# In-year monitoring for the Municipality

Prepared in terms of the Municipal Local Government Finance Management Act (56/2003:

Municipal Budget and

Reporting Regulations, Government Gazette 32141,

17 May 2009

## Section 52(d) REPORT

## December 2025


Sundays River Valley Municipality

042 230 7700
078 266 6230
srvm@srvm.gov.za
@sundaysrivervalley
www.srvm.gov.za
23 Middle Street, Kirkwood, 6120
P.O. Box 47, Kirkwood, 6120

## Contents

QUALITY CERTIFICATE ..... 3
RECIEPT BY THE MAYOR ..... 4
PART 1 – MAYORS REPORT ..... 5
Legal basis ..... 5
Recommendation ..... 5
Executive summary ..... 6
PART 2 – BUDGET PERFORMANCE ANALYSIS ..... 11
Operating revenue ..... 11
Operating expenditure ..... 13
Capital expenditure ..... 19
PART 3 – SUPPORTING DOCUMENTATION ..... 20
Commitments against cash and investments ..... 20
Grant Utilisation ..... 21
Debtors Age Analysis ..... 21
Creditors Age Analysis ..... 23
Withdrawals from municipal bank accounts ..... 24
Part 4 - In Year budget statement tables ..... 24
PART 5 -SUPPLY CHAIN MANAGEMENT ..... 34

QUALITY CERTIFICATE

I, Thabiso Klaas, Municipal Manager of Sundays River Valley municipality, hereby certify that s52d report for the 2nd quarter of 2025/26 and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act.

Signature .....Name: Thabiso Klaas

Date: **...25 January 2026**.....

Municipal Manager of Sundays River Valley Municipality: EC106

RECIEPT BY THE MAYOR

I, Solethu Lucas, Mayor of Sundays River Valley municipality, hereby accept the s52d report for the 2nd quarter of 2025/26 and supporting documentation as prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act.

Signature .....Name: Solethu Lucas

Date: .....

Municipal Manager of Sundays River Valley Municipality: EC106

## PART 1 – MAYORS REPORT

### Legal basis

The MFMA stipulates general responsibilities of Mayors. Section 52(d) of the Act requires that a 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 situation of the municipality.

Regulation 31 of the MBRR states:

*"The S52 Mayor's Report must be in the format specified as per Schedule C and include all the required tables, charts and explanatory information, taking into account any guidelines issued by the Minister in terms of section 168(1) of the Municipal Management Finance Act; and must be consistent with the monthly budget statements for September, December, March and June as applicable;…".*

Section 54 of the Municipal Finance Management Act (MFMA) requires the mayor to consider the 2nd quarter report and take appropriate action to ensure that the approved budget is implemented in accordance with the SDBIP.

### Recommendation

These recommendations are linked to the responsibilities for the Mayor under section 54 of the MFMA.

(a) That the content of the second quarter financial report of 2025/26 financial year on the implementation status of the budget of the municipality be noted.

## Executive summary

### Introduction

This report is a summary of the main budget issues arising from the monitoring process. It provides an overview of the municipality's budget implementation status and its financial viability and sustainability.

### Key Data

| Financial Performance-Summary (revenue and expenditure) - M06 Dec 2025 | | | | | | |
|---|---|---|---|---|---|---|
| **Description** | **ORGB** | **Monthly actual - Dec** | **Q2** | **YearTD actual** | **YearTD budget** | **YTD variance** |
| | **R** | **R** | **R** | **R** | **R** | **R** |
| Total Revenue (excluding capital transfers and contributions) | -284 208 361,00 | - 88 135 863,62 | - 115 711 391,92 | -205 115 997,24 | -142 104 180,50 | 63 011 816,74 |
| Total Expenditure | 280 789 355,00 | 24 317 320,56 | 75 679 252,78 | 142 168 759,66 | 140 394 677,50 | - 1 774 082,16 |
| Surplus/(Deficit) | - 3 419 006,00 | - 63 818 543,06 | - 40 032 139,14 | - 62 947 237,58 | - 1 709 503,00 | 61 237 734,58 |
| Transfers and subsidies - capital (monetary allocations) | 51 211 299,00 | - 1 803 799,82 | - 15 434 787,94 | - 28 193 280,09 | 25 605 649,50 | - 2 587 630,59 |
| Transfers and subsidies - capital (in-kind) | - | - | - | - | - | - |
| Transfers and Subsidies:Monetary Allocations:District Municipaliti | 150 000,00 | - | - | | 75 000,00 | - 75 000,00 |
| Transfer from Operational Revenue | 3 410 870,00 | - 40 987 710,99 | | | 1 705 435,00 | - 1 705 435,00 |
| **Surplus/(Deficit) after capital transfers & contributions** | **- 58 191 175,00** | **- 65 622 342,88** | **- 55 466 927,08** | **- 34 753 957,49** | **- 27 315 152,50** | **- 7 438 804,99** |

*Revenue Performance*

For the quarter ended 31 December 2025, the municipality recorded revenue of R115,7 million. As at the end of the 2nd quarter, a total of R205,1 million in revenue has been recognised against a final adopted budget of R284.2 million for the financial year. This results in a year-to-date revenue variance of R34,4 million above the projected budget.

*Expenditure Performance*

The municipality incurred expenditure amounting to R75,6 million for the quarter. The year-to-date actual expenditure also stands at R142,1 million, measured against an annual budget of R140,3 million, reflects a favourable variance of R1,7 million relative to the year-to-date expenditure budget.

*Operating Surplus*

For the second quarter, the municipality recorded an operating surplus of R55,4 million.

Cumulatively, the year-to-date actual operating revenue compared to actual expenditure yields a surplus of R34,7 million, when capital transfers are included.

*Capital Expenditure*

| CAPITAL EXPENDITURE | | | | | | |
|---|---|---|---|---|---|---|
| Description | ORGB | Monthy actual- Dec | Q2 | YearTD actual | YearTD budget | YTD variance |
| Total Capex - Funded By Grants | 44 732 207,00 | 7 024 099,78 | 14 218 405,12 | 25 312 746,11 | 7 455 367,83 | - 17 857 378,28 |
| Total Capex - Funded By Own Resources | 3 410 870,00 | - | 1 779 682,83 | 755 856,97 | 568 478,33 | 2 655 013,03 |
| **Total Capital Expenditure** | **48 143 077,00** | **7 024 099,78** | **15 998 087,95** | **26 068 603,08** | **8 023 846,17** | **- 15 202 365,25** |

Capital expenditure for the 2nd quarter is an amount of R26 million. The year-to-date budget amounts to R8 million. Year to date actual variance is the amount of R15 million there is no point of concern the budget is spread evenly.

*Ratios*

| RATIO | NORM/RANGE | INPUT DESCRIPTION | DATA INPUTS AND RESULTS " R 000 " | INTERPRETATION |
|---|---|---|---|---|
| **B. Debtors Management** | | | | |
| Net Debtors Days | 30 days | | 352 days | This is above the norm , suggesting debtor |
| | | Gross debtors | 370 278 463 | |
| | | Bad debts Provision | 1 475 376 | |
| | | Billed Revenue | 115 737 505 | |
| **C. Liquidity Management** | | | | |
| Cash / Cost Coverage Ratio | 1 - 3 Months | | 4 months | This ratio is within the norm of 1-3 months |
| | | Cash and cash equivalents | 8 072 370 | |
| | | Unspent Conditional Grants | 31 253 229 | |
| | | Overdraft | | |
| | | Short Term Investments | - | |
| | | Total Annual Operational Expenditure | 117 851 439 | |
| Current Ratio | 1.5 - 2:1 | | 0.91 | The municipality doesn't have the ability to |
| | | Current Assets | 210 697 724 | |
| | | Current Liabilities | 231 240 038 | |
| **D. Liability Management** | | | | |
| Debt (Total Borrowings) / | 45% | | 0% | According to this ratio sufficient revenue is |
| | | Total Debt | - | |
| | | Total Operating Revenue | -218 652 527 | |
| | | Operational Conditional Grants | -3 465 518 | |
| **D. Expenditure Management** | | | | |
| Remuneration as % of Total | 25% - 40% | | 51% | This ratio is above the norm of 40% meaning |
| | | Employee/personnel related cost | 60 185 411 | |
| | | Councillors Remuneration | 4 188 456 | |
| | | Total Operating Expenditure | 142 168 760 | |
| Contracted | 2% - 5% | | 17% | Contracted services form a sufficient amount |
| | | Contracted Services | 23 599 152 | |
| | | Total Operating Expenditure | 142 168 760 | |
| | | Taxation Expense | - | |

- **Cost coverage ratio**

This ratio indicates a municipality's ability to meet at least its monthly fixed operating commitments from cash and short-term investment without collecting any additional revenue during that period.

The ratio outcome for the period under review is 0 and falls within the National Treasury norm of 1-3 months (MFMA Circular 71). This ratio should however not be viewed alone, but rather with Debtor Management ratios to assess full Cashflow risk.

- **Current Ratio**

This ratio assesses a municipality's ability to pay back its short-term liabilities (debt and payables) with its short-term assets (cash, inventory, and receivables). A ratio above one indicates that the municipality would be able to pay all its current or short-term obligations if they fall due at any specific point.

The year-to-date ratio outcome of 0,76 shows that the municipality has insufficient cash to meet its short-term financial obligations as it falls outside the National Treasury norm of 1.5 to 2:1 (MFMA Circular 71).

- **Financial Position**

Movements on the operating- and capital budget will impact on the financial position. Underspending on the capital budget will, for instance, lead to the property, plant and equipment result being less than budget. As such the outcome and related reasons for variances in the operating- and capital budget forms a critical link in determining the variance on the financial position of a municipality. The final outcomes for the financial position will only be known once year-end transactions have been finalised.

- **Cash Flow**

Cash and cash equivalents amount to R37,2 million as of 30 September 2025. This positive cash position has been maintained since the previous financial year; however financial sustainability remains a concern.

**Debtors**

Debt management is carried out in terms of the municipality's Credit Control and Debt Collection Bylaw and Policy. Outstanding debtors per category are reflected in the table below.

**Detail Report**

| Region | Department | Current | Interest | 30 Days | 60 Days | 90 Days | 120 Days + | Total |
|---|---|---|---|---|---|---|---|---|
| Sarah Baartman | Education | R 2 645 115,96 | R 0,00 | R 247 465,60 | R 119 426,74 | R 3 412 320,78 | R 240 059,18 | **R 6 664 388,26** |
| | Education (S21) | R 448 733,36 | R 0,00 | R 41 826,49 | R 15 494,26 | R 44 489,43 | R 198 770,61 | **R 749 314,15** |
| | Health | R 399 972,89 | R 0,00 | R 1 942,40 | R 3 307,53 | R 3 245,35 | R 337 791,05 | **R 746 259,22** |
| | Human Settlements | R 6 475,96 | R 0,00 | R 0,00 | R 0,00 | R 0,00 | R 0,00 | **R 6 475,96** |
| | Public Works | R 6 288 094,54 | R 0,00 | R 66 060,69 | R 67 512,83 | R 1 178 399,11 | R 235 385,97 | **R 7 835 453,14** |
| | Roads | R 0,00 | R 0,00 | R 0,00 | R 0,00 | R 0,00 | R 0,00 | **R 0,00** |
| | Residents | R 268 068 011,70 | R 0,00 | R 3 056 360,51 | R 3 286 451,00 | R 5 114 258,30 | R 12 883 928,82 | **R 292 409 010,33** |
| | Councillors | R 483 304,32 | R 0,00 | R 11 997,09 | R 12 393,83 | R 12 406,10 | R 40 241,10 | **R 560 342,44** |
| | Municipal Officials | R 1 785 776,93 | R 0,00 | R 13 364,28 | R 15 514,13 | R 17 849,82 | R 66 270,82 | **R 1 898 775,98** |
| | Industries | R 31 138 091,39 | R 0,00 | R 912 179,96 | R 1 099 127,32 | R 1 868 378,84 | R 4 710 390,50 | **R 39 728 168,01** |
| | National Departments | R 17 776 080,51 | R 0,00 | R 126 094,91 | R 120 793,25 | R 1 107 730,08 | R 549 576,28 | **R 19 680 275,03** |
| | Grand Total | **R 329 039 657,56** | **R 0,00** | **R 4 477 291,93** | **R 4 740 020,89** | **R 12 759 077,81** | **R 19 262 414,33** | **R 370 278 462,52** |

| Region | Debt By Type | Residents | Councillors | Municipal Officials | Industries | Nat Depts | Prov Depts | Total |
|---|---|---|---|---|---|---|---|---|
| Sarah Baartman | Water | R 106 424 127,07 | R 116 038,07 | R 617 047,92 | R 3 835 656,42 | R 101 035,98 | R 1 652 038,81 | **R 112 745 944,27** |
| | Electricity | R 4 991 633,39 | R 941,96 | R 29 076,05 | R 15 140 753,82 | R 293 985,37 | R 7 718 699,54 | **R 28 175 090,13** |
| | Sewerage | R 56 316 070,03 | R 39 947,34 | R 408 212,59 | R 1 719 194,84 | R 27 183,96 | R 601 849,66 | **R 59 112 458,42** |
| | Refuse | R 26 049 129,14 | R 10 858,42 | R 159 499,26 | R 884 841,06 | R 5 786,76 | R 206 571,23 | **R 27 316 685,87** |
| | Rates | R 90 862 689,92 | R 97 491,12 | R 69 023,52 | R 18 104 708,29 | R 19 067 298,77 | R 6 063 125,49 | **R 134 264 337,11** |
| | Other | R 7 765 360,78 | R 295 065,53 | R 615 916,64 | R 43 013,58 | R 184 984,19 | R (240 394,00) | **R 8 663 946,72** |
| | **Grand Total** | **R 292 409 010,33** | **R 560 342,44** | **R 1 898 775,98** | **R 39 728 168,01** | **R 19 680 275,03** | **R 16 001 890,73** | **R 370 278 462,52** |
| | **% on Total Debt** | **78,97** | **0,15** | **0,51** | **10,73** | **5,31** | **4,32** | **100,00** |

The collection ratio of 60% (reflected in the table below) is a more accurate reflection of the municipality's current collection ratio for property rates, electricity, water, sewerage, and refuse, bearing in mind that this calculation is based on MFMA Circular 71, which takes the opening and closing balances, billing, write offs etc. into account.

| RATIO | | FORMULA | DATA SOURCE | NORM/RANGE | INPUT DESCRIPTION | DATA INPUTS AND RESULTS | INTERPRETATION | MUNICIPAL COMMENTS (if) |
|---|---|---|---|---|---|---|---|---|
| 1 | Collection Rate | (Gross Debtors Closing Balance + Billed Revenue - Gross Debtors Opening Balance - Bad Debts Written Off)/Billed Revenue x 100 | 95% | | | | | |
| | | | | Gross Debtors closing balance | | 370 278 462,52 | | |
| | | | | Gross Debtors opening balance | | 79 266 419,98 | 2024/25 Projected 1 | |
| | | | | Bad debts written Off | | 1 475 376,00 | | |
| | | | | Billed Revenue | | 115 737 585,42 | | |

**Staff benefits**

| STAFF BENEFIT SUMMARY | | | | | | |
|---|---|---|---|---|---|---|
| Description | Budget 2025/26 | Monthly actual - Dec | Q2 | YearTD actual | YearTD budget | YTD variance |
| R thousands | | | | | | |
| Total Employee Cost | 120 370 821,00 | 10 695 643,37 | **32 118 465,62** | 58 897 654,78 | 60 185 410,50 | 1 287 755,72 |
| Remuneration of Councillors | 8 376 911,00 | 649 773,53 | **1 944 011,24** | 3 955 594,65 | 4 188 455,50 | 232 860,85 |
| **Total Cost** | **128 747 732,00** | **11 345 416,90** | **34 062 476,86** | **62 853 249,43** | **64 373 866,00** | **1 520 616,57** |

Details on senior managers' remuneration and the remuneration of other municipal staff can be found in Councillor and staff benefits on page 30.

