

Mhlontlo Local Municipality



In-Year Report of the Municipality

Prepared in terms of the Local Government Municipal Finance Management Act
(56/2003): Municipal Budget and Reporting Regulations, Government Gazette
32141, 17 May 2009

Monthly Budget Statement

September 2023

2023-2024 Financial Year

TABLE OF CONTENTS

Glossary

Executive Summary

Monthly Budget Statement Summary

Financial Performance (Standard Classification

Financial Performance (revenue and expenditure by municipal vote)

Financial Performance (Revenue and Expenditure)

Capital Expenditure (by Municipal Vote)

Financial Position

Cash Flow

PART 2 – SUPPORTING DOCUMENTATION

Material Variances

Debtors' Analysis

Creditors Analysis

Investment Portfolio Analysis

Allocation of grant receipts and expenditure

Expenditure on councillors, employees and managers

Bank Reconciliation

Municipal Manager's Quality Certification

Glossary

Accrual Accounting – An accounting method that measures the performance and position of the municipality by recognising events regardless of when cash transactions occur.

Adjustment Budget – Prescribed in section 28 of the MFMA

Allocations – Money received from other Municipalities, Provincial or National Government.

Budget – Financial Plan of the Municipality.

Budget Related Policy – Policy of a municipality affecting or affected by the budget, examples include credit control policy, rates policy, tariff policy and funding and reserves policy.

Capital Expenditure – Expenditure on items such as machinery, buildings, land, infrastructure (roads).

Cash Flow Statement – Provides aggregate data regarding all cash inflows the municipality receives from both its ongoing operations and external investment sources, as well as all cash outflows that pay for municipality's activities and investments during a month.

DORA – Division of Revenue Act. Annual legislation reflecting total allocations per municipality made by provincial and national governments.

Equitable Share – A general grant paid to municipalities predominantly targeted to help with free basic services.

Fruitless and Wasteful Expenditure – Expenditure made in vain, that would have been avoided had reasonable care been exercised.

MBRR – Local Government Municipal Budget and Reporting Regulations.

MIG – Municipal Infrastructure Grant

MTREF – Medium Term Revenue and Expenditure Framework.

Operating Expenditure – Day to day expenses of the Municipality such as salaries, repairs and maintenance and general expenses.

Strategic Objectives – The main priorities of the Municipality as set out in the IDP. Budgeted spending must contribute towards achieving those objectives.

Unauthorised Expenditure – Spending without budget or in excess of the approved budget

Vote – A department

SECTION 1 – EXECUTIVE SUMMARY

1.1 Introduction

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

Municipal budget regulations sub-heading 2.5 requires that this report must be in the Section 71 of the MFMA format, which requires that this report must be prepared in the following manner:

- Actual Revenue per revenue source;
- Actual expenditure per vote;
- Actual Capital Expenditure per vote;
- The amount of any allocations received,
- Actual Expenditure on allocations received,
- Actual Expenditure on those allocations,
- Where necessary, explanations on:
 - Any material variances from the municipality's projected revenue per source, and from the municipality's expenditure projections per vote.
 - Any material variances from the SDBIP, and
 - Remedial or corrective steps taken or to be taken by the municipality

2. The statement must include: -

- Projections of municipality's revenue and expenditure for the rest of the financial year, and any revisions from initial projections;

3. The amounts reflected in the statement must in each case be compared with corresponding amounts budgeted for in the municipality's approved budget.

This report has been prepared using the accrual method of accounting. The general idea is that economic events are recognised by matching revenues to expenses (the matching principle) at the time in which the transaction occurs rather than when payment is received or made.

This method allows the current cash inflows/outflows to be combined with future expected cash inflows/outflows to give a more accurate picture of the municipality's current financial position.

Operating Revenue

In the statement of financial performance, revenue accrued is R 137, 0 million out of the projected R 71, 3 million giving rise to a variance of 92%. Variance contributing factors are explained in the sub headings of the revenue items.

Total cash receipts on operating revenue excluding grants totals to R20.9 million since July 2023 out of the expected R10, 5 million. The substantial amount received was due to collections on government property rates and VAT refundable.

Property Rates

The amount accrued on rates amounts to R35, 6 million, out of the expected R9, 2 million.

Total actual cash collected on rates since July 2023 is R15.0 million against the expected R9, 2 million.

Refuse Removal

Amount accrued on refuse removal is R643 thousand against the expected R495 thousand.

Total actual cash received on refuse removal since July 2023 is R175 thousand out of the expected collection of R495 thousand.

Investment Revenue

This relates to interests received on the call account deposits. Interest received since July 2023 amounts to R3, 5 million out of the expected R1.5 million.

Other Revenue

Rental of facilities and Equipment –R10 thousand has been received since July 2023 instead of the expected R4 thousand.

Fines- R34 thousand has been received so far against the expected R19 thousand.

