

S71 MONTHLY BUDGET STATEMENT AS AT 30 November 2025**STATEMENT OF FINANCIAL PERFORMANCE, POSITION AND THE IMPLEMENTATION OF THE 2025/26 BUDGET (MFMA SECTION 72) FOR THE PERIOD ENDED November 2025**

(File No: 9/1/2/3)
(Author: KM/SM/LL)
(1st Level: STANCO 01/12/2025)
(2nd Level: MANCO 04/12/2025)
(October Level: EXCO /01/2026)
(4th Level :COUNCIL 25/01/2026)

1. PURPOSE

The purpose of the report is for the council to consider and approve the statement of the financial performance and the implementation of the 2025/26 budget of the Umzimvubu Local Municipality for the period ending December 2025.

To also inform Management and Council about ratio analysis of the current financial affairs of the municipality as outlined in MFMA Circular 72.

2. AUTHORITY

Council

3. LEGAL / STATUTORY REQUIREMENTS

The constitution of the Republic of South Africa, 1996
Municipal Finance Management Act No 56, 2003 Chapter 8, Section 72
Municipal Budget Reporting Regulations

4. BACKGROUND

The Midterm budget statement is prepared in terms of section 72 of the Municipal Finance Management Act No 56, 2003 and Municipal Budget and Reporting regulations as per Government Gazzette 32141.

The information in this report is the financial performance for the transaction processed up to the close of business on 31 December 2025 for the year ending 30 June 2026. This report has been compiled in order to comply with Section 72 of the MFMA

FINANCIAL IMPLICATIONS

Dashboard summary

Overall Operating Results		Capital Grants Results	
Income	R238 746 454	Income	R 69 846 146
Expenditure	R141 731 367	Expenditure	R 53 103 605
Operating Surplus/Deficit	R97 015 087	Surplus (Deficit)	R16 742 541
Financial Ratios		Capital Grants Performance	
Cash coverage	3months	MIG	50%
Current ratio	4:2	INEP	63%
Liquidity ratio	3:9	Disaster Recovery	5%
		Human Settlement	22%
Spending of Operating Budget (Opex)	27 %		
Spending on Repairs and Maintenance	12 %		

Budget vs Actuals- Revenue

Description	Total Budget	Year-To-Date	Actual Percentage
Revenue	- 559 218 657,00	- 238 746 454,08	43%
Agency Services	- 2 900 000,00	- 984 826,37	34%
Fines; Penalties and Forfeits	- 4 527 000,00	- 426 154,40	9%
Interest	- 2 200 000,00	- 2 331 035,97	106%
Interest; Dividend and Rent on Land	- 10 580 000,00	- 3 784 980,36	36%
Licences or Permits	- 1 965 000,00	- 1 001 585,13	51%
Operational Revenue	- 2 313 000,00	- 88 804,94	4%
Property Rates by Usage	- 66 903 980,00	- 63 458 672,01	95%
Rental from Fixed Assets	- 7 355 000,00	- 930 097,05	13%
Sales of Goods and Rendering of Services	- 77 241 657,00	- 11 576 738,85	15%
Service Charges	- 1 482 600,00	- 488 155,79	33%
Transfers and Subsidies	- 381 750 420,00	- 153 675 403,21	40%

The municipality anticipated to receive an interest amounting to R2.2 million for the year but the actual amount received is R2.3 million which necessitates an upwards adjustment at midterm.

Billing for property rates by usage is currently sitting at 95% as a result of data cleansing exercise conducted during the first quarter of the financial year.

Attention is drawn to the 13% on rental of fixed assets as a result of rental properties that are currently not occupied as well as non payment of rental on those that are occupied.

Budget vs Actuals- Expenditure

Description	Total Budget	Year-To-Date	Actual Percentage
Expenditure	518 360 290,00	141 731 366,69	27%
Contracted Services	179 165 854,00	51 769 919,21	29%
Depreciation and Amortisation	89 550 000,00	20 968 579,43	23%
Employee Related Cost	106 006 255,00	30 845 812,44	29%
Inventory Consumed	10 313 502,00	2 502 256,54	24%
Operating Leases	1 167 220,00	602 189,32	52%
Operational Cost	83 843 657,00	19 849 462,09	24%
Remuneration of Councillors	25 562 784,00	7 559 893,62	30%
Transfers and Subsidies	17 332 418,00	7 633 254,04	44%
Impairment Loss	5 418 600,00	-	0%

The total expenditure of R141 million against the budget of R518 million translates to the 27% at midterm.

The 24% reported on operational costs is as a result of the implementation of cost containment regulation.

The impairment of assets and debtors is normally performed at year end hence the zero percentage reported at midterm.

BUDGET AND TREASURY DEPARTMENT: REPORT ON GRANT EXPENDITURE FOR THE PERIOD ENDING IN DECEMBER 2025

(File No:
9/1/2/3)

(Author: KM/SM/LL)

(1st Level: STANCO 01/12/2025)

(2nd Level: STANCO 04/12/2025)

(3rd Level: EXCO /01/2026)

(4th Level :COUNCIL 25/01/2026)

Purpose

Purpose of the report is for the Council to approve the spending on conditional and unconditional grants for the period ending December 2025.

