Wages										
Pension and U.F. Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance										
Cellphone Allowance										
Housing Allowances										
Other benefits and allowances										
Board Fees										
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations										
Entertainment										
Security										
Aging and post-related allowance										
In kind benefits										
Sub Total - Executive members Board										
% increase										
Senior Managers of Entities										
Basic Salaries and Wages										
Pension and U.F. Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance										
Cellphone Allowance										
Housing Allowances										
Other benefits and allowances										
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations										
Entertainment										
Security										
Aging and post-related allowance										
In kind benefits										
Sub Total - Senior Managers of Entities										
% increase										
Other Staff of Entities										
Basic Salaries and Wages										
Pension and U.F. Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance										
Cellphone Allowance										
Housing Allowances										
Other benefits and allowances										
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations										
Entertainment										
Security										
Aging and post-related allowance										
In kind benefits										
Sub Total - Other Staff of Entities										
% increase										
TOTAL MUNICIPAL ENTITIES		189 518	187 281			548	83 187	(35 643)	-36%	187 281
% increase			18.4%							18.4%
TOTAL MANAGERS AND STAFF		149 518	186 718			548	83 358	(37 878)	-34%	186 718

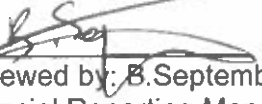
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Recommendations

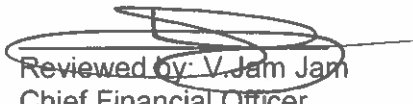
1. That the monthly report for period ending 31 December 2025 **BE NOTED AND ACCEPTED.**



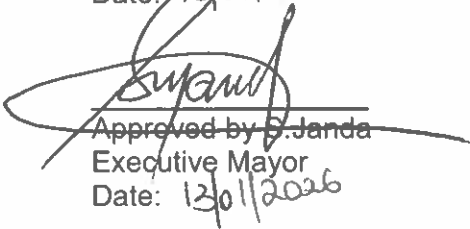
Prepared by: N. Sichwe
Junior Budget Accountant
Date: 12/01/2026



Reviewed by: B. September
Financial Reporting Manager
Date: 12/01/2026



Reviewed by: V. Jam Jam
Chief Financial Officer
Date: 13/01/2026



Approved by: B. Janda
Executive Mayor
Date: 13/01/2026