Licenses and permits- R273 thousand has been received since July 2023 and the municipality expected to receive R394 thousand.

Agency Services- The amount collected since July amounts to R326 thousand and the expected budget is R432 thousand.

Operating Expenditure

On operating expenditure, R108, 0 million was spent against the expected budget of R102, 7 million giving rise to a negative variance of more than R6, 1 million. This is because on non-cash items like depreciation and debt impairment that have not been accounted for.

Employee Costs

R28, 0 million has been spent to date on employee related costs against the expected R24, 5 million.

Remuneration of Councillors

Amount spent since July totals to R7, 2 million against the budgeted R5, 2 million.

Other Expenditure

This line item includes all the other operating expenses like accommodation, telephone, electricity etc. Expenditure is R51 ,9 million against the expected budget of R56, 4 million.

Capital Expenditure

On Capital Expenditure the municipality has spent a total of R15, 8 million against the expected R25, 5 million budgets to date. This will be explained more on table C5 where departmental expenditures are reflected.

Financial Position

The municipality's current assets exceed the current liabilities. The municipality's ability to pay its short-term liabilities is tested by taking the total current assets and dividing them by current liabilities. This test is mainly used to give an idea of the municipality's ability to pay back its short-term liabilities using the current assets.

Cash Flows

The municipality ended the month with a positive cash and cash equivalents balance.

Table C1- Monthly Budget Statement Summary

The table below reflects on the summary of the total municipality's budget against year to date collections or expenditures.

Choose name from list - Table C1 Monthly Budget Statement Summary - M03
September

Description	2022/23	Budget Year 2023/24							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	-	36 791	-	-	35 589	9 198	26 392	287%	36 791
Service charges	407	1 981	-	214	643	495	147	30%	1 981
Investment revenue	1 823	-	-	-	-	-	-	-	-
Transfers and subsidies - Operational	1 823	6 148	-	1 040	3 460	1 537	1 923	125%	6 148
Other own revenue	22 827	240 152	-	689	97 338	60 038	37 300	62%	-
Total Revenue (excluding capital transfers and contributions)	26 881	285 072	-	1 943	137 030	71 268	65 762	92%	285 072
Employee costs	21 785	97 827	-	9 710	28 024	24 457	3 567		97 827
Remuneration of Councillors	3 311	20 690	-	2 045	7 179	5 172	2 007		20 690
Depreciation and amortisation	(12 629)	49 421	-	18 932	18 932	12 355	6 577		49 421
Interest	795	-	-	-	-	-	-		-
Inventory consumed and bulk purchases	541	12 086	-	981	1 969	3 022	(1 052)		12 086
Transfers and subsidies	21	2 402	-	-	5	601	(595)	-99%	2 402
Other expenditure	43 793	181 292	-	23 335	51 931	56 364	(4 433)	-8%	180 992
Total Expenditure	57 618	363 718	-	55 003	108 041	101 970	6 070	6%	363 418
Surplus/(Deficit)	(30 737)	(78 646)	-	(53 060)	28 989	(30 702)	59 692	-194%	(78 346)
Transfers and subsidies - capital (monetary allocations)	13 143	63 193	-	10 337	17 285	15 798	1 487	9%	63 193
Surplus/(Deficit) after capital transfers & contributions	(17 594)	(15 453)	-	(42 723)	46 274	(14 904)	61 178	-410%	(15 153)
Surplus/ (Deficit) for the year	(17 594)	(15 453)	-	(42 723)	46 274	(14 904)	61 178	-410%	(15 153)
Capital expenditure & funds sources									
Capital expenditure	(66 603)	101 684	-	8 919	15 767	25 230	(9 463)	-38%	101 684
Capital transfers recognised	(56 504)	65 122	-	8 399	13 867	16 089	(2 223)	-14%	65 122
Internally generated funds	(10 100)	36 592	-	520	1 900	9 148	(7 248)	-79%	36 592
Total sources of capital funds	(66 603)	101 714	-	8 919	15 767	25 237	(9 470)	-38%	101 714
Financial position									
Total current assets	131 240	128 240	-		204 146				128 240
Total non current assets	589 849	587 621	-		570 819				587 921
Total current liabilities	44 863	65 898	-		51 530				65 898
Total non current liabilities	-	-	-		-				-
Community wealth/Equity	662 826	649 963	-		677 162				649 963
Cash flows									
Net cash from (used) operating	117 596	73 389	-	(36 418)	41 656	18 216	(23 439)	-129%	72 865
Net cash from (used) investing	(8 207)	(101 969)	-	(9 440)	(16 232)	-	16 232	#DIV/0!	-
Cash/cash equivalents at the month/year end	127 381	104 548	-	(50 078)	158 936	155 609	(3 327)	-2%	-
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

Table C2: Statement of Financial Performance by vote

This table reflects the operating budget in the standard classification which are the Government Finance Statistics Functions and Sub-Functions. These are used by National Treasury to assist the compilation of national and international accounts for comparison purposes, regardless of organisational structures used by different institutions. The main functions are Governance and administration, Community and public safety, Economic and environmental services, and Trading Services. It is for this reason that the financial performance is reported in standard classification, Table C2 and by municipal vote, Table C3.

