

## **QUARTELY BUDGET PERFORMANCE REPORT FOR MONTH ENDED IN DECEMBER 2025.**

### **REPORT BY THE ACTING CHIEF FINANCIAL OFFICER**

#### **PURPOSE**

To submit the Quarterly budget report for December 2025 to the Committee for noting.

#### **BACKGROUND**

The Quarterly section 52 (d) reports aims to provide a regular update on indicators critical to the organization's viability and serve as an early warning indicator where remedial action is required.

As per MFMA Section 52 (d) the mayor of a municipality must, within 30 days of the end of each quarter, submit a report to council on the implementation of the budget and the financial state of affairs of the municipality

#### **PART 1 – EXECUTIVE SUMMARY**

- ✓ *The municipality submitted its Annual Financial Statements for 2024/2025 financial year on the 31 August 2025 to Auditor General.*
- ✓ *Audit proceedings proceeded smoothly with the number of 117 for RFI and number of 62 of communication of findings.*
- ✓ *Emakhazeni has received a qualified opinion for 2024/25 financial year.*
- ✓ *Matters that affects the opinion are four.*
- ✓ *Other matter that are relating to going concern and other are six.*

#### **Table C1: Quarterly Budget Statement Summary**

For the quarter ending in December 2025, as at the end of December 2025, operational revenue to the amount of R206 million was realized against the budgeted revenue of R207 million. This reflects a considerate performance of revenue of R million (0,1%).

Operating expenditure to the amount of R237 million was appropriated for the quarter against the budgeted expenditure of R261-million. This reflects a unfavourable of -9% spent this quarter.

The capital transfers recognized for the quarter amounts to R50million. Capital transfers are recognized as revenue when the condition of the grant was met.

Taking the above into consideration the net operating deficit for the quarter amounts to R-30.million compared to the budget year to date deficit of R53 million whilst investments Are amounting to R35 million.

As at 2<sup>nd</sup> quarter for the creditors' amount to R309-million as per age analysis, compared to 1st quarter R310-million which reflects an favourable of 0.3% decrease in creditors.

As at 2<sup>nd</sup> quarter the debtor's amount to R 623 -million as per age analysis, compared to 1st quarter R593 million which reflects unfavourable of 5% increase in debtors.

MP314 Emakhazeni - Table C1 Monthly Budget Statement Summary - M06 - Quarter 2

Description	2024/25	Budget Year 2025/26							
	Audited Outcome	Original Budget	Adjusted Budget	Quarter 2	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>									
<b>Financial Performance</b>									
Property rates	77,876	93,165	-	26,999	74,582	46,583	27,999	60%	93,165
Service charges	133,016	166,377	-	32,513	65,770	83,188	(17,418)	-21%	166,377
Investment revenue	1,869	2,053	-	509	1,164	1,027	138	13%	2,053
Transfers and subsidies - Operational	138,565	103,119	-	4,617	46,990	51,560	(4,569)	-9%	103,119
Other own revenue	214,061	50,820	-	9,237	18,313	25,410	(7,097)	-28%	50,820
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>565,387</b>	<b>415,535</b>	<b>-</b>	<b>73,875</b>	<b>206,819</b>	<b>207,768</b>	<b>(948)</b>	<b>0%</b>	<b>415,535</b>
Employee costs	133,573	139,009	-	50,545	74,828	69,504	5,324	8%	139,009
Remuneration of Councillors	8,014	8,602	-	4,641	6,262	4,301	1,961	46%	8,602
Depreciation and amortisation	75,997	79,808	-	16,400	32,853	39,904	(7,051)	-18%	79,808
Interest	20,689	10,920	-	5,058	11,394	5,460	5,934	109%	10,920
Inventory consumed and bulk purchases	110,116	118,929	-	18,148	56,761	59,464	(2,704)	-5%	118,929
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Other expenditure	313,998	165,485	-	26,255	54,911	82,743	(27,832)	-34%	165,485
<b>Total Expenditure</b>	<b>662,387</b>	<b>522,753</b>	<b>-</b>	<b>121,046</b>	<b>237,009</b>	<b>261,377</b>	<b>(24,368)</b>	<b>-9%</b>	<b>522,753</b>
<b>Surplus/(Deficit)</b>	<b>(97,001)</b>	<b>(107,218)</b>	<b>-</b>	<b>(47,171)</b>	<b>(30,190)</b>	<b>(53,609)</b>	<b>23,420</b>	<b>-44%</b>	<b>(107,218)</b>
Transfers and subsidies - capital (monetary allocations)	75,673	60,387	-	19,157	39,091	30,194	8,897	29%	60,387
Transfers and subsidies - capital (in-kind)	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(21,327)</b>	<b>(46,831)</b>	<b>-</b>	<b>(28,013)</b>	<b>8,901</b>	<b>(23,416)</b>	<b>32,317</b>	<b>-138%</b>	<b>(46,831)</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>	<b>(21,327)</b>	<b>(46,831)</b>	<b>-</b>	<b>(28,013)</b>	<b>8,901</b>	<b>(23,416)</b>	<b>32,317</b>	<b>-138%</b>	<b>(46,831)</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	<b>115,565</b>	<b>59,118</b>	<b>-</b>	<b>25,514</b>	<b>54,617</b>	<b>29,569</b>	<b>25,058</b>	<b>85%</b>	<b>59,118</b>
Capital transfers recognised	74,518	58,818	-	22,205	46,198	29,409	16,789	57%	58,818
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	35,249	300	-	1,617	4,199	150	4,049	2699%	300
<b>Total sources of capital funds</b>	<b>109,767</b>	<b>59,118</b>	<b>-</b>	<b>23,822</b>	<b>60,397</b>	<b>29,569</b>	<b>20,838</b>	<b>70%</b>	<b>59,118</b>
<b>Financial position</b>									
Total current assets	350,502	240,026	-	-	294,001	-	-	-	240,026
Total non current assets	1,737,603	1,738,565	-	-	1,747,154	-	-	-	1,738,565
Total current liabilities	666,911	436,948	-	-	610,963	-	-	-	436,948
Total non current liabilities	111,567	106,114	-	-	111,567	-	-	-	106,114
Community wealth/Equity	1,292,511	1,435,530	-	-	1,318,625	-	-	-	1,435,530
<b>Cash flows</b>									
Net cash from (used) operating	272,409	75,698	-	(85,753)	(6,389)	37,849	44,239	117%	75,698
Net cash from (used) investing	73,739	(59,118)	-	(28,994)	(59,758)	(29,559)	30,199	-102%	(59,118)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-
<b>Cash/cash equivalents at the month/year end</b>	<b>362,359</b>	<b>22,633</b>	<b>-</b>	<b>-</b>	<b>(43,411)</b>	<b>14,343</b>	<b>57,754</b>	<b>403%</b>	<b>39,317</b>
<b>Debtors &amp; creditors analysis</b>									
	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
<b>Debtors Age Analysis</b>									
Total By Income Source	18,910	16,598	14,682	14,868	13,728	25,723	50,180	468,672	623,362
<b>Creditors Age Analysis</b>									
Total Creditors	1,521	9,324	8,197	9,923	13,281	11,764	11,636	243,635	309,281

