



# **MID YEAR BUDGET & PERFORMANCE ASSESSMENT REPORT 2025/26**

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## **PART 1**

### **MID-YEAR BUDGET AND PERFORMANCE ASSESSMENT REPORT**

#### **1. BACKGROUND AND EXECUTIVE SUMMARY**

##### **1.1 PURPOSE**

The purpose of this report is to comply with section 72 (1) (a) of the Municipal Finance Management Act and the requirements as promulgated in the Government Gazette No.32141 of 17 April 2009 regarding Municipal Budget and Reporting Regulations, which requires that specific financial particulars be reported on and in the formats prescribed.

##### **1.2 LEGAL/STATUTORY REQUIREMENT**

Section 72 of the MFMA 56 of 2003 states that the Accounting Officer must by the 25 January of each year assess the performance of the municipality during the first half of the financial year and submit a report on assessment to the Honourable Mayor, the relevant Provincial Treasury and National Treasury. The mid-year budget and performance assessment review must make recommendations as to whether an adjustments budget is necessary.

##### **1.3 BACKGROUND**

The Mid-Year Budget and Performance Report is a valuable resource that assists the municipality, and the public to assess the impact of government policies and the resources allocated to implement them. The Accounting Officer shall in terms of section 72 of the MFMA 56 of 2003 consider:-

- the monthly statements referred to in section 71 for the first half of the year;
- the municipality's service delivery performance during the first half of the financial year, and the service delivery targets & performance indicators set in the Service Delivery Budget Implementation Plan;
- the past year's annual report, and progress on resolving problems identified in the annual report.

Section 72 (3) states that the Accounting Officer as part of the review must make recommendations as to whether an Adjustment Budget is necessary and recommend revised projections for revenue and expenditure. The report of such assessment must then be submitted to the Mayor, National Treasury and relevant Provincial Treasury.

## 1.4 EXECUTIVE MAYORS REPORT SUMMARY

The Service Delivery and Budget Implementation Plan sets the scene for the implementation of proposals that were put forward in the approved Integrated Development Plan (IDP) and Budget by the Council in May 2025. The Mid-Year Budget & Performance Assessment Report supports the council in assessing the progress that is made in implementing government programmes. It also assists political office bearers in evaluating future plans for the municipality's critical services. The report serves as both an accountability and future planning document. The municipality approved an unfunded budget in May 2025. National Treasury therefore issued a notice for noncompliance with section 18 of the Municipal Finance Management Act (MFMA) due to the unfunded budget status. The municipality is therefore given an opportunity to self-correct this during the adjustment budget in February 2026; and persistent failure to correct this; then the National Treasury will invoke section 216 (2) of the constitution of the Republic of South Africa ("stopping of equitable share") together with section 171 of the Municipal Finance Management Act (MFMA) ("financial misconduct"). The consolidated summary of performance at mid-year is reflected below:

Description	Original Budget	Adjusted Budget	YTD Budget	Actual Results
Operating Revenue	R322 007 776	R328 951 480	R164 475 756	R180 238 949
Operating Expenditure	R290 496 561	R291 714 004	R145 857 042	R94 456 044
Capital Transfers	R89 321 850	R89 321 850	R44 660 928	R25 290 343

The operating revenue at mid-year amount to R180m, 54% of the annual budget. The operating expenditure is R94m which is 32% of annual budget. The revenue recognised on capital transfers is R25m which is 28% of the annual budget.

## 1.5 RESOLUTIONS

**It is recommended that:**

1. The Mayor **CONSIDERS** and **NOTES** the 2025/26 Mid-Year Budget and Performance Assessment Report of Amahlathi Local Municipality for the 2025/26 financial year in terms of Section 72 of the MFMA including supporting documentation attached as Annexure.
2. That it **BE NOTED** that An Adjustments Budget for the financial year 2025/26 is necessary.
3. That it **BE NOTED** that the projections for revenue and expenditure be revised.