EC156 Mhlontlo - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M03 September

Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Revenue - Functional										
<i>Governance and administration</i>		25 077	143 587	–	1 298	80 422	35 897	44 526	124%	143 587
Executive and council		19 618	28 535	–	–	11 889	7 134	4 756	67%	28 535
Finance and administration		5 459	115 052	–	1 298	68 533	28 763	39 770	138%	115 052
<i>Community and public safety</i>		877	30 350	–	195	18 330	7 588	10 742	142%	30 350
Community and social services		2	550	–	1	2	138	(135)	-98%	550
Public safety		875	29 800	–	194	18 327	7 450	10 877	146%	29 800
<i>Economic and environmental services</i>		6 069	124 681	–	10 571	38 737	31 170	7 567	24%	124 681
Planning and development		5 636	86 646	–	10 356	38 086	21 662	16 424	76%	86 646
Road transport		433	38 035	–	215	651	9 509	(8 858)	-93%	38 035
<i>Trading services</i>		8 021	49 647	–	217	16 826	12 412	4 414	36%	49 647
Energy sources		7 605	–	–	–	3 046	–	3 046	#DIV/0!	–
Waste management		416	49 647	–	217	13 780	12 412	1 368	11%	49 647
<i>Other</i>	4	–	–	–	–	–	–	–	–	–
Total Revenue - Functional	2	40 043	348 265	–	12 280	154 315	87 066	67 249	77%	348 265
Expenditure - Functional										
<i>Governance and administration</i>		38 736	170 638	–	5 606	28 597	53 121	(24 524)	-46%	170 338
Executive and council		10 064	55 136	–	2 243	13 449	13 484	(35)	0%	54 836
Finance and administration		28 646	115 453	–	3 364	15 118	39 625	(24 506)	-62%	115 453
Internal audit		25	50	–	–	30	12	18	141%	50
<i>Community and public safety</i>		6 147	35 794	–	1 237	6 521	8 948	(2 427)	-27%	35 794
Community and social services		228	1 609	–	–	18	402	(384)	-95%	1 609
Sport and recreation		7	–	–	–	8	–	8	#DIV/0!	–
Public safety		5 912	34 185	–	1 237	6 495	8 546	(2 051)	-24%	34 185
<i>Economic and environmental services</i>		8 029	135 881	–	15 358	36 891	33 970	2 921	9%	135 881
Planning and development		6 441	40 407	–	1 588	5 993	10 102	(4 108)	-41%	40 407
Road transport		1 588	95 474	–	13 770	30 898	23 869	7 029	29%	95 474
Environmental protection		–	–	–	–	–	–	–	–	–
<i>Trading services</i>		4 706	21 405	–	143	3 373	5 931	(2 558)	-43%	21 405
Waste management		4 706	21 405	–	143	3 373	5 931	(2 558)	-43%	21 405
<i>Other</i>		–	–	–	–	–	–	–	–	–
Total Expenditure - Functional	3	57 618	363 718	–	22 344	75 382	101 970	(26 589)	-26%	363 418
Surplus/ (Deficit) for the year		(17 574)	(15 453)	–	(10 064)	78 933	(14 904)	93 837	-630%	(15 153)

Table C3: Monthly Financial Performance (Revenue and Expenditure by vote)

Operating budget of the institution is approved by council on municipal vote level. The municipal votes are Mayor’s Office, Council, Municipal Manager, Budget and Treasury Office, Corporate Services, Local Economic Development, Community Services, and Infrastructure and Development.

Unauthorised expenditure occurs if the total budget in a vote is exceeded by expenditure. The executive and council vote is overspending.

The table below reflects on expenditures per vote. Close monitoring of expenditures is vital.

EC156 Mhlontlo - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M03 September