# OWN REVENUE

## SECOND QUARTER PERFORMANCE OF SERVICE CHARGES COLLECTION RATE

National Treasury Municipal Debt Relief MFMA Circular No. 124 Municipal Finance Management Act No. 56 of 2003				Municipal Details					
				Mpumalanga				Period Monitored	No. Of Wards
				Code	District	Municipality			
				MP014		Emakhazeni	April		0

Collection Rate Assessment	Summary - Quarter 1				Q1	Summary - Quarter 2				Q2	Summary - Quarter 3				Q3	Summary - Quarter 4				Q4
	Billing	Collection	R - Billing not collected	% Collection		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	37,761,691	17,579,485	20,182,206	47%	47%	37,882,203	17,223,469	20,661,734	46%	46%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	39,975,945	20,121,889	19,854,076	50%	50%	
2. Collection <del>and</del> <del>Excess</del> <del>supplied</del> <del>areas</del>	-	-	-	#DIV/0!	#DIV/0!	-	-	-	#DIV/0!	#DIV/0!	-	-	-	#DIV/0!	-	-	-	#DIV/0!	#DIV/0!	
3. Collection: Property Rates	15,373,336	10,171,973	5,201,422	66%	66%	18,846,004	9,802,721	9,042,283	52%	52%	-	-	-	-	13,215,190	8,162,498	5,052,693	62%	62%	
4. Total average collection: Electricity (Municipal supplied areas)	5,941,528	2,538,064	3,403,464	50%	50%	2,948,050	2,940,204	7,846	100%	100%	-	-	-	-	8,444,977	5,174,025	3,270,952	61%	61%	
5. Total average collection: Water	4,946,437	1,398,588	3,547,849	28%	28%	2,817,116	1,010,056	1,807,060	36%	36%	-	-	-	-	5,556,451	2,249,324	3,307,128	40%	40%	
6. Total average collection: Wastewater	2,955,078	1,819,254	1,285,814	56%	56%	2,950,022	1,882,341	1,068,581	64%	63%	-	-	-	-	3,956,421	2,402,022	1,554,399	61%	59%	
7. Total average collection: Refuse	2,231,522	1,290,851	980,671	56%	56%	2,272,838	1,122,845	1,149,993	49%	49%	-	-	-	-	2,214,133	1,544,850	669,283	70%	70%	
8. Total average collection: Interest	7,263,841	602,745	6,661,096	8%	8%	7,241,273	485,302	6,755,971	7%	7%	-	-	-	-	7,489,782	588,951	6,900,831	8%	8%	

## OWN REVENUE

### Property rates

Property rates billing is at 80% as at the end of December 2025. This is 30% variance than the anticipated billing of 50% as the end of December 2025.

### Service Charges

#### Service Charges Electricity

Service Charges Electricity revenue is at 36%. Which is lower than the anticipated billing of 50%.

#### Sanitation revenue

Sanitation revenue is within budget at 51%

#### Refuse Revenue

Refuse revenue is within the Budget a 50%

## GRANTS RECEIVED

Grants and subsidies received during 2<sup>ND</sup> Quarter 2025

MP314 Emakhazeni - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M06 - Quarter 2										
Description	Ref	2024/25			Budget Year 2025/26					
		Audited Outcome	Original Budget	Adjusted Budget	Quarter 2	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
<b>RECEIPTS:</b>	1,2									
<b>Operating Transfers and Grants</b>										
National Government:		98,080	102,819	-	-	40,351	51,410	(11,059)	-21.5%	102,819
Expanded Public Works Programme Integrated Grant		1,434	2,178	-	-	-	1,089	(1,089)	-100.0%	2,178
Local Government Financial Management Grant	3	3,800	3,800	-	-	-	1,900	(1,900)	-100.0%	3,800
Equitable Share		92,846	96,841	-	-	40,351	48,420	(8,069)	-16.7%	96,841
Provincial Government:		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
Other grant providers:		-	300	-	-	-	150	(150)	-100.0%	300
Specify (Replace with the name of the Entity)		-	300	-	-	-	150	(150)	-100.0%	300
<b>Total Operating Transfers and Grants</b>		<b>98,080</b>	<b>103,119</b>	<b>-</b>	<b>-</b>	<b>40,351</b>	<b>51,560</b>	<b>(11,209)</b>	<b>-21.7%</b>	<b>103,119</b>