Statutory requirements

The Constitution of RSA

MFMA

MBRR

Parties consulted

None

Authority

Council

Month: November 2025												
UMZIMVUBU LOCAL MUNICIPALITY												
Ref			Balance	Amount	Total	Expenditure				Balance	%	Allocation
No	Description	Total Allocation	BF	Received	Liability	Operating	Capital	VAT	Total	Unspent @ 30.11.2025	Spending	Spending%
1	MUNICIPAL INFRASTRUCTURE	57 096 000,00	-	37 540 000	37 540 000		25 669 675	3 003 329	28 673 005	8 866 995	76%	50%
2	FINANCIAL MANAGEMENT	1 800 000,00	-	1 800 000	1 800 000	188 090		5 564	193 653	1 606 347	11%	11%
3	ELECTRIFICATION PROJECT	14 970 000,00	2 007 957	8 233 000	10 240 957		8 198 935	1 206 968	9 405 903	835 054	92%	63%
4	EXPANDED PUBLIC WORKS	2 773 000,00		693 000	693 000	2 773 000		-	2 773 000	-2 080 000	400%	100%
5	EPWP-INCENTIVE GRANT	2 743 902,00	169 902	1 544 000	1 713 902	1 242 669		-	1 242 669	471 233	73%	45%
6	ARTS AND CULTURE	1 473 000,00	321 518	1 473 000	1 794 518	953 949		79 258	1 033 207	761 311	58%	70%
7	Municipal Disaster Recovery Grant	26 848 000,00	-	8 054 000	8 054 000		1 129 806	169 471	1 299 277	6 754 723	16%	5%
8	Human Settlement Housing Project	61 800 000,00	-	14 011 189	14 011 189		13 725 420	-	13 725 420	285 769	98%	22%
	Grand total	169 503 902	2 499 377	73 348 189	75 847 566	5 157 708	33 868 611	4 464 590	43 321 438	17 501 431	57%	26%

The municipality received all tranches that are due on MIG and the current expenditure against the total allocation is still sitting at 50% and the targeted % at midterm is 60% as per RAS imperatives.

The INEP grant performance shows a positive outlook as there is a 63% expenditure against allocation and a 92% of the total amount received.

The projects funded by Disaster Recovery Grant are implemented by the panel of contractors and there were delays in the appointment of the panel hence the 5% expenditure. The reported expenditure only relates to the indirect costs for the design of bridges.

Expanded Public Works Grant is already depleted and the program is currently funded internally to supplement the grant.

The municipality managed to spend 98% of the amount received from Human Settlement however the percentage against allocation is still at 22%.

BUDGET AND TREASURY DEPARTMENT:REPORT ON UIFWE FOR THE PERIOD 31 DECEMBER 2025

(File No: 9/1/2/3)
(Author: KM/SM/LL)
(1st Level: STANCO 01/12/2025)
(2nd Level: MANCO 04 /12/2025)
(3rd Level: EXCO /01/2026)
(4th Level :COUNCIL 25/01/2026)

Purpose

Purpose of the report is for the Council to note amount relating to Unauthorized expenditure, the Irregular and Fruitless and wasteful expenditure incurred by the Municipality for the period ending 31st December 2025.

Statutory requirements

The Constitution of RSA
MFMA
MBRR

Parties consulted

None

Authority

Council

Financial Implications

The Fruitless and Wasteful amount reported in the current financial year was incurred in the prior financial years pending the investigation as well the high court ruling on the recovery of funds from the estate of the deceased employee.

Due to the award made to the Panel of Attorneys where the advert was for a period less than 30 days, it was resolved that as long as the contract is still valid, the expenditure incurred will be disclosed as Irregular until the expiration of the contract.

EC442					
Register for Irregular, fruitless and wasteful expenditure 2025/26 FY					
	Opening balance	Additions	Write off	Recovered	Balance as at 30/11/2025
Unauthorized expenditure	-	-	-	-	-
Irregular expenditure	1 539 361,00	-	-	-	1 539 361,00
Fruitless and Wasteful expenditure	839 721,00	-	-	-	839 721,00
	2 379 082,00	-	-	-	2 379 082,00

Recommendations

That, the operating surplus of R97 million be approved by the Council

That, the liquidity and current ratios be approved by the Council

That, the 50% MIG expenditure be approved by the Council

That, the 63% INEP expenditure be approved by the Council

That, the 5% expenditure on MDRG be approved by the Council

That, the 22% expenditure on Human Settlement Grant be approved by the Council

That, the 27% OPEX be approved by the Council

That, the UIFWE totaling to R2.3 million be approved by the Council

MUNICIPAL MANAGER'S QUALITY CERTIFICATE

QUALITY CERTIFICATE

I, **Tobela Nota**, the Municipal Manager of Umzimvubu Local Municipality do hereby certify that-

The midterm budget statement (Section 72 Report) on the implementation of the budget and financial state of affairs of the municipality for the first half of the financial year has been prepared in accordance with the Municipal Finance Management Act 2003 and Regulations made under that Act.

Print Name: **Tobela Nota**

Municipal Manager of Umzimvubu Local Municipality

Signature: _____

Date: _____