

# **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**

**May 2024**

**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 287, 2 million out of the projected R 261, 3 million giving rise to a variance of 10%. Variance contributing factors are explained in the subheadings of the revenue items.

Total cash receipts on operating revenue excluding grants totals to R51.9 million since July 2023 out of the expected R38,7 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, 0 million, out of the expected R33, 7 million.

Total actual cash collected on rates since July 2023 is R17.4 million against the expected R33, 7 million.

#### ***Refuse Removal***

Amount accrued on refuse removal is R2,4 million against the expected R1,8 million.

Total actual cash received on refuse removal since July 2023 is R633 thousand out of the expected collection of R1,8 million.

#### ***Investment Revenue***

This relates to interests received on the call account deposits. Interest received since July 2023 amounts to R10, 3 million out of the expected R5,6 million.

#### ***Other Revenue***

Rental of facilities and Equipment –R45 thousand has been received since July 2023 instead of the expected R14 thousand.

Fines- R2,0 million has been received so far against the expected R70 thousand.

Licenses and permits- R1,1 million has been received since July 2023 and the municipality expected to receive R1,4 million.

Agency Services- The amount collected since July amounts to R1,1 million and the expected budget is R1,6 million.

### **Operating Expenditure**

On operating expenditure, R213, 3 million was spent against the expected budget of R334, 7 million giving rise to a negative variance of more than R21, 3 million. This is because on non-cash items like depreciation and debt impairment that have not been accounted for.

#### ***Employee Costs***

R98, 8 million has been spent to date on employee related costs against the expected R89, 6 million.

#### ***Remuneration of Councillors***

Amount spent since July totals to R20, 9 million against the budgeted R18, 9 million.

#### ***Other Expenditure***

This line item includes all the other operating expenses like accommodation, telephone, electricity etc. Expenditure is R161,6 million against the expected budget of R167, 4 million.

### **Capital Expenditure**

On Capital Expenditure the municipality has spent a total of R62, 9 million against the expected R93, 2 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 - M11 May

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
<b>R thousands</b>									
<b><u>Financial Performance</u></b>									
Property rates	20	36 791	36 791	(647)	35 007	33 725	1 282	4%	36 791
Service charges	407	1 981	1 722	214	2 356	1 816	540	30%	1 722
Investment revenue	1 823	-	-	-	-	-	-		-
Transfers and subsidies - Operational	1 823	6 148	11 648	859	10 346	5 636	4 710	84%	11 648
Other own revenue	22 827	240 152	239 976	1 681	239 486	220 139	19 347	9%	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>26 901</b>	<b>285 072</b>	<b>290 138</b>	<b>2 107</b>	<b>287 194</b>	<b>261 316</b>	<b>25 878</b>	<b>10%</b>	<b>290 138</b>
Employee costs	21 785	97 827	116 308	9 341	98 793	89 675	9 118		116 308
Remuneration of Councillors	3 311	20 690	21 864	1 720	20 861	18 966	1 895		21 864
Depreciation and amortisation	(12 629)	49 421	49 421	-	22 425	45 302	(22 878)		49 421
Interest	795	-	-	-	-	-	-		-
Inventory consumed and bulk purchases	541	12 086	11 666	289	8 460	11 079	(2 619)		11 666
Transfers and subsidies	21	2 402	2 402	317	1 183	2 202	(1 019)	-46%	2 402
Other expenditure	43 793	181 292	191 377	12 016	161 602	167 444	(5 843)	-3%	191 377
<b>Total Expenditure</b>	<b>57 618</b>	<b>363 718</b>	<b>393 038</b>	<b>23 682</b>	<b>313 324</b>	<b>334 668</b>	<b>(21 345)</b>	<b>-6%</b>	<b>393 038</b>
<b>Surplus/(Deficit)</b>	<b>(30 717)</b>	<b>(78 646)</b>	<b>(102 900)</b>	<b>(21 576)</b>	<b>(26 129)</b>	<b>(73 353)</b>	<b>47 223</b>	<b>-64%</b>	<b>(102 900)</b>
Transfers and subsidies - capital (monetary allocations)	13 143	63	98 149	103	67	57	9 082	16%	98
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(17 574)</b>	<b>(15 453)</b>	<b>(4 751)</b>	<b>(21 473)</b>	<b>40 879</b>	<b>(15 426)</b>	<b>56 305</b>	<b>-365%</b>	<b>(4 751)</b>
<b>Surplus/ (Deficit) for the year</b>	<b>(17 574)</b>	<b>(15 453)</b>	<b>(4 751)</b>	<b>(21 473)</b>	<b>40 879</b>	<b>(15 426)</b>	<b>56 305</b>	<b>-365%</b>	<b>(4 751)</b>
<b><u>Capital expenditure &amp; funds sources</u></b>									
<b>Capital expenditure</b>	<b>(66 603)</b>	<b>101 714</b>	<b>133 761</b>	<b>1 058</b>	<b>62 987</b>	<b>93 217</b>	<b>(30 229)</b>	<b>-32%</b>	<b>133 761</b>
Capital transfers recognised	(56 504)	65 122	109 332	927	58 096	59 674	(1 578)	-3%	109 332
Internally generated funds	(10 100)	36 592	24 430	157	4 692	33 542	(28 851)	-86%	22 830
<b>Total sources of capital funds</b>	<b>(66 603)</b>	<b>101 714</b>	<b>133 761</b>	<b>1 083</b>	<b>62 788</b>	<b>93 217</b>	<b>(30 428)</b>	<b>-33%</b>	<b>132 161</b>
<b><u>Financial position</u></b>									
Total current assets	131 240	128 240	158 507		175 043				158 406
Total non current assets	589 849	587 621	597 774		553 997				597 774
Total current liabilities	44 863	65 898	153 506		80 634				153 405
Community wealth/Equity	<b>662 826</b>	<b>649 963</b>	<b>602 775</b>		<b>607 527</b>				<b>602 775</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.