Capital Transfers and Grants	Select transfer/grant description												
<b>National Government:</b>			75,658	60,387	-	-	31,424	30,194	1,231	4.1%	60,387		
Energy Efficiency and Demand S			-	4,000	-	-	-	2,000	(2,000)	-100.0%	4,000		
Municipal Infrastructure Grant			40,533	31,387	-	-	17,174	15,693	1,481	9.4%	31,387		
Integrated National Electrification Programme Grant			-	5,000	-	-	2,250	2,500	(250)	-10.0%	5,000		
Water Services Infrastructure Grant			19,125	20,000	-	-	12,000	10,000	2,000	20.0%	20,000		
Municipal Disaster Recovery Grant			16,000	-	-	-	-	-	-		-		
<b>Provincial Government:</b>			-	-	-	-	-	-	-		-		
<b>District Municipality:</b>			-	-	-	-	-	-	-		-		
<b>Other grant providers:</b>			-	-	-	-	-	-	-		-		
<b>Total Capital Transfers and Grants</b>			<b>75,658</b>	<b>60,387</b>	<b>-</b>	<b>-</b>	<b>31,424</b>	<b>30,194</b>	<b>1,231</b>	<b>4.1%</b>	<b>60,387</b>		
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>			<b>173,738</b>	<b>163,506</b>	<b>-</b>	<b>-</b>	<b>71,775</b>	<b>81,753</b>	<b>(9,978)</b>	<b>-12.2%</b>	<b>163,506</b>		

## INVESTMENT

### Short term investment received during 2<sup>ND</sup> Quarter 2025

Investment: 'All Investments		Account N' ALL Accounts													
Financial Year: 2026		Period To: 202512													
Period From: 202507		Report Type: Summary													
Quarter: 2nd Quarter															
Institution	System #	Bank Name	Account #	Investm Start Date	Investme nt End Date	Term Value (Y/M/D)	Month	Interest %	BOQ Amount	Top Up	Withdrawals	Interest Payout	Int Capitalised	Charges	Balance
FNB	'000344	FNB:62774589801	'62774589	20/07/202	30/06/202	M	202512	8.6	10,000,000.04			166,068.49			10,000,000.04
FNB	'000346	FNB:74720708666	'74720708	20/07/202	30/06/202	M	202512	8.6	1,609,841.65	800,000.00			33,053.75		2,442,895.40
FNB	'000347	FNB:62178430212	'62178430	20/07/202	30/06/202	M	202512	8.6	148,777.25	17,107,621.20	(9,788,457.34)	19,695.07		(9.40)	7,467,931.71
FNB	'000349	FNB:62720719957	'62720719	20/07/202	30/06/202	M	202512	8	11,291,677.93	8,800,000.00	(14,576,056.81)	62,242.87			5,515,621.12
FNB	'000350	FNB:62076419508	'62076419	20/07/202	30/06/202	M	202511	8.6	263,062.90	3,931,606.09	(1,548,250.00)		2,874.70	#####	2,646,453.81
FNB	'000351	FNB:62774591385	'62774591	20/07/202	30/06/202	M	202512	8.6	1,000.21			16.61			1,000.21
FNB	'000352	FNB:74720710702	'74720710	20/07/202	30/06/202	M	202512	8.6	2,146,500.09		(1,028,519.70)	27,095.01			1,117,980.39
FNB	'000353	FNB:SOLIDARITY	'6285646	20/07/202	30/06/202	M	202512	8	1,331.42					(7.52)	1,323.90
FNB	'000354	FNB:74720711205	'74720711	20/07/202	30/06/202	M	202512	8	16,808.75	2,933,791.20			48,932.70		2,999,532.65
FNB	'000355	FNB:74763982095	'74763982	20/07/202	30/06/202	M	202512	8	7,465,673.43		(4,440,098.63)	112,979.87			3,025,574.80
FNB	'000356	FNB:SALE OF STAND	'62862609	1/7/2020	30/06/202	M	202512	8	819,860.99	42,240,144.65	(42,819,000.00)		36,443.78	(7.52)	277,441.90
<b>TOTAL</b>															<b>35,495,755.93</b>

## EXPENDITURE

Operating expenditure to the amount of R237 million was appropriated as at the end of December 2025 against the budgeted expenditure of R261 million. This reflects an underperformance of (-9%), this is mainly due to bad debt written off, debt impairment and finance cost.

Expenditure By Type										
Employee related costs	133,573	139,009	-	50,545	74,828	69,504	5,324	8%	139,009	
Remuneration of councillors	8,014	8,602	-	4,641	6,262	4,301	1,961	46%	8,602	
Bulk purchases - electricity	100,167	108,147	-	16,949	54,039	54,074	(35)	0%	108,147	
Inventory consumed	9,948	10,782	-	1,199	2,722	5,391	(2,669)	-50%	10,782	
Debt impairment	131,684	102,307	-	-	-	51,153	(51,153)	-100%	102,307	
Depreciation and amortisation	75,997	79,808	-	16,400	32,853	39,904	(7,051)	-18%	79,808	
Interest	20,689	10,920	-	5,058	11,394	5,460	5,934	109%	10,920	
Contracted services	51,724	32,036	-	17,946	22,949	16,018	6,931	43%	32,036	
Transfers and subsidies	-	-	-	-	-	-	-		-	
Irrecoverable debts written off	49,168	-	-	-	18,339	-	18,339	#DIV/0!	-	
Operational costs	43,445	31,142	-	8,309	13,623	15,571	(1,947)	-13%	31,142	
Losses on Disposal of Assets	37,852	-	-	-	-	-	-		-	
Other Losses	126	-	-	-	-	-	-		-	
<b>Total Expenditure</b>	<b>662,387</b>	<b>522,753</b>	<b>-</b>	<b>121,046</b>	<b>237,009</b>	<b>261,377</b>	<b>(24,368)</b>	<b>-9%</b>	<b>522,753</b>	

## **OPERATIONAL EXPENDITURE**

### **STAFF BENEFITS**

- Expenditure on staff benefit at the end of the 6<sup>th</sup> month in 2025/2026 financial year is sitting at 54% which is higher than the Budget line of 50% (i.e. 6/12 months).

### **BULK PURCHASES**

Expenditure on Bulk Purchases is at 50% which is equals to the budget line of 50% (i.e. 6/12months)

### **FINANCE CHARGES**

Expenditure on Finance charges shows a spending of 104% as at the end of the 6<sup>th</sup> month of 2025/2026.

### **INVENTORY**

- Expenditure on Inventory shows a spending of 25% as at the end of the 6<sup>th</sup> month of 2025/2026.

