



UMKHANDA

**UMKHANDLU WESIFUNDA
DISTRIKSMUNISIPALITEIT
DISTRICT MUNICIPALITY**

SECTION 52(d) REPORT

DECEMBER 2025

QUARTER 2

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Part 1 – Annual Budget

1.1 Mayor's Report

The quarterly section 52 report is a report that gives a clear view on the state or performance of the Municipality for the quarter as well as the year-to-date performance. Among the impacts that are challenging the Municipality, is the cash flow challenge currently being experienced by the municipality due to among other things declining collection, historic expenditure patterns, high water losses and high rate of indigents within the municipal boundaries.

Management within local government has a significant role to play in strengthening the link between the citizen and government's overall priorities and spending plans. The goal should be to enhance service delivery aimed at improving the quality of life for all people within the UThukela District Municipality. Budgeting is primarily about the choices that the municipality has to make between competing priorities and fiscal realities. The challenge is to do more with the available resources. We need to remain focused on the effective delivery of the core municipal services through the application of efficient and effective service delivery mechanisms.

1.2 Council Resolutions

1. The Council of UThukela District Municipality, acting in terms of section 52 of the Municipal Finance Management Act, (Act 56 of 2003) to note:
2. Monthly Budget statements and supporting documents for quarter 2 of 2026.

1.3 Executive Summary

To inform Committee of the financial status of the municipality for Quarter 2 of the 2025/26 financial year in accordance with section 52(d) of the Municipal Finance Management Act 56 of 2003 which states "the mayor of a municipality must, within 30 days of the end of each quarter, submit a report to the council on the implementation of the budget and the financial state of affairs of the municipality".

The Municipal Budget and Reporting Regulations also put emphasise on the quarterly reporting with Regulation 31(1) which state that "the mayor's quarterly report on the implementation of the budget and the financial affairs of the municipality as required by section 52(d) of the MFMA must be –

- (a) In the format specified in Schedule C and include all the required tables, charts and explanatory information, considering any guidelines issued by the Minister in terms of section 168(1) of the MFMA; and
- (b) Consistent with the monthly budget statements for January, February and March as applicable; and
- (c) Submitted to the National Treasury and relevant provincial treasury within five days of tabling of the report in the council.

Table C1 - Budgeted Statement Summary

Table C1 is a financial performance summary and provides a concise overview of uThukela District municipality's performance from all major financial perspectives (operating, capital expenditure, financial position and cash flow).

DC23 Uthukela - Table C1 Monthly Budget Statement Summary - M06 - December

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	-	-	-	-	-	-	-	-	-
Service charges	280 382	329 805	-	20 852	149 902	164 903	(16 001)	-9%	329 805
Investment revenue	6 613	6 163	-	491	3 292	3 081	211	7%	6 163
Transfers and subsidies - Operational	650 924	666 135	-	201 639	476 332	332 567	143 765	43%	666 135
Other own revenue	75 820	76 290	-	6 164	30 627	38 146	(1 452)	4%	76 290
Total Revenue (excluding capital transfers and contributions)	1 013 739	1 077 393	-	229 146	669 153	538 696	130 457	24%	1 077 393
Employee costs	404 620	406 233	-	30 949	213 397	203 117	10 280	5%	406 233
Remuneration of Councilors	6 284	6 219	-	521	3 213	3 109	104	3%	6 219
Depreciation and amortisation	89 413	83 303	-	7 718	45 881	41 651	4 229	10%	83 303
Interest	19 234	6 721	-	-	77	3 361	(3 283)	-98%	6 721
Inventory consumed and bulk purchases	106 642	68 790	-	557	10 346	34 395	(24 049)	-70%	68 790
Transfers and subsidies	-	3 600	-	-	-	1 000	(1 800)	-100%	3 600
Other expenditure	705 355	479 627	-	16 113	69 483	239 814	(170 331)	-71%	479 627
Total Expenditure	1 331 747	1 054 493	-	55 859	342 366	527 246	(184 858)	-35%	1 054 493
Surplus/(Deficit)	(318 009)	22 900	-	173 288	326 757	11 450	315 307	2754%	22 900
Transfers and subsidies - capital (monetary allocations)	267 242	311 791	-	45 774	47 321	155 896	(108 574)	-70%	311 791
Transfers and subsidies - capital (in-kind)	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & Share of surplus/ (deficit) of associates	(50 767)	334 691	-	219 061	374 078	167 346	206 733	124%	334 691
Surplus/ (Deficit) for the year	(50 767)	334 691	-	219 061	374 078	167 346	206 733	124%	334 691
Capital expenditure & funds sources									
Capital expenditure	0	273 623	-	10 785	44 001	136 812	(92 811)	-68%	273 623
Capital transfers recognised	(4 349)	271 123	-	10 960	44 001	135 662	(91 561)	-68%	271 123
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	-	2 500	-	(175)	-	1 250	(1 250)	-100%	2 500
Total sources of capital funds	(4 349)	273 623	-	10 785	44 001	136 812	(92 811)	-68%	273 623
Financial position									
Total current assets	310 043	564 462	-	-	597 215	-	-	-	564 462
Total non current assets	3 551 722	3 546 961	-	-	3 550 002	-	-	-	3 546 961
Total current liabilities	1 334 557	1 110 005	-	-	1 243 442	-	-	-	1 110 005
Total non current liabilities	41 595	51 558	-	-	41 585	-	-	-	51 558
Community wealth/Equity	2 485 612	2 949 860	-	-	2 862 179	-	-	-	2 949 860
Cash flows									
Net cash from (used) operating	870 883	283 636	-	237 132	607 937	141 918	(466 019)	-328%	283 636
Net cash from (used) investing	218 668	(273 623)	-	(10 457)	(45 941)	(136 812)	(90 871)	66%	(273 623)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the month/year end	1 095 361	(131 639)	-	-	572 671	(136 945)	(708 616)	518%	21 088
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	32 029	33 746	28 992	24 584	26 366	22 820	22 448	1 093 088	1 284 081
Creditors Age Analysis									
Total Creditors	-	-	-	-	-	-	-	-	-

Table C2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

DC23 Uthukela - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M06 - December