## PART 2

### 2. MID YEAR PERFORMANCE RESULTS

EC124 Amahlathi - Table C1 Monthly Budget Statement Summary - Mid-Year Assessment									
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
<b>R thousands</b>									
<b>Financial Performance</b>									
Property rates	22 003	28 350	28 350	1 846	16 023	14 175	1 847	13%	28 350
Service charges	75 469	86 861	95 361	5 433	41 380	47 680	(6 300)	-13%	86 861
Investment revenue	3 421	4 063	4 063	1 381	1 421	2 032	(611)	-30%	4 063
Transfers and subsidies - Operational	146 325	145 328	145 328	45 840	109 119	72 664	36 455	50%	145 328
Other own revenue	56 548	57 405	55 849	1 751	12 295	27 925	(15 629)	-56%	57 405
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>303 766</b>	<b>322 008</b>	<b>328 951</b>	<b>56 251</b>	<b>180 239</b>	<b>164 476</b>	<b>15 763</b>	<b>10%</b>	<b>322 008</b>
Employee costs	124 980	126 195	126 195	10 598	63 889	63 098	792		126 195
Remuneration of Councillors	14 006	15 692	15 692	1 149	6 914	7 846	(932)		15 692
Depreciation and amortisation	30 529	23 217	23 217	-	-	11 608	(11 608)		23 217
Interest	7 069	2 000	2 000	-	(98)	1 000	(1 098)		2 000
Inventory consumed and bulk purchases	59 491	65 673	65 880	1	(17 159)	32 940	(50 099)		65 673
Transfers and subsidies	-	-	-	-	-	-	-		-
Other expenditure	70 673	57 719	58 730	1 103	40 910	29 365	11 545	39%	57 719
<b>Total Expenditure</b>	<b>306 748</b>	<b>290 497</b>	<b>291 714</b>	<b>12 851</b>	<b>94 456</b>	<b>145 857</b>	<b>(51 401)</b>	<b>-35%</b>	<b>290 497</b>
<b>Surplus/(Deficit)</b>	<b>(2 982)</b>	<b>31 511</b>	<b>37 237</b>	<b>43 401</b>	<b>85 783</b>	<b>18 619</b>	<b>67 164</b>	<b>361%</b>	<b>31 511</b>
Transfers and subsidies - capital (monetary allocations)	77 657	89 322	89 322	-	25 290	44 661	###	-43%	89 322
Transfers and subsidies - capital (in-kind)	-	-	-	-	-	-	-		-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>74 676</b>	<b>120 833</b>	<b>126 559</b>	<b>43 401</b>	<b>111 073</b>	<b>63 280</b>	<b>47 794</b>	<b>76%</b>	<b>120 833</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-		-
<b>Surplus/ (Deficit) for the year</b>	<b>74 676</b>	<b>120 833</b>	<b>126 559</b>	<b>43 401</b>	<b>111 073</b>	<b>63 280</b>	<b>47 794</b>	<b>76%</b>	<b>120 833</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	<b>777 677</b>	<b>92 122</b>	<b>94 334</b>	<b>9 837</b>	<b>37 350</b>	<b>47 167</b>	<b>(9 817)</b>	<b>-21%</b>	<b>92 122</b>
Capital transfers recognised	714 074	89 322	89 839	9 837	34 894	44 920	(10 025)	-22%	89 322
Borrowing	670	-	-	-	-	-	-		-
Internally generated funds	71 603	2 800	4 495	-	2 455	2 247	208	9%	2 800
<b>Total sources of capital funds</b>	<b>786 348</b>	<b>92 122</b>	<b>94 334</b>	<b>9 837</b>	<b>37 350</b>	<b>47 167</b>	<b>(9 817)</b>	<b>-21%</b>	<b>92 122</b>
<b>Financial position</b>									
Total current assets	114 382	104 178	111 007		186 649				104 178
Total non current assets	468 429	600 889	603 101		505 778				600 889
Total current liabilities	159 681	143 434	104 654		124 314				143 434
Total non current liabilities	91 736	49 956	49 956		91 736				7 862
Community wealth/Equity	331 391	553 771	559 498		476 377				553 771
<b>Cash flows</b>									
Net cash from (used) operating	(6 438)	108 806	120 497	50 997	77 972	75 940	(2 031)	-3%	108 806
Net cash from (used) investing	786 348	(91 874)	(94 418)	(9 837)	(37 350)	(47 209)	(9 859)	21%	(91 874)
Net cash from (used) financing	-	-	-	-	-	-	-		-
<b>Cash/cash equivalents at the month/year end</b>	<b>781 468</b>	<b>47 757</b>	<b>56 904</b>	<b>41 161</b>	<b>42 181</b>	<b>59 556</b>	<b>17 376</b>	<b>29%</b>	<b>-</b>
<b>Debtors &amp; creditors analysis</b>	<b>0-30 Days</b>	<b>31-60 Days</b>	<b>61-90 Days</b>	<b>91-120 Days</b>	<b>121-150 Dys</b>	<b>151-180 Dys</b>	<b>181 Dys-1 Yr</b>	<b>Over 1Yr</b>	<b>Total</b>
<b>Debtors Age Analysis</b>									
Total By Income Source	8 348	6 452	5 144	5 055	5 757	9 624	32 059	199 203	271 641
<b>Creditors Age Analysis</b>									
Total Creditors	21	609	1 051	368	103	946	12 647	80 973	96 718

- The summary report above indicates that as at the end of the first half of the financial year, operating expenditure should be R 145m; which is 50% of the total operational budget of R291m. As at end of 31 December 2025, the actual operating expenditure amount to R94m, which is less than the projected operating expenditure.

- The report indicates that revenue should be R164m based on the anticipated billing, collection and the revenue recognised from operational grants. The revenue raised (including revenue recognised from operational grants) amount to R180m, which is more than the anticipated revenue due to full recognition of the equitable share received during December 2025.
- The report indicates that the capital expenditure was projected to be R47m based on the anticipated capital expenditure. The actual capital expenditure as at 31 December 2025 amount to R37m.

## 2.1 SUMMARY OF STATEMENT OF FINANCIAL PERFORMANCE

The municipality should in terms of section 71(1) (g) of the MFMA, when necessary provide an explanation of any material variances from the municipality's projected revenue by source, and from the municipality's expenditure projections per vote, and any remedial or corrective steps taken or to be taken to ensure that projected revenue and expenditure remain within the municipality's approved budget.