## PART 2 – BUDGET PERFORMANCE ANALYSIS

### Summary Statement of Financial Performance

| Financial Performance-Summary (revenue and expenditure) _Q2_2025 | | | | | |
|---|---|---|---|---|---|
| **Description** | **ORGB** | **Monthly actual - Dec** | **YearTD actual** | **YearTD budget** | **YTD variance** |
| | **R** | | **R** | **R** | **R** |
| Total Revenue (excluding capital transfers and contributions) | -284 208 361,00 | -88 135 863,62 | -130 516 663,21 | -142 104 180,50 | -11 587 517,29 |
| Total Expenditure | 280 789 355,00 | 24 317 320,56 | 117 851 439,10 | 140 394 677,50 | 22 543 238,40 |
| **Surplus/(Deficit)** | **-3 419 006,00** | **-63 818 543,06** | **-12 665 224,11** | **-1 709 503,00** | **10 955 721,11** |
| Transfers and subsidies - capital (monetary allocations) | 51 211 299,00 | -1 803 799,82 | 58 865 572,00 | 25 605 649,50 | 84 471 221,50 |
| Transfers and subsidies - capital (in-kind) | - | - | 3 909 032,00 | - | 3 909 032,00 |
| Transfers and Subsidies:Monetary Allocations:District Municipalities | 150 000,00 | - | 20 271 315,00 | 75 000,00 | 20 196 315,00 |
| Transfer from Operational Revenue | 3 410 870,00 | -40 987 710,00 | 6 401 678,00 | 1 705 435,00 | 4 696 243,00 |
| **Surplus/(Deficit) after capital transfers & contributions** | **-58 191 175,00** | **-21 027 033,24** | **-102 112 821,11** | **-27 315 152,50** | **-74 797 668,61** |

## Operating revenue

### Main revenue sources for December 2025

| Monthly Budget Statement - Revenue Financial Performance _Q2_2025/26 | | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Original Budget** | **Monthly actual - Dec** | **Q2** | **YTD Actual** | **YTD Budget** | **YTD Variance** | **Percentage** |
| **R thousands** | | | | | | | |
| **Revenue** | | | | | | | |
| **Exchange Revenue** | | | | | | | |
| Service charges - Electricity | -36 270 961,00 | -38 207 776,35 | -44 120 698,04 | -60 032 865,34 | -18 135 480,50 | 41 897 384,84 | 3,310243991 |
| Service charges - Water Management | -21 024 967,00 | -1 655 499,44 | -4 852 320,38 | -7 482 509,56 | -10 512 483,50 | -3 029 973,94 | 0,711773727 |
| Service charges - Waste Water Management | -3 380 337,00 | -290 059,81 | -902 461,00 | -4 781 487,97 | -1 690 168,50 | 3 091 319,47 | 2,829000759 |
| Service charges - Waste management | -7 188 147,00 | -533 664,71 | -1 645 943,99 | -4 210 019,65 | -3 594 073,50 | 615 946,15 | 1,171378284 |
| Sale of Goods and Rendering of Services | -270 825,00 | -11 698,38 | -69 310,15 | -129 456,92 | -135 412,50 | -5 955,58 | 0,956018979 |
| Agency services | -2 111 819,00 | -77 401,01 | -317 829,30 | -790 629,99 | -1 055 909,50 | -265 279,51 | 0,748766812 |
| Interest earned from Receivables | -13 828 287,00 | -1 446 833,90 | -4 307 910,12 | -5 839 078,77 | -6 914 143,50 | -1 075 064,73 | 0,844512234 |
| Interest from Current and Non Current Assets | -1 933 127,00 | -110 284,76 | -459 491,94 | -982 738,76 | -966 563,50 | 16 175,26 | 1,016734814 |
| Rental from Fixed Assets | -359 287,00 | -3 103,44 | -9 646,45 | -41 386,40 | -179 643,50 | -138 257,10 | 0,230380726 |
| Licence and permits | -1 623 025,00 | -115 530,00 | -602 247,00 | -1 177 350,00 | -811 512,50 | 365 837,50 | 1,450809445 |
| Special rating levies | - | | - | - | - | - | 0 |
| Operational Revenue | -186 481,00 | -15 799,68 | -68 216,99 | -125 618,64 | -93 240,50 | 32 378,14 | 1,347254037 |
| **Non-Exchange Revenue** | | | | - | - | - | 0 |
| Property rates | -54 223 742,00 | -3 851 961,76 | -12 625 960,81 | -32 533 986,08 | -27 111 871,00 | 5 422 115,08 | 1,199990443 |
| Surcharges and Taxes | - | | - | - | - | - | 0 |
| Fines, penalties and forfeits | -1 500 329,00 | -7 456,52 | -8 956,52 | -10 156,52 | -750 164,50 | -740 007,98 | 0,013539057 |
| Licence and permits | -328 014,00 | -3 036,09 | -16 438,01 | -21 262,64 | -164 007,00 | -142 744,36 | 0,12964471 |
| Transfers and subsidies - Operational | -131 585 699,00 | -40 987 710,00 | -43 276 629,39 | -95 571 462,98 | -65 792 849,50 | 29 778 613,48 | 1,4526117 |
| Interest | -8 393 314,00 | -818 047,77 | -2 461 879,65 | -4 922 516,61 | -4 196 657,00 | 725 859,61 | 1,172961386 |
| Gains on disposal of Assets | | | - | - | - | - | 0 |
| | | | - | - | - | - | 0 |
| **Total Revenue (excluding capital transfers and contributions)** | -284 208 361,00 | -88 135 863,62 | -115 745 939,74 | -218 652 526,83 | -142 104 180,50 | 76 548 346,33 | 0,649908705 |

### Reasons for major over-/under-recovery per revenue source

***SERVICE CHARGES*** – The year-to-date (YTD) variance in service charges is primarily attributed to the annual billing process conducted in July 2025 and consumption fluctuations. However service charges electricity is above the norm CFO need to investigate the accuracy of the billing system and correct such error.

This billing approach results in the recognition of both annual amounts and future instalments within the initial billing month, leading to a temporary overstatement of revenue in the early part of the financial year.

There is no cause for concern on other services , as the subsequent monthly instalments will normalise over the remaining months of the financial year, aligning the actual service charges with the budgeted figures.

***LICENCE AND PERMITS*** – Revenue from learner's licence applications exceeded expectations, as the number of applications was higher than anticipated during the budget preparation stage.

***INTEREST EARNED FOR RECIEVEBALES*** - The variance is due to interest on outstanding receivables not being recorded for the reporting month of September 2025. This is expected to be corrected in subsequent periods.

**RENTAL FROM FIXED ASSETS** – Lower-than-anticipated requests for the rental of municipal halls and properties during the reporting month contributed to the negative variance in this category.

***FINES*** – The municipality records most of its fines at year-end, which accounts for the current variance between actual and budgeted figures.

***PROPERTY RATES*** – Revenue from property rates is currently above budget, due to the annual billing raised in July. This variance will normalize over the course of the year.

***TRANSFERS AND SUBSIDIES*** – Although the budget is evenly spread across 12 months, actual grant receipts are aligned with specific transfer conditions and thresholds. There is no cause for concern, as this will even out over the financial year.

***LICENSE AND PERMTS*** – Revenue is currently below projections due to fewer trading certificates being issued than anticipated. However, these are renewed annually, and volumes are expected to increase later in the year.

## Operating expenditure

### Main expenditure types for 2025/26

| Monthly Budget Statement - Expenditure Financial Performance - M06 | | | | | | |
|---|---|---|---|---|---|---|
| | Original Budget | Monthly actual - Dec | Q2 | YearTD actual | YTD budget | YTD variance |
| R thousands | | | | | | |
| Expenditure By Type | | | | | | |
| Employee related costs | 120 370 821,00 | 10 695 643,37 | 32 118 465,62 | 58 865 541,58 | 60 185 410,50 | 1 319 868,92 |
| Remuneration of councillors | 8 376 911,00 | 649 773,53 | 1 944 011,24 | 3 909 041,18 | 4 188 455,50 | 279 414,32 |
| Bulk purchases - electricity | 32 514 177,00 | 2 943 252,39 | 10 046 239,81 | 20 271 315,87 | 16 257 088,50 | - 4 014 227,37 |
| Inventory consumed | 10 367 220,00 | 1 503 191,42 | 3 720 117,38 | 6 401 676,02 | 5 183 610,00 | - 1 218 066,02 |
| Debt impairment | 18 680 288,00 | | - | - | 9 340 144,00 | 9 340 144,00 |
| Depreciation and amortisation | 19 821 392,00 | | - | - | 9 910 696,00 | 9 910 696,00 |
| Interest | 1 591 976,00 | 511 921,14 | 1 407 914,85 | 6 147 935,52 | 795 988,00 | - 5 351 947,52 |
| Contracted services | 34 366 290,00 | 3 596 882,15 | 13 042 888,95 | 23 599 151,68 | 17 183 145,00 | - 6 416 006,68 |
| Transfers and subsidies | | | - | - | - | - |
| Irrecoverable debts written off | | - | 26 642,45 | 26 642,45 | - | - 26 642,45 |
| Operational costs | 34 700 280,00 | 4 416 656,56 | 13 372 972,48 | 22 947 455,36 | 17 350 140,00 | - 5 597 315,36 |
| Losses on Disposal of Assets | | | - | - | - | - |
| Other Losses | | | - | - | - | - |
| **Total Expenditure** | **280 789 355,00** | **24 317 320,56** | **75 679 252,78** | **142 168 759,66** | **140 394 677,50** | **- 1 774 082,16** |

### Reasons for major over-/under-recovery by expenditure type

***BULK ELECTRICITY*** – The invoice for October 2025, amounting to R4.19 million, had been captured at the reporting date as per payment agreement.

***DEBT IMPAIRMENT*** - This item will be recognised at year-end in line with the municipality's accounting policy.

***EMPLOYEE RELATED COSTS*** – A positive variance amount of R1,3 million is due to the employee savings emanating from vacant posts. However, staff cost had been above the norm during the month of November and December. A variance is due to the 13th cheque; overtime costs must be monitored. is due to the 13th cheque; overtime costs must be monitored.

***DEPRECIATION*** – Depreciation costs have not been recorded yet due to the asset module not being operational. These costs will be processed at year-end.

***CONTRACTED SERVICES*** – Major contributors to this expenditure line item include:

*Legal costs-R2,8million; Security-R1,1million; Labour costs-R1,7 million; Maintenance- sanitation-R1,1million; Valuers & assessors-R774 thousand; Fin system-R683 thousand; Grap complilation-R554 thousand; Prott App R998 thousand*

**REMEDIAL ACTION**

- The Director: Community Services is to explore cost-effective alternatives to current outsourced security services, such as potential insourcing once the contract concluded.
- All end-user departments must ensure the timely submission of invoices to facilitate accurate monthly reporting.
- The Chief Financial Officer (CFO) is to enforce full compliance with MSCoA requirements, particularly addressing the current use of Excel for asset management instead of the approved ERP system.
- Any accounting corrections flagged during reporting will be processed and resolved in the subsequent month.