Vote Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue by Vote										
Vote 1 - EXECUTIVE AND COUNCIL (11: IE)	1	19 618	31 537	-	-	13 140	7 884	5 256	66,7%	31 537
Vote 2 - FINANCE AND ADMIN (12: IE)		5 461	115 052	-	1 298	68 535	28 763	39 772	138,3%	115 052
Vote 3 - PLANNING AND DEVELOPMENT (13: IE)		98	24 748	-	19	10 363	6 187	4 176	67,5%	24 748
Vote 4 - COMMUNITY AND SOCIAL SERVICES (15: IE)		9	29	-	2	7	7	(0)	-5,4%	29
Vote 5 - PUBLIC SAFETY (17: IE)		875	57 853	-	194	18 327	14 463	3 864	26,7%	57 853
Vote 7 - WASTE MANAGEMENT (20: IE)		407	22 115	-	214	13 773	5 529	8 245	149,1%	22 115
Vote 8 - ROAD TRANSPORT (22: IE)		13 575	96 930	-	10 552	30 169	24 232	5 937	24,5%	96 930
Total Revenue by Vote	2	40 043	348 265	-	12 280	154 315	87 066	67 249	77,2%	348 265
Expenditure by Vote										
Vote 1 - EXECUTIVE AND COUNCIL (11: IE)	1	12 911	67 154	-	2 718	15 236	16 488	(1 253)	-7,6%	66 854
Vote 2 - FINANCE AND ADMIN (12: IE)		32 647	103 088	-	2 249	13 521	37 113	(23 592)	-63,6%	103 088
Vote 3 - PLANNING AND DEVELOPMENT (13: IE)		3 770	31 030	-	2 195	4 873	7 757	(2 885)	-37,2%	31 030
Vote 4 - COMMUNITY AND SOCIAL SERVICES (15: IE)		224	4 639	-	-	-	1 160	(1 160)	-100,0%	4 639
Vote 5 - PUBLIC SAFETY (17: IE)		6 683	34 665	-	1 276	6 458	8 666	(2 209)	-25,5%	34 665
Vote 6 - SPORT AND RECREATION (18: IE)		7	-	-	-	8	-	8	#DIV/0!	-
Vote 7 - WASTE MANAGEMENT (20: IE)		1 254	17 988	-	143	3 655	4 497	(842)	-18,7%	17 988
Vote 8 - ROAD TRANSPORT (22: IE)		121	105 155	-	13 762	31 632	26 289	5 343	20,3%	105 155
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	57 618	363 718	-	22 344	75 382	101 970	(26 589)	-26,1%	363 418
Surplus/ (Deficit) for the year	2	(17 574)	(15 453)	-	(10 064)	78 933	(14 904)	93 837	-629,6%	(15 153)

Table C4- Statement of Financial Performance

Choose name from list - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M03
September

Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue										
Exchange Revenue										
Service charges - Waste management		407	1 981		214	643	495	147	30%	1 981
Sale of Goods and Rendering of Services		152	29		3	29	7	22	301%	29
Agency services		244	1 728		95	326	432	(106)	-24%	1 728
Interest earned from Receivables		(6)	80		-	-	20	(20)	-100%	80
Interest from Current and Non Current Assets		1 823	6 148		1 040	3 460	1 537			6 148
Rental from Fixed Assets		6	16		5	10	4	6	167%	16
Licence and permits		11	-		6	61	-	61	#DIV/0!	-
Operational Revenue		2 250	-		-	(0)	-	(0)	#DIV/0!	-
Non-Exchange Revenue										
Property rates		-	36 791		-	35 589	9 198	26 392	287%	36 791
Fines, penalties and forfeits		459	76		12	34	19	15		76
Licence and permits		169	1 578		83	273	394	(122)		1 578
Transfers and subsidies - Operational		23 898	236 646		486	96 605	59 162	37 444		236 646
Gains on disposal of Assets		(2 531)	-		-	-	-	-		-
Total Revenue (excluding capital transfers and contributions)		26 881	285 072	-	1 943	137 030	71 268	65 762	92%	285 072
Expenditure By Type										
Employee related costs		21 785	97 827		9 710	28 024	24 457	3 567	15%	97 827
Remuneration of councillors		3 311	20 690		2 045	7 179	5 172	2 007	39%	20 690
Inventory consumed		541	12 086		981	1 969	3 022	(1 052)		12 086
Debt impairment		-	15 121		-	-	15 121	(15 121)	-100%	15 121
Depreciation and amortisation		(12 629)	49 421		18 932	18 932	12 355	6 577	53%	49 421
Interest		795	-		-	-	-	-		-
Contracted services		2 329	58 567		4 175	10 402	14 642	(4 240)	-29%	58 567
Transfers and subsidies		21	2 402		-	5	601	(595)	-99%	2 402
Irrecoverable debts written off		14 496	-		-	-	-	-		-
Operational costs		26 967	107 604		19 161	41 529	26 601	14 928	56%	107 304
Total Expenditure		57 618	363 718	-	55 003	108 041	101 970	6 070	6%	363 418
Surplus/(Deficit)										
Transfers and subsidies - capital (monetary allocations)		(30 737)	(78 646)		(53 060)	28 989	(30 702)	59 692	(0)	(78 346)
Transfers and subsidies - capital (in-kind)		13 143	63 193		10 337	17 285	15 798	1 487	0	63 193
Surplus/(Deficit) after capital transfers & contributions		(17 594)	(15 453)	-	(42 723)	46 274	(14 904)			(15 153)
Income Tax		-	-		-	-	-	-		-
Surplus/(Deficit) after income tax		(17 594)	(15 453)	-	(42 723)	46 274	(14 904)			(15 153)
Surplus/(Deficit) attributable to municipality		(17 594)	(15 453)	-	(42 723)	46 274	(14 904)			(15 153)
Share of Surplus/Deficit attributable to Associate		-	-		-	-	-	-		-
Intercompany/Parent subsidiary transactions		-	-		-	-	-	-		-
Surplus/ (Deficit) for the year		(17 594)	(15 453)	-	(42 723)	46 274	(14 904)			(15 153)

Table C5: Capital Expenditure (Municipal Vote, standard classification, and funding)

Year to date budget is R25, 5 million whilst expenditure is sitting at R15, 8 million.