EC124 Amahlathi - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - Mid-Year Assessment										
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
<b>R thousands</b>										
<b>Revenue</b>										
<b>Exchange Revenue</b>										
Service charges - Electricity		63 735	72 499	80 999	4 696	37 017	40 499	(3 482)	-9%	72 499
Service charges - Water		-	-	-	-	-	-	-	-	-
Service charges - Waste Water Management		-	-	-	-	-	-	-	-	-
Service charges - Waste management		11 734	14 362	14 362	737	4 363	7 181	(2 818)	-39%	14 362
Sale of Goods and Rendering of Services		6 435	7 363	1 828	88	1 183	914	269	29%	7 363
Agency services		800	2 005	2 005	18	497	1 002	(506)	-50%	2 005
Interest		-	-	-	-	-	-	-	-	-
Interest earned from Receivables		9 497	8 566	8 566	883	5 202	4 283	919	21%	8 566
Interest from Current and Non Current Assets		3 421	4 063	4 063	1 381	1 421	2 032	(611)	-30%	4 063
Dividends		-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		286	209	209	17	142	105	37	36%	209
Licence and permits		1 549	3 845	3 845	-	877	1 922	(1 045)	-54%	3 845
Special rating levies		-	-	-	-	-	-	-	-	-
Operational Revenue		3 507	891	4 869	0	0	2 435	(2 434)	-100%	891
<b>Non-Exchange Revenue</b>										
Property rates		22 003	28 350	28 350	1 846	16 023	14 175	1 847	13%	28 350
Surcharges and Taxes		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		26	18	18	4	116	9	107	1191%	18
Licence and permits		-	-	-	-	-	-	-	-	-
Transfers and subsidies - Operational		146 325	145 328	145 328	45 840	109 119	72 664	36 455	50%	145 328
Interest		7 763	7 955	7 955	742	4 278	3 978	301	8%	7 955
Fuel Levy		-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		-	-	-	-	-	-	-	-	-
Other Gains		26 686	26 554	26 554	-	-	13 277	(13 277)	-100%	26 554
Discontinued Operations		-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>303 766</b>	<b>322 008</b>	<b>328 951</b>	<b>56 251</b>	<b>180 239</b>	<b>164 476</b>	<b>15 763</b>	<b>10%</b>	<b>322 008</b>

EC124 Amahlathi - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - Mid-Year Assessment

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
<b>R thousands</b>										
<b>Expenditure By Type</b>										
Employee related costs		124 980	126 195	126 195	10 598	63 889	63 098	792	1%	126 195
Remuneration of councillors		14 006	15 692	15 692	1 149	6 914	7 846	(932)	-12%	15 692
Bulk purchases - electricity		59 230	65 349	65 349	-	(17 306)	32 675	(49 981)	-153%	65 349
Inventory consumed		261	324	530	1	147	265	(118)	-45%	324
Debt impairment		-	20 385	20 385	-	22 275	10 193	12 083	119%	20 385
Depreciation and amortisation		30 529	23 217	23 217	-	-	11 608	(11 608)	-100%	23 217
Interest		7 069	2 000	2 000	-	(98)	1 000	(1 098)	-110%	2 000
Contracted services		17 729	13 003	13 391	394	9 753	6 888	2 866	42%	13 003
Transfers and subsidies		-	-	-	-	-	-	-	-	-
Irrecoverable debts written off		28 602	-	-	-	-	-	-	-	-
Operational costs		22 771	24 330	24 953	709	8 881	12 284	(3 403)	-28%	24 330
Losses on Disposal of Assets		1 581	-	-	-	-	-	-	-	-
Other Losses		(10)	1	1	-	-	0	(0)	-	1
<b>Total Expenditure</b>		<b>306 748</b>	<b>290 497</b>	<b>291 714</b>	<b>12 851</b>	<b>94 456</b>	<b>145 857</b>	<b>(51 401)</b>	<b>-35%</b>	<b>290 497</b>
<b>Surplus/(Deficit)</b>		<b>(2 982)</b>	<b>31 511</b>	<b>37 237</b>	<b>43 401</b>	<b>85 783</b>	<b>18 619</b>	<b>67 164</b>	<b>0</b>	<b>31 511</b>
Transfers and subsidies - capital (monetary allocations)		77 657	89 322	89 322	-	25 290	44 661	(19 371)	-43%	89 322
Transfers and subsidies - capital (in-kind)		-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>74 676</b>	<b>120 833</b>	<b>126 559</b>	<b>43 401</b>	<b>111 073</b>	<b>63 280</b>			<b>120 833</b>

### 2.1.1 Explanation of variances to Statement of Financial Performance

- Waste Management reflects an unfavourable variance of 39%. This is as result of the refuse removal billed being less than estimated. Reason for the variance will be investigated and adjusted for in the mid-year adjustments budget.
- Sale of goods and rendering of services an favourable variance of 29%. This variance is as result of the non-creation of the in-house projects
- Agency Services; Licences and permits; and Fines, penalties and forfeits reflects unfavourable variances of 50%, 54% and a favourable 1191% for the period, respectively. The unfavourable variances are due to a decrease in demand for traffic services. The favourable variance is due to the increased visibility of traffic officers.
- Interest from receivables from exchange transactions reflects a favourable variance of 21%, This is attributed to the collection rate being less than projected. The consistent favourable variance has resulted in an increase in the proposed adjustments budget.
- Rentals of facilities reflects a favourable variance of 36%. This is due to an increase in demand. This is a trend which continued from the forth quarter of the previous financial year as apposed to following of the same trend of the previous financial year, where demand was low during the first two quarters and increased during the final two.
- Operational revenue reflects a unfavourable variance of 100%, this is attributable to no insurance claims being submitted during the first quarter of the financial year.
- Property rates reflect a favourable variance of 13%. This is largely due to annual billing being done for certain consumers and the budgeted projections being over 12 months.
- Transfers and subsidies – Operational reflect a favourable variance of 50%. This is as result of the Equitable Share tranche received in the first and second quarter.