Description	Ref	Budget Year 2025/26								
		2024/25 Audited	Original	Adjusted	Monthly	YearTD actual	YearTD	YTD	YTD %	Full Year
R thousands										
Revenue - Functional										
<i>Governance and administration</i>		651 947	734 345	-	199 983	476 357	367 173	109 185	30%	734 345
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		651 947	734 345	-	199 983	476 357	367 173	109 185	30%	734 345
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		3 652	49	-	2 382	4 471	25	4 446	18117%	49
Community and social services		3 608	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		43	49	-	2 382	4 471	25	4 446	18117%	49
<i>Economic and environmental services</i>		-	-	-	-	-	-	-	-	-
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		625 383	654 790	-	73 555	235 647	327 395	(91 748)	-28%	654 790
Energy sources		-	-	-	-	-	-	-	-	-
Water management		625 383	654 790	-	73 555	235 647	327 395	(91 748)	-28%	654 790
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	1 280 981	1 389 184	-	274 920	716 475	694 592	21 883	3%	1 389 184
Expenditure - Functional										
<i>Governance and administration</i>		280 693	375 156	-	15 168	107 493	187 578	(80 085)	-43%	375 156
Executive and council		62 598	66 174	-	4 271	28 613	28 087	526	2%	66 174
Finance and administration		226 125	318 982	-	10 897	78 680	159 491	(80 611)	-61%	318 982
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		62 817	58 102	-	4 602	26 920	29 051	(2 131)	-7%	58 102
Community and social services		26 539	9 390	-	975	7 124	4 685	2 429	52%	9 390
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		36 276	48 712	-	3 627	19 796	24 358	(4 560)	-19%	48 712
<i>Economic and environmental services</i>		16 259	28 023	-	1 416	8 670	14 012	(5 341)	-38%	28 023
Planning and development		16 259	28 023	-	1 416	8 670	14 012	(5 341)	-38%	28 023
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		971 978	593 212	-	34 673	199 313	296 606	(97 293)	-33%	593 212
Energy sources		-	-	-	-	-	-	-	-	-
Water management		971 978	593 212	-	34 673	199 313	296 606	(97 293)	-33%	593 212
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
<i>Other</i>		-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	1 331 747	1 054 493	-	55 859	342 396	527 246	(184 850)	-35%	1 054 493
Surplus/ (Deficit) for the year		(50 767)	334 691	-	219 061	374 078	157 346	206 733	124%	334 691

This table reflects the municipal financial performance, classified by functions

Table C3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

DC23 Uthukela - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M06 - December

Vote Description	Ref	Budget Year 2025/26								
		2024/25 Audited	Original	Adjusted	Monthly	YearTD actual	YearTD	YTD	YTD %	Full Year
R thousands										
Revenue by Vote										
Vote 1 - MAYOR AND MM	1	-	-	-	-	-	-	-	-	-
Vote 2 - CORPORATE SERVICES		602	326	-	44	52	163	(111)	-67.9%	326
Vote 3 - BUDGET AND TREASURY		849 345	734 020	-	196 939	476 306	367 010	109 295	29.8%	734 020
Vote 4 - SOCIAL SERVICES(PLANNING&ECONOMIC DEV)		-	-	-	-	-	-	-	-	-
Vote 5 - WSA& HEALTH SERVICES		43	49	-	2 382	4 471	25	4 446	18117.4%	49
Vote 6 - 500 - WATER, SANITATION AND TECHNICAL SERVICES		618 377	654 790	-	73 655	236 647	327 395	(91 748)	-28.0%	654 790
Vote 7 -		-	-	-	-	-	-	-	-	-
Vote 8 -		-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	1 268 367	1 389 184	-	274 920	716 475	694 592	21 883	3.2%	1 389 184
Expenditure by Vote										
Vote 1 - MAYOR AND MM	1	62 568	55 174	-	4 271	28 613	28 087	526	1.9%	56 174
Vote 2 - CORPORATE SERVICES		144 596	145 768	-	6 912	37 221	72 884	(35 662)	-48.9%	145 768
Vote 3 - BUDGET AND TREASURY		83 629	171 628	-	4 985	41 658	85 784	(44 105)	-51.4%	171 528
Vote 4 - SOCIAL SERVICES(PLANNING&ECONOMIC DEV)		42 798	37 413	-	2 390	16 794	18 707	(2 912)	-15.8%	37 413
Vote 5 - WSA& HEALTH SERVICES		36 278	50 399	-	3 627	19 796	25 199	(5 403)	-21.4%	50 399
Vote 6 - 500 - WATER, SANITATION AND TECHNICAL SERVICES		971 970	593 212	-	34 673	193 313	296 606	(97 293)	-32.8%	593 212
Vote 7 -		-	-	-	-	-	-	-	-	-
Vote 8 -		-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	1 331 747	1 054 493	-	55 858	342 396	527 246	(184 850)	-35.1%	1 054 493
Surplus/(Deficit) for the year	2	(63 380)	334 691	-	219 061	374 078	167 346	208 733	123.5%	334 691

This table reflect the municipal financial performance, classified by municipal votes (department)

Table C4 - Budgeted Statement – Financial Performance (revenue and expenditure)

DC23 Uthukela - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 - December

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										
Service charges - Water		260 786	308 182		19 162	139 282	154 081	(14 799)	-10%	308 182
Service charges - Waste Water Management		19 596	21 643		1 700	10 620	10 822	(202)	-2%	21 643
Service charges - Waste management										
Sale of Goods and Rendering of Services		597	654		22	1 805	277	1 528	552%	654
Agency services										
Interest										
Interest earned from Receivables		71 605	74 167		6 097	36 705	37 078	(374)	-1%	74 167
Interest from Current and Non Current Assets		6 613	6 163		491	3 292	3 081	211	7%	6 163
Dividends										
Rent on Land										
Rental from Fixed Assets										
Licence and permits										
Special Rating Levies										
Operational Revenue		3 223	1 069		44	848	634	313	69%	1 059
Non-Exchange Revenue										
Property rates										
Surcharges and Taxes										
Fines, penalties and forfaits		394	511		1	271	255	16	6%	511
Licence and permits										
Transfers and subsidies - Operational		650 924	665 135		201 639	476 332	332 667	143 765	43%	665 135
Interest										
Fuel Levy										
Operational Revenue										
Gains on disposal of Assets										
Other Gains										
Discontinued Operations										
Total Revenue (excluding capital transfers and		1 013 738	1 077 393	-	229 146	669 153	538 696	130 457	24%	1 077 393
Expenditure By Type										
Employee related costs		404 820	406 239		30 949	213 367	209 117	10 280	5%	406 239
Remuneration of councillors		6 284	6 219		521	3 213	3 109	104	3%	6 219
Bulk purchases - electricity										
Inventory consumed		106 642	68 790		557	10 348	34 395	(24 049)	-70%	68 790
Debt Impairment		(59 329)	83 782				41 891	(41 891)	-100%	83 782
Depreciation and amortisation		89 413	83 303		7 718	45 891	41 651	4 229	10%	83 303
Interest		19 234	6 721			77	3 361	(3 283)	-98%	6 721
Contracted services		247 369	124 962		14 338	39 944	62 481	(22 537)	-36%	124 962
Transfers and subsidies			3 600				1 800	(1 800)	-100%	3 600
Irrecoverable debts written off		260 435	89 782				41 891	(41 891)	-100%	89 782
Operational costs		254 130	187 100		1 760	29 524	93 650	(64 026)	-68%	187 100
Losses on Disposal of Assets		2 749			15	15		15	#DIV/0!	
Other Losses										
Total Expenditure		1 331 747	1 054 493	-	55 859	342 396	527 246	(184 850)	-35%	1 054 493
Surplus/(Deficit)		(318 009)	22 900	-	173 288	326 757	11 450	315 307	2754%	22 900
Transfers and subsidies - capital (monetary allocations)		267 242	311 791		45 774	47 321	155 896	(108 574)	-76%	311 791
Transfers and subsidies - capital (in-kind)										
Surplus/(Deficit) after capital transfers & contributions		(50 767)	334 691	-	219 061	374 078	167 346			334 691
Income Tax										
Surplus/(Deficit) after income tax		(50 767)	334 691	-	219 061	374 078	167 346			334 691
Share of Surplus/Deficit attributable to Joint Venture										
Share of Surplus/Deficit attributable to Minorities										
Surplus/(Deficit) attributable to municipality		(50 767)	334 691	-	219 061	374 078	167 346			334 691
Share of Surplus/Deficit attributable to Associate										
Intercompany/Parent subsidiary transactions										
Surplus/ (Deficit) for the year		(50 767)	334 691	-	219 061	374 078	167 346			334 691