EC156 Mhlontlo - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M03 September

Vote Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Multi-Year expenditure appropriation	2									
Total Capital Multi-year expenditure	4,7	-	-	-	-	-	-	-		-
Single Year expenditure appropriation	2									
Vote 14 - EXECUTIVE AND COUNCIL (31: CAPEX)		(1 394)	-	-	-	-	-	-		-
Vote 15 - FINANCE AND ADMIN (32: CAPEX)		(3 712)	25 381	-	520	1 181	6 345	(5 165)	-81%	25 381
Vote 16 - PLANNING AND DEVELOPMENT (33: CAPEX)		(679)	-	-	-	-	-	-		-
Vote 17 - PUBLIC SAFETY (37: CAPEX)		(2 098)	900	-	-	393	225	168	75%	900
Vote 18 - WASTE MANAGEMENT (40: CAPEX)		(847)	4 710	-	-	326	1 178	(851)	-72%	4 710
Vote 19 - ROAD TRANSPORT (42: CAPEX)		(57 873)	70 692	-	8 399	13 867	17 482	(3 615)	-21%	70 692
Total Capital single-year expenditure	4	(66 603)	101 684	-	8 919	15 767	25 230	(9 463)	-38%	101 684
Total Capital Expenditure		(66 603)	101 684	-	8 919	15 767	25 230	(9 463)	-38%	101 684
Capital Expenditure - Functional Classification										
Governance and administration		(1 139)	22 250	-	520	1 083	5 862	(4 779)	-82%	22 550
Executive and council		-	-	-	-	-	300	(300)	-100%	300
Finance and administration		(1 139)	22 250	-	520	1 083	5 562	(4 479)	-81%	22 250
Internal audit		-	-	-	-	-	-	-		-
Community and public safety		(3 492)	3 050	-	-	393	763	(369)	-48%	3 050
Sport and recreation		-	2 120	-	-	-	530	(530)	-100%	2 120
Public safety		(3 492)	930	-	-	393	233	161	69%	930
Economic and environmental services		(45 134)	58 653	-	8 399	11 316	14 472	(3 156)	-22%	58 653
Planning and development		(35 360)	36 772	-	3 268	5 223	9 193	(3 970)	-43%	36 772
Road transport		(9 774)	21 881	-	5 132	6 093	5 279	814	15%	21 881
Trading services		(16 838)	17 761	-	-	2 975	4 440	(1 465)	-33%	17 761
Energy sources		(16 838)	13 361	-	-	2 649	3 340	(692)	-21%	13 361
Waste management		-	4 400	-	-	326	1 100	(774)	-70%	4 400
Total Capital Expenditure - Functional Classification	3	(66 603)	101 714	-	8 919	15 767	25 537	(9 770)	-38%	102 014
Funded by:										
National Government		(56 504)	65 122	-	8 399	13 867	16 089	(2 223)	-14%	65 122
Transfers recognised - capital		(56 504)	65 122	-	8 399	13 867	16 089	(2 223)	-14%	65 122
Borrowing	6	-	-	-	-	-	-	-		-
Internally generated funds		(10 100)	36 592	-	520	1 900	9 148	(7 248)	-79%	36 592
Total Capital Funding		(66 603)	101 714	-	8 919	15 767	25 237	(9 470)	-38%	101 714

Table C6: Statement of Financial Position

EC156 Mhlontlo - Table C6 Monthly Budget Statement - Financial Position - M03 September