# Table C1: Quarter 2 - Budget Summary

**EC106 Sundays River Valley - Table C1 Monthly Budget Statement Summary - M06 December**

| Description | 2024/25 | Budget Year 2025/26 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| R thousands | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| **Financial Performance** | | | | | | | | | |
| Property rates | 57 370 | 54 224 | – | 3 852 | 32 534 | 27 112 | 5 422 | 20% | 54 224 |
| Service charges | 67 209 | 67 864 | – | 40 687 | 76 397 | 33 932 | 42 465 | 125% | 67 864 |
| Investment revenue | 1 853 | 1 933 | – | 110 | 983 | 967 | 16 | 2% | 1 933 |
| Transfers and subsidies - Operational | 127 144 | 131 586 | – | 40 988 | 95 571 | 65 793 | 29 779 | 0 | 131 586 |
| Other own revenue | 29 366 | 28 601 | – | 2 499 | 15 675 | 14 301 | 1 374 | 10% | 28 601 |
| **Total Revenue (excluding capital transfers and contributions)** | **282 942** | **284 208** | **–** | **88 136** | **221 160** | **142 104** | **79 056** | **56%** | **284 208** |
| Employee costs | 119 384 | 120 371 | – | 10 696 | 58 866 | 60 185 | (1 320) | -2% | 120 371 |
| Remuneration of Councillors | 8 035 | 8 377 | – | 650 | 3 909 | 4 188 | (279) | -7% | 8 377 |
| Depreciation and amortisation | 40 048 | 19 821 | – | – | 1 | 9 911 | (9 910) | -100% | 19 821 |
| Interest | 10 174 | 1 592 | – | 512 | 6 148 | 796 | 5 352 | 672% | 1 592 |
| Inventory consumed and bulk purchases | 49 968 | 42 881 | – | 4 446 | 26 673 | 21 441 | 5 232 | 24% | 42 881 |
| Transfers and subsidies | – | – | – | – | – | – | – | | – |
| Other expenditure | 30 674 | 87 747 | – | 8 014 | 46 573 | 43 873 | 2 700 | 6% | 87 747 |
| **Total Expenditure** | **258 283** | **280 789** | **–** | **24 317** | **142 169** | **140 395** | **1 775** | **1%** | **280 789** |
| **Surplus/(Deficit)** | **24 659** | **3 419** | **–** | **63 819** | **78 991** | **1 709** | **77 281** | **4521%** | **3 419** |
| Transfers and subsidies - capital (monetary | 66 264 | 51 211 | – | 1 804 | 22 836 | 25 606 | (2 770) | -11% | 51 211 |
| Transfers and subsidies - capital (in-kind) | – | – | – | – | – | – | – | | – |
| **Surplus/(Deficit) after capital transfers & contributions** | **90 923** | **54 630** | **–** | **65 622** | **101 826** | **27 315** | **74 511** | **273%** | **54 630** |
| Share of surplus/ (deficit) of associate | – | – | – | – | – | – | – | | – |
| **Surplus/ (Deficit) for the year** | **90 923** | **54 630** | **–** | **65 622** | **101 826** | **27 315** | **74 511** | **273%** | **54 630** |
| **Capital expenditure & funds sources** | | | | | | | | | |
| **Capital expenditure** | – | – | – | – | – | – | – | | – |
| Capital transfers recognised | – | – | – | – | – | – | – | | – |
| Borrowing | – | – | – | – | – | – | – | | – |
| Internally generated funds | – | – | – | – | – | – | – | | – |
| **Total sources of capital funds** | – | – | – | – | – | – | – | | – |
| **Financial position** | | | | | | | | | |
| Total current assets | 108 311 | 77 515 | – | | 210 698 | | | | 77 515 |
| Total non current assets | 988 968 | 986 166 | – | | 968 802 | | | | 986 166 |
| Total current liabilities | 202 256 | 162 068 | – | | 231 240 | | | | 162 068 |
| Total non current liabilities | 30 925 | 54 309 | – | | 21 855 | | | | 54 309 |
| Community wealth/Equity | **794 315** | **847 304** | **–** | | **824 578** | | | | **847 304** |
| **Cash flows** | | | | | | | | | |
| Net cash from (used) operating | (112 176) | 57 150 | – | 7 026 | 72 706 | 28 575 | (44 131) | -154% | 57 150 |
| Net cash from (used) investing | (13 749) | (55 307) | – | (10 565) | (37 957) | (27 654) | 10 303 | -37% | (55 307) |
| Net cash from (used) financing | – | – | – | – | (226) | – | 226 | #DIV/0! | – |
| **Cash/cash equivalents at the month/year end** | **(118 824)** | **8 944** | **–** | **(3 541)** | **43 765** | **4 472** | **(39 233)** | **-877%** | **8 944** |
| **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 | 83 880 | 8 933 | 6 601 | 14 926 | 6 901 | 6 654 | 315 113 | 4 294 | 447 301 |
| **Creditors Age Analysis** | | | | | | | | | |
| Total Creditors | (2 717) | 8 656 | 8 283 | 3 004 | 6 856 | 659 | 11 162 | 77 977 | 113 880 |

Table C2: Quarter 2 Budget Statement – Financial Performance (standard classification)

**EC106 Sundays River Valley - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M06 December**

| Description | Ref | 2024/25 | Budget Year 2025/26 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| R thousands | 1 | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| **Revenue - Functional** | | | | | | | | | | |
| ***Governance and administration*** | | **116 545** | **110 399** | **–** | **18 659** | **69 819** | **55 200** | **14 620** | **26%** | **110 399** |
| Executive and council | | 13 436 | 13 219 | – | 4 406 | 9 914 | 6 609 | 3 304 | 50% | 13 219 |
| Finance and administration | | 103 109 | 97 181 | – | 14 253 | 59 906 | 48 590 | 11 315 | 23% | 97 181 |
| Internal audit | | – | – | – | – | – | – | – | | – |
| ***Community and public safety*** | | **7 272** | **13 926** | **–** | **210** | **3 882** | **6 963** | **(3 081)** | **-44%** | **13 926** |
| Community and social services | | 1 962 | 2 152 | – | 14 | 1 890 | 1 076 | 814 | 76% | 2 152 |
| Sport and recreation | | – | – | – | – | – | – | – | | – |
| Public safety | | 5 310 | 11 774 | – | 196 | 1 992 | 5 887 | (3 895) | -66% | 11 774 |
| Housing | | – | – | – | – | – | – | – | | – |
| Health | | – | – | – | – | – | – | – | | – |
| ***Economic and environmental services*** | | **39 077** | **16 789** | **–** | **1 176** | **12 622** | **8 394** | **4 228** | **50%** | **16 789** |
| Planning and development | | 39 077 | 6 060 | – | 1 176 | 12 622 | 3 030 | 9 592 | 317% | 6 060 |
| Road transport | | – | 10 729 | – | – | – | 5 364 | (5 364) | -100% | 10 729 |
| Environmental protection | | – | – | – | – | – | – | – | | – |
| ***Trading services*** | | **185 358** | **194 305** | **–** | **69 894** | **157 672** | **97 153** | **60 519** | **62%** | **194 305** |
| Energy sources | | 65 331 | 78 758 | – | 49 230 | 87 175 | 39 379 | 47 796 | 121% | 78 758 |
| Water management | | 76 863 | 63 636 | – | 8 477 | 33 807 | 31 818 | 1 989 | 6% | 63 636 |
| Waste water management | | 15 297 | 22 028 | – | 4 428 | 14 761 | 11 014 | 3 747 | 34% | 22 028 |
| Waste management | | 27 867 | 29 883 | – | 7 760 | 21 929 | 14 942 | 6 988 | 47% | 29 883 |
| ***Other*** | 4 | **954** | – | – | – | – | – | – | | – |
| **Total Revenue - Functional** | 2 | **349 208** | **335 420** | **–** | **89 940** | **243 996** | **167 710** | **76 288** | **45%** | **335 420** |
| **Expenditure - Functional** | | | | | | | | | | |
| ***Governance and administration*** | | **72 902** | **87 028** | **–** | **10 100** | **58 291** | **43 514** | **14 777** | **34%** | **87 028** |
| Executive and council | | 31 054 | 24 965 | – | 1 765 | 14 270 | 12 483 | 1 787 | 14% | 24 965 |
| Finance and administration | | 41 847 | 62 063 | – | 8 335 | 44 012 | 31 032 | 12 981 | 42% | 62 063 |
| Internal audit | | – | – | – | – | 9 | – | 9 | #DIV/0! | – |
| ***Community and public safety*** | | **47 407** | **45 029** | **–** | **4 695** | **25 167** | **22 514** | **2 653** | **12%** | **45 029** |
| Community and social services | | 30 186 | 25 430 | – | 3 011 | 16 273 | 12 715 | 3 559 | 28% | 25 430 |
| Sport and recreation | | – | – | – | – | – | – | – | | – |
| Public safety | | 15 286 | 17 449 | – | 1 465 | 7 801 | 8 724 | (923) | -11% | 17 449 |
| Housing | | 1 936 | 2 150 | – | 219 | 1 092 | 1 075 | 17 | 2% | 2 150 |
| Health | | – | – | – | – | – | – | – | | – |
| ***Economic and environmental services*** | | **23 979** | **14 890** | **–** | **832** | **4 210** | **7 445** | **(3 235)** | **-43%** | **14 890** |
| Planning and development | | 6 049 | 6 244 | – | 486 | 2 882 | 3 122 | (240) | -8% | 6 244 |
| Road transport | | 17 930 | 8 646 | – | 346 | 1 328 | 4 323 | (2 995) | -69% | 8 646 |
| Environmental protection | | – | – | – | – | – | – | – | | – |
| ***Trading services*** | | **112 198** | **133 653** | **–** | **8 671** | **54 371** | **66 827** | **(12 456)** | **-19%** | **133 653** |
| Energy sources | | 57 483 | 61 827 | – | 4 110 | 29 119 | 30 914 | (1 795) | -6% | 61 827 |
| Water management | | 34 571 | 42 124 | – | 3 203 | 17 272 | 21 062 | (3 790) | -18% | 42 124 |
| Waste water management | | 15 462 | 15 890 | – | 690 | 4 683 | 7 945 | (3 262) | -41% | 15 890 |
| Waste management | | 4 683 | 13 812 | – | 668 | 3 296 | 6 906 | (3 610) | -52% | 13 812 |
| ***Other*** | | **211** | **190** | **–** | **19** | **131** | **95** | **36** | **38%** | **190** |
| **Total Expenditure - Functional** | 3 | **256 697** | **280 789** | **–** | **24 317** | **142 169** | **140 395** | **1 775** | **1%** | **280 789** |
| **Surplus/ (Deficit) for the year** | | **92 510** | **54 630** | **–** | **65 622** | **101 826** | **27 315** | **74 511** | **2,7278385** | **54 630** |

Table C2: Quarter 1 - Budget Statement – Financial Performance reflects total revenue - functional amount of R118,2 million and total expenditure- functional, amount of R66,5 million in the standard classifications which are the government finance statistics and sub-functions.

Table C3: Monthly Budget Statement – Financial Performance (revenue & expenditure by municipal vote)

**December**

| Vote Description | 2024/25 | Budget Year 2025/26 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| R thousands | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| **Revenue by Vote** | | | | | | | | | |
| Vote 1 - Executive AND Council (10: IE) | 13 436 | 13 219 | – | 4 406 | 5 671 | 6 609 | (939) | -14,2% | 13 219 |
| Vote 2 - CORPORATE SERVICES (11: IE | 10 288 | 9 775 | – | 3 194 | 7 189 | 4 887 | 2 301 | 47,1% | 9 775 |
| Vote 3 - FINANCE (12: IE) | 92 820 | 87 406 | – | 11 059 | 56 960 | 43 703 | 13 257 | 30,3% | 87 406 |
| Vote 4 - Community Services (13: IE) | 36 093 | 43 809 | – | 7 970 | 25 812 | 21 905 | 3 907 | 17,8% | 43 809 |
| Vote 5 - Technical Services (14: IE) | 196 568 | 181 211 | – | 63 311 | 148 365 | 90 605 | 57 759 | 63,7% | 181 211 |
| 0 | – | – | – | – | – | – | – | | – |
| 0 | – | – | – | – | – | – | – | | – |
| **Total Revenue by Vote** | **349 206** | **335 420** | **–** | **89 940** | **243 996** | **167 710** | **76 286** | **45,5%** | **335 420** |
| **Expenditure by Vote** | | | | | | | | | |
| Vote 1 - Executive AND Council (10: IE) | 32 306 | 26 295 | – | 1 957 | 15 461 | 13 147 | 2 313 | 17,6% | 26 295 |
| Vote 2 - CORPORATE SERVICES (11: IE | 32 313 | 24 012 | – | 1 648 | 13 301 | 12 006 | 1 295 | 10,8% | 24 012 |
| Vote 3 - FINANCE (12: IE) | 9 534 | 38 051 | – | 6 688 | 30 711 | 19 026 | 11 686 | 61,4% | 38 051 |
| Vote 4 - Community Services (13: IE) | 50 365 | 56 880 | – | 5 163 | 27 501 | 28 440 | (938) | -3,3% | 56 880 |
| Vote 5 - Technical Services (14: IE) | 132 179 | 135 552 | – | 8 861 | 55 195 | 67 776 | (12 581) | -18,6% | 135 552 |
| 0 | – | – | – | – | – | – | – | | – |
| 0 | – | – | – | – | – | – | – | | – |
| **Total Expenditure by Vote** | **256 697** | **280 789** | **–** | **24 317** | **142 169** | **140 395** | **1 775** | **1,3%** | **280 789** |
| **Surplus/ (Deficit) for the year** | **92 510** | **54 630** | **–** | **65 622** | **101 826** | **27 315** | **74 511** | **272,8%** | **54 630** |

