

# **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**

**November 2023**

**2023-2024 Financial Year**

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## 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 176, 5 million out of the projected R 120, 1 million giving rise to a variance of 47%. Variance contributing factors are explained in the sub headings of the revenue items.

Total cash receipts on operating revenue excluding grants totals to R29.1 million since July 2023 out of the expected R18, 4 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 R18, 4 million.

Total actual cash collected on rates since July 2023 is R15.5 million against the expected R18, 4 million.

#### *Refuse Removal*

Amount accrued on refuse removal is R1,3 million against the expected R990 thousand.

Total actual cash received on refuse removal since July 2023 is R286 thousand out of the expected collection of R990 thousand.

#### *Investment Revenue*

This relates to interests received on the call account deposits. Interest received since July 2023 amounts to R5, 9 million out of the expected R3.1 million.

#### *Other Revenue*

Rental of facilities and Equipment –R23 thousand has been received since July 2023 instead of the expected R8 thousand.

Fines- R216 thousand has been received so far against the expected R38 thousand.

Licenses and permits- R556 thousand has been received since July 2023 and the municipality expected to receive R789 thousand.

Agency Services- The amount collected since July amounts to R696 thousand and the expected budget is R864 thousand.



### **Operating Expenditure**

On operating expenditure, R191, 2 million was spent against the expected budget of R189, 1 million giving rise to a negative variance of more than R2, 1 million. This is because on non-cash items like depreciation and debt impairment that have not been accounted for.

#### *Employee Costs*

R54, 0 million has been spent to date on employee related costs against the expected R48, 9 million.

#### *Remuneration of Councillors*

Amount spent since July totals to R12, 3 million against the budgeted R10, 3 million.

#### *Other Expenditure*

This line item includes all the other operating expenses like accommodation, telephone, electricity etc. Expenditure is R98 ,9 million against the expected budget of R97, 9 million.

### **Capital Expenditure**

On Capital Expenditure the municipality has spent a total of R45, 7 million against the expected R50, 7 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.

EC156 Mhlontlo - Table C1 Monthly Budget Statement Summary - M06  
December

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									
<b>Financial Performance</b>									
Property rates	–	36 791	–	–	35 589	18 396	17 194	93%	36 791
Service charges	407	1 981	–	214	1 285	990	295	30%	1 981
Investment revenue	1 823	–	–	–	–	–	–		–
Transfers and subsidies - Operational	1 823	6 148	–	869	5 935	3 074	2 861	93%	6 148
Other own revenue	22 827	240 152	–	76 922	176 499	120 076	56 423	47%	–
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>26 881</b>	<b>285 072</b>	<b>–</b>	<b>78 005</b>	<b>219 309</b>	<b>142 536</b>	<b>76 773</b>	<b>54%</b>	<b>285 072</b>
Employee costs	21 785	97 827	–	8 213	54 005	48 914	5 092		97 827
Remuneration of Councillors	3 311	20 690	–	1 717	12 344	10 345	1 999		20 690
Depreciation and amortisation	(12 629)	49 421	–	–	18 932	24 710	(5 778)		49 421
Interest	795	–	–	–	–	–	–		–
Inventory consumed and bulk purchases	541	12 086	–	1 259	6 983	6 043	940		12 086
Transfers and subsidies	21	2 402	–	–	5	1 201	(1 196)	-100%	2 402
Other expenditure	43 793	181 292	–	10 494	98 923	97 906	1 017	1%	180 992
<b>Total Expenditure</b>	<b>57 618</b>	<b>363 718</b>	<b>–</b>	<b>21 683</b>	<b>191 193</b>	<b>189 120</b>	<b>2 074</b>	<b>1%</b>	<b>363 418</b>
<b>Surplus/(Deficit)</b>	<b>(30 737)</b>	<b>(78 646)</b>	<b>–</b>	<b>56 322</b>	<b>28 115</b>	<b>(46 584)</b>	<b>74 699</b>	<b>-160%</b>	<b>(78 346)</b>
Transfers and subsidies - capital (monetary allocations)	13 143	63 193	–	10 026	50 263	31 597	18 666	59%	63 193
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(17 594)</b>	<b>(15 453)</b>	<b>–</b>	<b>66 347</b>	<b>78 378</b>	<b>(14 987)</b>	<b>93 365</b>	<b>-623%</b>	<b>(15 153)</b>
<b>Surplus/ (Deficit) for the year</b>	<b>(17 594)</b>	<b>(15 453)</b>	<b>–</b>	<b>66 347</b>	<b>78 378</b>	<b>(14 987)</b>	<b>93 365</b>	<b>-623%</b>	<b>(15 153)</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	<b>(66 603)</b>	<b>101 684</b>	<b>–</b>	<b>6 367</b>	<b>45 875</b>	<b>50 714</b>	<b>(4 840)</b>	<b>-10%</b>	<b>101 684</b>
Capital transfers recognised	(56 504)	65 122	–	6 324	42 382	32 434	9 948	31%	65 122
Internally generated funds	(10 100)	36 592	–	43	3 298	18 296	(14 998)	-82%	36 592
<b>Total sources of capital funds</b>	<b>(66 603)</b>	<b>101 714</b>	<b>–</b>	<b>6 367</b>	<b>45 680</b>	<b>50 729</b>	<b>(5 049)</b>	<b>-10%</b>	<b>101 714</b>