Description	Ref	2022/23	Budget Year 2023/24							
R thousands	1	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>Revenue - Functional</b>										
<i>Governance and administration</i>		25 077	143 587	149 087	1 651	146 981	131 622	15 360	12%	149 087
Executive and council		19 618	28 535	28 535	–	28 535	26 157	2 378	9%	28 535
Finance and administration		5 459	115 052	120 552	1 651	118 446	105 465	12 982	12%	120 552
<i>Community and public safety</i>		877	30 350	30 350	206	47 243	27 821	19 422	70%	30 350
Community and social services		2	550	550	1	582	504	78	15%	550
Public safety		875	29 800	29 800	205	46 661	27 317	19 344	71%	29 800
<i>Economic and environmental services</i>		6 069	124 681	146 100	135	112 717	114 291	(1 574)	-1%	146 100
Planning and development		5 636	86 646	121 427	135	113 137	79 426	33 712	42%	121 427
Road transport		433	38 035	24 674	–	(420)	34 865	(35 285)	-101%	24 674
<i>Trading services</i>		8 021	49 647	62 750	218	47 261	45 510	1 752	4%	62 750
Energy sources		7 605	–	13 361	–	13 361	–	13 361	#DIV/0!	13 361
Waste management		416	49 647	49 389	218	33 900	45 510	(11 609)	-26%	49 389
<b>Total Revenue - Functional</b>	2	40 043	348 265	388 287	2 209	354 203	319 243	34 960	11%	388 287
<b>Expenditure - Functional</b>										
<i>Governance and administration</i>		38 736	170 638	161 709	11 223	136 253	157 614	(21 361)	-14%	161 709
Executive and council		10 064	55 136	64 413	3 954	60 954	50 541	10 413	21%	64 413
Finance and administration		28 646	115 453	97 246	7 269	75 262	107 027	(31 765)	-30%	97 246
Internal audit		25	50	50	–	37	46	(9)	-20%	50
<i>Community and public safety</i>		6 147	35 794	39 174	3 671	31 267	32 811	(1 544)	-5%	39 174
Community and social services		228	1 609	1 609	–	1 247	1 475	(228)	-15%	1 609
Sport and recreation		7	–	445	4	45	–	45	#DIV/0!	445
Public safety		5 912	34 185	37 121	3 667	29 974	31 336	(1 362)	-4%	37 121
<i>Economic and environmental services</i>		8 029	135 881	163 183	7 247	128 163	124 557	3 606	3%	163 183
Planning and development		6 441	40 407	39 075	4 590	32 790	37 039	(4 250)	-11%	39 075
Road transport		1 588	95 474	124 108	2 657	95 373	87 518	7 855	9%	124 108
<i>Trading services</i>		4 706	21 405	28 972	1 542	17 641	19 686	(2 045)	-10%	28 972
Energy sources		–	–	–	–	–	–	–		–
Water management		–	–	–	–	–	–	–		–
Waste water management		–	–	–	–	–	–	–		–
Waste management		4 706	21 405	28 972	1 542	17 641	19 686	(2 045)	-10%	28 972
<i>Other</i>		–	–	–	–	–	–	–		–
<b>Total Expenditure - Functional</b>	3	57 618	363 718	393 038	23 682	313 324	334 668	(21 345)	-6%	393 038
<b>Surplus/ (Deficit) for the year</b>		(17 574)	(15 453)	(4 751)	(21 473)	40 879	(15 426)	56 305	-365%	(4 751)