### **CONTRACTED SERVICES**

- Expenditure on Contacted services shows a spending of 72% at the end of the 6<sup>th</sup> month of 2025/2026.

### **GENERAL EXPENDITURE**

- General Expenditure shows a spending of 44% at the end of the 6<sup>th</sup> month of 2025/2026.

## **Table C4: Financial Performance**

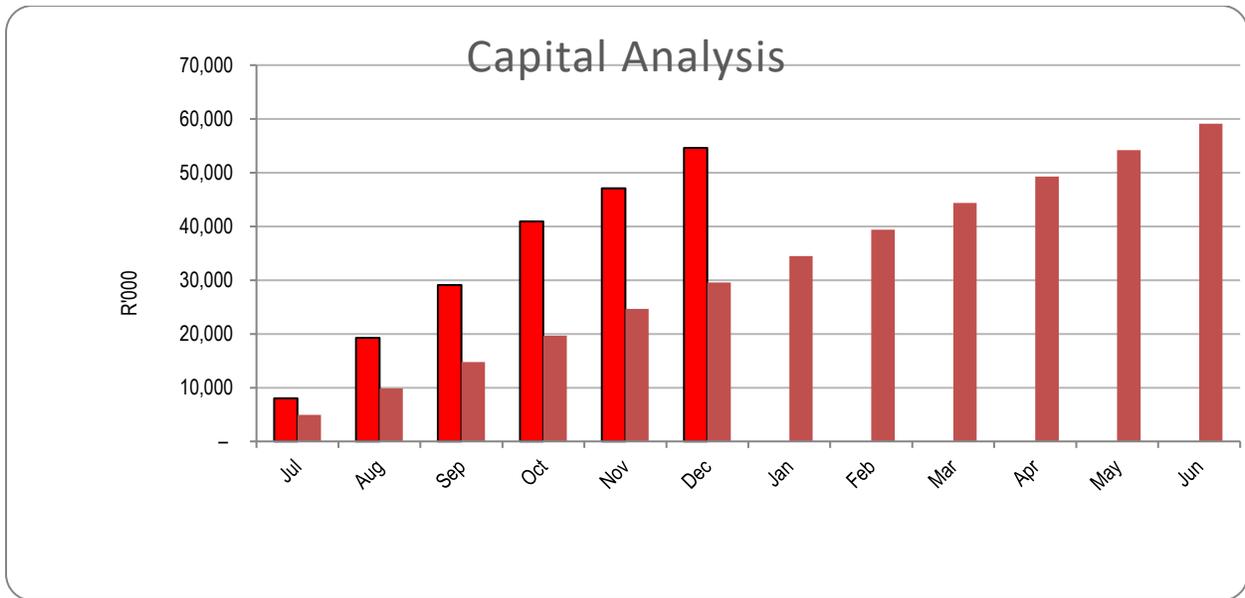
MP314 Emakhazeni - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 - Quarter 2

Description	Ref	Budget Year 2025/26								
		2024/25 Audited Outcome	Original Budget	Adjusted Budget	Quarter 2	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>										
<b>Revenue</b>										
<b>Exchange Revenue</b>										
Service charges - Electricity		84,399	116,896	-	20,555	41,790	58,448	(16,658)	-29%	116,896
Service charges - Water		21,404	22,029	-	5,369	10,051	11,014	(963)	-9%	22,029
Service charges - Waste Water Management		14,711	14,673	-	3,625	7,543	7,336	206	3%	14,673
Service charges - Waste management		12,502	12,779	-	2,964	6,387	6,390	(3)	0%	12,779
Sale of Goods and Rendering of Services		571	1,138	-	62	124	569	(445)	-78%	1,138
Agency services		-	-	-	-	-	-	-	-	-
Interest		-	-	-	-	-	-	-	-	-
Interest earned from Receivables		16,064	19,930	-	4,343	8,624	9,965	(1,341)	-13%	19,930
Interest from Current and Non Current Assets		1,869	2,053	-	509	1,164	1,027	138	13%	2,053
Dividends		-	-	-	-	-	-	-	-	-
Rent on Land		34	53	-	-	-	26	(26)	-100%	53
Rental from Fixed Assets		837	2,303	-	120	273	1,151	(879)	-76%	2,303
Licence and permits		51	16	-	9	10	8	2	27%	16
Special Rating Levies		-	-	-	-	-	-	-	-	-
Operational Revenue		633	1,344	-	25	65	672	(607)	-90%	1,344
<b>Non-Exchange Revenue</b>										
Property rates		77,876	93,165	-	26,999	74,582	46,583	27,999	60%	93,165
Surcharges and Taxes		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		173,663	26,037	-	(39)	(36)	13,018	(13,054)	-100%	26,037
Licence and permits		-	-	-	-	-	-	-	-	-
Transfers and subsidies - Operational		138,565	103,119	-	4,617	46,990	51,560	(4,569)	-9%	103,119
Interest		16,226	-	-	4,717	9,253	-	9,253	#DIV/0!	-
Fuel Levy		-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		-	-	-	-	-	-	-	-	-
Other Gains		5,983	-	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>665,387</b>	<b>415,535</b>	<b>-</b>	<b>73,875</b>	<b>206,819</b>	<b>207,768</b>	<b>(948)</b>	<b>0%</b>	<b>415,535</b>
<b>Expenditure By Type</b>										
Employee related costs		133,573	139,009	-	50,545	74,828	69,504	5,324	8%	139,009
Remuneration of councillors		8,014	8,602	-	4,641	6,262	4,301	1,961	46%	8,602
Bulk purchases - electricity		100,167	108,147	-	16,949	54,039	54,074	(35)	0%	108,147
Inventory consumed		9,948	10,782	-	1,199	2,722	5,391	(2,669)	-50%	10,782
Debt impairment		131,684	102,307	-	-	-	51,153	(51,153)	-100%	102,307
Depreciation and amortisation		75,997	79,808	-	16,400	32,853	39,904	(7,051)	-18%	79,808
Interest		20,689	10,920	-	5,058	11,394	5,480	5,934	109%	10,920
Contracted services		51,724	32,036	-	17,946	22,949	16,018	6,931	43%	32,036
Transfers and subsidies		-	-	-	-	-	-	-	-	-
Irrecoverable debts written off		49,168	-	-	-	18,339	-	18,339	#DIV/0!	-
Operational costs		43,445	31,142	-	8,309	13,623	15,571	(1,947)	-13%	31,142
Losses on Disposal of Assets		37,852	-	-	-	-	-	-	-	-
Other Losses		126	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>662,387</b>	<b>522,753</b>	<b>-</b>	<b>121,046</b>	<b>237,009</b>	<b>261,377</b>	<b>(24,368)</b>	<b>-9%</b>	<b>522,753</b>
<b>Surplus/(Deficit)</b>		<b>(97,001)</b>	<b>(107,218)</b>	<b>-</b>	<b>(47,171)</b>	<b>(30,190)</b>	<b>(53,609)</b>	<b>23,420</b>	<b>-44%</b>	<b>(107,218)</b>
Transfers and subsidies - capital (monetary allocations)		75,673	60,387	-	19,157	39,091	30,194	8,897	29%	60,387
Transfers and subsidies - capital (in-kind)		-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>(21,327)</b>	<b>(46,831)</b>	<b>-</b>	<b>(28,013)</b>	<b>8,901</b>	<b>(23,416)</b>			<b>(46,831)</b>
Income Tax		-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after income tax</b>		<b>(21,327)</b>	<b>(46,831)</b>	<b>-</b>	<b>(28,013)</b>	<b>8,901</b>	<b>(23,416)</b>			<b>(46,831)</b>
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>		<b>(21,327)</b>	<b>(46,831)</b>	<b>-</b>	<b>(28,013)</b>	<b>8,901</b>	<b>(23,416)</b>			<b>(46,831)</b>
Share of Surplus/Deficit attributable to Associate		-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>		<b>(21,327)</b>	<b>(46,831)</b>	<b>-</b>	<b>(28,013)</b>	<b>8,901</b>	<b>(23,416)</b>			<b>(46,831)</b>