- Remuneration of councillors reflects a unfavourable variances of 12%.
- Inventory consumed reflect a unfavourable variance of 45%, this is attributable to less inventory being consumed as was entisipated.
- Interest on overdue accounts reflect an favourable variance of 110%. This is as result of an Eskom interest reversal - during the first two quarters.
- Depreciation and Debt Impairment reflect a variance of 100% respectively and these will be calculated at year end.
- Operational costs reflect an unfavourable variance of 28%. This is due to the implementation of cost containment measures and the management of the municipality's cash flow.

## 2.2 CAPITAL EXPENDITURE PERFORMANCE

The following table provides a summary of the expenditure trends based on planned capital projects and actual spending. The total capital expenditure budgeted estimate as at 31 December 2025 amounts to R47m which is 50% of the budgeted R94m for the 2025/26 financial year. The percentage spending on capital projects as at 31 December 2025 amounts to 39% of the total capital budget; MIG expenditure at 67% and Disaster Grant 37%. The table below reflects the capital expenditure performance by function.

EC124 Amahlathi - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - Mid-Year Assessment										
Vote 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
<b>R thousands</b>	1									
<b>Capital Expenditure - Functional Classification</b>										
<i>Governance and administration</i>		46 271	2 800	4 495	-	2 455	2 247	208	9%	2 800
Executive and council		(989)	-	-	-	-	-	-		-
Finance and administration		45 677	2 800	4 495	-	2 455	2 247	208	9%	2 800
Internal audit		1 583	-	-	-	-	-	-		-
<i>Community and public safety</i>		92 418	-	-	-	-	-	-		-
Community and social services		92 273	-	-	-	-	-	-		-
Sport and recreation		145	-	-	-	-	-	-		-
Public safety		-	-	-	-	-	-	-		-
Housing		-	-	-	-	-	-	-		-
Health		-	-	-	-	-	-	-		-
<i>Economic and environmental services</i>		560 218	66 382	66 382	7 326	28 023	33 191	(5 168)	-16%	66 382
Planning and development		100 626	37 737	37 737	5 115	21 853	18 868	2 985	16%	37 737
Road transport		459 592	28 645	28 645	2 211	6 170	14 322	(8 153)	-57%	28 645
Environmental protection		-	-	-	-	-	-	-		-
<i>Trading services</i>		86 313	22 940	23 458	2 511	6 872	11 729	(4 857)	-41%	22 940
Energy sources		60 573	22 940	23 458	2 511	6 790	11 729	(4 939)	-42%	22 940
Water management		-	-	-	-	-	-	-		-
Waste water management		-	-	-	-	-	-	-		-
Waste management		25 740	-	-	-	82	-	82	#DIV/0!	-
<i>Other</i>		1 127	-	-	-	-	-	-		-
<b>Total Capital Expenditure - Functional Classification</b>	3	<b>786 348</b>	<b>92 122</b>	<b>94 334</b>	<b>9 837</b>	<b>37 350</b>	<b>47 167</b>	<b>(9 817)</b>	<b>-21%</b>	<b>92 122</b>