## 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) - M11 May

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	1									
Vote 1 - EXECUTIVE AND COUNCIL (11: IE)		19 618	31 537	31 537	–	31 537	28 909	2 628	9,1%	31 537
Vote 2 - FINANCE AND ADMIN (12: IE)		5 461	115 052	120 552	1 652	118 479	105 465	13 014	12,3%	120 552
Vote 3 - PLANNING AND DEVELOPMENT (13: IE)		98	24 748	24 748	32	24 953	22 686	2 267	10,0%	24 748
Vote 4 - COMMUNITY AND SOCIAL SERVICES (15: IE)		9	29	29	4	30	26	4	15,4%	29
Vote 5 - PUBLIC SAFETY (17: IE)		875	57 853	57 853	205	47 211	53 032	(5 821)	-11,0%	57 853
Vote 7 - WASTE MANAGEMENT (20: IE)		407	22 115	21 857	214	33 870	20 272	13 598	67,1%	21 857
Vote 8 - ROAD TRANSPORT (22: IE)		13 575	96 930	131 710	103	98 123	88 852	9 270	10,4%	131 710
Total Revenue by Vote	2	40 043	348 265	388 287	2 209	354 203	319 243	34 960	11,0%	388 287
Expenditure by Vote	1									
Vote 1 - EXECUTIVE AND COUNCIL (11: IE)		12 911	66 654	75 447	6 636	72 112	61 099	11 013	18,0%	75 447
Vote 2 - FINANCE AND ADMIN (12: IE)		32 647	103 088	89 606	7 333	70 123	95 757	(25 634)	-26,8%	89 606
Vote 3 - PLANNING AND DEVELOPMENT (13: IE)		3 770	31 030	28 619	1 433	21 376	28 444	(7 068)	-24,9%	28 619
Vote 4 - COMMUNITY AND SOCIAL SERVICES (15: IE)		224	4 639	2 565	–	1 222	4 253	(3 031)	-71,3%	2 565
Vote 5 - PUBLIC SAFETY (17: IE)		6 683	34 315	36 735	3 415	28 687	31 455	(2 768)	-8,8%	36 735
Vote 6 - SPORT AND RECREATION (18: IE)		7	–	445	4	45	–	45	#DIV/0!	445
Vote 7 - WASTE MANAGEMENT (20: IE)		1 254	17 988	28 386	1 668	18 902	16 489	2 413	14,6%	28 386
Vote 8 - ROAD TRANSPORT (22: IE)		121	105 155	130 685	3 057	99 776	96 392	3 384	3,5%	130 685
Total Expenditure by Vote	2	57 618	362 868	392 488	23 546	312 243	333 889	(21 646)	-6,5%	392 488
Surplus/ (Deficit) for the year	2	(17 574)	(14 603)	(4 201)	(21 337)	41 960	(14 646)	56 606	-386,5%	(4 201)