## 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) - M06 December

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									
<b>Revenue - Functional</b>										
<i><b>Governance and administration</b></i>		25 077	143 587	–	33 738	116 288	71 794	44 494	62%	143 587
Executive and council		19 618	28 535	–	9 512	21 401	14 267	7 134	50%	28 535
Finance and administration		5 459	115 052	–	24 226	94 887	57 526	37 361	65%	115 052
<i><b>Community and public safety</b></i>		877	30 350	–	14 350	33 876	15 175	18 701	123%	30 350
Community and social services		2	550	–	3	562	275	287	105%	550
Public safety		875	29 800	–	14 347	33 313	14 900	18 413	124%	29 800
<i><b>Economic and environmental services</b></i>		6 069	124 681	–	29 218	86 515	62 340	24 175	39%	124 681
Planning and development		5 636	86 646	–	29 006	85 221	43 323	41 897	97%	86 646
Road transport		433	38 035	–	212	1 295	19 017	(17 723)	-93%	38 035
<i><b>Trading services</b></i>		8 021	49 647	–	10 724	32 893	24 824	8 069	33%	49 647
Energy sources		7 605	–	–	–	7 955	–	7 955	#DIV/0!	–
Waste management		416	49 647	–	10 724	24 938	24 824	115	0%	49 647
<i><b>Other</b></i>	4	–	–	–	–	–	–	–	–	–
<b>Total Revenue - Functional</b>	2	40 043	348 265	–	88 030	269 571	174 132	95 439	55%	348 265
<b>Expenditure - Functional</b>	-									
<i><b>Governance and administration</b></i>		38 736	170 638	–	12 662	79 617	92 193	(12 576)	-14%	170 338
Executive and council		10 064	55 136	–	6 309	37 648	27 268	10 381	38%	54 836
Finance and administration		28 646	115 453	–	6 346	41 932	64 901	(22 969)	-35%	115 453
Internal audit		25	50	–	7	37	25	12	47%	50
<i><b>Community and public safety</b></i>		6 147	35 794	–	2 467	16 682	17 897	(1 215)	-7%	35 794
Community and social services		228	1 609	–	–	402	805	(402)	-50%	1 609
Sport and recreation		7	–	–	5	25	–	25	#DIV/0!	–
Public safety		5 912	34 185	–	2 463	16 255	17 092	(837)	-5%	34 185
<i><b>Economic and environmental services</b></i>		8 029	135 881	–	4 740	84 825	67 940	16 884	25%	135 881
Planning and development		6 441	40 407	–	3 444	19 220	20 203	(983)	-5%	40 407
Road transport		1 588	95 474	–	1 296	65 604	47 737	17 867	37%	95 474
Environmental protection		–	–	–	–	–	–	–	–	–
<i><b>Trading services</b></i>		4 706	21 405	–	1 815	10 069	11 089	(1 019)	-9%	21 405
Waste management		4 706	21 405	–	1 815	10 069	11 089	(1 019)	-9%	21 405
<i><b>Other</b></i>		–	–	–	–	–	–	–	–	–
<b>Total Expenditure - Functional</b>	3	57 618	363 718	–	21 683	191 193	189 120	2 074	1%	363 418
<b>Surplus/ (Deficit) for the year</b>		(17 574)	(15 453)	–	66 347	78 378	(14 987)	93 365	-623%	(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) - M06 December