Operating Revenue:

Services Charges Water

The Water Sales income recognised is 10% below what is originally anticipated. The total revenue billed as of 31 December 2025 is R139 million. This resulted from the challenges with the database which is why the municipality has opted to install prepaid meters focus areas being businesses that were not previously billed and all 3 towns within the municipality, however the difference threshold allowed by treasury is 5% and the municipality is at 10 %, 5 percent over when compared to previous months of almost 25%. The municipality has improved drastically with all the changes being implemented with the cleansing of database

SALE OF GOODS AND RENDERING OF SERVICES

This relates to costing of Isandiso vending amounting to 1.6 million for prepaid sales which was not budgeted for under this line item, this will be adjusted in the adjustments budget.

INTEREST FROM CURRENT AND NON-CURRENT ASSETS

The municipality incurred a variance of 7% above what was anticipated, as at the end of December 2025. To date the municipality has investments of R105 million, which attributed to the positive variance. The municipality was able to investment for a longer period than originally anticipated

OPERATIONAL REVENUE

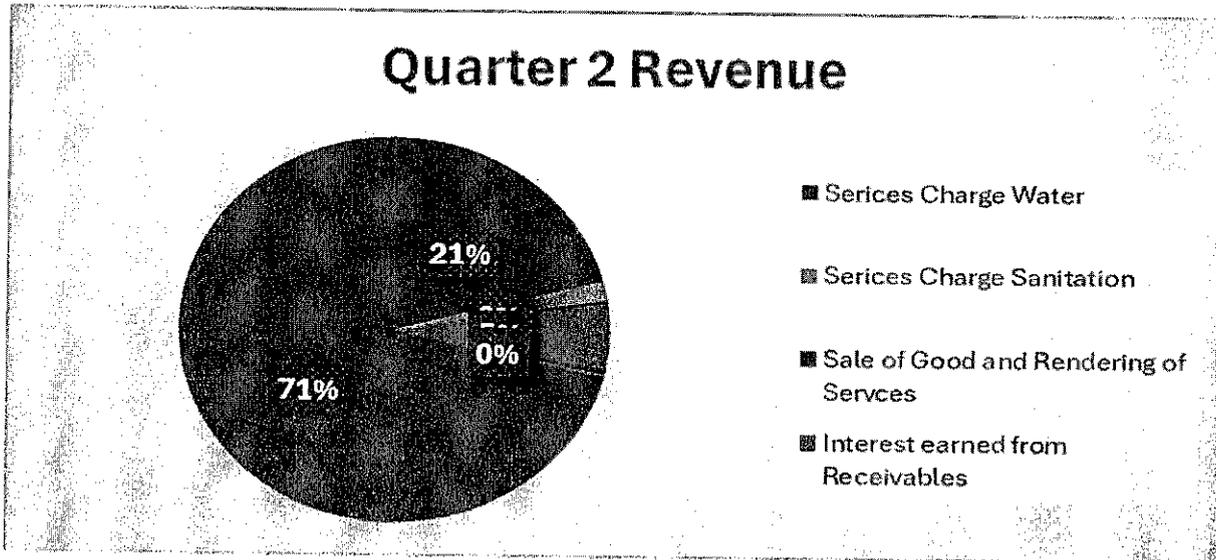
The municipality incurred a positive variance of 59% which amounts to R804 thousands which is a good indication on revenue. This is due to auction fees as at the end of December 2025 which was not budgeted for and will be factored in the adjustments budget.

FINES, PENALTIES AND FORFEITS

This is related to mostly the health department, and the municipality has recognised a positive 6% variance. There was a backlog in receipts, however this has been corrected and yielding positive results.

TRANSFERS AND SUBSIDIES – OPERATIONAL

The municipality has recognised 43% variance above what was anticipated, which is a result of the municipality receiving the second trench of equitable share.



The municipalities biggest source of income is transfers and subsidies at 71%, followed by Service charges water at 41% and interest on receivables at 5%. From the above we can see that the municipality is grant dependent

Operating Expenditure:

Employee related cost

DECEMBER 2025 SALARIES

CODE	COMPANY	SALARY COST	NETT SALARIES	FNB ONLINE	REJECTED SALARIES	COSTING	COSTING
101	COUNCILLORS					-	COSTED SAL
102	FINANCE					-	COSTED SAL
103	COPORATE					-	COSTED SAL
104	MM OFFICE					-	COSTED SAL
105	SOCIAL					-	COSTED SAL
106	TECHNICAL					-	COSTED SAL
107	HEALTH					-	COSTED SAL
108	WATER					-	COSTED SAL
109	POST RETIREMENT					-	COSTED SAL
UTHUKELA COMBINED		32 400 544.10	18 592 842.42	17 579 228.49	1 013 613.93		
		32 400 544.10	18 592 842.42	17 579 228.49	1 013 613.93		32 400 544.10