# Table C4- Statement of Financial Performance

EC156 Mhlontlo - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M11 May

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	1 722	214	2 356	1 816	540	30%	1 722
Sale of Goods and Rendering of Services		152	29	29	5	125	26	99	377%	29
Agency services		244	1 728	1 728	92	1 146	1 584	(438)	-28%	1 728
Interest earned from Receivables		(6)	80	80	—	—	73	(73)	-100%	80
Interest from Current and Non Current Assets		1 823	6 148	11 648	859	10 346	5 636	4 710		11 648
Rental from Fixed Assets		6	16	16	1	45	14	31	215%	16
Licence and permits		11	—	—	19	136	—	136	#DIV/0!	—
Operational Revenue		2 250	—	—	—	(0)	—	(0)	#DIV/0!	—
Property rates		20	36 791	36 791	(647)	35 007	33 725	1 282	4%	36 791
Fines, penalties and forfeits		459	76	76	9	1 994	70	1 925		76
Licence and permits		169	1 578	1 578	104	1 061	1 446	(385)		1 578
Transfers and subsidies - Operational		23 898	236 646	236 471	1 100	234 242	216 926	17 316		236 471
Gains on disposal of Assets		(2 531)	—	—	351	737	—	737		—
Total Revenue (excluding capital transfers and contributions)		26 901	285 072	290 138	2 107	287 194	261 316	25 878	10%	290 138
Expenditure By Type										
Employee related costs		21 785	97 827	116 308	9 341	98 793	89 675	9 118	10%	116 308
Remuneration of councillors		3 311	20 690	21 864	1 720	20 861	18 966	1 895	10%	21 864
Inventory consumed		541	12 086	11 666	289	8 460	11 079	(2 619)		11 666
Debt impairment		—	15 121	4 652	—	—	15 121	(15 121)	-100%	4 652
Depreciation and amortisation		(12 629)	49 421	49 421	—	22 425	45 302	(22 878)	-51%	49 421
Interest		795	—	—	—	—	—	—		—
Contracted services		2 329	58 567	54 400	3 724	41 230	53 687	(12 457)	-23%	54 400
Transfers and subsidies		21	2 402	2 402	317	1 183	2 202	(1 019)	-46%	2 402
Irrecoverable debts written off		14 496	—	—	—	—	—	—		—
Operational costs		26 967	107 604	132 325	8 292	120 372	98 637	21 735	22%	132 325
Total Expenditure		57 618	363 718	393 038	23 682	313 324	334 668	(21 345)	-6%	393 038
Surplus/(Deficit)		(30 717)	(78 646)	(102 900)	(21 576)	(26 129)	(73 353)	47 223	(0)	(102 900)
Transfers and subsidies - capital (monetary allocations)		13 143	63 193	98 149	103	67 009	57 927	9 082	0	98 149
Transfers and subsidies - capital (in-kind)								—		
Surplus/(Deficit) after capital transfers & contributions		(17 574)	(15 453)	(4 751)	(21 473)	40 879	(15 426)			(4 751)
Income Tax										
Surplus/(Deficit) after income tax		(17 574)	(15 453)	(4 751)	(21 473)	40 879	(15 426)			(4 751)
Share of Surplus/Deficit attributable to Joint Venture										
Share of Surplus/Deficit attributable to Minorities										
Surplus/(Deficit) attributable to municipality		(17 574)	(15 453)	(4 751)	(21 473)	40 879	(15 426)			(4 751)
Share of Surplus/Deficit attributable to Associate										
Intercompany/Parent subsidiary transactions										
Surplus/ (Deficit) for the year		(17 574)	(15 453)	(4 751)	(21 473)	40 879	(15 426)			(4 751)

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

Year to date budget is R93, 2 million whilst expenditure is sitting at R62, 9 million.