Description	Ref	2022/23	Budget Year 2023/24			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash and cash equivalents		111 489	104 548		158 936	104 548
Trade and other receivables from exchange transactions		1 183	2 958		3 794	2 958
Receivables from non-exchange transactions		(1 575)	14		20 690	14
Inventory		(324)	(0)		528	(0)
VAT		22 879	1 763		7 960	1 763
Other current assets		(2 412)	18 956		12 061	18 956
Total current assets		131 240	128 240	-	203 969	128 240
Non current assets						
Investments		-	-		-	-
Investment property		5 983	5 983		5 983	5 983
Property, plant and equipment		583 771	581 481		583 657	581 781
Biological assets		-	-		-	-
Living and non-living resources		-	-		-	-
Heritage assets		-	-		-	-
Intangible assets		96	157		81	157
Trade and other receivables from exchange transactions		-	-		-	-
Non-current receivables from non-exchange transactions		-	-		-	-
Other non-current assets		-	-		-	-
Total non current assets		589 849	587 621	-	589 721	587 921
TOTAL ASSETS		721 089	715 861	-	793 690	716 161
LIABILITIES						
Current liabilities						
Bank overdraft		-	-		-	-
Financial liabilities		-	-		-	-
Consumer deposits		-	-		-	-
Trade and other payables from exchange transactions		19 093	17 294		(8 380)	17 294
Trade and other payables from non-exchange transactions		(9 472)	19 633		10 955	19 633
Provision		30 515	24 390		29 415	24 390
VAT		1 499	1 455		1 764	1 455
Other current liabilities		3 228	3 125		3 842	3 125
Total current liabilities		44 863	65 898	-	37 595	65 898
Non current liabilities						
Financial liabilities		-	-		-	-
Provision		-	-		-	-
Long term portion of trade payables		-	-		-	-
Other non-current liabilities		-	-		-	-
Total non current liabilities		-	-	-	-	-
TOTAL LIABILITIES		44 863	65 898	-	37 595	65 898
NET ASSETS	2	676 226	649 963	-	756 095	650 263
COMMUNITY WEALTH/EQUITY						
Accumulated surplus/(deficit)		662 826	649 963		677 162	649 963
Reserves and funds		-	-		-	-
Other		-	-		-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	662 826	649 963	-	677 162	649 963

Table C7: Cash flow

The table below reflects no problems in the cash flows of the institution.

EC156 Mhlonlto - Table C7 Monthly Budget Statement - Cash Flow - M03 September

Description	Ref	2022/23	Budget Year							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		401	22 443		223	14 869	-	14 869	#DIV/0!	-
Service charges		77	1 208		34	175	-	175	#DIV/0!	-
Other revenue		341 887	3 425		203	733	-	733	#DIV/0!	-
Transfers and Subsidies - Operational		348	247 605		5	100 105	81 128	18 977	23%	324 514
Transfers and Subsidies - Capital		5 100	49 832		-	17 285	-	17 285	#DIV/0!	-
Interest		7 098	6 148		1 040	3 460	1 537	1 923	125%	6 148
Dividends		-	-		-	-	-	-		-
Payments										
Suppliers and employees		(237 316)	(257 273)		(37 923)	(94 971)	(64 449)	30 522	-47%	(257 797)
Interest		-	-		-	-	-	-		-
Transfers and Subsidies		-	-		-	-	-	-		-
NET CASH FROM/(USED) OPERATING ACTIVITIES		117 596	73 389	-	(36 418)	41 656	18 216	(23 439)	-129%	72 865
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		-	-		-	-	-	-		-
Decrease (increase) in non-current receivables		-	-		-	-	-	-		-
Decrease (increase) in non-current investments		-	-		-	-	-	-		-
Payments										
Capital assets		(8 207)	(101 969)		(9 440)	(16 232)	-	16 232	#DIV/0!	-
NET CASH FROM/(USED) INVESTING ACTIVITIES		(8 207)	(101 969)	-	(9 440)	(16 232)	-	16 232	#DIV/0!	-
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		-	-		-	-	-	-		-
Borrowing long term/refinancing		-	-		-	-	-	-		-
Increase (decrease) in consumer deposits		-	-		-	-	-	-		-
Payments										
Repayment of borrowing		-	-		-	-	-	-		-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-		-
NET INCREASE/ (DECREASE) IN CASH HELD		109 390	(28 580)	-	(45 858)	25 423	18 216			72 865
Cash/cash equivalents at beginning:		17 992	133 129		(4 220)	133 513	133 129			133 513
Cash/cash equivalents at month/year end:		127 381	104 548	-	(50 078)	158 936	155 609			-

PART 2: SUPPORTING DOCUMENTATION

Table SC3: Aged Debtors

The municipality is being owed a total amount of R109, 0 million of which the biggest portion is on household debtors with R41, 5 million being owed by this group of debtors.

The second biggest is government departments that are sitting at R37, 9 million. The business debtors owing just over R29,7 million.

EC156 Mhlontlo - Supporting Table SC3 Monthly Budget Statement - aged debtors – M03 September

Description	NT Code	Budget Year 2023/24					Total	Total over 90 days
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys		
R thousands								
Debtors Age Analysis By Income Source								
Trade and Other Receivables from Exchange Transactions - Water	1200	-	-	-	-	-	-	-
Trade and Other Receivables from Exchange Transactions - Electricity	1300	-	-	-	-	-	-	-
Receivables from Non-exchange Transactions - Property Rates	1400	21 043	497	481	453	71 604	94 078	72 057
Receivables from Exchange Transactions - Waste Water Management	1500	-	-	-	-	-	-	-
Receivables from Exchange Transactions - Waste Management	1600	216	205	200	188	14 162	14 971	14 350
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	-
Interest on Arrear Debtor Accounts	1810	-	-	-	-	-	-	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-
Other	1900	-	-	-	-	-	-	-
Total By Income Source	2000	21 259	702	682	641	85 766	109 049	86 407
2017/18 - totals only								
Debtors Age Analysis By Customer Group								
Organs of State	2200	12 397	21	15	15	25 449	37 898	25 464
Commercial	2300	4 374	242	238	223	24 609	29 686	24 832
Households	2400	4 488	439	428	403	35 707	41 466	36 110
Other	2500	-	-	-	-	-	-	-
Total By Customer Group	2600	21 259	702	682	641	85 766	109 049	86 407