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											
<b>Revenue by Vote</b>		1									
Vote 1 - EXECUTIVE AND COUNCIL (11: IE)			19 618	31 537	–	10 512	23 653	15 769	7 884	50,0%	31 537
Vote 2 - FINANCE AND ADMIN (12: IE)			5 461	115 052	–	24 229	94 899	57 526	37 373	65,0%	115 052
Vote 3 - PLANNING AND DEVELOPMENT (13: IE)			98	24 748	–	8 193	18 641	12 374	6 267	50,6%	24 748
Vote 4 - COMMUNITY AND SOCIAL SERVICES (15: IE)			9	29	–	5	18	14	3	24,4%	29
Vote 5 - PUBLIC SAFETY (17: IE)			875	57 853	–	14 347	33 863	28 927	4 936	17,1%	57 853
Vote 6 - SPORT AND RECREATION (18: IE)			–	–	–	–	–	–	–		–
Vote 7 - WASTE MANAGEMENT (20: IE)			407	22 115	–	10 719	24 921	11 058	13 863	125,4%	22 115
Vote 8 - ROAD TRANSPORT (22: IE)			13 575	96 930	–	20 024	73 577	48 465	25 112	51,8%	96 930
<b>Total Revenue by Vote</b>		2	<b>40 043</b>	<b>348 265</b>	<b>–</b>	<b>88 030</b>	<b>269 571</b>	<b>174 132</b>	<b>95 439</b>	<b>54,8%</b>	<b>348 265</b>
<b>Expenditure by Vote</b>		1									
Vote 1 - EXECUTIVE AND COUNCIL (11: IE)			12 911	67 154	–	8 173	44 035	33 277	10 758	32,3%	66 854
Vote 2 - FINANCE AND ADMIN (12: IE)			32 647	103 088	–	6 110	38 499	59 104	(20 605)	-34,9%	103 088
Vote 3 - PLANNING AND DEVELOPMENT (13: IE)			3 770	31 030	–	1 393	13 141	15 515	(2 374)	-15,3%	31 030
Vote 4 - COMMUNITY AND SOCIAL SERVICES (15: IE)			224	4 639	–	–	384	2 320	(1 935)	-83,4%	4 639
Vote 5 - PUBLIC SAFETY (17: IE)			6 683	34 665	–	2 420	16 083	17 332	(1 250)	-7,2%	34 665
Vote 6 - SPORT AND RECREATION (18: IE)			7	–	–	5	25	–	25	#DIV/0!	–
Vote 7 - WASTE MANAGEMENT (20: IE)			1 254	17 988	–	1 969	10 692	8 994	1 698	18,9%	17 988
Vote 8 - ROAD TRANSPORT (22: IE)			121	105 155	–	1 613	68 336	52 577	15 758	30,0%	105 155
<b>Total Expenditure by Vote</b>		2	<b>57 618</b>	<b>363 718</b>	<b>–</b>	<b>21 683</b>	<b>191 193</b>	<b>189 120</b>	<b>2 074</b>	<b>1,1%</b>	<b>363 418</b>
<b>Surplus/ (Deficit) for the year</b>		2	<b>(17 574)</b>	<b>(15 453)</b>	<b>–</b>	<b>66 347</b>	<b>78 378</b>	<b>(14 987)</b>	<b>93 365</b>	<b>-623,0%</b>	<b>(15 153)</b>