EC156 Mhlontlo - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M11 May

Vote 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>Multi-Year expenditure appropriation</b>	2									
<b>Total Capital Multi-year expenditure</b>	4,7	-	-	-	-	-	-	-		-
<b>Single Year expenditure appropriation</b>	2									
Vote 11 - EXECUTIVE AND COUNCIL (11: CAPEX)		-	-	300	-	30	-	30	#DIV/0!	300
Vote 12 - EXECUTIVE AND COUNCIL (11: CAPEX)		-	-	-	-	-	-	-		-
Vote 13 - PUBLIC SAFETY (17: CAPEX)		-	30	30	-	0	28	(27)	-99%	30
Vote 16 - EXECUTIVE AND COUNCIL (31: CAPEX)		(1 394)	-	775	-	775	-	775	#DIV/0!	775
Vote 17 - FINANCE AND ADMIN (32: CAPEX)		(3 712)	25 381	13 981	157	2 574	23 266	(20 692)	-89%	13 981
Vote 18 - PLANNING AND DEVELOPMENT (33: CAPEX)		(679)	-	-	-	-	-	-		-
Vote 20 - PUBLIC SAFETY (37: CAPEX)		(2 098)	900	1 400	-	479	825	(346)	-42%	1 400
Vote 21 - WASTE MANAGEMENT (40: CAPEX)		(847)	4 710	3 950	-	326	4 318	(3 991)	-92%	3 950
Vote 22 - ROAD TRANSPORT (42: CAPEX)		(57 873)	70 692	113 325	902	58 803	64 780	(5 977)	-9%	113 325
<b>Total Capital single-year expenditure</b>	4	(66 603)	101 714	133 761	1 058	62 987	93 217	(30 229)	-32%	133 761
<b>Total Capital Expenditure</b>		(66 603)	101 714	133 761	1 058	62 987	93 217	(30 229)	-32%	133 761
<b>Capital Expenditure - Functional Classification</b>										
<b>Governance and administration</b>		(1 139)	22 250	13 450	157	2 507	20 396	(17 889)	-88%	13 450
Executive and council		-	-	300	-	30	-	30	#DIV/0!	300
Finance and administration		(1 139)	22 250	13 150	157	2 477	20 396	(17 919)	-88%	13 150
Internal audit										
<b>Community and public safety</b>		(3 492)	3 050	2 748	(25)	1 961	2 796	(835)	-30%	2 748
Sport and recreation		-	2 120	544	-	537	1 943	(1 406)	-72%	544
Public safety		(3 492)	930	2 205	(25)	1 423	853	571	67%	2 205
<b>Economic and environmental services</b>		(45 134)	58 653	100 562	927	48 466	53 744	(5 278)	-10%	100 562
Planning and development		(35 360)	36 772	42 746	1 279	31 972	33 708	(1 736)	-5%	42 746
Road transport		(9 774)	21 881	57 817	(353)	16 494	20 036	(3 542)	-18%	57 817
<b>Trading services</b>		(16 838)	17 761	17 001	-	10 054	16 281	(6 227)	-38%	17 001
Energy sources		(16 838)	13 361	13 361	-	9 728	12 248	(2 520)	-21%	13 361
Waste management		-	4 400	3 640	-	326	4 033	(3 707)	-92%	3 640
<b>Total Capital Expenditure - Functional Classification</b>	3	(66 603)	101 714	133 761	1 058	62 987	93 217	(30 229)	-32%	133 761
<b>Funded by:</b>										
National Government		(56 504)	65 122	109 332	927	58 096	59 674	(1 578)	-3%	109 332
Transfers recognised - capital		(56 504)	65 122	109 332	927	58 096	59 674	(1 578)	-3%	109 332
<b>Internally generated funds</b>		(10 100)	36 592	24 430	157	4 692	33 542	(28 851)	-86%	22 830
<b>Total Capital Funding</b>		(66 603)	101 714	133 761	1 083	62 788	93 217	(30 428)	-33%	132 161

# Table C6: Statement of Financial Position

EC156 Mhlontlo - Table C6 Monthly Budget Statement - Financial Position - M11 May

Description	Ref	2022/23	Budget Year 2023/24			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
<b>R thousands</b>	1					
<b>ASSETS</b>						
<b>Current assets</b>						
Cash and cash equivalents		111 489	104 548	127 241	135 959	127 241
Trade and other receivables from exchange transactions		1 183	2 958	3 384	5 079	3 384
Receivables from non-exchange transactions		(1 575)	14	10 954	17 768	10 954
Current portion of non-current receivables						
Inventory		(324)	(0)	(0)	202	(0)
VAT		22 879	1 763	1 684	17 926	1 741
Other current assets		(2 412)	18 956	15 243	(1 891)	15 086
<b>Total current assets</b>		<b>131 240</b>	<b>128 240</b>	<b>158 507</b>	<b>175 043</b>	<b>158 406</b>
<b>Non current assets</b>						
Investments						
Investment property		5 983	5 983	5 983	5 983	5 983
Property, plant and equipment		583 771	581 481	591 711	547 956	591 711
Biological assets						
Living and non-living resources						
Heritage assets						
Intangible assets		96	157	81	58	81
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>597 774</b>	<b>553 997</b>	<b>597 774</b>
<b>TOTAL ASSETS</b>		<b>721 089</b>	<b>715 861</b>	<b>756 281</b>	<b>729 040</b>	<b>756 180</b>
<b>LIABILITIES</b>						
Bank overdraft						
Financial liabilities						
Consumer deposits						
Trade and other payables from exchange transactions		19 093	17 294	113 745	9 921	113 745
Trade and other payables from non-exchange transactions		(9 472)	19 633	5 120	36 306	5 120
Provision		30 515	24 390	29 226	28 025	29 226
VAT		1 499	1 455	1 702	2 044	1 601
Other current liabilities		3 228	3 125	3 713	4 337	3 713
<b>Total current liabilities</b>		<b>44 863</b>	<b>65 898</b>	<b>153 506</b>	<b>80 634</b>	<b>153 405</b>
<b>Non current liabilities</b>						
Financial liabilities						
Provision						
Long term portion of trade payables						
Other non-current liabilities						
<b>TOTAL LIABILITIES</b>		<b>44 863</b>	<b>65 898</b>	<b>153 506</b>	<b>80 634</b>	<b>153 405</b>
<b>NET ASSETS</b>	2	<b>676 226</b>	<b>649 963</b>	<b>602 775</b>	<b>648 406</b>	<b>602 775</b>
<b>COMMUNITY WEALTH/EQUITY</b>						
Accumulated surplus/(deficit)		662 826	649 963	602 775	607 527	602 775
Reserves and funds						
Other						
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	<b>662 826</b>	<b>649 963</b>	<b>602 775</b>	<b>607 527</b>	<b>602 775</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 - M11 May