Table SC4: Aged Creditors

EC156 Mhlontlo - Supporting Table SC4 Monthly Budget Statement - aged creditors - M03 September

Description	NT Code	Budget Year 2023/24									Prior year totals for chart (same period)
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total	
R thousands											
Creditors Age Analysis By Customer Type											
Bulk Electricity	0100	(421)	(168)	138	218	(20)	162	(78)	478	310	
Bulk Water	0200	-	-	-	-	-	-	-	-	-	
PAYE deductions	0300	-	-	-	-	-	-	-	-	-	
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-	
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-	
Loan repayments	0600	-	-	-	-	-	-	-	-	-	
Trade Creditors	0700	1 384	-	(1 366)	1 432	-	-	14	-	1 464	
Auditor General	0800	61	1	(297)	-	-	-	-	18	(217)	
Other	0900	-	-	-	-	-	-	-	-	-	
Total By Customer Type	1000	1 024	(167)	(1 524)	1 651	(20)	162	(64)	495	1 557	-

Table SC5: Investment Portfolio Analysis

All the call deposits are highly liquid short-term investments and are held for the purpose of meeting short-term commitments rather than the purpose of earning a return (interest).

The table below reflects on account balances as at the end of September 2023. Total cash available is R145, 9 million.

EC156 Mhlontlo - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M03 September

Investments by maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/No)	Variable or Fixed interest rate	Interest Rate *	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
Municipality														
20-FNB		4	3	Y	3	0,0515	0	0	20240630	118	916	(90 265)	97 497	8 266
23-FNB		4	3	Y	3	0,065	0	0	20240630	140	46	-	3 344	3 530
24-FNB		4	3	Y	3	0,055	0	0	20240630	558	10	(10)	-	558
25-FNB		48	3	Y	3	0,0365	0	0	20240630	1 197	20	(20)	-	1 197
30-FNB		4	3	Y	3	0,0455	0	0	20240630	53	6	(6)	439	492
31-FNB		4	3	Y	3	0,0515	0	0	20240630	112	1 987	(1 987)	16 713	129 260
32-FNB		4	3	Y	3	0,055	0	0	20240630	546	183	(17 061)	19 285	2 549
33-FNB		4	3	Y	3	0,0515	0	0	20240630	734	12	(12)	-	145 852
34-FNB		4	3	Y	3	0,0515	0	0	20240630	5 108	86	(86)	-	-
35-FNB		48	3	Y	3	0,0325	0	0	20240630	14	16	(16)	2 300	-
36-FNB		48	3	Y	3	0,025	0	0	20240630	-	-	-	-	-
37-FNB		50	3	Y	3	0,025	0	0	20240630	8	-	-	-	8
														-
														-
														-
														-
Entities sub-total										8		-	-	8
TOTAL INVESTMENTS AND INTEREST	2									743		(12)	-	145 860

Table SC6: Grants Receipts

The grants that were expected since July 2023 were received. The table below reflects on individual grants received.

EC156 Mhlontlo - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M03 September

Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
RECEIPTS:	1.2									
Operating Transfers and Grants										
National Government:		21 063	235 872	235 872	449	96 471	58 968	37 503	63,6%	235 872
Equitable Share		19 618	229 195	229 195	-	95 497	57 299	38 198	66,7%	229 195
Expanded Public Works Programme		433	1 754	1 754	215	651	438	212	48,5%	1 754
Integrated Grant		1 012	2 300	2 300	234	323	575	(252)	-43,9%	2 300
Local Government Financial Management Grant		-	2 623	2 623	-	-	656	(656)	-100,0%	2 623
Municipal Infrastructure Grant		-	550	550	-	-	138	(138)	-100,0%	550
Provincial Government:		-	550	550	-	-	138	(138)	-100,0%	550
LIBRARY SUPPORT		-	550	550	-	-	138	(138)	-100,0%	550
District Municipality:		2 253	-	-	-	-	-	-		-
Sundries		2 253	-	-	-	-	-	-		-
Other grant providers:		582	225	225	37	134	56	78	139,5%	225
Peoples Housing Process (Housing)		87	225	225	12	62	56	6	10,4%	225
Transport, Education and Training SETA		495	-	-	24	72	-	72	#DIV/0!	-
Total Operating Transfers and Grants	5	23 898	236 646	236 646	486	96 605	59 162	37 444	63,3%	236 646
Capital Transfers and Grants										
National Government:		13 143	63 193	63 193	10 337	17 285	15 798	1 487	9,4%	63 193
Integrated National Electrification Programme Grant		7 605	13 361	13 361	-	3 046	3 340	(294)	-8,8%	13 361
Municipal Infrastructure Grant		5 538	49 832	49 832	10 337	14 239	12 458	1 781	14,3%	49 832
Provincial Government:		-	-	-	-	-	-	-		-
District Municipality:		-	-	-	-	-	-	-		-
Other grant providers:		-	-	-	-	-	-	-		-
Total Capital Transfers and Grants	5	13 143	63 193	63 193	10 337	17 285	15 798	1 487	9,4%	63 193
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	37 041	299 840	299 840	10 823	113 890	74 960	38 930	51,9%	299 840