**Table C5: Quarterly Capital Expenditure**

- Total Capital Expenditure is at 80% to date (31<sup>st</sup> December 2025). R50 millions spent in the month of December 2025 was from National Grants

Capital Expenditure - Functional Classification										
<b>Governance and administration</b>	192	300	-	240	411	150	261	174%	300	
Executive and council	-	-	-	-	-	-	-	-	-	
Finance and administration	192	300	-	240	411	150	261	174%	300	
Internal audit	-	-	-	-	-	-	-	-	-	
<b>Community and public safety</b>	8,759	-	-	3,728	10,736	-	10,736	#DIV/0!	-	
Community and social services	8,696	-	-	2,351	6,948	-	6,948	#DIV/0!	-	
Sport and recreation	-	-	-	-	-	-	-	-	-	
Public safety	63	-	-	1,377	3,788	-	3,788	#DIV/0!	-	
Housing	-	-	-	-	-	-	-	-	-	
Health	-	-	-	-	-	-	-	-	-	
<b>Economic and environmental services</b>	43,808	20,000	-	(6,162)	1,583	10,000	(8,417)	-84%	20,000	
Planning and development	-	-	-	-	-	-	-	-	-	
Road transport	43,808	20,000	-	(6,162)	1,583	10,000	(8,417)	-84%	20,000	
Environmental protection	-	-	-	-	-	-	-	-	-	
<b>Trading services</b>	62,806	38,818	-	27,708	41,887	19,409	22,478	116%	38,818	
Energy sources	8,650	9,000	-	4,251	4,251	4,500	(249)	-6%	9,000	
Water management	27,437	29,818	-	8,026	13,191	14,909	(1,718)	-12%	29,818	
Waste water management	18,434	-	-	15,431	24,445	-	24,445	#DIV/0!	-	
Waste management	8,286	-	-	-	-	-	-	-	-	
<b>Other</b>	-	-	-	-	-	-	-	-	-	
<b>Total Capital Expenditure - Functional Classification</b>	3	115,565	59,118	-	25,514	54,617	29,559	25,058	85%	59,118
<b>Funded by:</b>										
5 National Government	74,518	58,818	-	22,205	46,198	29,409	16,789	57%	58,818	
7 Provincial Government	-	-	-	-	-	-	-	-	-	
3 District Municipality	-	-	-	-	-	-	-	-	-	
3 Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies,	-	-	-	-	-	-	-	-	-	
) <b>Transfers recognised - capital</b>	74,518	58,818	-	22,205	46,198	29,409	16,789	57%	58,818	
2 <b>Borrowing</b>	6	-	-	-	-	-	-	-	-	
3 <b>Internally generated funds</b>	35,249	300	-	1,617	4,199	150	4,049	2699%	300	
‡ <b>Total Capital Funding</b>	109,767	59,118	-	23,822	50,397	29,559	20,838	70%	59,118	



**Table C6: Quarterly Budget Statement Financial Position**

Below is the statement of financial position of the Municipality as at the end of December 2025. The municipality's current assets amount to R 294 million and non-current assets amount to R 1.7 billion. This gives us total Assets of R2 billion. The current liabilities balance is R 610 million and non-current liabilities of R111 million. The total Liabilities come to R722 million. This then gives us equity amounting to R 1.3 billion.