OVERTIME ANALYSIS FOR THE PERIOD JULY 2025 TO JUNE 2026

	JULY 2025	AUGUST 2025	SEPTEMBER 2025	OCTOBER 2025	NOVEMBER 2025	DECEMBER 2025	JANUARY 2026	FEBRUARY 2026	MARCH 2026	APRIL 2026	MAY 2026	JUNE 2026
STANDBY ALLOWANCE												
FINANCE	R 4 968.99	R -	R 5 217.90	R 10 435.79	R 5 217.90	R -	R -	R -	R -	R -	R -	R -
MM OFFICE	R -	R -	R -	R -	R -	R -	R -	R -	R -	R -	R -	R -
COPORATE	R -	R -	R -	R -	R -	R -	R -	R -	R -	R -	R -	R -
HEALTH	R -	R 10 149.04	R -	R 10 149.04	R 10 836.55	R 10 149.04	R -	R -	R -	R -	R -	R -
WATER	R 611 793.04	R 630 188.62	R 701 022.22	R 620 999.51	R 657 911.25	R 540 579.76	R -	R -	R -	R -	R -	R -
SOCIAL	R 8 009.12	R 8 410.35	R 8 410.35	R 7 208.87	R -	R -	R -	R -	R -	R -	R -	R -
TOTAL STANDBY ALLOWANCE	R 624 771.39	R 648 748.01	R 714 650.42	R 648 795.21	R 673 935.70	R 559 728.80	R -	R -	R -	R -	R -	R -
OVERTIME												
FINANCE	R -	R -	R -	R -	R -	R -	R -	R -	R -	R -	R -	R -
SOCIAL	R 322 598.00	R 31 135.54	R 99 041.66	R 100 285.69	R -	R -	R -	R -	R -	R -	R -	R -
TECHNICAL SERVICES	R -	R -	R -	R -	R -	R -	R -	R -	R -	R -	R -	R -
AWARDS / FAREVOLES	R -	R -	R -	R -	R -	R -	R -	R -	R -	R -	R -	R -
HEALTH	R -	R -	R 10 149.04	R -	R 8 945.06	R -	R -	R -	R -	R -	R -	R -
MM OFFICE	R -	R -	R -	R -	R -	R -	R -	R -	R -	R -	R -	R -
WATER	R 1 198 235.56	R 1 174 775.44	R 1 656 213.80	R 1 200 704.85	R 665 272.44	R 487 683.99	R -	R -	R -	R -	R -	R -
COPORATE	R -	R -	R -	R -	R -	R -	R -	R -	R -	R -	R -	R -
TOTAL OVERTIME	R 1 470 874.56	R 1 258 895.24	R 1 732 234.50	R 1 300 790.54	R 669 237.59	R 487 616.99	R -	R -	R -	R -	R -	R -
NIGHT SHIFT / SHIFT ALLOWANCE												
WATER	R 265 594.49	R 298 926.29	R 273 050.89	R 274 157.47	R 275 501.83	R 272 809.55	R -	R -	R -	R -	R -	R -
SOCIAL	R 42 434.40	R 42 434.40	R 39 176.04	R 42 434.40	R 39 176.04	R 42 434.40	R -	R -	R -	R -	R -	R -
COPORATE SERVICES	R -	R -	R -	R -	R -	R -	R -	R -	R -	R -	R -	R -
TOTAL NIGHT SHIFT / SHIFT ALLOWANCE	R 305 759.83	R 341 360.69	R 312 226.93	R 316 661.87	R 314 777.87	R 315 243.95	R -	R -	R -	R -	R -	R -
GRAND TOTAL	R 2 401 414.78	R 2 249 008.94	R 2 759 111.85	R 2 265 155.62	R 1 657 981.07	R 1 353 609.74	R -	R -	R -	R -	R -	R -

Major Cost Drivers

Progress report on funding plan
Major cost drivers

	Budget	Revised Funding Plan	Actual	pending	Total Expenditure	Projection
employee related cost	406 232 775.00	401 380 907.00	213 397 000.00		213 397 000.00	426 794 000.00
Electricity Eskom	100 190 090.86	100 190 090.86	18 039 307.00		18 039 307.00	36 078 614.00
Electricity DWS	42 851 010.43	42 851 010.43	100 000.00		100 000.00	200 000.00
DWS	37 190 421.33	37 190 421.33	2 793 904.00		2 793 904.00	5 587 808.00
Operational costs	39 000 000.00	29 833 000.00	13 960 205.92	15 373 830.46	29 334 036.38	Transferred to MJC
Gas	25 045 056.00	25 045 056.00	9 533 574.55	3 943 851.06	13 477 425.61	26 954 851.22
Chemicals	20 000 000.00	10 000 000.00	3 757 600.00	6 524 120.50	10 281 720.50	20 563 441.00
Repairs	15 000 000.00	15 000 000.00		9 658 164.43	9 658 164.43	19 316 328.86
Insurance	10 000 000.00	10 000 000.00	3 785 349.00	1 251 293.00	5 036 642.00	10 073 284.00
Mental healthcare	8 000 000.00	8 000 000.00	3 044 095.00	2 640 024.56	5 684 119.56	11 368 239.12
Plant and equipment	7 000 000.00	4 000 000.00	994 134.00	2 914 407.50	3 908 541.50	7 817 083.00
Employee related cost	406 232 775.00	401 380 907.00	213 397 000.00			
Inventory consumed	68 790 000.00	58 790 421.33	10 346 000.00			
Contracted services	124 962 000.00	110 470 331.59	39 944 000.00			
Operational costs	187 100 000.00	175 308 366.85	29 534 000.00			

INVENTORY CONSUMED

The municipality has incurred a variance of negative 70% as of December 2025, the municipality had received invoices from DWS, but the expenditure has not been costed due to also to the municipality's financial position. As soon as the payments are done and costed the expenditure for Inventory consumed will show on the system. The municipality has also made quite extensive savings on chemicals as compared to previous years.

DEBT IMPAIRMENT AND WRITE OFFS

The municipality had been doing impairment and write offs calculation as at year end.