**Below is detailed Municipal Infrastructure Grant and Disaster Grant Expenditure per project:**

Grant	Vote Number	Description	Budget	Actual (incl VAT)	Available Budget
Municipal Infrastructure Grant	C0237-1/IA00032/F0791/X099/R2125/001/ENG_ACQ	Mlungisi sportfield	5 600 000,00	4 727 649,42	872 350,58
Municipal Infrastructure Grant	C0040-29/IA00132/F0791/X099/R2131/001/ENG_ACQ	Izidenge Internal Roads	3 326 149,00	1 669 116,85	1 657 032,15
Municipal Infrastructure Grant	C0230-1/IA00032/F0791/X099/R2129/001/ENG_ACQ	Langdraai Community Hall	4 501 288,00	1 528 083,35	2 973 204,65
Municipal Infrastructure Grant	C0230-1/IA00032/F0791/X099/R2127/001/ENG_ACQ	Phumlani Community Hall	4 651 162,00	1 125 556,15	3 525 605,85
Municipal Infrastructure Grant	C0040-30/IA00132/F0791/X099/R2125/001/ENG_ACQ	Nqenge Internal Roads	3 462 969,00	3 992 098,95	- 529 129,95
Municipal Infrastructure Grant	C0007-3/IA01327/F0791/X099/R0840/001/ENG_ACQ	Waste Collection Compactor Truck	3 283 196,00	3 283 195,01	0,99
Municipal Infrastructure Grant	C0040-30/IA00132/F0791/X099/R2130/001/ENG_ACQ	Keilands Roads	700 000,00	347 258,06	352 741,94
Municipal Infrastructure Grant	C0040-33/IA00132/F0791/X099/R2134/001/ENG_ACQ	Amabele Paving	8 315 036,00	4 487 146,08	3 827 889,92
Municipal Infrastructure Grant	C0039-2/IA00132/F0791/X099/R2124/001/ENG_ACQ	Stutterheim Streets Paving	400 000,00	399 999,45	0,55
Municipal Infrastructure Grant	C0039-3/IA00132/F0791/X099/R1514/001/ENG_ACQ	KeiskammahoeKTown Paving	400 000,00	399 999,99	0,01
Municipal Infrastructure Grant	C0040-32/IA00132/F0791/X099/R2131/001/ENG_ACQ	Paving of Xholorha Internal Roads	1 000 000,00	2 137 623,80	- 1 137 623,80
Municipal Infrastructure Grant	C0321-1/IA00032/F0791/X099/R2129/001/ENG_ACQ	Cathcart Town Hall Upgrade	400 000,00	399 963,83	36,17
Municipal Infrastructure Grant	C0020-4/IA00032/F0791/X099/R0840/001/ENG_ACQ	Infrastructure plans	1 697 050,00	285 252,26	1 411 797,74
Disaster Recovery Grant	C0040-30/IA00132/F09679/X116/R2124/001/ENG_ACQ	Xhologha paving phase 2	15 000 000,00	4 141 833,41	10 858 166,59
Disaster Recovery Grant	C0040-30/IA00132/F09679/X116/R1515/001/ENG_ACQ	Ngamngeni Roads and Stormwater	4 145 000,00	3 025 958,11	1 119 041,89
Intergrated National Electrification Project	C0153-1/IA07340/F0786/X032/R0840/001/ENG_ACQ	Upgrading Stutterheim Main Intake S	3 000 000,00	2 411 208,41	588 791,59
Intergrated National Electrification Project	C0153-1/IA07320/F0786/X032/R0840/001/ENG_ACQ	Cathcart 22/11kv 2x2,5 MVA Substat	14 440 000,00	4 989 063,32	9 450 936,68
Office of the Premier	C0020-2/IA07300/F09698/X032/R1514/001/ENG_ACQ	STR KKH	1 500 000,00	-	1 500 000,00
Office of the Premier	C0020-3/IA07300/F09698/X032/R2124/001/ENG_ACQ	STR Stutterheim	4 000 000,00	450 884,32	3 549 115,68
Office of the Premier	C0040-31/IA00132/F09698/X116/R1514/001/ENG_ACQ	STR KKH Roads	5 500 000,00	-	5 500 000,00
Office of the Premier	C0040-32/IA00132/F09698/X116/R2124/001/ENG_ACQ	STR Stutterheim Roads	4 000 000,00	-	4 000 000,00
Waste Grant	C0049-7/IA00172/F09699/X132/R0840/001/COM_ACQ	Construction of Waste Site		94 015,38	- 94 015,38
<b>Total</b>			<b>89 321 850,00</b>	<b>39 895 906,15</b>	<b>49 425 943,85</b>

**2.3 SUMMARY OF STATEMENT OF FINANCIAL POSITION**

The financial position reflects the position of Amahlathi Local Municipality having considered the assets; liabilities and equity as at 31 December 2025.

**EC124 Amahlathi - Table C6 Monthly Budget Statement - Financial Position - Mid-Year Assessment**

Description	Ref	Budget Year 2025/26				
		2024/25 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		12 563	39 757	50 404	42 181	39 757
Trade and other receivables from exchange transactions		44 707	22 570	15 186	83 716	22 570
Receivables from non-exchange transactions		32 588	9 188	9 188	17 589	9 188
Inventory		6	24	(182)	155	24
VAT		11 670	32 639	36 412	30 117	32 639
Other current assets		12 849	-	-	12 891	-
<b>Total current assets</b>		<b>114 382</b>	<b>104 178</b>	<b>111 007</b>	<b>186 649</b>	<b>104 178</b>
<b>Non current assets</b>						
Investments		-	-	-	-	-
Investment property		11 678	11 686	11 686	11 678	11 686
Property, plant and equipment		451 563	582 387	584 600	488 913	582 387
Biological assets		4 568	6 214	6 214	4 568	6 214
Heritage assets		610	610	610	610	610
Intangible assets		9	(9)	(9)	9	(9)
<b>Total non current assets</b>		<b>468 429</b>	<b>600 889</b>	<b>603 101</b>	<b>505 778</b>	<b>600 889</b>
<b>TOTAL ASSETS</b>		<b>582 811</b>	<b>705 067</b>	<b>714 108</b>	<b>692 427</b>	<b>705 067</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Consumer deposits		1 850	1 844	1 844	1 634	1 844
Trade and other payables from exchange transactions		137 794	64 065	72 285	96 718	64 065
Trade and other payables from non-exchange transactions		428	47 000	-	-	47 000
Provision		16 456	20 407	20 407	16 456	20 407
VAT		3 153	10 118	10 118	9 508	10 118
<b>Total current liabilities</b>		<b>159 681</b>	<b>143 434</b>	<b>104 654</b>	<b>124 314</b>	<b>143 434</b>
<b>Non current liabilities</b>						
Provision		18 563	7 862	7 862	18 563	7 862
Long term portion of trade payables		42 094	42 094	42 094	42 094	-
Other non-current liabilities		31 078	-	-	31 078	-
<b>Total non current liabilities</b>		<b>91 736</b>	<b>49 956</b>	<b>49 956</b>	<b>91 736</b>	<b>7 862</b>
<b>TOTAL LIABILITIES</b>		<b>251 417</b>	<b>193 390</b>	<b>154 610</b>	<b>216 050</b>	<b>151 296</b>
<b>NET ASSETS</b>	2	<b>331 394</b>	<b>511 677</b>	<b>559 498</b>	<b>476 377</b>	<b>553 771</b>
<b>COMMUNITY WEALTH/EQUITY</b>						
Accumulated surplus/(deficit)		331 391	553 771	559 498	476 377	553 771
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	<b>331 391</b>	<b>553 771</b>	<b>559 498</b>	<b>476 377</b>	<b>553 771</b>