## Table C4- Statement of Financial Performance

EC156 Mhlontlo - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December

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
<b>R thousands</b>										
<b>Revenue</b>										
<b>Exchange Revenue</b>										
Service charges - Waste management		407	1 981		214	1 285	990	295	30%	1 981
Sale of Goods and Rendering of Services		152	29		5	62	14	47	331%	29
Agency services		244	1 728		121	696	864	(168)	-19%	1 728
Interest earned from Receivables		(6)	80		—	—	40	(40)	-100%	80
Interest from Current and Non Current										
Assets		1 823	6 148		869	5 935	3 074			6 148
Rental from Fixed Assets		6	16		4	23	8	16	202%	16
Licence and permits		11	—		6	105	—	105	#DIV/0!	—
Operational Revenue		2 250	—		—	(0)	—	(0)	#DIV/0!	—
<b>Non-Exchange Revenue</b>										
Property rates		—	36 791		—	35 589	18 396	17 194	93%	36 791
Fines, penalties and forfeits		459	76		20	216	38	178		76
Licence and permits		169	1 578		57	556	789	(233)		1 578
Transfers and subsidies - Operational		23 898	236 646		76 709	174 842	118 323	56 519		236 646
Gains on disposal of Assets		(2 531)	—		—	—	—	—		—
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>26 881</b>	<b>285 072</b>	<b>—</b>	<b>78 005</b>	<b>219 309</b>	<b>142 536</b>	<b>76 773</b>	<b>54%</b>	<b>285 072</b>
<b>Expenditure By Type</b>										
Employee related costs		21 785	97 827		8 213	54 005	48 914	5 092	10%	97 827
Remuneration of councillors		3 311	20 690		1 717	12 344	10 345	1 999	19%	20 690
Inventory consumed		541	12 086		1 259	6 983	6 043	940		12 086
Debt impairment		—	15 121		—	—	15 121	(15 121)	-100%	15 121
Depreciation and amortisation		(12 629)	49 421		—	18 932	24 710	(5 778)	-23%	49 421
Interest		795	—		—	—	—	—		—
Contracted services		2 329	58 567		5 181	26 825	29 284	(2 459)	-8%	58 567
Transfers and subsidies		21	2 402		—	5	1 201	(1 196)	-100%	2 402
Irrecoverable debts written off		14 496	—		—	—	—	—		—
Operational costs		26 967	107 604		5 313	72 099	53 502	18 597	35%	107 304
<b>Total Expenditure</b>		<b>57 618</b>	<b>363 718</b>	<b>—</b>	<b>21 683</b>	<b>191 193</b>	<b>189 120</b>	<b>2 074</b>	<b>1%</b>	<b>363 418</b>
<b>Surplus/(Deficit)</b>		<b>(30 737)</b>	<b>(78 646)</b>	<b>—</b>	<b>56 322</b>	<b>28 115</b>	<b>(46 584)</b>	<b>74 699</b>	<b>(0)</b>	<b>(78 346)</b>
Transfers and subsidies - capital (monetary allocations)		13 143	63 193		10 026	50 263	31 597	18 666	0	63 193
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>(17 594)</b>	<b>(15 453)</b>	<b>—</b>	<b>66 347</b>	<b>78 378</b>	<b>(14 987)</b>			<b>(15 153)</b>
Income Tax		—	—		—	—	—			—
<b>Surplus/(Deficit) after income tax</b>		<b>(17 594)</b>	<b>(15 453)</b>	<b>—</b>	<b>66 347</b>	<b>78 378</b>	<b>(14 987)</b>			<b>(15 153)</b>
Share of Surplus/Deficit attributable to Joint Venture		—	—		—	—	—			—
Share of Surplus/Deficit attributable to Minorities		—	—		—	—	—			—
<b>Surplus/(Deficit) attributable to municipality</b>		<b>(17 594)</b>	<b>(15 453)</b>	<b>—</b>	<b>66 347</b>	<b>78 378</b>	<b>(14 987)</b>			<b>(15 153)</b>
Share of Surplus/Deficit attributable to Associate		—	—		—	—	—			—
Intercompany/Parent subsidiary transactions		—	—		—	—	—			—
<b>Surplus/ (Deficit) for the year</b>		<b>(17 594)</b>	<b>(15 453)</b>	<b>—</b>	<b>66 347</b>	<b>78 378</b>	<b>(14 987)</b>			<b>(15 153)</b>



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

Year to date budget is R50, 7 million whilst expenditure is sitting at R45, 7 million.

EC156 Mhlontlo - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M06 December

Vote Description	Ref	2022/23 Audited Outcome	Budget Year 2023/24 Original Budget	Adjusted Budget	Monthly actual	YearT D actual	YearT D budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
<b>Multi-Year expenditure appropriation</b>	2									
<b>Single Year expenditure appropriation</b>	2									
Vote 14 - EXECUTIVE AND COUNCIL (31: CAPEX)		(1 394)	–	–	–	775	–	775	#DIV/0!	–
Vote 15 - FINANCE AND ADMIN (32: CAPEX)		(3 712)	25 381	–	–	1 181	12 691	(11 510)	-91%	25 381
Vote 16 - PLANNING AND DEVELOPMENT (33: CAPEX)		(679)	–	–	–	–	–	–		–
Vote 17 - PUBLIC SAFETY (37: CAPEX)		(2 098)	900	–	43	479	450	29	6%	900
Vote 18 - WASTE MANAGEMENT (40: CAPEX)		(847)	4 710	–	–	326	2 355	(2 029)	-86%	4 710
Vote 19 - ROAD TRANSPORT (42: CAPEX)		(57 873)	70 692	–	6 324	43 114	35 219	7 896	22%	70 692
<b>Total Capital single-year expenditure</b>	4	(66 603)	101 684	–	6 367	45 875	50 714	(4 840)	-10%	101 684
<b>Total Capital Expenditure</b>		(66 603)	101 684	–	6 367	45 875	50 714	(4 840)	-10%	101 684
<b>Capital Expenditure - Functional Classification</b>										
<b>Governance and administration</b>		(1 139)	22 250	–	–	1 113	11 425	(10 312)	-90%	22 550
Executive and council		–	–	–	–	30	300	(270)	-90%	300
Finance and administration		(1 139)	22 250	–	–	1 083	11 125	(10 042)	-90%	22 250
<b>Community and public safety</b>		(3 492)	3 050	–	43	1 986	1 525	461	30%	3 050
Sport and recreation		–	2 120	–	–	537	1 060	(523)	-49%	2 120
Public safety		(3 492)	930	–	43	1 449	465	984	212%	930
<b>Economic and environmental services</b>		(45 134)	58 653	–	6 324	35 563	29 199	6 364	22%	58 653
Planning and development		(35 360)	36 772	–	3 832	21 289	18 386	2 903	16%	36 772
Road transport		(9 774)	21 881	–	2 492	14 273	10 813	3 460	32%	21 881
<b>Trading services</b>		(16 838)	17 761	–	–	7 243	8 880	(1 637)	-18%	17 761
Energy sources		(16 838)	13 361	–	–	6 917	6 680	237	4%	13 361
Waste management		–	4 400	–	–	326	2 200	(1 874)	-85%	4 400
<b>Total Capital Expenditure - Functional Classification</b>	3	(66 603)	101 714	–	6 367	45 905	51 029	(5 124)	-10%	102 014
<b>Funded by:</b>										
National Government		(56 504)	65 122	–	6 324	42 382	32 434	9 948	31%	65 122
Transfers recognised - capital		(56 504)	65 122	–	6 324	42 382	32 434	9 948	31%	65 122
Borrowing		–	–	–	–	–	–	–		–
Internally generated funds	6	(10 100)	36 592	–	43	3 298	18 296	(14 998)	-82%	36 592
<b>Total Capital Funding</b>		(66 603)	101 714	–	6 367	45 680	50 729	(5 049)	-10%	101 714