INTEREST

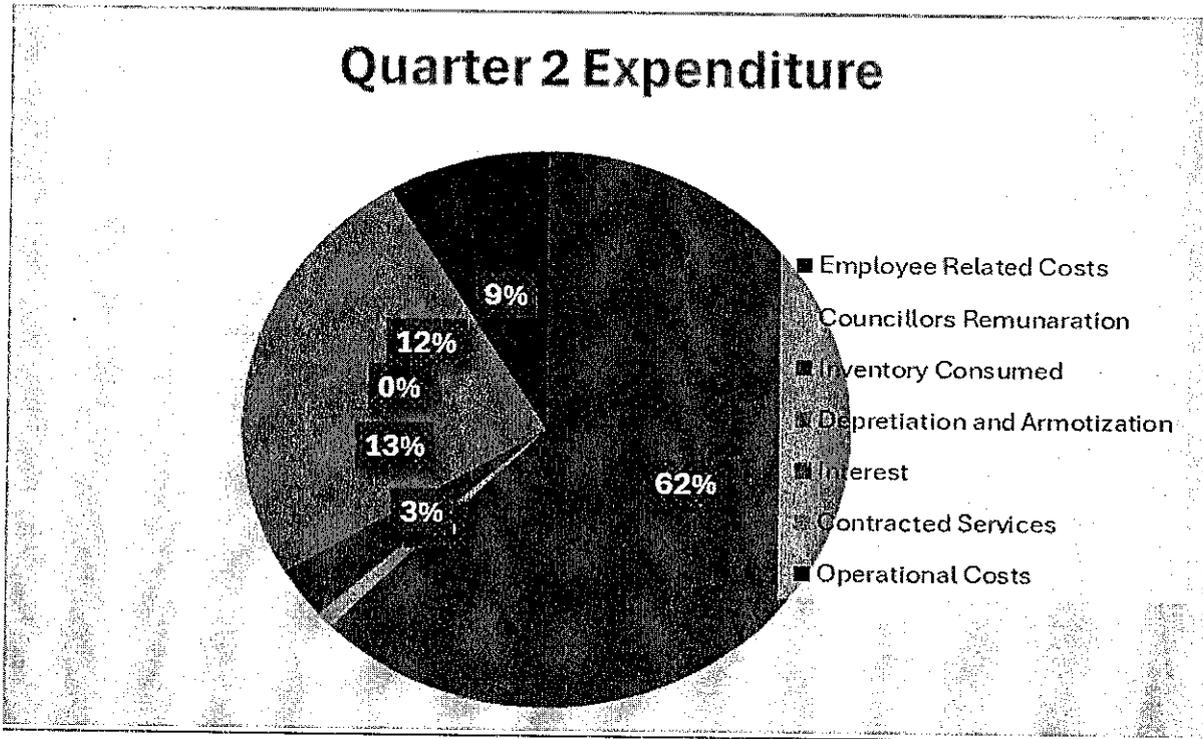
The municipality has recognised negative 97% variance on interest. Interest is primarily based on DWS and Eskom as trend of previous years the municipality prioritises the payments therefore, we have cut significantly on interest payments as of November 2025.

CONTRACTED SERVICES:

The municipality incurred 51% below variance, below what was anticipated. The municipality implemented the cost containment majors, which resulted in savings on cost containment. There is also delays in payments as the municipality is struggling

OPERATIONAL COSTS:

The municipality incurred 64% variance, below what was expected. The implementation of the budget funding plan seeks to cut avoidable expenditure which does not relate to service delivery the municipality has managed to eliminate nice to haves, and soft projects to reduce expenditure related to this line item. Costing is still not up to date as a few Eskom invoices are not costed which understates the municipalities expenditure, however municipality is working to rectify that. The local municipalities expenditure is also not costed as there are also issues with receiving invoices timeously.



As at end of quarter 2, employee related costs are the biggest at 62% followed by depreciation at 13% and contracted services at 12% as well as operational costs at 9%.

Table C5 – Monthly Budget Statements – Capital Expenditure

DC23 Uthukela - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M06 - December

Vote Description	Ref	2024/25			Budget Year 2025/26					
		Audited	Original	Adjusted	Monthly	YearTD actual	YearTD	YTD	YTD %	Full Year
R thousands										
Multi-Year expenditure appropriation	2									
Vote 1 - MAYOR AND MM										
Vote 2 - CORPORATE SERVICES										
Vote 3 - BUDGET AND TREASURY										
Vote 4 - SOCIAL SERVICES(PLANNING&ECONOMIC DEV)										
Vote 5 - WS&B HEALTH SERVICES										
Vote 6 - 500 - WATER, SANITATION AND TECHNICAL SERVICES										
Vote 7 -										
Vote 8 -										
Vote 9 -										
Vote 10 -										
Vote 11 -										
Vote 12 -										
Vote 13 -										
Vote 14 -										
Vote 15 -										
Total Capital Multi-year expenditure	4,7									
Single Year expenditure appropriation	2									
Vote 1 - MAYOR AND MM										
Vote 2 - CORPORATE SERVICES			2 500		(175)		1 250	(1 250)	-100%	2 500
Vote 3 - BUDGET AND TREASURY										
Vote 4 - SOCIAL SERVICES(PLANNING&ECONOMIC DEV)										
Vote 5 - WS&B HEALTH SERVICES										
Vote 6 - 500 - WATER, SANITATION AND TECHNICAL SERVICES		0	271 123		10 950	44 001	135 562	(91 561)	-68%	271 123
Vote 7 -										
Vote 8 -										
Vote 9 -										
Vote 10 -										
Vote 11 -										
Vote 12 -										
Vote 13 -										
Vote 14 -										
Vote 15 -										
Total Capital single-year expenditure	4	0	273 623		10 785	44 001	136 812	(92 811)	-68%	273 623
Total Capital Expenditure		0	273 623		10 785	44 001	136 812	(92 811)	-68%	273 623
Capital Expenditure - Functional Classification										
<i>Governance and administration</i>			2 500		(175)		1 250	(1 250)	-100%	2 500
Executive and council										
Finance and administration			2 500		(175)		1 250	(1 250)	-100%	2 500
Internal audit										
<i>Community and public safety</i>										
Community and social services										
Sport and recreation										
Public safety										
Housing										
Health										
<i>Economic and environmental services</i>										
Planning and development										
Road transport										
Environmental protection										
<i>Trading services</i>										
Energy sources		0	271 123		10 950	44 001	135 562	(91 561)	-68%	271 123
Water management		0	271 123		10 950	44 001	135 562	(91 561)	-68%	271 123
Waste water management										
Waste management										
Other										
Total Capital Expenditure - Functional Classification	3	0	273 623		10 785	44 001	136 812	(92 811)	-68%	273 623
Funded by:										
National Government		(4 348)	271 123		10 950	44 001	135 562	(91 561)	-68%	271 123
Provincial Government										
District Municipality										
Transfers and subsidies - capital (monetary allocations) (Nat/ Prov Deparm Agencies)										
Transfers recognised - capital		(4 348)	271 123		10 950	44 001	135 562	(91 561)	-68%	271 123
Borrowing	6									
Internally generated funds			2 500		(175)		1 250	(1 250)	-100%	2 500
Total Capital Funding		(4 348)	273 623		10 785	44 001	136 812	(92 811)	-68%	273 623

As depicted above capital expenditure amounting to 44 million recorded at the quarter of December 2025

Table C6 - Budgeted Statement – Financial Position

DC23 Uthukela - Table C6 Monthly Budget Statement - Financial Position - M06 - December