# Table C4: Monthly Budget Statement – Financial Performance (revenue & expenditure)

**EC106 Sundays River Valley - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December**

| Description | Ref | 2024/25 | Budget Year 2025/26 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| R thousands | | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| **Revenue** | | | | | | | | | | |
| **Exchange Revenue** | | | | | | | | | | |
| Service charges - Electricity | | 32 197 | 36 271 | – | 38 208 | 59 923 | 18 135 | 41 788 | 230% | 36 271 |
| Service charges - Water | | 21 893 | 21 025 | – | 1 656 | 7 483 | 10 512 | (3 030) | -29% | 21 025 |
| Service charges - Waste Water Management | | 4 148 | 3 380 | – | 290 | 4 781 | 1 690 | 3 091 | 183% | 3 380 |
| Service charges - Waste management | | 8 972 | 7 188 | – | 534 | 4 210 | 3 594 | 616 | 17% | 7 188 |
| Sale of Goods and Rendering of Services | | 281 | 271 | – | 12 | 129 | 135 | (6) | -4% | 271 |
| Agency services | | 1 926 | 2 112 | – | 77 | 791 | 1 056 | (265) | -25% | 2 112 |
| Interest | | | | | | | | – | | |
| Interest earned from Receivables | | 15 326 | 13 828 | – | 1 447 | 8 465 | 6 914 | 1 551 | 22% | 13 828 |
| Interest from Current and Non Current Assets | | 1 853 | 1 933 | – | 110 | 983 | 967 | 16 | 2% | 1 933 |
| Dividends | | | | | | | | – | | |
| Rent on Land | | | | | | | | – | | |
| Rental from Fixed Assets | | 211 | 359 | – | 3 | 33 | 180 | (147) | -82% | 359 |
| Licence and permits | | 1 560 | 1 623 | – | 116 | 1 177 | 812 | 366 | 45% | 1 623 |
| Special rating levies | | | | | | | | – | | |
| Operational Revenue | | 185 | 186 | – | 16 | 126 | 93 | 32 | 35% | 186 |
| **Non-Exchange Revenue** | | | | | | | | – | | |
| Property rates | | 57 370 | 54 224 | – | 3 852 | 32 534 | 27 112 | 5 422 | 20% | 54 224 |
| Surcharges and Taxes | | | | | | | | – | | |
| Fines, penalties and forfeits | | 150 | 1 500 | – | 7 | 10 | 750 | (740) | -99% | 1 500 |
| Licence and permits | | 268 | 328 | – | 3 | 21 | 164 | (143) | -87% | 328 |
| Transfers and subsidies - Operational | | 127 144 | 131 586 | – | 40 988 | 95 571 | 65 793 | 29 779 | 45% | 131 586 |
| Interest | | 9 459 | 8 393 | – | 818 | 4 923 | 4 197 | 726 | 17% | 8 393 |
| Fuel Levy | | | | | | | | – | | |
| Operational Revenue | | | | | | | | – | | |
| Gains on disposal of Assets | | | | | | | | – | | |
| Other Gains | | | | | | | | – | | |
| Discontinued Operations | | | | | | | | – | | |
| **Total Revenue (excluding capital transfers and contributions)** | | **282 942** | **284 208** | **–** | **88 136** | **221 160** | **142 104** | **79 056** | **56%** | **284 208** |
| **Expenditure By Type** | | | | | | | | | | |
| Employee related costs | | 119 384 | 120 371 | – | 10 696 | 58 866 | 60 185 | (1 320) | -2% | 120 371 |
| Remuneration of councillors | | 8 035 | 8 377 | – | 650 | 3 909 | 4 188 | (279) | -7% | 8 377 |
| Bulk purchases - electricity | | 35 412 | 32 514 | – | 2 943 | 20 271 | 16 257 | 4 014 | 25% | 32 514 |
| Inventory consumed | | 14 556 | 10 367 | – | 1 503 | 6 402 | 5 184 | 1 218 | 23% | 10 367 |
| Debt impairment | | (32 720) | 18 680 | – | – | – | 9 340 | (9 340) | -100% | 18 680 |
| Depreciation and amortisation | | 40 048 | 19 821 | – | – | 1 | 9 911 | (9 910) | -100% | 19 821 |
| Interest | | 10 174 | 1 592 | – | 512 | 6 148 | 796 | 5 352 | 672% | 1 592 |
| Contracted services | | 41 915 | 34 366 | – | 3 597 | 23 599 | 17 183 | 6 416 | 37% | 34 366 |
| Transfers and subsidies | | | | | | | | – | | |
| Irrecoverable debts written off | | 1 475 | – | – | – | 27 | – | 27 | #DIV/0! | – |
| Operational costs | | 15 371 | 34 700 | – | 4 417 | 22 947 | 17 350 | 5 597 | 32% | 34 700 |
| Losses on Disposal of Assets | | 5 614 | – | – | – | – | – | – | | – |
| Other Losses | | (982) | – | – | – | – | – | – | | – |
| **Total Expenditure** | | **258 283** | **280 789** | **–** | **24 317** | **142 169** | **140 395** | **1 775** | **1%** | **280 789** |
| **Surplus/(Deficit)** | | **24 659** | **3 419** | **–** | **63 819** | **78 991** | **1 709** | **77 281** | **0** | **3 419** |
| Transfers and subsidies - capital (monetary allocations) | | 66 264 | 51 211 | – | 1 804 | 22 836 | 25 606 | (2 770) | (0) | 51 211 |
| Transfers and subsidies - capital (in-kind) | | | | | | | | – | | |
| **Surplus/(Deficit) after capital transfers & contributions** | | **90 923** | **54 630** | **–** | **65 622** | **101 826** | **27 315** | **74 511** | **0** | **54 630** |
| Income Tax | | | | | | | | – | | |
| **Surplus/(Deficit) after income tax** | | **90 923** | **54 630** | **–** | **65 622** | **101 826** | **27 315** | **74 511** | **0** | **54 630** |
| Share of Surplus/Deficit attributable to Joint Venture | | | | | | | | – | | |
| Share of Surplus/Deficit attributable to Minorities | | | | | | | | – | | |
| **Surplus/(Deficit) attributable to municipality** | | **90 923** | **54 630** | **–** | **65 622** | **101 826** | **27 315** | 74 511 | **0** | **54 630** |
| Share of Surplus/Deficit attributable to Associate | | | | | | | | – | | |
| Intercompany/Parent subsidiary transactions | | | | | | | | – | | |
| **Surplus/ (Deficit) for the year** | | **90 923** | **54 630** | **–** | **65 622** | **101 826** | **27 315** | **74 511** | **0** | **54 630** |

## Capital expenditure

The following table shows the actual capital expenditure per project:

| CAPITAL EXPENDITURE | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Capital Expenditure by Project** | **Funding Source** | **ORGB** | **Monthy acctual-Dec** | **Q2** | **YearTD actual** | **YearTD budget** | **YTD variance** |
| ***Grant Funding - Projects*** | | **Rands** | **Rands** | | **Rands** | **Rands** | **Rands** |
| Sports Facility Nomathamsanqa - Addo | MIG | 3 696 152,00 | | - | 3 552 889,20 | 1 848 076,00 | - 1 704 813,20 |
| Upgrade Enon Bersheba - Roads Stormwater | MIG | 8 908 831,00 | 1 022 760,32 | 1 022 760,32 | 2 472 077,17 | 4 454 415,50 | 1 982 338,33 |
| Construction work-in-progress | MIG | 3 939 130,00 | | - | - | 1 969 565,00 | 1 969 565,00 |
| Upgrade Sewerage network - Paterson | MIG | 4 302 846,00 | | - | - | 2 151 423,00 | 2 151 423,00 |
| Refurbishment of Enon and Bersheba Water Borne Sanitation | MIG | 4 245 683,00 | 3 976 538,32 | 5 238 598,88 | 8 528 853,48 | 2 122 841,50 | - 6 406 011,98 |
| Nomathamsanqa: Completion of Water Backlogs | WSIG | 1 739 130,00 | | - | - | 869 565,00 | 869 565,00 |
| Upgrade CBD sewer, wwt pump - Addo | WSIG | 8 695 652,00 | | 3 842 742,09 | 6 247 280,23 | 4 347 826,00 | - 1 899 454,23 |
| Electrical infrastructure upgrade - kirkwood | INEP | 5 576 522,00 | 545 761,26 | 2 635 263,95 | 3 032 606,15 | 2 788 261,00 | - 244 345,15 |
| Electrical infrastructure upgrade - kirkwood | Energy Efficiency and Demand Side Management Grant | 3 478 261,00 | 1 479 039,88 | 1 479 039,88 | 1 479 039,88 | 1 739 130,50 | 260 090,62 |
| Computer Equipment | Transfers & Subsidies:Monetary Allocations:District Municipalities | 50 000,00 | | - | - | 25 000,00 | 25 000,00 |
| Furniture and Office Equipment | Transfers & Subsidies:Monetary Allocations:District Municipalities | 100 000,00 | | - | - | 50 000,00 | 50 000,00 |
| | | | | | - | - | |
| | | | | | - | - | |
| Total Capex - Funded By Grants | | 44 732 207,00 | 7 024 099,78 | 14 218 405,12 | 25 312 746,11 | 22 366 103,50 | 19 419 460,89 |
| ***Own Funding - Projects*** | | | | - | - | | |
| Furniture and Office Equipment | Transfer from Operational Revenue | 347 826,00 | | - | 19 640,00 | 173 913,00 | 154 273,00 |
| Building, Fencing and Paving | Transfer from Operational Revenue | 400 000,00 | | - | - | 200 000,00 | 200 000,00 |
| Machinery and Equipment | Transfer from Operational Revenue | 130 435,00 | | - | - | 65 217,50 | 65 217,50 |
| Capital Assets- Electricity | Transfer from Operational Revenue | 750 000,00 | | 180 000,00 | 287 580,00 | 375 000,00 | 87 420,00 |
| Transport Assets | Transfer from Operational Revenue | 869 565,00 | | | - | 434 782,50 | 434 782,50 |
| Jetting truck | Transfer from Operational Revenue | - | | | - | - | |
| Furniture and Office Equipment | Transfer from Operational Revenue | 86 957,00 | | | - | 43 478,50 | 43 478,50 |
| Municipal Offices | Transfer from Operational Revenue | 565 217,00 | | | - | 282 608,50 | 282 608,50 |
| Computer Equipment | Transfer from Operational Revenue | 260 870,00 | | 24 224,13 | 50 546,97 | 130 435,00 | 79 888,03 |
| Capital:Infrastructure:Construction of Roads Infrastr KIRK | Transfer from Operational Revenue | - | | - | 228 240,00 | - | - 228 240,00 |
| Fencing | Transfer from Operational Revenue | - | | 169 850,00 | 169 850,00 | - | - 169 850,00 |
| **Total Capex - Funded By Own Resources** | | **3 410 870,00** | - | **374 074,13** | **755 856,97** | **284 239,17** | **2 655 013,03** |
| **Total Capital Expenditure** | | **48 143 077,00** | **7 024 099,78** | **14 592 479,25** | **26 068 603,08** | **22 650 342,67** | **22 074 473,92** |

Capital acquisitions for the 2nd quarter amounts to R14,5 million.

## PART 3 – SUPPORTING DOCUMENTATION

### Commitments against cash and investments

**Cash and Investments**

The cash and cash equivalents amount to R19,8 million as of 30 November 2025. The municipality had a shortfall of R27,9 million for the month ended 31 December 2025.

**Commitments against cash and investments on hand (current and non-current investments)**

The table below shows that the municipality's cash and investments on hand cannot fund current obligations.

| CASH AND CASH EQUIVALENT | | | | |
|---|---|---|---|---|
| **Description** | **Nov-25** | **Dec-25** | **Movement** | |
| | **R** | **R** | **R** | **R** |
| Cash and cash equivalent | 19 892 161,60 | 27 964 531,45 | 8 072 369,85 | 10 693 643,00 |
| **Total cash and cash equivalent** | **19 892 161,60** | **27 964 531,45** | **8 072 369,85** | **10 693 643,00** |
| Unspent grant | 2 751 268,65 | 31 253 228,76 | 2 751 268,65 | |
| SARS | | | - | |
| Payable from exchange | 10 341 084,12 | 14 264 808,15 | 67 463 002,83 | 67 463 002,83 |
| **Total commitments** | 13 092 352,77 | 45 518 036,91 | 70 214 271,48 | 67 463 002,83 |
| **Surplus/Shortfall** | **6 799 808,83** | **-17 553 505,46** | **-62 141 901,63** | **-56 769 359,83** |

Despite the available cash balance, the municipality is currently unable to meet all its financial commitments, with a recognised shortfall of R56,7 million. This ongoing shortfall continues to place significant pressure on the municipality's liquidity position.

Management acknowledges the seriousness of the situation and is under increased pressure to develop and implement strategic financial recovery plans aimed at improving financial sustainability and ensuring the long-term viability of the municipality.

**Draft Revenue Enhancement Strategy has been attached as annexure A.**

**Short term meter installation plan has been attached as annexure B – currently implemented while Revenue Enhancement Strategy has not been finalised.**

The municipality holds no investment portfolio.

The municipality holds no borrowing portfolio.

## Grant Utilisation

| Grant | Nature | Type: Conditional / Unconditional | Opening Balance | Current year receipts | Actual receipts | Conditions met - transferred to Revenue | Unspent as @ June 2026 |
|---|---|---|---|---|---|---|---|
| **CAPITAL TRANSFERS** | | | | | | | |
| Municipal Infrastructure Grant | Capital | Conditional | - | 30 313 999,00 | - 19 400 000,00 | 11 429 526,36 | 18 884 472,64 |
| INEP | Capital | Conditional | - | 6 413 000,00 | - 3 527 000,00 | 2 859 871,62 | 3 553 128,38 |
| Energy Efficiency Demand Grant | Capital | Conditional | | 4 000 000,00 | - 1 800 000,00 | - | 4 000 000,00 |
| Water Services Infrastructure Grant | Capital | Conditional | - 8 363 000,00 | 12 000 000,00 | - 10 500 000,00 | 7 184 372,26 | 4 815 627,74 |
| Small Town Revitalisation | Capital | Conditional | - | - | - | | - |
| Demand | | | | | | | |
| **TOTAL** | | | - | **52 726 999,00** | **-35 227 000,00** | **21 473 770,24** | **31 253 228,76** |
| | | | | | | | |
| Financial Management Grant | Operating | Unconditional | - | - 3 800 000,00 | - 3 800 000,00 | - | - 3 800 000,00 |
| EPWP | Operating | Unconditional | - | 1 435 000,00 | - 1 005 000,00 | 1 100 517,84 | 334 482,16 |
| Environmental District Grant | Operating | Unconditional | | - 1 802 000,00 | - 1 802 000,00 | - | - |
| **TOTAL** | | | | **- 4 167 000,00** | **- 6 607 000,00** | **1 100 517,84** | **- 3 465 517,84** |

Detailed information on transfers and grants per funding source is reflected in table above.

As of 31 December 2025, unspent conditional grants total R31,2 million, as reflected in the table above.

Grant Allocations Received for December 2025:

- No receipts for this month

Grant Expenditure for December 2025:

- Integrated National Electrification Programme (INEP): R1 479 039,88
- Municipal Infrastructure Grant (MIG): R6 448 615,49
- Water Services Infrastructure Grant (WSIG):R6 448 615,15

## Debtors Age Analysis

Detailed information for debtor types and categories are reflected in table below.