## Table C6: Statement of Financial Position

EC156 Mhlontlo - Table C6 Monthly Budget Statement - Financial Position - M06 December

Description	Ref	2022/23	Budget Year 2023/24			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
<b>ASSETS</b>						
<b>Current assets</b>						
Cash and cash equivalents		111 489	104 548		149 759	104 548
Trade and other receivables from exchange transactions		1 183	2 958		4 312	2 958
Receivables from non-exchange transactions		(1 575)	14		19 988	14
Inventory		(324)	(0)		920	(0)
VAT		22 879	1 763		15 405	1 763
Other current assets		(2 412)	18 956		5 421	18 956
<b>Total current assets</b>		<b>131 240</b>	<b>128 240</b>	<b>-</b>	<b>195 805</b>	<b>128 240</b>
<b>Non current assets</b>						
Investments		-	-		-	-
Investment property		5 983	5 983		5 983	5 983
Property, plant and equipment		583 771	581 481		534 343	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		-	-		-	-
<b>Total non current assets</b>		<b>589 849</b>	<b>587 621</b>	<b>-</b>	<b>540 407</b>	<b>587 921</b>
<b>TOTAL ASSETS</b>		<b>721 089</b>	<b>715 861</b>	<b>-</b>	<b>736 211</b>	<b>716 161</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Bank overdraft		-	-		-	-
Financial liabilities		-	-		-	-
Consumer deposits		-	-		-	-
Trade and other payables from exchange transactions		19 093	17 294		8 786	17 294
Trade and other payables from non-exchange transactions		(9 472)	19 633		7 222	19 633
Provision		30 515	24 390		28 479	24 390
VAT		1 499	1 455		1 831	1 455
Other current liabilities		3 228	3 125		3 989	3 125
<b>Total current liabilities</b>		<b>44 863</b>	<b>65 898</b>	<b>-</b>	<b>50 307</b>	<b>65 898</b>
<b>Non current liabilities</b>						
Financial liabilities		-	-		-	-
Provision		-	-		-	-
Long term portion of trade payables		-	-		-	-
<b>Total non current liabilities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>44 863</b>	<b>65 898</b>	<b>-</b>	<b>50 307</b>	<b>65 898</b>
<b>NET ASSETS</b>	2	<b>676 226</b>	<b>649 963</b>	<b>-</b>	<b>685 905</b>	<b>650 263</b>
<b>COMMUNITY WEALTH/EQUITY</b>						
Accumulated surplus/(deficit)		662 826	649 963		607 527	649 963
Other		-	-		-	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	<b>662 826</b>	<b>649 963</b>	<b>-</b>	<b>607 527</b>	<b>649 963</b>