MP314 Emakhazeni - Table C6 Monthly Budget Statement - Financial Position - M06 - Quarter 2						
Description	Ref	2024/25	Budget Year 2025/26			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
<b>R thousands</b>	1					
<b>ASSETS</b>						
<b>Current assets</b>						
Cash and cash equivalents		22,736	22,633	-	(101,062)	22,633
Trade and other receivables from exchange transactions		71,629	64,751	-	93,410	64,751
Receivables from non-exchange transactions		86,658	22,956	-	119,204	22,956
Current portion of non-current receivables		-	-	-	-	-
Inventory		1,488	2,002	-	1,488	2,002
VAT		156,252	127,684	-	169,231	127,684
Other current assets		11,740	(0)	-	11,731	(0)
<b>Total current assets</b>		<b>350,502</b>	<b>240,026</b>	<b>-</b>	<b>294,001</b>	<b>240,026</b>
<b>Non current assets</b>						
Investments		-	-	-	-	-
Investment property		217,842	252,421	-	217,842	252,421
Property, plant and equipment		1,519,639	1,486,013	-	1,529,195	1,486,013
Biological assets		-	-	-	-	-
Living and non-living resources		-	-	-	-	-
Heritage assets		114	114	-	114	114
Intangible assets		7	17	-	2	17
Trade and other receivables from exchange transactions		-	-	-	-	-
Non-current receivables from non-exchange transactions		-	-	-	-	-
Other non-current assets		-	-	-	-	-
<b>Total non current assets</b>		<b>1,737,603</b>	<b>1,738,565</b>	<b>-</b>	<b>1,747,154</b>	<b>1,738,565</b>
<b>TOTAL ASSETS</b>		<b>2,088,105</b>	<b>1,978,592</b>	<b>-</b>	<b>2,041,155</b>	<b>1,978,592</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Bank overdraft		-	-	-	-	-
Financial liabilities		-	-	-	-	-
Consumer deposits		2,428	2,232	-	2,449	2,232
Trade and other payables from exchange transactions		505,094	414,970	-	462,513	414,970
Trade and other payables from non-exchange transactions		13,440	10,000	-	(341)	10,000
Provision		12,613	8,246	-	12,613	8,246
VAT		133,335	(0)	-	133,729	(0)
Other current liabilities		-	1,500	-	-	1,500
<b>Total current liabilities</b>		<b>666,911</b>	<b>436,948</b>	<b>-</b>	<b>610,963</b>	<b>436,948</b>
<b>Non current liabilities</b>						
Financial liabilities		-	-	-	-	-
Provision		91,212	84,438	-	91,212	84,438
Long term portion of trade payables		-	-	-	-	-
Other non-current liabilities		20,355	21,676	-	20,355	21,676
<b>Total non current liabilities</b>		<b>111,567</b>	<b>106,114</b>	<b>-</b>	<b>111,567</b>	<b>106,114</b>
<b>TOTAL LIABILITIES</b>		<b>778,477</b>	<b>543,062</b>	<b>-</b>	<b>722,530</b>	<b>543,062</b>
<b>NET ASSETS</b>	2	<b>1,309,628</b>	<b>1,435,530</b>	<b>-</b>	<b>1,318,625</b>	<b>1,435,530</b>
<b>COMMUNITY WEALTH/EQUITY</b>						
Accumulated surplus/(deficit)		1,292,511	1,435,530	-	1,318,625	1,435,530
Reserves and funds		-	-	-	-	-
Other		-	-	-	-	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	<b>1,292,511</b>	<b>1,435,530</b>	<b>-</b>	<b>1,318,625</b>	<b>1,435,530</b>

• **Table C7 Quarterly Budget Statement Cash Flow**

Table C7 provides detail of the cash inflows and outflow. A net cash inflow from Operating activities amounted to R185,7million as at the end of December 2025. Net cash outflows from Investing activities amounted to -R28,9 million. This gives us a net increase in cash held of R114 million as at the end of the December 2025.

MP314 Emakhazeni - Table C7 Monthly Budget Statement - Cash Flow - M06 - Quarter 2										
Description	Ref	Budget Year 2025/26								
		2024/25 Audited Outcome	Original Budget	Adjusted Budget	Quarter 2	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>	1									
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Property rates		40,415	65,216	-	13,945	28,761	32,608	(3,847)	-12%	65,216
Service charges		99,323	132,206	-	25,494	51,718	66,103	(14,385)	-22%	132,206
Other revenue		43,003	51,362	-	1,465	2,869	25,681	(22,812)	-89%	51,362
Transfers and Subsidies - Operational		103,198	103,119	-	0	40,352	51,580	(11,208)	-22%	103,119
Transfers and Subsidies - Capital		76,373	60,387	-	212	31,770	30,194	1,577	5%	60,387
Interest		1,438	4,046	-	527	893	2,023	(1,130)	-56%	4,046
Dividends		-	-	-	-	-	-	-	-	-
<b>Payments</b>										
Suppliers and employees		(91,340)	(340,638)	-	(127,396)	(162,754)	(170,319)	7,565	-4%	(340,638)
Interest		-	-	-	-	-	-	-	-	-
Transfers and Subsidies		-	-	-	-	-	-	-	-	-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>272,409</b>	<b>75,698</b>	<b>-</b>	<b>(85,753)</b>	<b>(6,389)</b>	<b>37,849</b>	<b>44,239</b>	<b>117%</b>	<b>75,698</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-
<b>Payments</b>										
Capital assets		73,739	(59,118)	-	(28,994)	(59,758)	(29,559)	(30,199)	102%	(59,118)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>73,739</b>	<b>(59,118)</b>	<b>-</b>	<b>(28,994)</b>	<b>(59,758)</b>	<b>(29,559)</b>	<b>30,199</b>	<b>-102%</b>	<b>(59,118)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Short term loans		-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-
<b>Payments</b>										
Repayment of borrowing		-	-	-	-	-	-	-	-	-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>346,148</b>	<b>16,581</b>	<b>-</b>	<b>(114,747)</b>	<b>(66,147)</b>	<b>8,290</b>			<b>16,581</b>
Cash/cash equivalents at beginning:		16,211	6,053	-		22,736	6,053			22,736
Cash/cash equivalents at month/year end:		362,359	22,633	-		(43,411)	14,343			39,317

**PART 2 – SUPPORTING DOCUMENTATION**

**1 Reasons for Material variances**

i) Supporting table SC1 indicates the material variation between the year to-date budget and year-to-date actual with comments on the deviations.