Outstanding debtors amount to R370,5 million at December 2025.

Given the persistent culture of non-payment and historical challenges in debt recovery, the municipality is encouraged to consider writing off irrecoverable debt, particularly where all avenues of collection have been exhausted, and the likelihood of recovery remains low. This process must be undertaken in accordance with the municipality's Debt Write-Off Policy and relevant legislative prescripts.

**Detail Report**

| Region | Department | Current | Interest | 30 Days | 60 Days | 90 Days | 120 Days + | Total |
|---|---|---|---|---|---|---|---|---|
| Sarah Baartman | Education | R 2 645 115,96 | R 0,00 | R 247 465,60 | R 119 426,74 | R 3 412 320,78 | R 240 059,18 | **R 6 664 388,26** |
| | Education (S21) | R 448 733,36 | R 0,00 | R 41 826,49 | R 15 494,26 | R 44 489,43 | R 198 770,61 | **R 749 314,15** |
| | Health | R 399 972,89 | R 0,00 | R 1 942,40 | R 3 307,53 | R 3 245,35 | R 337 791,05 | **R 746 259,22** |
| | Human Settlements | R 6 475,96 | R 0,00 | R 0,00 | R 0,00 | R 0,00 | R 0,00 | **R 6 475,96** |
| | Public Works | R 6 288 094,54 | R 0,00 | R 66 060,69 | R 67 512,83 | R 1 178 399,11 | R 235 385,97 | **R 7 835 453,14** |
| | Roads | R 0,00 | R 0,00 | R 0,00 | R 0,00 | R 0,00 | R 0,00 | **R 0,00** |
| | Residents | R 268 068 011,70 | R 0,00 | R 3 056 360,51 | R 3 286 451,00 | R 5 114 258,30 | R 12 883 928,82 | **R 292 409 010,33** |
| | Councillors | R 483 304,32 | R 0,00 | R 11 997,09 | R 12 393,83 | R 12 406,10 | R 40 241,10 | **R 560 342,44** |
| | Municipal Officials | R 1 785 776,93 | R 0,00 | R 13 364,28 | R 15 514,13 | R 17 849,82 | R 66 270,82 | **R 1 898 775,98** |
| | Industries | R 31 138 091,39 | R 0,00 | R 912 179,96 | R 1 099 127,32 | R 1 868 378,84 | R 4 710 390,50 | **R 39 728 168,01** |
| | National Departments | R 17 776 080,51 | R 0,00 | R 126 094,91 | R 120 793,25 | R 1 107 730,08 | R 549 576,28 | **R 19 680 275,03** |
| | Grand Total | **R 329 039 657,56** | **R 0,00** | **R 4 477 291,93** | **R 4 740 020,89** | **R 12 759 077,81** | **R 19 262 414,33** | **R 370 278 462,52** |

| Region | Debt By Type | Residents | Councillors | Municipal Officials | Industries | Nat Depts | Prov Depts | Total |
|---|---|---|---|---|---|---|---|---|
| Sarah Baartman | Water | R 106 424 127,07 | R 116 038,07 | R 617 047,92 | R 3 835 656,42 | R 101 035,98 | R 1 652 038,81 | **R 112 745 944,27** |
| | Electricity | R 4 991 633,39 | R 941,96 | R 29 076,05 | R 15 140 753,82 | R 293 985,37 | R 7 718 699,54 | **R 28 175 090,13** |
| | Sewerage | R 56 316 070,03 | R 39 947,34 | R 408 212,59 | R 1 719 194,84 | R 27 183,96 | R 601 849,66 | **R 59 112 458,42** |
| | Refuse | R 26 049 129,14 | R 10 858,42 | R 159 499,26 | R 884 841,06 | R 5 786,76 | R 206 571,23 | **R 27 316 685,87** |
| | Rates | R 90 862 689,92 | R 97 491,12 | R 69 023,52 | R 18 104 708,29 | R 19 067 298,77 | R 6 063 125,49 | **R 134 264 337,11** |
| | Other | R 7 765 360,78 | R 295 065,53 | R 615 916,64 | R 43 013,58 | R 184 984,19 | R (240 394,00) | **R 8 663 946,72** |
| | Grand Total | **R 292 409 010,33** | **R 560 342,44** | **R 1 898 775,98** | **R 39 728 168,01** | **R 19 680 275,03** | **R 16 001 890,73** | **R 370 278 462,52** |
| | % on Total Debt | 78,97 | 0,15 | 0,51 | 10,73 | 5,31 | 4,32 | 100,00 |

## Debt Collection and Credit Control Measures

The municipality continues to implement targeted initiatives to improve revenue collection and strengthen credit control. The following activities were undertaken by the Credit Control Section during the reporting period:

1. Indigent Registration

- A ward-based registration schedule has been developed and implemented to streamline the registration process.
- Data collection is actively underway, aimed at increasing the number of qualifying indigent households.
- As a result of these efforts, a total of 592 new indigent applications were approved by Council in September 2025.
- Council has also approved the write-off of indigent-related debt, which will be effected in October 2025, in line with the municipality's indigent policy.
- A notable challenge remains in staff capacity during peak registration periods. The absence of administrative support impacts the timely capturing of applications. Additional administrative assistance is urgently required to improve processing efficiency.

2. Other Revenue Recovery Initiatives

- Reconciliations of government debtors are currently in progress, focusing on departments such as Public Works, Rural Development, and Education, with the aim of ensuring accurate billing reconciliations and facilitating payments.
- The municipality has initiated a review of existing credit agreements, with non-paying customers being actively engaged to honour payment commitments.
- Salary deductions from employees and councillors are being implemented where repayment agreements have been signed and formalised.

These initiatives form part of a broader strategy to enhance credit control, improve cash flow management, and support the financial sustainability of the municipality.

Ongoing monitoring and resourcing of this function will be key to achieving meaningful improvements in the municipality's revenue base.

## Creditors Age Analysis

The municipality is experiencing challenges in meeting the legislative requirements of paying creditors within 30 days as outlined in section 65 of the MFMA.

Total creditors on 31 December 2025 amount to R113,8 million.

**EC106 Sundays River Valley - Supporting Table SC4 Monthly Budget Statement - aged creditors - M06 December**

| Description | NT Code | Budget Year 2025/26 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| R thousands | | 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 | Total |
| Creditors Age Analysis By Customer Type | | | | | | | | | | |
| Bulk Electricity | 0100 | (590) | 4 209 | 3 156 | 3 896 | 5 921 | (590) | 919 | 18 562 | 35 482 |
| Bulk Water | 0200 | - | - | - | - | - | - | - | - | - |
| PAYE deductions | 0300 | - | - | - | - | - | - | - | - | - |
| VAT (output less input) | 0400 | - | - | - | - | - | - | - | - | - |
| Pensions / Retirement deductions | 0500 | - | - | - | - | - | - | - | - | - |
| Loan repayments | 0600 | - | - | - | - | - | - | - | - | - |
| Trade Creditors | 0700 | (2 126) | 923 | 2 158 | (892) | 935 | 1 249 | 10 243 | 59 415 | 71 904 |
| Auditor General | 0800 | - | 3 524 | 2 969 | - | - | - | - | - | 6 494 |
| Other | 0900 | - | - | - | - | - | - | - | - | - |
| Medical Aid deductions | 0950 | - | - | - | - | - | - | - | - | - |
| Total By Customer Type | 1000 | (2 717) | 8 656 | 8 283 | 3 004 | 6 856 | 659 | 11 162 | 77 977 | 113 880 |

### Payment Arrangements with Key Suppliers

The municipality has entered formal payment arrangements with the following service providers to manage outstanding obligations:

- **Eskom – Bulk Electricity Supply**

  A payment arrangement is in place and currently up to date. However, maintaining the monthly current account balance through timely payments

remains a challenge. Despite these challenges, partial payments to the amount of R10,5 million are made during 2nd quarter.

- **Department of Water and Sanitation (DWS) – Bulk Water Supply**
  A participation letter confirming the municipality's inclusion in the DWS debt relief programme was received in July 2025, marking the commencement of the agreement. Total payments for the October to December 2025 invoices is R2,7 million.

- **South African Local Government Association (SALGA)**
  A payment agreement has been entered into for a period of 10 months during the reporting period, with a monthly instalment of R41 thousand. The municipality is currently honouring this arrangement in line with the agreed-upon terms.

### Withdrawals from municipal bank accounts

Table below reflects withdrawals made by the municipality in adherence to section 11(e) of the MFMA. An amount of R2,5 million was paid to the Department of Transport which was received by the municipality on their behalf.

**BANK ACCOUNT WITHDRAWALS NOT IN TERMS OF AN APPROVED BUDGET**

national treasury
Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

**cipal Finance Management Act, section 11(4)**
*ed Quarterly Report for period 01/10/2025 to 31/12/2025*

| | | Amount in R'000 | Description and Purpose (including section reference e.g. sec 11(f)) | Authorised by (name) |
|---|---|---|---|---|
| 31-Oct-25 | Department of Transport | 824 531,50 | sec 11(e) - Transfers made to the Department of Transport and Public Works for motor registration costs which have been collected on behalf of the DoT | O.T Kona |
| 30-Nov-25 | Department of Transport | 719 828,30 | sec 11(e) - Transfers made to the Department of Transport and Public Works for motor registration costs which have been collected on behalf of the DoT | O.T Kona |
| 31-Dec-25 | Department of Transport | 500 591,80 | sec 11(e) - Transfers made to the Department of Transport and Public Works for motor registration costs which have been collected on behalf of the DoT | O.T Kona |
| | | **2 044 951,60** | | |

Part 4 - In Year budget statement tables

**Budget Statement Summary**

The table below provides a high-level summation of the municipality's operating and capital budget, actuals to date, financial position and cash flow

EC106 Sundays River Valley - Table C1 Monthly Budget Statement Summary - M06 December

| Description | 2024/25 | Budget Year 2025/26 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| R thousands | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| **Financial Performance** | | | | | | | | | |
| Property rates | 57 370 | 54 224 | – | 3 852 | 32 534 | 27 112 | 5 422 | 20% | 54 224 |
| Service charges | 67 209 | 67 864 | – | 40 687 | 76 397 | 33 932 | 42 465 | 125% | 67 864 |
| Investment revenue | 1 853 | 1 933 | – | 110 | 983 | 967 | 16 | 2% | 1 933 |
| Transfers and subsidies - Operational | 127 144 | 131 586 | – | 40 988 | 95 571 | 65 793 | 29 779 | 0 | 131 586 |
| Other own revenue | 29 366 | 28 601 | – | 2 499 | 15 675 | 14 301 | 1 374 | 10% | 28 601 |
| **Total Revenue (excluding capital transfers and contributions)** | **282 942** | **284 208** | **–** | **88 136** | **221 160** | **142 104** | **79 056** | **56%** | **284 208** |
| Employee costs | 119 384 | 120 371 | – | 10 696 | 58 866 | 60 185 | (1 320) | -2% | 120 371 |
| Remuneration of Councillors | 8 035 | 8 377 | – | 650 | 3 909 | 4 188 | (279) | -7% | 8 377 |
| Depreciation and amortisation | 40 048 | 19 821 | – | – | 1 | 9 911 | (9 910) | -100% | 19 821 |
| Interest | 10 174 | 1 592 | – | 512 | 6 148 | 796 | 5 352 | 672% | 1 592 |
| Inventory consumed and bulk purchases | 49 968 | 42 881 | – | 4 446 | 26 673 | 21 441 | 5 232 | 24% | 42 881 |
| Transfers and subsidies | – | – | – | – | – | – | – | | – |
| Other expenditure | 30 674 | 87 747 | – | 8 014 | 46 573 | 43 873 | 2 700 | 6% | 87 747 |
| **Total Expenditure** | **258 283** | **280 789** | **–** | **24 317** | **142 169** | **140 395** | **1 775** | **1%** | **280 789** |
| **Surplus/(Deficit)** | **24 659** | **3 419** | **–** | **63 819** | **78 991** | **1 709** | **77 281** | **4521%** | **3 419** |
| Transfers and subsidies - capital (monetary | 66 264 | 51 211 | – | 1 804 | 22 836 | 25 608 | (2 770) | -11% | 51 211 |
| Transfers and subsidies - capital (in-kind) | – | – | – | – | – | – | – | | – |
| **Surplus/(Deficit) after capital transfers & contributions** | **90 923** | **54 630** | **–** | **65 622** | **101 826** | **27 315** | **74 511** | **273%** | **54 630** |
| Share of surplus/ (deficit) of associate | – | – | – | – | – | – | – | | – |
| **Surplus/ (Deficit) for the year** | **90 923** | **54 630** | **–** | **65 622** | **101 826** | **27 315** | **74 511** | **273%** | **54 630** |
| **Capital expenditure & funds sources** | | | | | | | | | |
| **Capital expenditure** | – | – | – | – | – | – | – | | – |
| Capital transfers recognised | – | – | – | – | – | – | – | | – |
| Borrowing | – | – | – | – | – | – | – | | – |
| Internally generated funds | – | – | – | – | – | – | – | | – |
| **Total sources of capital funds** | – | – | – | – | – | – | – | | – |
| **Financial position** | | | | | | | | | |
| Total current assets | 108 311 | 77 515 | – | | 210 698 | | | | 77 515 |
| Total non current assets | 988 988 | 986 166 | – | | 968 802 | | | | 986 166 |
| Total current liabilities | 202 256 | 162 068 | – | | 231 240 | | | | 162 068 |
| Total non current liabilities | 30 925 | 54 309 | – | | 21 855 | | | | 54 309 |
| Community wealth/Equity | **794 315** | **847 304** | **–** | | **824 578** | | | | **847 304** |
| **Cash flows** | | | | | | | | | |
| Net cash from (used) operating | (112 176) | 57 150 | – | 7 026 | 72 706 | 28 575 | (44 131) | -154% | 57 150 |
| Net cash from (used) investing | (13 749) | (55 307) | – | (10 565) | (37 957) | (27 654) | 10 303 | -37% | (55 307) |
| Net cash from (used) financing | – | – | – | – | (226) | – | 226 | #DIV/0! | – |
| **Cash/cash equivalents at the month/year end** | **(118 824)** | **8 944** | **–** | **(3 541)** | **43 705** | **4 472** | **(39 233)** | **-877%** | **8 944** |
| **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 | 83 880 | 8 933 | 6 601 | 14 926 | 6 901 | 6 654 | 315 113 | 4 294 | 447 301 |
| **Creditors Age Analysis** | | | | | | | | | |
| Total Creditors | (2 717) | 8 656 | 8 283 | 3 004 | 6 856 | 659 | 11 162 | 77 977 | 113 880 |

## Financial Performance (standard classification)

The table below is an overview of the budgeted financial performance in relation to revenue and expenditure per standard classification.