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>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Property rates		401	22 443	22 443	310	16 999	20 573	(3 573)	-17%	-
Service charges		77	1 208	1 208	53	635	1 107	(473)	-43%	-
Other revenue		341 887	3 425	3 425	582	5 257	3 140	2 117	67%	-
Transfers and Subsidies - Operational		348	247 605	236 471	16 205	252 212	226 972	25 240	11%	361 539
Transfers and Subsidies - Capital		5 100	49 832	98 149	-	82 311	45 680	36 631	80%	-
Interest		7 098	6 148	11 648	859	10 348	5 636	4 712	84%	11 648
Dividends								-		
<b>Payments</b>										
Suppliers and employees		(237 316)	(257 273)	(216 046)	(40 406)	(316 711)	(235 834)	(80 877)	34%	(216 570)
Interest								-		
Transfers and Subsidies								-		
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		117 596	73 389	157 298	(22 397)	51 051	67 273	16 222	24%	156 617
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Capital assets		(8 207)	(101 969)	(133 761)	(259)	(60 955)	(93 471)	32 516	-35%	-
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		(8 207)	(101 969)	(133 761)	(259)	(60 955)	(93 471)	(32 516)	35%	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
<b>Payments</b>										
Repayment of borrowing								-		
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		-	-	-	-	-	-	-		-
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		109 390	(28 580)	23 537	(22 656)	(9 905)	(26 199)			156 617
Cash/cash equivalents at beginning:		169 227	170 390	124 982	(0)	124 982	170 390	(45 408)		124 982
Cash/cash equivalents at month/year end:		278 617	141 809	148 519		115 077	144 191			281 599

## PART 2: SUPPORTING DOCUMENTATION

### Table SC3: Aged Debtors

The municipality is being owed a total amount of R107, 4 million of which the biggest portion is on household debtors with R40, 7 million being owed by this group of debtors.

The second biggest is government departments that are sitting at R37, 6 million. The business debtors owing just over R28,9 million.

EC156 Mhlontlo - Supporting Table SC3 Monthly Budget Statement - aged debtors - M11 May

EC150 Monthly - Supporting Table SCS Monthly Budget Statement - aged debtors - M1 May									
Description		NT Code	Budget Year 2023/24						
			0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	Total	Total over 90 days
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	1 182	568	500	494	88 425	91 170	88 919
Receivables from Exchange Transactions - Waste Water Management		1500	—	—	—	—	—	—	—
Receivables from Exchange Transactions - Waste Management		1600	216	206	205	203	15 402	16 231	15 604
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	1 398	775	705	697	103 826	107 401	104 523
2017/18 - totals only								—	—
Debtors Age Analysis By Customer Group									
Organs of State		2200	55	92	30	30	37 592	37 798	37 621
Commercial		2300	583	243	241	237	27 561	28 864	27 798
Households		2400	761	440	434	430	38 674	40 739	39 104
Other		2500						—	—
Total By Customer Group		2600	1 398	775	705	697	103 826	107 401	104 523

## Table SC4: Aged Creditors

EC156 Mhlontlo - Supporting Table SC4 Monthly Budget Statement - aged creditors - M11 May