- The report indicates that the current liabilities of the municipality are decreasing due to improved cashflow management.
- The cash balance as at 31 December 2025 amounts to R8m which comprises of the cashbook balance for the main primary bank account.
- Call investment deposits comprises of investments of call deposits made with various financial institutions when there is surplus cash available in the main account. These monies are invested in line with municipal investment policy. The table below details the Cash Balance in the Main Account and Call Deposits made by the Municipality for the period ending 31 December 2025.

<b>Date</b>	<b>Type</b>	<b>Account Description</b>	<b>Balance</b>
31 December 2025	<b>Cash</b>	<b>Main Account</b>	8 654 968.58
31 December 2025	<b>Call Investment Deposit</b>	Disaster Account	1 082 538.17
31 December 2025	<b>Call Investment Deposit</b>	MIG Account	1 700 002.26
31 December 2025	<b>Call Investment Deposit</b>	Insurance Account	255 819.38
31 December 2025	<b>Call Investment Deposit</b>	FNB Guarantee	4 935 941.94
31 December 2025	<b>Call Investment Deposit</b>	Retention Account	2 119 688.55
31 December 2025	<b>Call Investment Deposit</b>	FMG Account	2 092.21
31 December 2025	<b>Call Investment Deposit</b>	INEP Account	1 910 802.19
31 December 2025	<b>Call Investment Deposit</b>	LGSETA Account	57 246.69
31 December 2025	<b>Call Investment Deposit</b>	Payroll Account	21 110 342.88
31 December 2025	<b>Call Investment Deposit</b>	DEDEAT Account	259 650.25
31 December 2025	<b>Call Investment Deposit</b>	STR Account	1 144.71
31 December 2025	<b>Call Investment Deposit</b>	EEDSM Account	81 307.32
31 December 2025	<b>Call Investment Deposit</b>	Inhouse Account	9 136.99
			<b>42 180 682.12</b>

- The total cash available as at 31 December 2025 indicates a total balance of **R 42 180 682,12**.
- The trade and other payables are currently at R96m which is considerably very high due to the Eskom debt that is a biggest contributor.
- **Unspent Grant** – The unspent grants amounts to R9.5m as at 31 December 2025.

## **2.4 AGE DEBTORS ANALYSIS**

The debtors report below provides the total amount owed to the municipality by income source and by debtor type. Total outstanding debt for the month ending 31 December 2025 is R271m. Government Departments owe the municipality R62m (23%), Businesses owe R34m (13%) and Households owe R173m (64%). The biggest contributor being the households that owe R173m followed by government departments that owe R62m.

**EC124 Amahlathi - Supporting Table SC3 Monthly Budget Statement - aged debtors - Mid-Year Assessment**

Description	NT Code	Budget Year 2025/26										Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.o Council Policy	
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total	Total over 90 days			
<b>R thousands</b>														
<b>Debtors Age Analysis By Income Source</b>														
Trade and Other Receivables from Exchange Transactions - Water	1200	-	-	-	-	-	-	-	-	-	-	-	-	-
Trade and Other Receivables from Exchange Transactions - Electricity	1300	3 677	1 953	1 417	1 425	1 778	1 615	7 270	11 883	31 019	23 972	-	-	
Receivables from Non-exchange Transactions - Property Rates	1400	1 782	1 685	1 140	1 087	1 001	5 127	5 965	62 259	80 046	75 439	-	-	
Receivables from Exchange Transactions - Waste Water Management	1500	-	-	-	-	-	-	-	-	-	-	-	-	
Receivables from Exchange Transactions - Waste Management	1600	1 244	1 068	978	956	949	940	5 705	55 894	67 734	64 444	-	-	
Receivables from Exchange Transactions - Property Rental Debtors	1700	18	6	6	6	6	6	86	520	654	624	-	-	
Interest on Arrear Debtor Accounts	1810	1 625	1 767	1 607	1 585	1 559	1 481	10 286	53 869	73 779	68 780	-	-	
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-	-	-	
Other	1900	2	(27)	(5)	(4)	464	454	2 746	14 778	18 408	18 438	-	-	
<b>Total By Income Source</b>	<b>2000</b>	<b>8 348</b>	<b>6 452</b>	<b>5 144</b>	<b>5 055</b>	<b>5 757</b>	<b>9 624</b>	<b>32 059</b>	<b>199 203</b>	<b>271 641</b>	<b>251 697</b>	<b>-</b>	<b>-</b>	
<b>2024/25 - totals only</b>														
<b>Debtors Age Analysis By Customer Group</b>														
Organs of State	2200	1 769	2 446	1 755	1 823	2 313	6 250	11 207	34 673	62 237	56 266	-	-	
Commercial	2300	3 434	1 150	733	660	679	647	3 488	23 336	34 126	28 809	-	-	
Households	2400	3 073	2 794	2 609	2 535	2 725	2 674	17 089	139 787	173 287	164 811	-	-	
Other	2500	71	62	47	36	40	53	274	1 407	1 992	1 811	-	-	
<b>Total By Customer Group</b>	<b>2600</b>	<b>8 348</b>	<b>6 452</b>	<b>5 144</b>	<b>5 055</b>	<b>5 757</b>	<b>9 624</b>	<b>32 059</b>	<b>199 203</b>	<b>271 641</b>	<b>251 697</b>	<b>-</b>	<b>-</b>	

**2.5 AGE CREDITORS ANALYSIS**

Council attempts to process and settle invoices within 30 days of receiving them in line with the Municipal Finance Management Act where possible, however delays are experienced due to cash flow challenges the municipality is faced with. Below are the creditor's balances as at 31 December 2025. The detail of aging of creditors is reflected below.