**ii) The main deviations for revenue are:**

- Service Charges Electricity - (R65.7 million less than YTD budget)
- Other Revenue(R18.3 million less than YTD budget)

**iii) The main deviations on operational expenditure are:**

- Interest (R11million than YTD budget)

- Inventory (R56 million more than YTD budget)
- Depreciation (R32million less than YTD budget) .
- Other Expenditure (R54,9 million more than YTD budget)

### -Performance indicators

Supporting table SC2 provides detail on performance indicators of the municipality as at the end of December 2025  
The table below depict the following ratios as at the end of December2025

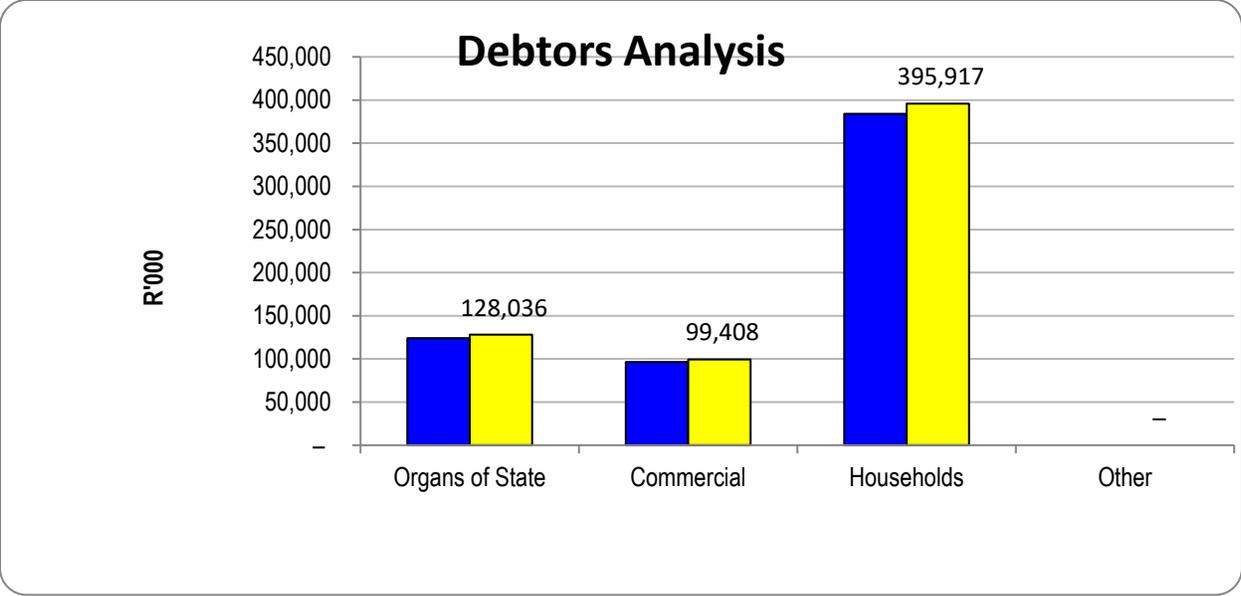
MP314 Emakhazeni - Supporting Table SC2 Monthly Budget Statement - performance indicators - M06 - Quarter 2								
Description of financial indicator	Basis of calculation	Ref	Budget Year		Adjusted Budget	YearTD actual	Full Year Forecast	
			2024/25 Audited Outcome	2025/26 Original Budget				
Borrowing Management								
Capital Charges to Operating Expenditure	Interest & principal paid/ Operating Expenditure		3.1%	17.4%	0.0%	4.8%	3.7%	
Borrowed funding of 'own' capital expenditure	Borrowings/ Capital expenditure excl. transfers and grants		0.0%	0.0%	0.0%	0.0%	0.0%	
Debt to Equity	Loans, Accounts Payable, Overdraft & Tax Provision/ Funds & R		41.7%	31.1%	0.0%	36.6%	31.1%	
Gearing	Long Term Borrowing/ Funds & Reserves		0.0%	0.0%	0.0%	0.0%	0.0%	
Current Ratio	Current assets/ current liabilities	1	52.6%	54.9%	0.0%	48.1%	54.9%	
Liquidity Ratio	Monetary Assets/ Current Liabilities		3.4%	5.2%	0.0%	-16.5%	5.2%	
Employee costs	Employee costs/ Total Revenue - capital revenue		23.6%	33.5%	0.0%	36.2%	33.5%	
Repairs & Maintenance	R&M/ Total Revenue - capital revenue		2.3%	2.3%	0.0%	2.2%	2.3%	
Interest & Depreciation	I&D/ Total Revenue - capital revenue		17.1%	21.8%	0.0%	5.5%	4.7%	

- ❖ Capital Charges to Operating Expenditure
- ❖ Current Ratio
- ❖ Liquidity Ratio
- ❖ Employee costs
- ❖ Repairs & Maintenance
- ❖ Interest & Depreciation

### Table SC3

Supporting table SC3 provides details on consumer debtors. Debtors amounted to R623 as of 31<sup>st</sup> December 2025.  
Debtors outstanding for over 90 days are R573. million which is 89% of total debt.