Description R thousands	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	
<b>Creditors Age Analysis By Customer Type</b>											
Bulk Electricity	0100	(232)	(318)	(608)	(191)	259	22	264	447	(357)	
Bulk Water	0200	-	-	-	-	-	-	-	-	-	
PAYE deductions	0300	-	-	-	-	-	-	-	-	-	
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-	
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-	
Loan repayments	0600	-	-	-	-	-	-	-	-	-	
Trade Creditors	0700	78	8	-	2	22	-	(29)	14	93	
Auditor General	0800	-	(111)	111	-	-	-	(290)	(32)	(322)	
Other	0900	-	-	-	-	-	-	-	-	-	
<b>Total By Customer Type</b>	<b>1000</b>	<b>(154)</b>	<b>(421)</b>	<b>(497)</b>	<b>(188)</b>	<b>280</b>	<b>22</b>	<b>(55)</b>	<b>428</b>	<b>(585)</b>	<b>-</b>



## 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 May 2024. Total cash available is R743,0 million.

EC156 Mhlontlo - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M11 May

Investments by maturity Name of institution & investment ID R thousands	Ref	Period of Investment Yrs/Months	Type of Investment	Capital Guarantee (Yes/No)	Variable or Fixed interest rate	Interest Rate	Commission Paid (Rands)	Commission Received	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
<b>Municipality</b>														
20- FNB:Equitable Share 1 Da		4 (Y)	3	Y	2	5,15	0	0	####	52 304	297	14 508	(65 150)	1 960
23- FNB:Electrification Prog		4 (Y)	3	Y	1	6,5	0	0	####	3 677	46	-	-	3 723
24- FNB:Gounu Lots Project		4 (Y)	3	Y	2	5,5	0	0	####	558 1	7	(0)	(7)	557 1
25- FNB:LED 30-		48 (M)	3	Y	2	3,65	0	0	####	197	13	-	(13)	197
30- FNB:Municipal IDP 31-		4 (Y)	3	Y	2	4,55	0	0	####	807	17	3 508	(5 279)	53
31- FNB:Revolving Fund 32-		4 (Y)	3	Y	2	5,15	0	0	####	84 475	968	9 805	(6 968)	88 280
32- FNB:MIG 33-		4 (Y)	3	Y	2	5,5	0	0	####	765	19	1 000	(2 122)	662
33- FNB:Bulk Housing Mhlontlo		4 (Y)	3	Y	2	5,15	0	0	####	734 31	8	4	(12)	734 29
34- FNB:MSIG 35-		4 (Y)	3	Y	2	5,15	0	0	####	762 2	344	2 006	(4 186)	926 1
35- FNB:FMG 36-		48 (M)	3	Y	2	3,25	0	0	####	314	24	2 023	(3 047)	314
36- FNB:Investment Fund 37-		48 (M)	3	Y	1	2,5	0	0	####	-	-	-	-	-
37- FNB:Public Sector Cheque		50 (M)	3	Y	1	2,5	0	0	####	8	-	-	-	8
Entities sub-total										8		-	-	8
<b>TOTAL INVESTMENTS AND INTEREST</b>	2									743		4	(12)	743



## 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 - M11 May

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>RECEIPTS:</b>	1,2									
<b>Operating Transfers and Grants</b>										
<b>National Government:</b>		-	235 872	235 696	1 062	233 145	216 216	16 929	7,8%	235 696
Equitable Share		-	229 195	229 195	-	229 195	210 095	19 100	9,1%	229 195
Expanded Public Works Programme		-	1 754	1 754	-	1 754	1 608	146	9,1%	1 754
Integrated Grant		-	2 300	2 300	1 062	2 196	2 108	87	4,1%	2 300
Local Government Financial Management Grant		-	2 623	2 447	-	-	2 404	(2 404)	-100,0%	2 447
Municipal Infrastructure Grant		-	550	550	-	550	504	46	9,1%	550
<b>Provincial Government:</b>		-	550	550	-	550	504	46	9,1%	550
Specify (Add grant description)		-	550	550	-	550	504	46	9,1%	550
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>		-	225	225	38	547	206	341	165,8%	225
Peoples Housing Process (Housing)		-	225	225	12	199	206	(7)	-3,4%	225
Transport, Education and Training SETA		-	-	-	26	348	-	348	#DIV/0!	-
<b>Total Operating Transfers and Grants</b>	5	-	236 646	236 471	1 100	234 242	216 926	17 316	8,0%	236 471
<b>Capital Transfers and Grants</b>										
<b>National Government:</b>		-	63 193	98 149	103	67 009	57 927	9 082	15,7%	98 149
Integrated National Electrification Programme Grant		-	13 361	13 361	-	11 187	12 248	(1 061)	-8,7%	13 361
Municipal Disaster Response Grant		-	-	38 464	-	6 875	-	6 875	#DIV/0!	38 464
Municipal Infrastructure Grant		-	49 832	46 324	103	48 947	45 680	3 267	7,2%	46 324
<b>Provincial Government:</b>		-	-	-	-	-	-	-	-	-
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
<b>Total Capital Transfers and Grants</b>	5	-	63 193	98 149	103	67 009	57 927	9 082	15,7%	98 149
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	5	-	299 840	334 620	1 203	301 250	274 853	26 398	9,6%	334 620