## Table C7: Cash flow

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

EC156 Mhlontlo - Table C7 Monthly Budget Statement - Cash Flow - M06 December

Description	Ref	2022/23 Audited Outcome	Budget Year 2023/24 Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Property rates		401	22 443		205	15 551	–	15 551	#DIV/0!	–
Service charges		77	1 208		20	305	–	305	#DIV/0!	–
Other revenue		341 887	3 425		217	1 667	–	1 667	#DIV/0!	–
Transfers and Subsidies - Operational		348	247 605		76 442	177 221	162 257	14 964	9%	324 514
Transfers and Subsidies - Capital		5 100	49 832		11 000	41 903	–	41 903	#DIV/0!	–
Interest		7 098	6 148		869	5 937	3 074	2 863	93%	6 148
<b>Payments</b>										
Suppliers and employees		(237 316)	(257 273)		(26 433)	(181 245)	(128 898)	52 347	-41%	(257 797)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>117 596</b>	<b>73 389</b>	<b>–</b>	<b>62 320</b>	<b>61 339</b>	<b>36 433</b>	<b>(24 906)</b>	<b>-68%</b>	<b>72 865</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Proceeds on disposal of PPE		–	–		–	–	–	–		–
Decrease (increase) in non-current receivables		–	–		–	–	–	–		–
Decrease (increase) in non-current investments		–	–		–	–	–	–		–
<b>Payments</b>										
Capital assets		(8 207)	(101 969)		(9 543)	(46 081)	–	46 081	#DIV/0!	–
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(8 207)</b>	<b>(101 969)</b>	<b>–</b>	<b>(9 543)</b>	<b>(46 081)</b>	<b>–</b>	<b>46 081</b>	<b>#DIV/0!</b>	<b>–</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Short term loans		–	–		–	–	–	–		–
Borrowing long term/refinancing		–	–		–	–	–	–		–
Increase (decrease) in consumer deposits		–	–		–	–	–	–		–
<b>Payments</b>										
Repayment of borrowing		–	–		–	–	–	–		–
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>		<b>–</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>109 390</b>	<b>(28 580)</b>	<b>–</b>	<b>52 777</b>	<b>15 257</b>	<b>36 433</b>			<b>72 865</b>
Cash/cash equivalents at beginning:		17 992	133 129		(2 541)	134 502	133 129			134 502
Cash/cash equivalents at month/year end:		127 381	104 548	–	50 236	149 759	138 589			–

## PART 2: SUPPORTING DOCUMENTATION

### Table SC3: Aged Debtors

The municipality is being owed a total amount of R108, 9 million of which the biggest portion is on household debtors with R41, 6 million being owed by this group of debtors.

The second biggest is government departments that are sitting at R37, 8 million. The business debtors owing just over R29,5 million.

EC156 Mhlontlo - Supporting Table SC3 Monthly Budget Statement - aged debtors – M06 December

EC156 MlnR10nt10 - Supporting Table SC3 Monthly Budget Statement - aged debtors - 1900 December									
Description	NT Code	Budget Year 2021/22							
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	Total	Total over 90 days	
R thousands									
<b>Debtors Age Analysis By Income Source</b>									
Trade and Other Receivables from Exchange Transactions - Water	1200	–	–	–	–	–	–	–	
Trade and Other Receivables from Exchange Transactions - Electricity	1300	–	–	–	–	–	–	–	
Receivables from Non-exchange Transactions - Property Rates	1400	4 104	501	492	15 577	72 702	93 377	88 280	
Receivables from Exchange Transactions - Waste Water Management	1500	–	–	–	–	–	–	–	
Receivables from Exchange Transactions - Waste Management	1600	215	207	202	200	14 662	15 487	14 862	
Receivables from Exchange Transactions - Property Rental	1700	–	–	–	–	–	–	–	
Debtors	1810	–	–	–	–	–	–	–	
Interest on Arrear Debtor Accounts	1820	–	–	–	–	–	–	–	
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	–	–	–	–	–	–	–	
Other	1900	–	–	–	–	–	–	–	
<b>Total By Income Source</b>	<b>2000</b>	<b>4 319</b>	<b>709</b>	<b>695</b>	<b>15 777</b>	<b>87 364</b>	<b>108 864</b>	<b>103 142</b>	
<b>2017/18 - totals only</b>							–	–	
<b>Debtors Age Analysis By Customer Group</b>									
Organs of State	2200	124	30	31	12 247	25 403	37 835	37 650	
Commercial	2300	1 883	241	234	1 864	25 231	29 453	27 095	
Households	2400	2 312	437	430	1 666	36 730	41 576	38 397	
Other	2500						–	–	
<b>Total By Customer Group</b>	<b>2600</b>	<b>4 319</b>	<b>709</b>	<b>695</b>	<b>15 777</b>	<b>87 364</b>	<b>108 864</b>	<b>103 142</b>	



## Table SC4: Aged Creditors

EC156 Mhlontlo - Supporting Table SC4 Monthly Budget Statement - aged creditors - M06 December

EC 156 million to be supporting Table 33-4 monthly Budget Statement - aged creditors - 1000 December											
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	(189)	(186)	46	(70)	319	(559)	765	111	236	
Bulk Water	0200	-	-	-	-	-	-	-	-	-	
PAYE deductions	0300	-	-	-	-	-	-	-	-	-	
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-	
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-	
Loan repayments	0600	-	-	-	-	-	-	-	-	-	
Trade Creditors	0700	471	(261)	-	(1 083)	-	(1 430)	2 794	14	505	
Auditor General	0800	81	(350)	(228)	228	1	(304)	-	18	(554)	
Other	0900	-	-	-	-	-	-	-	-	-	
Total By Customer Type	1000	362	(797)	(181)	(925)	320	(2 293)	3 559	142	187	-