EC106 Sundays River Valley - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M06 December

| Description | Ref | 2024/25 | Budget Year 2025/26 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| R thousands | 1 | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| **Revenue - Functional** | | | | | | | | | | |
| ***Governance and administration*** | | **116 545** | **110 399** | – | **18 659** | **69 819** | **55 200** | 14 620 | 26% | **110 399** |
| Executive and council | | 13 436 | 13 219 | – | 4 406 | 9 914 | 6 609 | 3 304 | 50% | 13 219 |
| Finance and administration | | 103 109 | 97 181 | – | 14 253 | 59 906 | 48 590 | 11 315 | 23% | 97 181 |
| Internal audit | | – | – | – | – | – | – | – | | – |
| ***Community and public safety*** | | **7 272** | **13 926** | – | **210** | **3 882** | **6 963** | (3 081) | -44% | **13 926** |
| Community and social services | | 1 962 | 2 152 | – | 14 | 1 890 | 1 076 | 814 | 76% | 2 152 |
| Sport and recreation | | – | – | – | – | – | – | – | | – |
| Public safety | | 5 310 | 11 774 | – | 196 | 1 992 | 5 887 | (3 895) | -66% | 11 774 |
| Housing | | – | – | – | – | – | – | – | | – |
| Health | | – | – | – | – | – | – | – | | – |
| ***Economic and environmental services*** | | **39 077** | **16 789** | – | **1 176** | **12 622** | **8 394** | 4 228 | 50% | **16 789** |
| Planning and development | | 39 077 | 6 060 | – | 1 176 | 12 622 | 3 030 | 9 592 | 317% | 6 060 |
| Road transport | | – | 10 729 | – | – | – | 5 364 | (5 364) | -100% | 10 729 |
| Environmental protection | | – | – | – | – | – | – | – | | – |
| ***Trading services*** | | **185 358** | **194 305** | – | **69 894** | **157 672** | **97 153** | **60 519** | 62% | **194 305** |
| Energy sources | | 65 331 | 78 758 | – | 49 230 | 87 175 | 39 379 | 47 796 | 121% | 78 758 |
| Water management | | 76 863 | 63 636 | – | 8 477 | 33 807 | 31 818 | 1 989 | 6% | 63 636 |
| Waste water management | | 15 297 | 22 028 | – | 4 428 | 14 761 | 11 014 | 3 747 | 34% | 22 028 |
| Waste management | | 27 867 | 29 883 | – | 7 760 | 21 929 | 14 942 | 6 988 | 47% | 29 883 |
| ***Other*** | 4 | **954** | – | – | – | – | – | – | | – |
| **Total Revenue - Functional** | 2 | **349 206** | **335 420** | – | **89 940** | **243 996** | **167 710** | **76 286** | **45%** | **335 420** |
| **Expenditure - Functional** | | | | | | | | | | |
| ***Governance and administration*** | | **72 902** | **87 028** | – | **10 100** | **58 291** | **43 514** | 14 777 | 34% | **87 028** |
| Executive and council | | 31 054 | 24 965 | – | 1 765 | 14 270 | 12 483 | 1 787 | 14% | 24 965 |
| Finance and administration | | 41 847 | 62 063 | – | 8 335 | 44 012 | 31 032 | 12 981 | 42% | 62 063 |
| Internal audit | | – | – | – | – | 9 | – | 9 | #DIV/0! | – |
| ***Community and public safety*** | | **47 407** | **45 029** | – | **4 695** | **25 167** | **22 514** | 2 653 | 12% | **45 029** |
| Community and social services | | 30 186 | 25 430 | – | 3 011 | 16 273 | 12 715 | 3 559 | 28% | 25 430 |
| Sport and recreation | | – | – | – | – | – | – | – | | – |
| Public safety | | 15 286 | 17 449 | – | 1 465 | 7 801 | 8 724 | (923) | -11% | 17 449 |
| Housing | | 1 936 | 2 150 | – | 219 | 1 092 | 1 075 | 17 | 2% | 2 150 |
| Health | | – | – | – | – | – | – | – | | – |
| ***Economic and environmental services*** | | **23 979** | **14 890** | – | **832** | **4 210** | **7 445** | (3 235) | -43% | **14 890** |
| Planning and development | | 6 049 | 6 244 | – | 486 | 2 882 | 3 122 | (240) | -8% | 6 244 |
| Road transport | | 17 930 | 8 646 | – | 346 | 1 328 | 4 323 | (2 995) | -69% | 8 646 |
| Environmental protection | | – | – | – | – | – | – | – | | – |
| ***Trading services*** | | **112 198** | **133 653** | – | **8 671** | **54 371** | **66 827** | (12 456) | -19% | **133 653** |
| Energy sources | | 57 483 | 61 827 | – | 4 110 | 29 119 | 30 914 | (1 795) | -6% | 61 827 |
| Water management | | 34 571 | 42 124 | – | 3 203 | 17 272 | 21 062 | (3 790) | -18% | 42 124 |
| Waste water management | | 15 462 | 15 890 | – | 690 | 4 683 | 7 945 | (3 262) | -41% | 15 890 |
| Waste management | | 4 683 | 13 812 | – | 668 | 3 296 | 6 906 | (3 610) | -52% | 13 812 |
| ***Other*** | | **211** | **190** | – | **19** | **131** | **95** | **36** | **38%** | **190** |
| **Total Expenditure - Functional** | 3 | **256 697** | **280 789** | – | **24 317** | **142 169** | **140 395** | **1 775** | **1%** | **280 789** |
| **Surplus/ (Deficit) for the year** | | **92 510** | **54 630** | – | **65 622** | **101 826** | **27 315** | **74 511** | **2,7278385** | **54 630** |

## Financial Performance (revenue & expenditure by municipal vote)

The table below shows the budgeted financial performance in relation to the revenue and expenditure by vote as well as the operating surplus or deficit.

## Financial Performance (revenue & expenditure)

The table below is a view of the budgeted financial performance in relation to the revenue by source and expenditure by type

**EC106 Sundays River Valley - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December**

| Description | Ref | 2024/25 | Budget Year 2025/26 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| R thousands | | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| **Revenue** | | | | | | | | | | |
| **Exchange Revenue** | | | | | | | | | | |
| Service charges - Electricity | | 32 197 | 36 271 | – | 38 208 | 59 923 | 18 135 | 41 788 | 230% | 36 271 |
| Service charges - Water | | 21 893 | 21 025 | – | 1 656 | 7 483 | 10 512 | (3 030) | -29% | 21 025 |
| Service charges - Waste Water Management | | 4 148 | 3 380 | – | 290 | 4 781 | 1 690 | 3 091 | 183% | 3 380 |
| Service charges - Waste management | | 8 972 | 7 188 | – | 534 | 4 210 | 3 594 | 616 | 17% | 7 188 |
| Sale of Goods and Rendering of Services | | 281 | 271 | – | 12 | 129 | 135 | (6) | -4% | 271 |
| Agency services | | 1 926 | 2 112 | – | 77 | 791 | 1 056 | (265) | -25% | 2 112 |
| Interest | | | | | | | | – | | |
| Interest earned from Receivables | | 15 326 | 13 828 | – | 1 447 | 8 465 | 6 914 | 1 551 | 22% | 13 828 |
| Interest from Current and Non Current Assets | | 1 853 | 1 933 | – | 110 | 983 | 967 | 16 | 2% | 1 933 |
| Dividends | | | | | | | | – | | |
| Rent on Land | | | | | | | | – | | |
| Rental from Fixed Assets | | 211 | 359 | – | 3 | 33 | 180 | (147) | -82% | 359 |
| Licence and permits | | 1 560 | 1 623 | – | 116 | 1 177 | 812 | 366 | 45% | 1 623 |
| Special rating levies | | | | | | | | – | | |
| Operational Revenue | | 185 | 186 | – | 16 | 126 | 93 | 32 | 35% | 186 |
| **Non-Exchange Revenue** | | | | | | | | – | | |
| Property rates | | 57 370 | 54 224 | – | 3 852 | 32 534 | 27 112 | 5 422 | 20% | 54 224 |
| Surcharges and Taxes | | | | | | | | – | | |
| Fines, penalties and forfeits | | 150 | 1 500 | – | 7 | 10 | 750 | (740) | -99% | 1 500 |
| Licence and permits | | 268 | 328 | – | 3 | 21 | 164 | (143) | -87% | 328 |
| Transfers and subsidies - Operational | | 127 144 | 131 586 | – | 40 988 | 95 571 | 65 793 | 29 779 | 45% | 131 586 |
| Interest | | 9 459 | 8 393 | – | 818 | 4 923 | 4 197 | 726 | 17% | 8 393 |
| Fuel Levy | | | | | | | | – | | |
| Operational Revenue | | | | | | | | – | | |
| Gains on disposal of Assets | | | | | | | | – | | |
| Other Gains | | | | | | | | – | | |
| Discontinued Operations | | | | | | | | – | | |
| **Total Revenue (excluding capital transfers and contributions)** | | **282 942** | **284 208** | **–** | **88 136** | **221 160** | **142 104** | **79 056** | **56%** | **284 208** |
| **Expenditure By Type** | | | | | | | | | | |
| Employee related costs | | 119 384 | 120 371 | – | 10 696 | 58 866 | 60 185 | (1 320) | -2% | 120 371 |
| Remuneration of councillors | | 8 035 | 8 377 | – | 650 | 3 909 | 4 188 | (279) | -7% | 8 377 |
| Bulk purchases - electricity | | 35 412 | 32 514 | – | 2 943 | 20 271 | 16 257 | 4 014 | 25% | 32 514 |
| Inventory consumed | | 14 556 | 10 367 | – | 1 503 | 6 402 | 5 184 | 1 218 | 23% | 10 367 |
| Debt impairment | | (32 720) | 18 680 | – | – | – | 9 340 | (9 340) | -100% | 18 680 |
| Depreciation and amortisation | | 40 048 | 19 821 | – | – | 1 | 9 911 | (9 910) | -100% | 19 821 |
| Interest | | 10 174 | 1 592 | – | 512 | 6 148 | 796 | 5 352 | 672% | 1 592 |
| Contracted services | | 41 915 | 34 366 | – | 3 597 | 23 599 | 17 183 | 6 416 | 37% | 34 366 |
| Transfers and subsidies | | | | | | | | – | | |
| Irrecoverable debts written off | | 1 475 | – | – | – | 27 | – | 27 | #DIV/0! | – |
| Operational costs | | 15 371 | 34 700 | – | 4 417 | 22 947 | 17 350 | 5 597 | 32% | 34 700 |
| Losses on Disposal of Assets | | 5 614 | – | – | – | – | – | – | | – |
| Other Losses | | (982) | – | – | – | – | – | – | | – |
| **Total Expenditure** | | **258 283** | **280 789** | **–** | **24 317** | **142 169** | **140 395** | **1 775** | **1%** | **280 789** |
| **Surplus/(Deficit)** | | **24 659** | **3 419** | **–** | **63 819** | **78 991** | **1 709** | **77 281** | **0** | **3 419** |
| Transfers and subsidies - capital (monetary allocations) | | 66 264 | 51 211 | – | 1 804 | 22 836 | 25 606 | (2 770) | (0) | 51 211 |
| Transfers and subsidies - capital (in-kind) | | | | | | | | – | | |
| **Surplus/(Deficit) after capital transfers & contributions** | | **90 923** | **54 630** | **–** | **65 622** | **101 826** | **27 315** | **74 511** | **0** | **54 630** |
| Income Tax | | | | | | | | – | | |
| **Surplus/(Deficit) after income tax** | | **90 923** | **54 630** | **–** | **65 622** | **101 826** | **27 315** | **74 511** | **0** | **54 630** |
| Share of Surplus/Deficit attributable to Joint Venture | | | | | | | | – | | |
| Share of Surplus/Deficit attributable to Minorities | | | | | | | | – | | |
| **Surplus/(Deficit) attributable to municipality** | | **90 923** | **54 630** | **–** | **65 622** | **101 826** | **27 315** | 74 511 | 0 | **54 630** |
| Share of Surplus/Deficit attributable to Associate | | | | | | | | – | | |
| Intercompany/Parent subsidiary transactions | | | | | | | | – | | |
| **Surplus/ (Deficit) for the year** | | **90 923** | **54 630** | **–** | **65 622** | **101 826** | **27 315** | **74 511** | **0** | **54 630** |

**Capital Expenditure**

The table below reflects the municipality's capital programme in relation to Capital expenditure by municipal vote; capital expenditure by standard classification and funding source required to fund the capital budget.