Description	Ref	2024/25	Budget Year 2025/26			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash and cash equivalents		10 875	(131 839)	–	209 704	(131 839)
Trade and other receivables from exchange transactions		94 608	252 200	–	213 086	252 200
Receivables from non-exchange transactions		79	424 642	–	79	424 642
Current portion of non-current receivables		3 514	–	–	3 514	–
Inventory		16 915	19 360	–	22 887	19 360
VAT		180 103	–	–	144 100	–
Other current assets		3 949	99	–	3 845	99
Total current assets		310 043	564 462	–	597 215	564 462
Non current assets						
Investments		–	–	–	–	–
Investment property		–	–	–	–	–
Property, plant and equipment		3 551 348	3 544 778	–	3 549 637	3 544 778
Biological assets		–	–	–	–	–
Living and non-living resources		–	–	–	–	–
Heritage assets		–	–	–	–	–
Intangible assets		374	408	–	365	408
Trade and other receivables from exchange transactions		–	1 726	–	–	1 726
Non-current receivables from non-exchange transactions		–	48	–	–	48
Other non-current assets		–	–	–	–	–
Total non current assets		3 551 722	3 546 961	–	3 550 002	3 546 961
TOTAL ASSETS		3 861 765	4 111 422	–	4 147 217	4 111 422
LIABILITIES						
Current liabilities						
Bank overdraft		–	–	–	–	–
Financial liabilities		59	–	–	59	–
Consumer deposits		20 816	20 851	–	21 242	20 851
Trade and other payables from exchange transactions		1 009 175	990 069	–	849 331	990 069
Trade and other payables from non-exchange transactions		(428)	2 784	–	72 222	2 784
Provision		46 575	42 192	–	46 575	42 192
VAT		258 361	29 010	–	254 014	29 010
Other current liabilities		–	25 099	–	–	25 099
Total current liabilities		1 334 557	1 110 005	–	1 243 442	1 110 005
Non current liabilities						
Financial liabilities		–	–	–	–	–
Provision		18 935	51 558	–	18 935	51 558
Long term portion of trade payables		–	–	–	–	–
Other non-current liabilities		22 660	–	–	22 660	–
Total non current liabilities		41 595	51 558	–	41 595	51 558
TOTAL LIABILITIES		1 376 153	1 161 563	–	1 285 038	1 161 563
NET ASSETS	2	2 485 612	2 949 860	–	2 862 179	2 949 860
COMMUNITY WEALTH/EQUITY						
Accumulated surplus/(deficit)		2 485 612	2 949 860	–	2 862 179	2 949 860
Reserves and funds		–	–	–	–	–
Other		–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2	2 485 612	2 949 860	–	2 862 179	2 949 860

This table is an overview of the municipal assets and liabilities.

Table C7 - Budgeted Statement – Cash Flow

DC23 Uthukela - Table C7 Monthly Budget Statement - Cash Flow - M06 - December

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										
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		-	-	-	-	-	-	-	-	-
Service charges		125 443	131 922	-	9 235	76 705	65 961	10 744	16%	131 922
Other revenue		17 704	70 622	-	2 277	16 264	35 311	(19 047)	-54%	70 622
Transfers and Subsidies - Operational		627 950	665 135	-	198 088	473 021	332 567	140 454	42%	665 135
Transfers and Subsidies - Capital		303 673	311 791	-	33 259	121 347	165 896	(34 549)	-22%	311 791
Interest		6 068	6 163	-	491	3 292	3 081	211	7%	6 163
Dividends		-	-	-	-	-	-	-	-	-
Payments										
Suppliers and employees		(209 956)	(698 197)	-	(6 218)	(82 692)	(449 089)	366 406	-82%	(698 197)
Interest		-	-	-	-	-	-	-	-	-
Transfers and Subsidies		-	(3 609)	-	-	-	(1 800)	1 800	-100%	(3 609)
NET CASH FROM/(USED) OPERATING ACTIVITIES		870 683	283 836	-	237 132	607 937	141 918	(466 019)	-328%	283 836
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-
Payments										
Capital assets		218 668	(273 623)	-	(10 457)	(45 941)	(136 812)	90 871	-66%	(273 623)
NET CASH FROM/(USED) INVESTING ACTIVITIES		218 668	(273 623)	-	(10 457)	(45 941)	(136 812)	(90 871)	66%	(273 623)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-
Payments										
Repayment of borrowing		-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		1 089 551	10 213	-	226 676	561 996	5 106			10 213
Cash/cash equivalents at beginning		5 819	(142 052)	-	-	10 876	(142 052)	-	-	10 876
Cash/cash equivalents at month/year end		1 095 381	(131 839)	-	-	572 871	(136 946)	-	-	21 088

This table reflect the municipal cash flows. It is categorised in three activities namely, cash flows from operating activities, cash flows from investing activities as well as cash flows from financing activities

The municipality is also in process of correcting all its cashflow data strings as the vat data strings and suppliers and employees which impact other revenue and payments still have misalignments.

Part 2 – Supporting Documentation

Table SC3 Debtors age analysis

DC23 Uthukela - Supporting Table SC3 Monthly Budget Statement - aged debtors - M06 - December

Description	NT Code	Budget Year 2025/26									
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total	Total over 90 days
Debtors Age Analysis By Income Source											
Trade and Other Receivables from Exchange Transactions - Water	1200	23 078	26 209	21 012	17 687	19 407	15 622	15 491	777 036	916 212	645 114
Trade and Other Receivables from Exchange Transactions - Electricity	1300	-	-	-	-	-	-	-	-	-	-
Receivables from Non-exchange Transactions - Property Rates	1400	-	-	-	-	-	-	-	-	-	-
Receivables from Exchange Transactions - Waste Water Management	1500	1 819	1 355	1 913	1 034	1 140	1 382	1 446	48 772	58 911	63 824
Receivables from Exchange Transactions - Waste Management	1600	-	-	-	-	-	-	-	-	-	-
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	-	-	-	-
Interest on Asset/Debt Accounts	1810	6 279	8 165	8 053	5 867	5 802	5 803	5 489	259 995	381 484	282 986
Recoverable unauthorised, irregular, bulk and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-
Other	1900	54	18	15	16	16	20	22	7 214	7 474	7 388
Total By Income Source	2900	32 029	33 748	28 992	24 584	26 366	22 828	22 448	1 093 088	1 284 081	1 189 313
2024/25 - totals only		28 916	28 669	24 988	22 663	22 851	22 035	26 072	1 132 754	1 305 249	1 225 675
Debtors Age Analysis By Customer Group											
Organs of State	2200	3 140	2 750	3 441	1 323	1 351	1 091	2 642	53 403	69 530	60 190
Commercial	2300	5 130	2 862	3 092	2 341	2 501	2 340	2 101	56 313	76 358	65 634
Households	2400	23 760	28 425	22 518	20 920	22 514	19 357	17 405	883 292	1 138 193	1 053 489
Other	2500	-	-	-	-	-	-	-	-	-	-
Total By Customer Group	2900	32 029	33 748	28 992	24 584	26 366	22 828	22 448	1 093 088	1 284 081	1 189 313

➤ The Municipality has a total amount over R 1.2 billion of outstanding debt which is a serious concern for the municipality resulting in cash constraints. A service provider has been appointed to collect on behalf of the municipality.