## 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 December 2023. Total cash available is R142, 0 million.

EC156 Mhlontlo - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M06 December

Investments by maturity Name of institution & investment ID	R ef	Period of Invest ment	Type of Invest ment	Capit al Guara ntee (Yes/ No)	Vari able or Fixe d inter est rate	Inte rest Rat e <sup>3</sup>	Commi ssion Paid (Rands )	Commi ssion Recipie nt	Expiry date of invest ment	Ope ning bala nce	Inter est to be reali sed	Partial / Prema ture Withd rawal (4)	Invest ment Top Up	Clos ing Bala nce
R thousands		Yrs/M onths												
<b>Municipality</b>														
20-FNB		4	3	Y	3	0,05 15	0	0	20240 630	8 266		(24 279)	76 398	60 649
23-FNB		4	3	Y	3	0,06 5	0	0	20240 630	3 530	67	-	-	3 597
24-FNB		4	3	Y	3	0,05 5	0	0	20240 630	1 558	10	(10)	-	1 558
25-FNB		48	3	Y	3	0,03 65	0	0	20240 630	1 197	20	(20)	-	1 197
30-FNB		4	3	Y	3	0,04 55	0	0	20240 630	1 492	8	(8)	-	1 492
31-FNB		4	3	Y	3	0,05 15	0	0	20240 630	129 260	1 688	(61 454)	2 296	71 789
32-FNB		4	3	Y	3	0,05 5	0	0	20240 630	2 549	24 90	(24 226)	25 333	3 747
33-FNB		4	3	Y	3	0,05 15	0	0	20240 630	734 5	12	(12) (4	-	142 029
34-FNB		4	3	Y	3	0,05 15	0	0	20240 630	108 2	40	013)	-	-
35-FNB		48	3	Y	3	0,03 25	0	0	20240 630	2 314	39	(39)	-	-
36-FNB		48	3	Y	3	0,02 5	0	0	20240 630	-	-	-	-	-
37-FNB		50	3	Y	3	0,02 5	0	0	20240 630	8	-	-	-	8
														-
														-
														-
														-
<b>Entities sub-total</b>										8		-	-	8
<b>TOTAL INVESTMENTS AND INTEREST</b>	2									743		(12)	-	142 037



## 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 - M06 December

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										
<b>RECEIPTS:</b>	1,2									
<b>Operating Transfers and Grants</b>										
<b>National Government:</b>		21 063	235 872	235 872	76 672	173 973	117 936	56 037	47,5%	235 872
Equitable Share		19 618	229 195	229 195	76 398	171 895	114 598	57 298	50,0%	229 195
Expanded Public Works Programme									47,6%	
Integrated Grant		433	1 754	1 754	212	1 295	877	418		1 754
Local Government Financial Management Grant		1 012	2 300	2 300	62	783	1 150	(367)	-31,9%	2 300
Municipal Infrastructure Grant		-	2 623	2 623	-	-	1 311	(1 311)	-100,0%	2 623
<b>Provincial Government:</b>		-	550	550	-	550	275	275	100,0%	550
Library Grant - Rev Alloc		-	-	-	-	-	-	-		-
LIBRARY SUPPORT		-	550	550	-	550	275	275	100,0%	550
<b>District Municipality:</b>		2 253	-	-	-	-	-	-		-
OR TAMBO COMMUNICATIONS FUND		-	-	-	-	-	-	-		-
Sundries		2 253	-	-	-	-	-	-		-
<b>Other grant providers:</b>		582	225	225	37	320	112	207	184,8%	225
Peoples Housing Process (Housing)		87	225	225	12	99	112	(13)	-11,4%	225
Transport, Education and Training SETA		495	-	-	25	220	-	220	#DIV/0!	-
<b>Total Operating Transfers and Grants</b>	5	23 898	236 646	236 646	76 709	174 842	118 323	56 519	47,8%	236 646
<b>Capital Transfers and Grants</b>										
<b>National Government:</b>		13 143	63 193	63 193	10 026	50 263	31 597	18 666	59,1%	63 193
Integrated National Electrification Programme Grant		7 605	13 361	13 361	-	7 955	6 680	1 274	19,1%	13 361
Municipal Disaster Response Grant		-	-	-	91	3 522	-	3 522	#DIV/0!	-
Municipal Infrastructure Grant		5 538	49 832	49 832	9 934	38 786	24 916	13 870	55,7%	49 832
<b>Provincial Government:</b>		-	-	-	-	-	-	-		-
<b>District Municipality:</b>		-	-	-	-	-	-	-		-
[insert description]								-		
								-		
								-		
								-		
<b>Other grant providers:</b>		-	-	-	-	-	-	-		-
[insert description]								-		
								-		
								-		
								-		
<b>Total Capital Transfers and Grants</b>	5	13 143	63 193	63 193	10 026	50 263	31 597	18 666	59,1%	63 193
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	5	37 041	299 840	299 840	86 735	225 105	149 920	75 185	50,2%	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 R783 thousand. This amount was used on interns' salaries and training. Library grant expenditure amounts to R447 thousand and was used in paying the librarians' events and salaries. MIG capital expenditure amounts to R38, 8 million. Electrification project expenditure amounts to R8, 5 million. EPWP expenditure amounts to R1,3 million and the MDMRG expenditure amounts to R3,5 million.