December

| Vote Description | 2024/25 | Budget Year 2025/26 | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| R thousands | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance % | Full Year Forecast |
| **Multi-Year expenditure appropriation** | | | | | | | | | |
| Vote 6 - Technical Services (14: CAPEX) | – | – | – | – | – | – | – | | – |
| Vote 7 - Executive AND Council (30: CAPEX) | – | – | – | – | – | – | – | | – |
| Vote 8 - Community Services (36: CAPEX) | – | – | – | – | – | – | – | | – |
| Vote 9 - Technical Services (38: CAPEX) | – | – | – | – | – | – | – | | – |
| Vote 10 - Finance (39: CAPEX) | – | – | – | – | – | – | – | | – |
| Vote 11 - Corporate Services (40: CAPEX) | – | – | – | – | – | – | – | | – |
| | – | – | – | – | – | – | – | | – |
| | – | – | – | – | – | – | – | | – |
| **Total Capital Multi-year expenditure** | – | – | – | – | – | – | – | | – |
| **Single Year expenditure appropriation** | | | | | | | | | |
| Vote 6 - Technical Services (14: CAPEX) | – | – | – | – | – | – | – | | – |
| Vote 7 - Executive AND Council (30: CAPEX) | 81 | 348 | – | – | 103 | 174 | (71) | -41% | 348 |
| Vote 8 - Community Services (36: CAPEX) | 16 250 | 4 246 | – | – | 3 723 | 2 123 | 1 600 | 75% | 4 246 |
| Vote 9 - Technical Services (38: CAPEX) | 56 164 | 41 766 | – | 7 024 | 48 360 | 20 883 | 27 477 | 132% | 41 766 |
| Vote 10 - Finance (39: CAPEX) | (2) | 957 | – | – | 9 | 478 | (470) | -98% | 957 |
| Vote 11 - Corporate Services (40: CAPEX) | 271 | 826 | – | – | 322 | 413 | (91) | -22% | 826 |
| | – | – | – | – | – | – | – | | – |
| **Total Capital single-year expenditure** | 72 764 | 48 143 | – | 7 024 | 52 516 | 24 072 | **28 444** | **118%** | 48 143 |
| **Total Capital Expenditure** | **72 764** | **48 143** | – | **7 024** | **52 516** | **24 072** | **28 444** | **118%** | **48 143** |
| **Capital Expenditure - Functional Classification** | | | | | | | | | |
| ***Governance and administration*** | **351** | **2 530** | – | – | **433** | **1 265** | (832) | -66% | **2 530** |
| Executive and council | 81 | 748 | – | – | 103 | 374 | (271) | -73% | 748 |
| Finance and administration | 269 | 1 783 | – | – | 330 | 891 | (561) | -63% | 1 783 |
| Internal audit | | | | | | | – | | |
| ***Community and public safety*** | **16 250** | **3 846** | – | – | **3 723** | **1 923** | 1 800 | 94% | **3 846** |
| Community and social services | 16 250 | 3 696 | – | – | 3 723 | 1 848 | 1 875 | 101% | 3 696 |
| Sport and recreation | | | | | | | – | | |
| Public safety | – | 150 | – | – | – | 75 | (75) | -100% | 150 |
| Housing | | | | | | | – | | |
| Health | | | | | | | – | | |
| ***Economic and environmental services*** | **7 701** | **12 978** | – | **4 999** | **6 677** | **6 489** | 188 | 3% | **12 978** |
| Planning and development | | | | | | | – | | |
| Road transport | 7 701 | 12 978 | – | 4 999 | 6 677 | 6 489 | 188 | 3% | 12 978 |
| Environmental protection | | | | | | | – | | |
| ***Trading services*** | **48 463** | **28 788** | – | **2 025** | **41 683** | **14 394** | 27 289 | 190% | **28 788** |
| Energy sources | 5 794 | 9 805 | – | 2 025 | 4 799 | 4 902 | (103) | -2% | 9 805 |
| Water management | – | 1 739 | – | – | – | 870 | (870) | -100% | 1 739 |
| Waste water management | 42 669 | 17 244 | – | – | 36 884 | 8 622 | 28 262 | 328% | 17 244 |
| Waste management | | | | | | | – | | |
| ***Other*** | | | | | | | – | | |
| **Total Capital Expenditure - Functional Classification** | **72 764** | **48 143** | – | **7 024** | **52 516** | **24 072** | **28 444** | **118%** | **48 143** |
| **Funded by:** | | | | | | | | | |
| National Government | 72 267 | 44 582 | – | 7 024 | 50 002 | 22 291 | 27 711 | 124% | 44 582 |
| Provincial Government | | | | | | | – | | |
| District Municipality allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educ Institutions) | – | 100 | – | – | – | 50 | (50) | -100% | 100 |
| | | | | | | | – | | |
| **Transfers recognised - capital** | **72 267** | **44 682** | – | **7 024** | **50 002** | **22 341** | **27 661** | **124%** | **44 682** |
| **Borrowing** | | | | | | | – | | |
| **Internally generated funds** | 497 | 3 411 | – | – | 2 514 | 1 705 | 808 | 47% | 3 411 |
| **Total Capital Funding** | **72 764** | **48 093** | – | **7 024** | **52 516** | **24 047** | **28 469** | **118%** | **48 093** |

It should be noted that a discrepancy exists in the year-to-date actuals reflected in the capital expenditure table above and the table in Part 2 of the report. The report currently indicates capital acquisitions amounting to R7 million, whereas the accurate year-to-date expenditure is R26 million. This variance is due to the inclusion of prior-year capital acquisitions that were not correctly rolled forward into the current year's opening balance accounts. The necessary adjustments are being reviewed to ensure alignment with actual expenditure and accurate financial reporting.

**Financial Position**

The table below reflects the performance to date in relation to the financial position of the municipality.

**EC106 Sundays River Valley - 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 | | 9 184 | 23 890 | – | 27 965 | 23 890 |
| Trade and other receivables from exchange transactions | | 79 266 | 21 105 | – | 147 961 | 21 105 |
| Receivables from non-exchange transactions | | 43 442 | 7 211 | – | 54 194 | 7 211 |
| Current portion of non-current receivables | | | | | | |
| Inventory | | (56 544) | 309 | – | (56 536) | 309 |
| VAT | | 31 700 | 24 964 | – | 36 077 | 24 964 |
| Other current assets | | 1 263 | 36 | – | 1 037 | 36 |
| **Total current assets** | | **108 311** | **77 515** | **–** | **210 698** | **77 515** |
| **Non current assets** | | | | | | |
| Investments | | | | | | |
| Investment property | | 111 093 | 40 205 | – | 111 093 | 40 205 |
| Property, plant and equipment | | 877 138 | 945 639 | – | 856 952 | 945 639 |
| Biological assets | | | | | | |
| Living and non-living resources | | | | | | |
| Heritage assets | | 322 | 322 | – | 322 | 322 |
| Intangible assets | | 435 | – | – | 435 | – |
| Trade and other receivables from exchange transactions | | | | | | |
| Non-current receivables from non-exchange transactions | | | | | | |
| Other non-current assets | | | | | | |
| **Total non current assets** | | **988 988** | **986 166** | **–** | **968 802** | **986 166** |
| **TOTAL ASSETS** | | **1 097 299** | **1 063 681** | **–** | **1 179 499** | **1 063 681** |
| **LIABILITIES** | | | | | | |
| **Current liabilities** | | | | | | |
| Bank overdraft | | | | | | |
| Financial liabilities | | – | – | – | (226) | – |
| Consumer deposits | | 79 | 84 | – | 79 | 84 |
| Trade and other payables from exchange transactions | | 166 266 | 126 956 | – | 164 965 | 126 956 |
| Trade and other payables from non-exchange transactions | | 205 | 0 | – | 17 308 | 0 |
| Provision | | 3 862 | 10 298 | – | 4 174 | 10 298 |
| VAT | | 30 727 | 24 438 | – | 44 135 | 24 438 |
| Other current liabilities | | 1 117 | 290 | – | 805 | 290 |
| **Total current liabilities** | | **202 256** | **162 068** | **–** | **231 240** | **162 068** |
| **Non current liabilities** | | | | | | |
| Financial liabilities | | | | | | |
| Provision | | 18 875 | 47 598 | – | 9 805 | 47 598 |
| Long term portion of trade payables | | | | | | |
| Other non-current liabilities | | 12 050 | 6 711 | – | 12 050 | 6 711 |
| **Total non current liabilities** | | **30 925** | **54 309** | **–** | **21 855** | **54 309** |
| **TOTAL LIABILITIES** | | **233 180** | **216 377** | **–** | **253 095** | **216 377** |
| **NET ASSETS** | 2 | **864 119** | **847 304** | **–** | **926 404** | **847 304** |
| **COMMUNITY WEALTH/EQUITY** | | | | | | |
| Accumulated surplus/(deficit) | | 782 265 | 847 304 | – | 824 578 | 847 304 |
| Reserves and funds | | | | | | |
| Other | | 12 050 | – | – | – | – |
| **TOTAL COMMUNITY WEALTH/EQUITY** | 2 | **794 315** | **847 304** | **–** | **824 578** | **847 304** |

## Staff Benefits

In compliance with Section 66 of the Municipal Finance Management Act (MFMA), which requires that the Accounting Officer reports to Council on all expenditure incurred on staff salaries, wages, allowances, and benefits:

The municipality's employee-related costs for the month of September 2025 amounted to R8.9 million. The year-to-date (YTD) actual expenditure totals R26.7 million, compared to the YTD budget of R30 million, resulting in a favourable variance of R3.3 million.

**EMPLOYEE RELATED COST**

| STAFF BENEFITTS | | | | | |
|---|---|---|---|---|---|
| **Description** | **Budget 2025/26** | **Monthly actual - Dec** | **YearTD actual** | **YearTD budget** | **YTD variance** |
| **R thousands** | | | | | |
| **Other Municipal Saff** | | | | | |
| Basic Salaries and Wages | 71 207 916,00 | 5 648 703,82 | 33 804 351,54 | 35 603 958,00 | 1 799 606,46 |
| Pension fund and UIF Contributions | 12 979 647,00 | 1 039 945,95 | 5 612 142,85 | 6 489 823,50 | 877 680,65 |
| Medical Aid Contributions | 5 563 917,00 | 423 928,20 | 3 151 524,39 | 2 781 958,50 | - 369 565,89 |
| Overtime | 3 454 332,00 | 343 486,00 | 2 320 813,79 | 1 727 166,00 | - 593 647,79 |
| Annual Bonus | 8 343 884,00 | 1 882 702,78 | 5 236 223,39 | 4 171 942,00 | - 1 064 281,39 |
| Motor Vehicle Allowance | 7 925 922,00 | 553 758,19 | 3 380 474,80 | 3 962 961,00 | 582 486,20 |
| Cellphone Allowance | 1 131 333,00 | 78 972,69 | 481 656,19 | 565 666,50 | 84 010,31 |
| Housing Allowance | 678 453,00 | 46 295,06 | 282 831,81 | 339 226,50 | 56 394,69 |
| Other Benefits and Allowances | 2 360 618,00 | 142 388,31 | 1 238 850,88 | 1 180 309,00 | - 58 541,88 |
| Long Service Awards | - | 77 709,31 | 77 709,31 | - | - 77 709,31 |
| Leave Gratuity | 474 458,00 | - | 188 754,43 | 237 229,00 | 48 474,57 |
| Acting and post related allowance | - | 40 677,23 | 153 601,18 | - | - 153 601,18 |
| **Sub-total Other Municipal Staff** | **114 120 480,00** | **10 278 567,54** | **55 928 934,56** | **57 060 240,00** | **1 131 305,44** |
| **Senior Managers of the Municipality** | | | | | |
| Basic Salaries and Wages | 5 108 261,00 | 335 574,99 | 2 023 075,02 | 2 554 130,50 | 531 055,48 |
| Pension fund and UIF Contributions | 10 945,00 | 708,48 | 4 782,24 | 5 472,50 | 690,26 |
| Motor Vehicle Allowance | 764 230,00 | 49 330,91 | 355 985,46 | 382 115,00 | 26 129,54 |
| Cellphone Allowance | 123 600,00 | 6 000,00 | 19 901,59 | 61 800,00 | 41 898,41 |
| Housing Allowance | 197 760,00 | 10 000,00 | 84 000,00 | 98 880,00 | 14 880,00 |
| Other Benefits and Allowances | 735,00 | 50,20 | 327 149,95 | 367,50 | - 326 782,45 |
| Scarcity | 44 810,00 | 15 411,25 | 95 614,35 | 22 405,00 | - 73 209,35 |
| **Sub-total Senior Managers** | **6 250 341,00** | **417 075,83** | **2 910 508,61** | **3 125 170,50** | **214 661,89** |
| **Total Employee Cost** | **120 370 821,00** | **10 695 643,37** | **58 839 443,17** | **60 185 410,50** | **1 345 967,33** |

**Remuneration of Councillors**

| Description | Budget 2025/26 | Dec | Q2 | YearTD actual | YearTD budget | YTD variance |
|---|---|---|---|---|---|---|
| R thousands | R | | | R | R | R |
| Basic Salary | 6 987 032,00 | 539 424,41 | 1 618 273,23 | 3 236 546,46 | 2 911 263,33 | - 325 283,13 |
| Cellphone Allowance | 709 190,00 | 55 000,00 | 159 690,65 | 340 400,00 | 295 495,83 | - 44 904,17 |
| Housing Allowance | 309 000,00 | 25 000,00 | 75 000,00 | 150 000,00 | 128 750,00 | - 21 250,00 |
| Office Bearer Allowance | 62 689,00 | 5 072,00 | 15 216,00 | 30 432,00 | 26 120,42 | - 4 311,58 |
| Out of pocket expenses | - | 277,12 | 831,36 | 1 662,72 | - | - 1 662,72 |
| Travelling allowance | 309 000,00 | 25 000,00 | 75 000,00 | 150 000,00 | 128 750,00 | - 21 250,00 |
| | | | - | - | | |
| | **8 376 911,00** | **649 773,53** | **1 944 011,24** | **3 909 041,18** | **3 490 379,58** | **- 418 661,60** |

The remuneration of councillors for the month of December 2025 amounted to R649 thousand. The year-to-date (YTD) actual expenditure stands at R3,9 million,

compared to the YTD budget of R3,4 million, resulting in a positive variance of R418 thousand.

This variance is attributed to timing differences in the upper limits determination but will be monitored to ensure alignment.

PART 5 -SUPPLY CHAIN MANAGEMENT

**PURPOSE OF THIS REPORT**

The purpose of this report is to inform the Council on the implementation of the Supply Chain Management Policy of the municipality for the above outlined period.

**BACKGROUND**

In terms of the Supply Chain Management Policy, the Council must maintain oversight over the implementation of the policy to ensure that the accounting officer implements all supply chain activities in accordance therewith.