Top 10 Debtors (Water)

TOP 10 DEBTORS AS AT DECEMBER 2025

ACCOUNT HOLDER NAME	OUTSTANDING BALANCE
ALFRED DUMA LOCAL MUNICIPALITY STEADVILLE HOST	18 714 881.97
LIEBENBERG LC	8 038 198.96
NESTLE (SOUTH AFRICA) (PTY) LT	6 189 295.37
UTHUKELA DISTRICT MUNICIPALITY	2 619 411.46
MADUNA D/P 781 GZ	2 451 286.19
NORTHERN NATAL ABBATTOIR	2 402 484.22
NTOKOZWENI COMMUNITY LAND TRUS	2 276 498.05
ESKOM HOLDINGS S O C LTD DISTR	1 915 308.92
MCITSHENI PRIMARY SCHOOL	1 786 466.18
GANGAT E.M	1 705 501.39

Table SC4 Creditors age analysis

DC23 Uthukela - Supporting Table SC4 Monthly Budget Statement - aged creditors - M06 December

Description	NT Code	Budget Year 2025/26									Total
		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	80 403	7 259	18 009	13 999	702 394				822 063	
Auditor General	0800										
Other	0900										
Total By Customer Type	1000	8 873	19 518	7 690	16 340	416 243	-	-	-	822 063	

Top 10 Creditors

TOP TEN CREDITORS ANALYSIS AS AT 31 DECEMBER 2025

SUPPLIER	AMOUNT
DWS	176 676 639.56
UMNGENI WATER	151 300 860.50
RASP	137 069 158.00
ALFRED DUMA	82 159 545.71
INKOSI LANGALIBALELE	53 319 507.90
SALGA	12 679 569.23
LUNASISI IDEAS	11 430 301.43
MGAZI ENGINEERING	8 361 102.76
MAXPROF MAXIMUM	5 714 725.35
GOING PLACES	5 336 493.00

PAID CREDITORS AS AT 31 DECEMBER 2025 (GRANTS)

COMPANY	AMOUNT
ECA	-4661380.01
SINETHEMBA	-2720276.18
NICKELODIA	-983467.35
R AND D	-503322.17
DLV	-461321.89
LETHOKUHLE	-1551405.33
MADUDLA	-506,214.27

TOP PAID CREDITORS AS AT 31 DECEMBER 2026

COMPANY	AMOUNT
ESKOM	- 5 916 851.92
ZNMS	- 5 281 047.25
LUKHWISHI	- 3 644 938.69
INSIKAYA	- 3 512 549.69
GOING	- 3 235 235.00
DIDO	- 1 705 273.06
LETHOKUHLE	- 1 551 405.33
INSIKAY	- 1 257 500.00
ZAMISANANI	- 1 026 985.37

Bank Balance

Bank Balances

The following reflects bank balances at 31 December 2025

DESCRIPTION	SEPTEMBER 2025	OCTOBER 2025	NOVEMBER 2025	DECEMBER 2025
FNB MAIN ACCOUNT 62252306280	18 826 885.67	43 738 673.99	12 192 643.33	38 952 856.44
FNB WATER ACCOUNT 62253072385	0	0	0	0
	18 826 885.67	43 738 673.99	12 192 643.33	38 952 856.44
Total cash held	38 952 856.44			

Collection rate

CONSUMER DEBTORS - PAYMENTS VS BILLING AS AT 31 DECEMBER 2025				
MONTH	BILLING	MONTHS	RECEIPTS	RECOVERY RATE
June 2025	33 211 174.89	July 2025	14 897 040.86	44.86%
July 2025	30 095 395.54	Aug 2025	12 680 913.95	42.14%
August 2025	32 712 258.81	September 2025	10 008 705.32	30.60%
September 2025	33 453 530.35	October 2025	17 490 038.33	52.28%
October 2025	36 391 997.79	November 2025	16 180 896.33	44.46%
November 2025	32 606 603.14	December 2025	9 741 322.33	29.88%
TOTAL	198 470 960.52		80 998 917.12	40.81%
Column1	Column2	Column3	Column4	Column5
BILLING - JUNE - DECEMBER 2025		198 470 960.52		
RECEIPTS - JUNE-DECEMBER 2025		80 998 917.12		
DIFFERENCE		117 472 043.40		41%

Table SC5 Investment portfolio

DC23 - Uthukela Supporting Table SC5 Monthly Budget Statement - Investment portfolio - M06 December

Investments by maturity Name of Institution & Investment ID R thousands	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
Municipality					
FNB	8 093	2	(7 563)	-	532
NEDBANK	0	0	-	-	0
INVESTEC	-	290	-	105 000	105 290
ABSA	-	-	-	-	-
STANDARD BANK	92	0	-	-	92
TOTAL INVESTMENTS AND INTEREST	8 185	292	(7 563)	105 000	105 914

The Municipality held investments of R105 million at the end of December 2025

Grant Performance:

UTHUKELA DISTRICT MUNICIPALITY
GRANT REGISTER - 2025/26
Summary of Grants received, expenditure & Funds available as at 31 DECEMBER 2025

	Name of Grant owner	Grant Type	Pre-Audited	Budget Amount	Received	Spent &			Closing	
			Balance as at	2025/26	2025/26	transferred to	% Spent on	% Spent on	Balance/	
			01/07/2025		2025/26	2025/26	income	total	Unspent	
								allocation	2025/26	
								received		
								amount		
G3.101	EXMthembu	MUNICIPAL INFRASTRUCTURE GRANT	0.00	219 159 000.00	51 347 000.00	36 634 284.68		17%	71%	14 712 715.32
G3.102	EXMthembu	WATER & SANITATION INFRASTRUCTURE GRANT	0.00	100 000 000.00	70 000 000.00	10 687 151.84		11%	15%	59 312 848.16
G3.105	EXMthembu	RURAL ROAD ASSET MANAGEMENT SYSTEM	102.92	2 918 000.00	2 043 000.00	603 209.70		21%	30%	1 439 893.22
G3.109	EXMthembu	MUNICIPAL DISASTER RELIEF	0.00	0.00	4 200 000.00	4 200 000.00		0%	100%	0.00
G3.106	EXMthembu	EPWP INTEGRATED GRANT	0.00	2 093 000.00	1 465 000.00	929 815.04		44%	63%	535 184.96
G3.107	B Ndlovu	FINANCE MANAGEMENT GRANT	0.00	2 000 000.00	2 000 000.00	1 363 340.26		68%	66%	636 659.74
G3.108	O Mnguni	IG SETA	282 333.95	212 745.74	212 745.74	348 620.00		0%	70%	146 459.69
			282 436.87	326 382 745.74	131 267 745.74	64 766 421.52		17%	72%	76 783 761.09

The total grant income and grant expenditure as per grant register as at the end of December 2025.