**EC124 Amahlathi - Supporting Table SC4 Monthly Budget Statement - aged creditors - Mid-Year Assessment**

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	
<b>R thousands</b>										
<b>Creditors Age Analysis By Customer Type</b>										
Bulk Electricity	0100	-	212	285	14	47	1 227	3 035	50 292	55 112
Bulk Water	0200	-	-	-	-	-	-	-	-	-
PAYE deductions	0300	-	-	-	-	-	-	-	-	-
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-
Loan repayments	0600	-	-	-	-	-	-	-	-	-
Trade Creditors	0700	-	-	-	356	7	-	8 749	12 462	21 574
Auditor General	0800	-	184	-	-	-	-	-	-	184
Other	0900	21	213	766	(3)	50	(281)	863	18 219	19 848
Medical Aid deductions	0950	-	-	-	-	-	-	-	-	-
<b>Total By Customer Type</b>	<b>1000</b>	<b>21</b>	<b>609</b>	<b>1 051</b>	<b>368</b>	<b>103</b>	<b>946</b>	<b>12 647</b>	<b>80 973</b>	<b>96 718</b>

Detail	0 - 30 Days	31 - 60 Days	61 - 90 Days	> 90 Days	Total
AZA KOPANO INVESTMENT INCORPORATED				356 167,00	356 167,00
ALOE TRAVEL				22 677,26	22 677,26
AMATHOLE DISTRICT MUNICIPALITY				17 058 597,16	17 058 597,16
AUDITOR - GENERAL		183 527,61		-	183 527,61
BEECON HOLDINGS (PTY)LTD				102 655,22	102 655,22
BOSE TYRES				6 748,83	6 748,83
CCG SYSTEMS				206 675,02	206 675,02
ESKOM (BULK )		212 463,60	284 532,10	54 614 848,81	55 111 844,51
JEMIC MOTORS				47 004,31	47 004,31
MAXPROF (PTY)LTD		56 697,47		-	56 697,47
MICROSOFT IRELAND OPERATIONS LIMITED				26 378,93	26 378,93
OKU DEVELOPERS	21 235,80			-	21 235,80
RONDO GROUP		155 250,00		-	155 250,00
SALGA				3 923 504,76	3 923 504,76
SNR Electrical CC				120 784,71	120 784,71
SPECIAL INVESTIGATION UNIT				10 537 432,33	10 537 432,33
VITSHA TRADING				478 915,37	478 915,37
WCA (Department of Labour)				7 793 312,54	7 793 312,54
WYNAND BARENDT BOTHA		650,00		-	650,00
YANDE ENGINEERING AND PROJECTS				507 525,00	507 525,00
<b>TOTAL</b>	<b>21 235,80</b>	<b>608 588,68</b>	<b>284 532,10</b>	<b>95 803 227,25</b>	<b>96 717 583,83</b>

## 2.6 GRANTS AND SUBSIDIES

The conditional and unconditional grants allocation gazette for 2025/26 reflected an amount of R234m. An amount of R160m has been received for period ending 31 December 2025.

EC124 Amahlathi - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - Mid-Year Assessment

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
<b>R thousands</b>										
<b>RECEIPTS:</b>	1,2									
<b>Operating Transfers and Grants</b>										
<b>National Government:</b>		495 836	143 505	-	45 840	108 586	71 753	1 354	1,9%	143 505
EPWP Incentive	-	6 905	1 799	-	-	1 260	900	360	40,1%	1 799
Finance Management	-	10 935	2 200	-	-	2 200	1 100	-	-	2 200
Local Government Equitable Share	-	-	137 520	-	45 840	103 140	68 760	-	-	137 520
Municipal Infrastructure Grant	-	-	1 986	-	-	1 986	993	993	100,0%	1 986
Other transfers and grants [insert description]	-	-	-	-	-	-	-	-	-	-
<b>Provincial Government:</b>		16 536	1 823	-	-	1 823	912	911	100,0%	1 823
Eastern Cape_Capacity Building and Other_Specify (Add grant description)	-	16 536	1 823	-	-	1 823	912	911	100,0%	1 823
Other transfers and grants [insert description]	-	-	-	-	-	-	-	-	-	-
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
[insert description]	-	-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>		1 403	-	-	-	-	-	-	-	-
Unspecified_Specify (Replace with the name of the Entity)_Receipts	-	1 403	-	-	-	-	-	-	-	-
<b>Total Operating Transfers and Grants</b>	5	513 775	145 328	-	45 840	110 409	72 664	2 265	3,1%	145 328
<b>Capital Transfers and Grants</b>										
<b>National Government:</b>		162 987	74 322	-	14 503	49 486	18 016	13 006	72,2%	74 322
Municipal Infrastructure Grant (MIG)	-	162 987	37 737	-	8 739	31 875	18 868	13 006	68,9%	37 737
Integrated National Electrification Programme Grant	-	-	17 440	-	1 744	7 848	8 720	-	-	17 440
Municipal Disaster Relief Grant	-	-	19 145	-	4 020	9 763	(9 573)	-	-	19 145
Other capital transfers [insert description]	-	-	-	-	-	-	-	-	-	-
<b>Provincial Government:</b>		-	15 000	-	-	999	7 500	(6 501)	-86,7%	15 000
Eastern Cape_Infrastructure_Infrastructure_RECEIPTS	-	-	15 000	-	-	999	7 500	(6 501)	-86,7%	15 000
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
[insert description]	-	-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
[insert description]	-	-	-	-	-	-	-	-	-	-
<b>Total Capital Transfers and Grants</b>	5	162 987	89 322	-	14 503	50 485	25 516	6 506	25,5%	89 322
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	5	676 761	234 650	-	60 343	160 894	98 180	8 771	8,9%	234 650