MP314 Emakhazeni - Supporting Table SC3 Monthly Budget Statement - aged debtors - M06 - Quarter 2														
Description	NT Code	Budget Year 2025/26										Total over 90 days	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total				
<b>R thousands</b>														
<b>Debtors Age Analysis By Income Source</b>														
Trade and Other Receivables from Exchange Transactions - Water	1200	1,607	2,277	1,463	2,156	1,218	1,502	7,277	60,986	78,486	73,139	-	-	
Trade and Other Receivables from Exchange Transactions - Electricity	1300	3,852	2,867	2,679	2,638	2,527	2,367	6,459	89,987	113,376	103,978	-	-	
Receivables from Non-exchange Transactions - Property Rates	1400	8,154	6,631	5,898	5,632	5,579	17,078	9,934	181,849	240,755	220,072	-	-	
Receivables from Exchange Transactions - Waste Water Management	1500	1,167	922	843	758	721	929	1,881	34,243	41,464	38,532	-	-	
Receivables from Exchange Transactions - Waste Management	1600	1,022	882	833	779	747	1,091	1,991	37,021	44,365	41,629	-	-	
Receivables from Exchange Transactions - Property Rental Debtors	1700	0	0	0	0	0	0	0	87	90	89	-	-	
Interest on Arrear Debtor Accounts	1810	3,106	3,018	2,961	2,902	2,934	2,754	22,636	52,089	92,399	83,314	-	-	
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-	
Other	1900	2	2	4	3	2	2	2	12,411	12,427	12,419	-	-	
<b>Total By Income Source</b>	<b>2000</b>	<b>18,910</b>	<b>16,598</b>	<b>14,682</b>	<b>14,868</b>	<b>13,728</b>	<b>25,723</b>	<b>50,180</b>	<b>468,672</b>	<b>623,362</b>	<b>573,172</b>	-	-	
<b>2024/25 - totals only</b>		<b>26,185</b>	<b>10,982</b>	<b>10,689</b>	<b>9,470</b>	<b>9,893</b>	<b>31,747</b>	<b>64,042</b>	<b>394,593</b>	<b>557,602</b>	<b>509,746</b>	-	-	
<b>Debtors Age Analysis By Customer Group</b>														
Organs of State	2200	3,168	3,462	2,449	3,005	2,273	6,817	10,391	96,471	128,036	118,957	-	-	
Commercial	2300	4,308	3,169	2,809	2,662	2,374	4,602	7,816	71,668	99,408	89,122	-	-	
Households	2400	11,433	9,967	9,424	9,202	9,061	14,304	31,973	300,533	395,917	365,082	-	-	
Other	2500	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total By Customer Group</b>	<b>2600</b>	<b>18,910</b>	<b>16,598</b>	<b>14,682</b>	<b>14,868</b>	<b>13,728</b>	<b>25,723</b>	<b>50,180</b>	<b>468,672</b>	<b>623,362</b>	<b>573,172</b>	-	-	

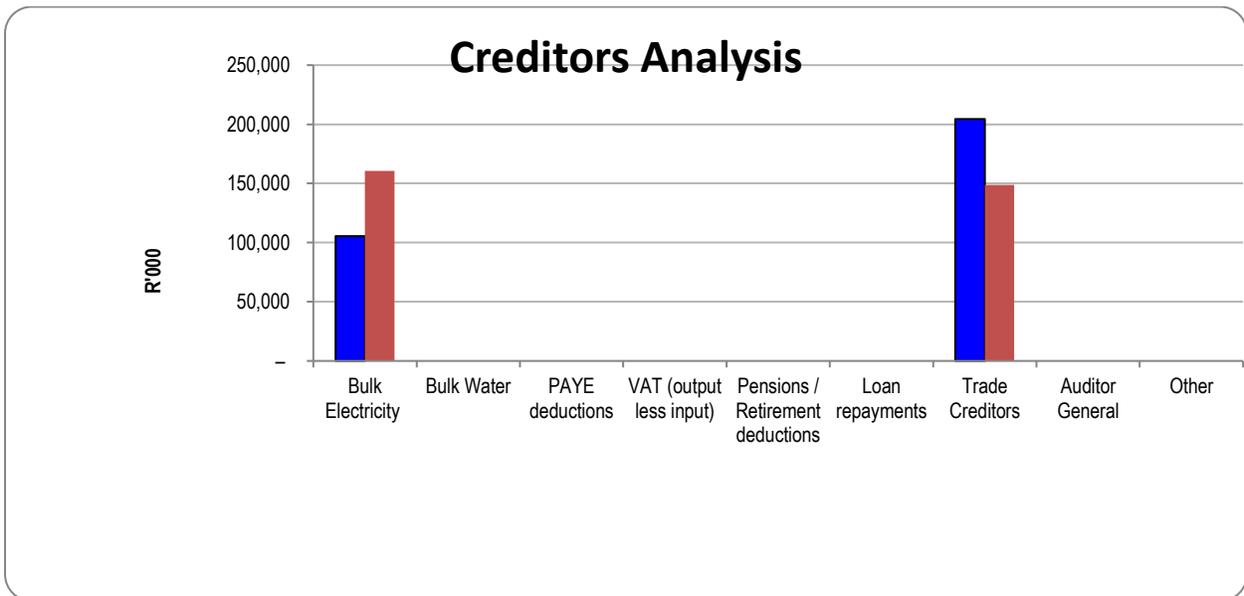


**Table SC4**

Supporting table SC4 provides details on aged creditors. In terms of the Municipal Finance Management Act, all creditors must be paid within 30 days of receiving the invoice or statement. Not all Creditors were paid within 30 days of receipt of invoice.

For the month ended in December 2025 creditors unpaid amounted to R309 million as per age analysis.

MP314 Emakhazeni - Supporting Table SC4 Monthly Budget Statement - aged creditors - M06 - Quarter 2												
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												
<b>Creditors Age Analysis By Customer Type</b>												
Bulk Electricity	0100	-	7,087	6,603	8,068	11,710	10,442	9,591	107,093	160,593	105,567	
Bulk Water	0200	-	-	-	-	-	-	-	-	-	-	
PAYE deductions	0300	-	-	-	-	-	-	-	-	-	-	
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-	-	
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-	-	
Loan repayments	0600	-	-	-	-	-	-	-	-	-	-	
Trade Creditors	0700	1,521	2,237	1,594	1,855	1,571	1,322	2,045	136,542	148,688	204,563	
Auditor General	0800	-	-	-	-	-	-	-	-	-	-	
Other	0900	-	-	-	-	-	-	-	-	-	-	
<b>Total Bv Customer Type</b>	<b>1000</b>	<b>1,521</b>	<b>9,324</b>	<b>8,197</b>	<b>9,923</b>	<b>13,281</b>	<b>11,764</b>	<b>11,636</b>	<b>243,635</b>	<b>309,281</b>	<b>310,131</b>	



#### RECOMMENDATIONS OF THE ACTING CHIEF FINANCIAL OFFICER

1. That; the Second Quarter Budget Performance report for period ending 31<sup>st</sup> December 2025 be considered.
2. That: the processes of adjustment budget be considered.