EC156 Mhlontlo - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M06 December

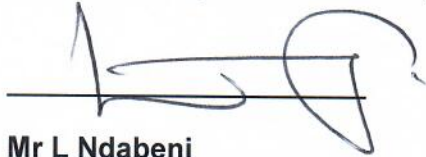
EC 150 Mmilion - Supporting Table 007 (1) Monthly Budget Statement - transfers and grant expenditure - first December										
Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
<u>EXPENDITURE</u>										
<u>Operating expenditure of Transfers and Grants</u>										
National Government:		40 387	323 147	323 147	20 841	175 403	161 573	13 830	8,6%	323 147
Equitable Share		39 004	317 463	317 463	20 510	172 746	158 731	14 015	8,8%	317 463
Local Government Financial Management Grant		841	2 011	2 011	42	936	1 005	(69)	-6,8%	2 011
Municipal Infrastructure Grant		541	3 673	3 673	289	1 720	1 837	(116)	-6,3%	3 673
Provincial Government:		37	222	222	16	188	111	77	68,8%	222
Allowance - Cellphone		-	-	-	-	-	-	-		-
Allowance - Housing		2	12	12	1	6	6	0	5,4%	12
Allowance - Travel		-	-	-	1	1	-	1	#DIV/0!	-
Annual Bonus		-	-	-	11	22	-	22	#DIV/0!	-
Contributions - Pension Fund		4	10	10	2	12	5	7	135,8%	10
Levy - Skills Development SETA		1	-	-	0	2	-	2	#DIV/0!	-
LIBRARY ASSISTANCE		30	200	200	-	144	100	44	43,5%	200
Salaries		-	-	-	-	-	-	-		-
OR TAMBO COMMUNICATIONS FUND		29	500	200	-	109	(50)	159	-318,0%	200
Unemployment Insurance Fund		0	-	-	0	1	-	1	#DIV/0!	-
Other grant providers:		128	722	422	-	97	61	35	57,9%	422
OR TAMBO COMMUNICATIONS FUND		29	500	200	-	109	(50)	159	-318,0%	200
Upgrading of Informal Settlement		99	222	222	-	(12)	111	(124)	-111,2%	222
Total operating expenditure of Transfers and Grants:		40 551	324 091	323 791	20 857	175 688	161 746	13 942	8,6%	323 791
<u>Capital expenditure of Transfers and Grants</u>										
National Government:		(5 663)	65 122	65 122	6 324	42 382	32 434	9 948	30,7%	65 122
Integrated National Electrification Programme Grant		(16 838)	13 361	13 361	-	6 917	6 680	237	3,5%	13 361
Municipal Disaster Response Grant		-	-	-	91	3 522	-	3 522	#DIV/0!	-
Municipal Infrastructure Grant		11 175	51 761	51 761	6 233	31 943	25 753	6 190	24,0%	51 761
Provincial Government:		-	-	-	-	-	-	-		-



Total capital expenditure of Transfers and Grants		(5 663)	65 122	65 122	6 324	42 382	32 434	9 948	30,7%	65 122
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		34 889	389 214	388 914	27 181	218 070	194 179	23 890	12,3%	388 914

# QUALITY CERTIFICATE

I, LUNGILE NDABENI (Full Names), the Municipal Manager of Mhlontlo Municipality hereby certify that the **Section 71 Report** for the month ended 31 December 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

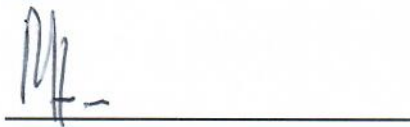
MUNICIPAL MANAGER

15/01/2024

DATE

## RECEIPT BY THE MAYOR

I, MBulelo Sana (Full Names), the Mayor of **Mhlontlo Local Municipality**, hereby accept the **Section 71 report** of the municipality for the month ended 31 December 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

15/01/2024

DATE