Withdrawals Report

BANK ACCOUNT WITHDRAWALS NOT IN TERMS OF AN APPROVED BUDGET



Municipal Finance Management Act, section 11(4)

Consolidated Quarterly Report for period 01 October 2025 to 31 December 2025

NAME OF MUNICIPALITY: UTHUKELA DISTRICT MUNICIPALITY (DC23)

Date	Payee	Amount in R'000	Description and Purpose	Authorised by (name)
1. Section 11(b) - Expenditure authorised by the MEC for finance in terms of section 26 (4) when a municipality has failed to approve a budget by 30 June;				
		0		
2. Section 11(c) - Unforeseeable and unavoidable expenditure authorised by the mayor in terms of section 29 (1);				
3. Section 11(d) - Payments from a trust, charitable or relief fund without budget appropriation in terms of section 12(4);				
		0		
4. Section 11(e) - Payments to a person or organ of state of money received by the municipality on behalf of that person or organ of state, including (i) money collected by the municipality on behalf of that person or organ of state by agreement; or (ii) any insurance or other payments received by the municipality for that person or organ of state;				
		0		
5. Section 11(f) - Refund money incorrectly paid into a bank account;				
		0		
6. Section 11(g) - Refund guarantees, sureties and security deposits;				
		0		
7. Section 11(h) - Payments for cash management and investment purposes in accordance with section 13;				
		0	Investment of surplus funds - October 2025	L. Jili & P. Koortzen
		7 491 088	Investments of surplus funds - November 2025	L. Jili & P. Koortzen
		105 000 000	Investment of surplus funds - December 2025	L. Jili & P. Koortzen
8. Section 11(i) - To defray increased expenditure on a multi-year capital project in terms of section 31;				
9. Section 11(j) - Payments for such other purposes as may be prescribed from time-to-time.				
		74 654 121.60	Creditors payments and employee costs for the month of October 2025	L. Jili & P. Koortzen
		88 788 980.16	Creditors payments and employee costs for the month of November 2025	L. Jili & P. Koortzen
		121 295 093.18	Creditors payments and employee costs for the month of December 2025	L. Jili & P. Koortzen

DISTRIBUTION	
1. Did the Accounting Officer table in Council a consolidated report of all withdrawals within 30 days after the end of the quarter;	YES / NO
2. Date the consolidated report was tabled; and	DATE : / /20
3. Was the copy of the consolidated report of all withdrawals submitted to the Auditor General	YES / NO

Quarterly Ratios:

FINANCIAL RATIO	QUARTER TWO	COMMENTS ON RATIOS
Capital Expenditure to Total Expenditure (10%-20%)	<p>Total Capital Expenditure / (Total Expenditure (Total Operating Expenditure +Capital Expenditure) x 100</p> <p>$44\ 001 / (342\ 944 + 44\ 001) \times 100$</p> <p>$10\ 785 / 66\ 644 \times 100$</p> <p>=11%</p>	<p>This ratio is used to assess the level of Capital Expenditure to Total Expenditure, which indicates the prioritization of expenditure towards current operations versus future capacity in terms of municipal services.</p> <p>The ratio 11 % as shown on the calculations is within an acceptable norm, which confirm that for This quarter ending in December 2025 the spending on Capital is still good.</p> <p>The norm ranges from 10% to 20%</p>
Creditors Payment Period > 30 days (= 0)	<p>Trade Creditors Outstanding / Credit Purchases (Operating and Capital) x 365 days</p> <p>$822\ 063\ 000 / 734\ 401\ 000 \times 365$</p> <p>days</p> <p>= 405 days</p>	<p>This ratio indicates the average numbers of the days taken for Trade Creditors to be paid.</p> <p>The municipality ratio is 405 days it takes to pay its creditors.</p> <p>Due to liquidity challenges, it is evident that the municipality is struggling to pay its creditors within the legislated time frame (within 30 days). The municipality should improve in managing working capital and cash flow to honor their financial obligation when it's due.</p>
Cash Coverage Ratio	<p>(Cash and Cash Equivalents – Unspent Conditional Grants- Overdraft + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortization and Provision for Bad Debts, Impairment and Loss on Disposal of Assets)</p>	<p>The ratio is adjusted for Unspent Conditional Grants as the cash is not available for normal Municipal day-to- day operational expenditure but rather reserved for Grant related expenditure.</p> <p>The municipality ratio is - 0.06 months.</p>

	(38 952 856.44– 84 387 015.76– 0 + 76 783 761.09/ 887 408 000) = 7 months	The normal range is between 1 month and 3 months.
Net Operating Surplus Margin	(Total Operating Revenue – Total Operating Expenditure) / Total Operating Revenue x 100 669 153 – 342 944/ 669 153 x 100 =48%	Net Operating Surplus Margin Net profit margin, or simply net margin, measures how much net income or profit a municipality generates a percentage of its revenue. Based on the calculation’s municipality ratios is 48% for the end of Quarter two
Remuneration (Employee Related Costs and Councilor’s Remuneration as % of Total Operating Expenditure)	Remuneration (Employee Related Costs and Councilor’s Remuneration) / Total Operating Expenditure x 100 (213 397+ 3213) / 342 944 x 100 =63%	The ratio measures the extent of Remuneration to Total Operating Expenditure Employee-related costs and the councilor’s remuneration ratio amount to 63% of the total operating expenditure which is above the MFMA circular 71 recommended norm of 25% - 40%
Contracted Services % of Total Operating Expenditure	Contracted Services / Total Operating Expenditure x 100 39 944 / 342 396x 100 =11.66%	This ratio measures the extent to which the municipality resources are committed towards contracted services to perform municipal related functions The municipality ratio for contracted services is 11% which is more than the acceptable norm of 2% and 5% in this Quarter

Prepared by: 

Budget Officer

Reviewed by: 

Manager: Budget

Approved by: 

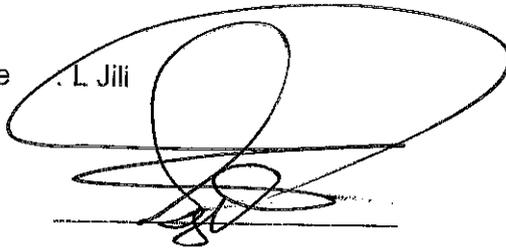
Acting Chief Financial Officer

2.7. Municipal Manager's quality certificate

I **Langelihle Jili**, Municipal Manager of UThukela District Municipality, hereby certify that the Section 52(d) and supporting documentation for December 2025 have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act.

Print Name . L. Jili

Signature

A large, stylized handwritten signature in black ink, written over a horizontal line. The signature is highly cursive and loops around, appearing to be the name 'L. Jili'.

Date : 14 January 2026