## Table SC7: Grants expenditure

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

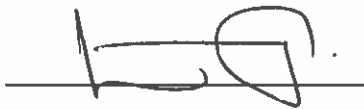
Finance management grant's expenditure amounts to R1,2 million. This amount was used on interns' salaries and training. Library grant expenditure amounts to R1,1 million and was used in paying the librarians' events and salaries. MIG capital expenditure amounts to R48, 9 million. Electrification project expenditure amounts to R13, 3 million. EPWP expenditure amounts to R1,7 million and the MDMRG expenditure amounts to R8,8 million.

EC156 Mhlontlo - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M11 May

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										
EXPENDITURE										
Operating expenditure of Transfers and Grants										
National Government:		-	324 091	358 422	21 521	289 462	297 084	(7 621)	-2,6%	358 422
Equitable Share		-	317 463	351 975	20 837	284 564	291 008	(6 443)	-2,2%	351 975
Local Government Financial Management Grant		-	2 011	2 054	302	1 106	1 843	(737)	-40,0%	2 054
Municipal Infrastructure Grant		-	3 673	3 630	321	3 222	3 367	(145)	-4,3%	3 630
Specify (Add grant description)		-	722	542	61	582	662	(80)	-12,1%	542
Upgrading of Informal Settlement		-	222	222	-	(12)	204	(216)	-106,1%	222
Provincial Government:		-	222	342	61	337	204	133	65,1%	342
Specify (Add grant description)		-	222	342	61	337	204	133	65,1%	342
District Municipality:		-	500	200	-	246	458	(213)	-46,4%	200
Specify (Add grant description)		-	500	200	-	246	458	(213)	-46,4%	200
Other grant providers:		-	722	422	-	233	662	(429)	-64,8%	422
Specify (Add grant description)		-	500	200	-	246	458	(213)	-46,4%	200
Upgrading of Informal Settlement		-	222	222	-	(12)	204	(216)	-106,1%	222
Total operating expenditure of Transfers and Grants:		-	325 536	359 386	21 581	290 278	298 408	(8 131)	-2,7%	359 386
Capital expenditure of Transfers and Grants										
National Government:		-	65 122	109 332	927	58 096	59 674	(1 578)	-2,6%	109 332
Integrated National Electrification Programme Grant		-	13 361	13 361	-	9 728	12 248	(2 520)	-20,6%	13 361
Municipal Disaster Response Grant		-	-	41 385	1 441	8 438	-	8 438	#DIV/0!	41 385
Municipal Infrastructure Grant		-	51 761	54 586	(514)	39 931	47 427	(7 496)	-15,8%	54 586
Provincial Government:		-	-	-	-	-	-	-		-
District Municipality:		-	-	-	-	-	-	-		-
Other grant providers:		-	-	-	-	-	-	-		-
Human Settlement Re-development Programme		-	-	-	-	-	-	-		-
Total capital expenditure of Transfers and Grants		-	65 122	109 332	927	58 096	59 674	(1 578)	-2,6%	109 332
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		-	390 658	468 718	22 508	348 374	358 082	(9 708)	-2,7%	468 718

# 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 May 2024 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

13/06/2024

DATE

## RECEIPT BY THE MAYOR

I, MBULELO GOODLUCK JARA (Full Names), the Mayor of Mhlontlo Local Municipality, hereby accept the **Section 71 report** of the municipality for the month ended 31 May 2024 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

14/06/2024

DATE