The total expenditure on grants and subsidies (excluding equitable share amount to R48m as at 31 December 2025.

EC124 Amahlathi - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - Mid-Year Assessment

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										
<b>EXPENDITURE</b>										
<b>Operating expenditure of Transfers and Grants</b>										
National Government:		22 070	5 985	-	545	6 142	2 993	3 150	105,3%	5 985
Expanded Public Works Programme Integrated Grant	-	6 028	1 799	-	-	2 673	900	1 774	197,2%	1 799
Local Government Financial Management Grant	-	10 935	2 200	-	545	1 483	1 100	383	34,8%	2 200
Municipal Infrastructure Grant	-	-	1 986	-	-	1 986	993	993	100,0%	1 986
Municipal Infrastructure Grant	-	-	-	-	-	-	-	-	-	-
Other transfers and grants [insert description]	-	-	-	-	-	-	-	-	-	-
Provincial Government:		14 831	1 823	-	-	1 823	912	911	100,0%	1 823
Eastern Cape	-	14 831	1 823	-	-	1 823	912	911	100,0%	1 823
Other transfers and grants [insert description]	-	-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]	-	-	-	-	-	-	-	-	-	-
Other grant providers:		1 403	-	-	-	-	-	-	-	-
Unspecified-Specify (Replace with the name of the Entity)-Transfer	-	1 403	-	-	-	-	-	-	-	-
Unspecified_Specify (Replace with the name of the Entity)_Receipts	-	-	-	-	-	-	-	-	-	-
<b>Total operating expenditure of Transfers and Grants:</b>		<b>38 303</b>	<b>7 808</b>	<b>-</b>	<b>545</b>	<b>7 965</b>	<b>3 904</b>	<b>4 061</b>	<b>104,0%</b>	<b>7 808</b>
<b>Capital expenditure of Transfers and Grants</b>										
National Government:		164 441	74 322	-	11 355	39 351	37 161	2 190	5,9%	74 322
Integrated National Electrification Programme Grant	-	-	17 440	-	2 930	7 400	8 720	(1 320)	-15,1%	17 440
Municipal Disaster Relief Grant	-	11 281	19 145	-	1 026	7 168	9 573	(2 405)	-25,1%	19 145
Municipal Infrastructure Grant	-	153 160	37 737	-	7 399	24 783	18 868	5 915	31,3%	37 737
Other capital transfers [insert description]	-	-	-	-	-	-	-	-	-	-
Provincial Government:		-	15 000	-	-	843	7 500	(6 657)	-88,8%	15 000
Eastern Cape	-	-	15 000	-	-	843	7 500	(6 657)	-88,8%	15 000
District Municipality:		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
<b>Total capital expenditure of Transfers and Grants</b>		<b>164 441</b>	<b>89 322</b>	<b>-</b>	<b>11 355</b>	<b>40 194</b>	<b>44 661</b>	<b>(4 467)</b>	<b>-10,0%</b>	<b>89 322</b>
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>		<b>202 744</b>	<b>97 130</b>	<b>-</b>	<b>11 900</b>	<b>48 159</b>	<b>48 565</b>	<b>(406)</b>	<b>-0,8%</b>	<b>97 130</b>

### 3. AREAS TO BE CONSIDERED FOR ADJUSTMENT

- Waste Management
- Sale of Goods and Rendering of services
- Rental of facilities and Equipment due to new rentals.
- Interest on overdue accounts due to escalating interest on Eskom debt.
- Review cash flow projections and expenditure items.
- Waste Grant unspent balance which was not part of the budget.
- MIG Projects.

#### 4. MUNICIPAL MANAGERS QUALITY CERTIFICATE

##### QUALITY CERTIFICATE

I, **Dr. Z Shasha** Acting Municipal Manager of **Amahlathi Municipality**, hereby certify that -

(Mark as appropriate)

the monthly budget statement

Quarterly report on the implementation of the budget and financial state of affairs of the municipality

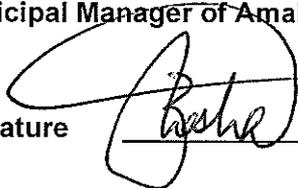
Mid-year budget and performance assessment

for the month of December 2025 of 2025/2026 has been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act.

Print Name: **Dr. Z Shasha**

**Municipal Manager of Amahlathi Municipality (EC124)**

Signature



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Date: **07 January 2026**