Table SC7: Grants expenditure

The table below reflects on grants' expenditures since July 2023. Also, these amounts are inclusive of VAT.

Finance management grant's expenditure amounts to R323 thousand. This amount was used on interns' salaries and training. Library grant expenditure amounts to R232 thousand and was used in paying the librarians' events and salaries. MIG capital expenditure amounts to R14, 2 million. Electrification project expenditure amounts to R3, 0 million. EPWP expenditure amounts to R651 thousand.

EC156 Mhlontlo - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M03 September

Description	Ref	2022/23	Budget Year							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
EXPENDITURE										
Operating expenditure of Transfers and Grants										
National Government:		40 387	323 147	323 147	20 967	69 443	80 787	(11 343)	-14,0%	323 147
Equitable Share		39 004	317 463	317 463	20 802	68 620	79 366	(10 746)	-13,5%	317 463
Local Government Financial Management Grant		841	2 011	2 011	165	255	503	(248)	-49,3%	2 011
Municipal Infrastructure Grant		541	3 673	3 673	–	568	918	(350)	-38,1%	3 673
Provincial Government:		37	222	222	95	105	56	49	88,2%	222
Allowance - Cellphone		–	–	–	–	–	–	–		–
Allowance - Housing		2	12	12	–	2	3	(1)	-29,7%	12
Contributions - Pension Fund		4	10	10	–	4	3	1	57,2%	10
Levy - Skills Development SETA		1	–	–	–	1	–	1	#DIV/0!	–
LIBRARY ASSISTANCE		30	200	200	95	98	50	48	95,9%	200
Salaries		–	–	–	–	–	–	–		–
OR TAMBO COMMUNICATIONS FUND		29	500	200	–	64	(175)	239	-136,6%	200
Unemployment Insurance Fund		0	–	–	–	0	–	0	#DIV/0!	–
Other grant providers:		128	722	422	–	52	(119)	171	-143,1%	422
OR TAMBO COMMUNICATIONS FUND		29	500	200	–	64	(175)	239	-136,6%	200
Upgrading of Informal Settlement		99	222	222	–	(12)	56	(68)	-122,4%	222
Total operating expenditure of Transfers and Grants:		40 551	324 091	323 791	21 062	69 599	80 723	(11 123)	-13,8%	323 791
Capital expenditure of Transfers and Grants										
National Government:		(5 663)	65 122	65 122	8 399	13 867	16 089	(2 223)	-13,8%	65 122
Integrated National Electrification Programme Grant		(16 838)	13 361	13 361	–	2 649	3 340	(692)	-20,7%	13 361
Municipal Infrastructure Grant		11 175	51 761	51 761	8 399	11 218	12 749	(1 531)	-12,0%	51 761
Provincial Government:		–	–	–	–	–	–	–		–
Other grant providers:		–	–	–	–	–	–	–		–
Total capital expenditure of Transfers and Grants		(5 663)	65 122	65 122	8 399	13 867	16 089	(2 223)	-13,8%	65 122
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		34 889	389 214	388 914	29 462	83 466	96 812	(13 346)	-13,8%	388 914

QUALITY CERTIFICATE

I, LUNGHE NDABENI (Full Names), the Municipal Manager of Mhlontlo Municipality hereby certify that the **Section 71 Report** for the month ended 30 September 2023 has been prepared in accordance with the Local Government: Municipal Finance Management Act 2003 (Act 56 of 2003) and regulations made under the Act.



Mr L Ndabeni

MUNICIPAL MANAGER

2023/10/

DATE

RECEIPT BY THE MAYOR

I, MBULILO JARA (Full Names), the Mayor of Mhlontlo Local Municipality, hereby accept the **Section 71 report** of the municipality for the month ended 31 September 2023 as presented by the Municipal Manager in terms of the Local Government: Municipal Finance Management Act 2003 (Act 56 of 2003) and regulations made under the Act.



Cllr. M. Jara

MAYOR

12/10/2023

DATE