**LEGISLATIVE FRAMEWORK**

Section 6(3) MFMA Supply Chain Regulations.

**SUPPLY CHAIN MANAGEMENT UNIT**

Staff Complement

- SCM Accountant
- 2 x Acquisition Clerks
- Demand Clerk
- Contracts Clerk

**CHALLENGES WITHIN SCM**

There is a critical need for an SCM Officer with extensive experience in the tender and bid evaluation processes. Numerous errors have been observed at the Bid Evaluation Committee (BEC) level, largely due to the absence of a skilled and experienced individual within that stage of the process.

Another challenge faced by the SCM unit is the virtual sittings of the Bid Adjudication Committee (BAC). This arrangement makes it difficult for members to identify and rectify errors originating at the BEC level, as they rely solely on the BEC report without the opportunity to physically verify the information presented.

Additionally, the late submission of project specifications results in rushed SCM processes, often leading to bids being advertised for shorter periods than prescribed by regulations. Delays in convening bid committee meetings further worsen the problem, sometimes forcing SCM to bypass the "intention to appoint" stage and proceed directly to appointment, an action that could expose the institution to disputes or legal challenges.

Lack of internal legal expertise to assist in drafting of contracts forces SCM to perform legal drafting roles outside their expertise, affecting efficiency and diverting them from

core supply chain responsibilities.This can create loopholes that suppliers can exploit, resulting in poor service delivery or disputes over interpretation.

BID COMMITTEES

Bid Committees are still formulated in accordance with the standard for infrastructure procurement delivery (SIPDM) and are operating efficiently. The municipal bid committees comprise the following:

- Bid Specification Committee
- Bid Evaluation Committee
- Bid Adjudication Committee

The committees are entrusted with the responsibility to ensure that the municipal procurement system is done in accordance with the s217 of the South African Constitution and s112 of the MFMA.

DEMAND MANAGEMENT

The system of demand management allows for the proper analysis of needs, procurement planning, establishment of a credible suppliers database, and drafting of unbiased specifications.

Supplier Database

The municipality complies with the requirements of CSD as stipulated in the MFMA circular number 81. Suppliers which are utilised are being verified their registration with CSD. The municipal database is also updated on adhoc bases.

Procurement Plans

The objective of the procurement plan is to assist with the planning for the procurement of goods, services or infrastructure projects in a proactive manner and to move away from merely reacting to purchasing requests. MFMA Circular 62 requires municipalities to develop a procurement plan for all procurement needs in excess

R200, 000. The Procurement plan for the financial year 2025/2026 was approved by the Accounting Officer.

SRVM is still having a challenged following the approved procurement plan,user departments procure items and services that are not part of the procurement plan.

CONTRACTS MANAGEMENT

Contract Management is the function within Supply Chain Management Unit that deals with all the administrative tasks pertaining to the management of the contracts procured through Supply Chain Management processes.

Contracts Register

All approved contracts awarded through SCM processes are registered in the Contract Management Register to monitor expenditure and contract ends dates in order to commence with procurement strategy on time.

Section 116(2) of Local Government: Municipal Finance Management Act(No.56 of 2003) provides as follows:

The accounting officer of a municipality must-

*(a) take all reasonable steps to ensure that a contract or agreement procured through the supply chain management policy of the municipality is properly enforced;*

*(b) monitor on a monthly basis the performance of the contractor under the contract or agreement;*

*(c) establish capacity in the administration of the municipality-*

(i) to assist the accounting officer in out the duties set out in (a) and (b); and

(ii) to oversee the day-to-day management of the contract or agreement; and

(d) regularly report to the council of the municipality, as may be appropriate, on the management of the contract or agreement and the performance of the contractor.

The user departments are responsible for managing contracts in their respective departments in terms of the specifications and conditions contained in the approved

**contracts,and on a monthly basis report to SCM on the performance of their service providers.**
**The table below provides a summary of the suppliers' performance assessment:**

**All suppliers performed according to their contract.**

## ACQUISITION MANAGEMENT

**The system of acquisition must allow for compliance with all the ranges of procurement as legislated.**

## Pending Bids

| DESCRIPTION | ADVERTISED DATE | CLOSING DATE | STATUS |
|---|---|---|---|
| ACCOMMODATION OF 4 BASIC TRAFFIC COURSE LEARNERS FOR A PERIOD OF 207 DAYS | 20-Aug-25 | 9-Sep-25 | RE-ADVERTISEMENT |
| SUPPLY AND DELIVERY OF NETWORK CABLE INSTALLATION FOR TRAFFIC STATION | 19-Sep-25 | 10-Oct-25 | RE-ADVERTISEMENT |
| SUPPLY AND ROOF REPLACEMENT – METAL SHEETING AND TRUSSES BERSIG SPORT CHANGE ROOMS | 24-Oct-25 | 13-Oct-25 | EVALUATION STAGE |
| SUPPLY AND ERECTION OF WELDED WIRE MESH FENCING AT THE BERGSIG COMMUNITY HALL | 24-Oct-25 | 13-Oct-25 | EVALUATION STAGE |
| SUPPLY AND DELIVERY OF COMPUTER LAPTOPS | 24-Oct-25 | 13-Oct-25 | EVALUATION STAGE |
| SUPPLY AND DELIVERY OF PERSONAL PROTECTIVE EQUIPMENT FOR FIRE FIGHTERS | 27-Oct-25 | 14-Oct-25 | ADJUDICATION STAGE |
| SUPPLY, DELIVERY AND INSTALLATION OF NEW CABLES FOR ISABEL, MCDONALDS AND JOHN STREET | | | SPECIFICATION STAGE |
| LAND AUDIT FOR SRVM | | | SPECIFICATION STAGE |
| SUPPLY AND DELIVERY OF PPE FOR ALL A SRVM STAFF | | | SPECIFICATION STAGE |
| PANEL OF LAWYERS | | | SPECIFICATION STAGE |
| SUPPLY AND INSTALLATION OF 11 KV COMBINED CT-PT UNITS POLE TRANSFORMER AT SRCC | 8-Aug-25 | 18-Aug-25 | CANCELLED |
| SUPPLY AND DELIVERY FOR SPEED HUMP MATERIAL FOR THE UPPER AND LOWER VALLEY | 14-Nov-25 | 24-Nov-25 | AWARD STAGE |
| HIRING OF TIPPER TRUCK, ROLLER AND WATER TRUCK FOR MAINTENANCE OF GRAVEL ROADS IN UPPER VALLE | 14-Nov-25 | 24-Nov-25 | AWARD STAGE |
| SUPPLY AND DELIVERY OF OFFICE CHAIRS | 18-Nov-25 | 27-Nov-25 | AWAITING EVALUATION |
| SUPPLY AND DELIVERY OF MATERIALS FOR WATER AND SANITATION | 19-Nov-25 | 27-Nov-25 | AWAITING EVALUATION |
| SUPPLY AND DELIVERY OF 70MM x 4 CORE x 50M COPPER ARMOURED CABLE FOR BERSHEBA WATER TREATMENT WORKS TRANSFORMER UPGRADE | 5-Dec-25 | 15-Dec-25 | OUT ON ADVERT |

## BID AWARDS FOR DECEMBER

**None**

## Publication of Tender Results

**Section 75(1) (g) of the Municipal Finance Management Act states that "The Accounting Officer of a municipality must place on the website all supply chain**

management contracts above a prescribed value". All awards are published on the municipal website.

DONATIONS

None

Deviations

All procurement processes are currently met for the thresholds and deviations are approved where necessary in terms of the following:

- According to the Municipal Supply Chain Management Regulation paragraph 36, municipalities must disclose all deviations to Council. The categories for deviations to supply chain management process are:
- In an emergency
- If such goods or services are produced or available from a single provider only;
- For the acquisition of special works of art or historic objects where specifications are difficult to compile
- Acquisitions of animals for zoos;
- In any other exceptional case where it is impractical or impossible to follow the official procurement process

It should be noted that, SCM advises Councillors and officials to bear in mind that SCM processes need to be always followed therefore they need to develop a way of reporting issues within their area.

Approved deviations for December 2025 amount R108 453.59

| No | Payment Date | Supplier Name | Details | Deviation Type | R | Comments |
|---|---|---|---|---|---|---|
| 1 | 17-Dec-25 | Transport-Driving License Card | Request for payment of R751 Card orders | Sole Supplier | R35.708,00 | Drivers license card account is the sole supplier to print drivers license cards for the province. Please see the attached Government Gazette that relates to the payment of card production facility for production of drivers license cards that have been issued. It is a function we perform on behalf of Dept of transport |
| 2 | 3-Dec-25 | CFAO Mobility t/a Algoa Toyota | Service HWW 890 EC | Such goods or services have already been | R3.269,36 | HWW 890 EC vehicle built by toyota the vehicle is failing the geras and clutch is failing to engage. Toyota is the sole provider as they have better understanding of their products. Their parts have guarantees and legal requirement. It will have huge wasteful |
| 3 | 3-Dec-25 | CFAO Mobility t/a Algoa Toyota | Payment Services for HTG 284 EC | Such goods or services have already been | R6.733,83 | HTG 284 vehicle built by Toyota the vehicle has 220353km on the clock repairs. Toyota is the sole provider of Ttoyota parts as they have better understanding of their products. Their parts have Guarantees and legal requirements. It will have huge wasteful |
| 4 | 18-Dec-25 | Arena Holdings (Pty) Ltd | Herald and Sundays Times Newspaper Subscription for 10 months | Sole Supplier | R15.349,98 | Arena Holdings is the sole supplier for Herald and Sunday Times Newspaper |
| 5 | 18-Dec-25 | East London Industrial Development Zone | Payment for ELIDZ | Sole Supplier | R47.392,42 | The ULIDZ Labotory, based in East London is the onlyt SANAS-accredited laboratory in the Easten Cape that is fully cerfied and equipped to perform the complete suite of SANS 241:2015 tests. All other Labotories in the province either lack full accreditation for the |
| | | | | | **R108.453,59** | |

**IRREGULAR EXPENDITURE**

In compliance with Section 32 of the MFMA, irregular, fruitless and wasteful expenditure amounts to R 5 045 360.49for the month of August . The expenditure is broken down into the following categories:

- Total of Irregular Expenditure for Operational Expenditure amounts to R1 550 289.00
- Total of Irregular Expenditure for Capital Expenditure amounts R2 977 881.01
- Total of Fruitless and Wasteful Expenditure amounts to R517 190.48

Detailed Irregular, Fruitless and Wasteful Expenditure schedules are stated in the pages which follow:

Sundays River Valley Municipality

042 230 7700
078 266 6230
srvm@srvm.gov.za
@sundaysrivervalley
www.srvm.gov.za
23 Middle Street, Kirkwood, 6120
P.O. Box 47, Kirkwood, 6120

## ANNEXURE A

## IRREGULAR EXPENDITURE FOR DECEMBER 2025-OPERATIONAL

| Bidder Name | Tender Name/Description | Date Reported | Date of Invoice | Payment Number | Amount | Description of Incident | | |
|---|---|---|---|---|---|---|---|---|
| R-Data | Intergrated MSCOA Financial management Systems eith Internal control functions for SRVLM | N/a- MFMA section 71, 52 (d) and 72 Reports are tabled to council during the appplicable reporting periods. | 15-Dec-25 | | R 518.262,93 | The contract expired last year June 2024, No SCM processes were followed in terms of the SCM Policy and SCM Regulations in appointing the service provider. | Chief Financial Officer | irregular |
| R-Data | Intergrated MSCOA Financial management Systems eith Internal control functions for SRVLM | N/a- MFMA section 71, 52 (d) and 72 Reports are tabled to council during the appplicable reporting periods. | 15-Dec-25 | | R 515.770,08 | The contract expired last year June 2024, No SCM processes were followed in terms of the SCM Policy and SCM Regulations in appointing the service provider. | Chief Financial Officer | irregular |
| Summerfalls Trading 3 | Firewall security protection 15 Nov-15 Dec 2025 | N/a- MFMA section 71, 52 (d) and 72 Reports are tabled to council during the appplicable reporting periods. | 10-Dec-25 | | R 77.981,50 | The BEC & BAC process was not completely followed, the functionality stage was not done. | Chief Financial Officer | Irregular |
| Summerfalls Trading 4 | Telephone Management System | N/a- MFMA section 71, 52 (d) and 73 Reports are tabled to council during the appplicable reporting periods. | 10-Dec-25 | | R 59.450,37 | The BEC & BAC process was not completely followed, the functionality stage was not done. | Chief Financial Officer | irregular |
| Advacte Terry Malgas | Legal fees-Desciplinary Hearing | N/a- MFMA section 71, 52 (d) and 73 Reports are tabled to council during the appplicable reporting periods. | 17-Oct-25 | | R 32.000,00 | Direct appointment without following SCM processes | Director Community Services | irregular |
| R-Data | Intergrated MSCOA Financial management Systems eith Internal control functions for SRVLM | N/a- MFMA section 71, 52 (d) and 72 Reports are tabled to council during the appplicable | 15-Dec-25 | | R 346.824,12 | The contract expired last year June 2024, No SCM processes were followed in terms of the SCM Policy and SCM Regulations | Chief Financial Officer | irregular |

## IRREGULAR EXPENDITURE FOR DECEMBER 2025-CAPITAL

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| ZKS & NAM General Trading TA ZKS Projects | Refurbishment of Enon bersheba wa | N/a- MFMA section 71, 52 (d) and 72 Reports are tabled to council during the appplicable reporting periods. | 5-Dec-25 | | R 1.317.275,87 | Amount paid beyond the contract amount | Director: Infracture Services | irregular |
| Lech Consulting Civil & Structural Engineers | Addo Works and Moses Mabhida Sewer Reticulation | N/a- MFMA section 71, 52 (d) and 72 Reports are tabled to council during the appplicable reporting periods. | 5-Dec-25 | | R 1.660.605,14 | Amount paid beyond the contract amount. A variation order was unprocedurally issued | Director: Infracture Services | irregular |

**ANNEXURE B- FRUITLESS & WATERFUL EXPENDITURE- DECEMBER 2025**