

# 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

July 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 133, 1 million out of the projected R 23, 7 million giving rise to a variance of 460%. Variance contributing factors are explained in the sub headings of the revenue items.

Total cash receipts on operating revenue excluding grants totals to R613 thousand since July 2023 out of the expected R3, 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 R3, 1 million.

Total actual cash collected on rates since July 2023 is R206 thousand against the expected R3, 1 million.

#### *Refuse Removal*

Amount accrued on refuse removal is R214 thousand against the expected R165 thousand.

Total actual cash received on refuse removal since July 2023 is R89 thousand out of the expected collection of R165 thousand.

#### *Investment Revenue*

This relates to interests received on the call account deposits. Interest received since July 2023 amounts to R0, 0 thousand out of the expected R7 thousand.

#### *Other Revenue*

Rental of facilities and Equipment –R3 thousand has been received since July 2023 instead of the expected R1 thousand.

Fines- R17 thousand has been received so far against the expected R6 thousand.

Licenses and permits- R95 thousand has been received since July 2023 and the municipality expected to receive R131 thousand.

Agency Services- The amount collected since July amounts to R97 thousand and the expected budget is R144 thousand.



### **Operating Expenditure**

On operating expenditure, R26, 3 million was spent against the expected budget of R44, 2 million giving rise to a negative variance of more than R17, 9 million. This is because on non-cash items like depreciation and debt impairment that have not been accounted for.

#### *Employee Costs*

R9, 5 million has been spent to date on employee related costs against the expected R8, 2 million.

#### *Remuneration of Councillors*

Amount spent since July totals to R3, 4 million against the budgeted R1, 7 million.

#### *Other Expenditure*

This line item includes all the other operating expenses like accommodation, telephone, electricity etc. Expenditure is R12 8 million against the expected budget of R29, 7 million.

### **Capital Expenditure**

On Capital Expenditure the municipality has spent a total of R82, 1 million against the expected R8, 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  
- M01 July

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>Financial Performance</b>									
Property rates	-	36 791	-	35 596	35 596	3 066	32 530	1061%	36 791
Service charges	2 441	1 981	-	214	214	165	49	30%	1 981
Investment revenue	10 126	-	-	-	-	-	-	-	-
Transfers and subsidies - Operational	10 126	6 148	-	1 220	1 220	512	708	138%	6 148
Other own revenue	199 244	240 152	-	96 105	96 105	20 013	76 092	380%	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>221 938</b>	<b>285 072</b>	<b>-</b>	<b>133 135</b>	<b>133 135</b>	<b>23 756</b>	<b>109 379</b>	<b>460%</b>	<b>285 072</b>
Employee costs	104 363	97 827	-	9 486	9 486	8 152	1 333		97 827
Remuneration of Councillors	20 885	20 690	-	3 441	3 441	1 724	1 717		20 690
Depreciation and amortisation	68 097	49 421	-	-	-	4 118	(4 118)		49 421
Inventory consumed and bulk purchases	8 760	12 086	-	486	486	1 007	(521)		12 086
Transfers and subsidies	383	2 402	-	5	5	200	(195)	-97%	2 402
Other expenditure	143 155	181 292	-	12 841	12 841	28 969	(16 128)	-56%	180 992
<b>Total Expenditure</b>	<b>345 643</b>	<b>363 718</b>	<b>-</b>	<b>26 259</b>	<b>26 259</b>	<b>44 171</b>	<b>(17 912)</b>	<b>-41%</b>	<b>363 418</b>
<b>Surplus/(Deficit)</b>	<b>(123 705)</b>	<b>(78 646)</b>	<b>-</b>	<b>106 876</b>	<b>106 876</b>	<b>(20 415)</b>	<b>127 291</b>	<b>-624%</b>	<b>(78 346)</b>
Transfers and subsidies - capital (monetary allocations)	77 261	63 193	-	1 450	1 450	5 266	(3)	-72%	63 193
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(46 444)</b>	<b>(15 453)</b>	<b>-</b>	<b>108 326</b>	<b>108 326</b>	<b>(15 149)</b>	<b>123 475</b>	<b>-815%</b>	<b>(15 153)</b>
<b>Surplus/ (Deficit) for the year</b>	<b>(46 444)</b>	<b>(15 453)</b>	<b>-</b>	<b>108 326</b>	<b>108 326</b>	<b>(15 149)</b>	<b>123 475</b>	<b>-815%</b>	<b>(15 153)</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	<b>79 906</b>	<b>101 684</b>	<b>-</b>	<b>82 059</b>	<b>82 059</b>	<b>8 240</b>	<b>73 819</b>	<b>896%</b>	<b>101 684</b>
Capital transfers recognised	68 204	65 122	-	62 985	62 985	5 193	57 792	1113%	65 122
Internally generated funds	11 778	36 562	-	19 149	19 149	3 047	16 103	529%	36 562
<b>Total sources of capital funds</b>	<b>79 982</b>	<b>101 684</b>	<b>-</b>	<b>82 135</b>	<b>82 135</b>	<b>8 240</b>	<b>73 895</b>	<b>897%</b>	<b>101 684</b>
<b>Financial position</b>									
Total current assets	151 936	128 240	-		292 355				128 240
Total non current assets	547 259	587 621	-		549 412				587 921
Total current liabilities	60 649	65 898	-		80 770				65 898
Total non current liabilities	-	-	-		-				-
Community wealth/Equity	665 416	649 963	-		652 671				649 963



**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.

Choose name from list - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M01 July

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>Revenue - Functional</b>	1									
<i>Governance and administration</i>		129 925	143 587	-	77 870	77 870	11 966	65 904	551%	143 587
Executive and council		24 665	28 535	-	11 889	11 889	2 378	9 511	400%	28 535
Finance and administration		105 260	115 052	-	65 981	65 981	9 588	56 393	588%	115 052
<i>Community and public safety</i>		26 667	30 350	-	17 898	17 898	2 529	15 369	608%	30 350
Community and social services		569	550	-	1	1	46	(45)	-99%	550
Public safety		26 098	29 800	-	17 898	17 898	2 483	15 414	621%	29 800
<i>Economic and environmental services</i>		129 715	124 681	-	25 472	25 472	10 390	15 082	145%	124 681
Planning and development		127 411	86 646	-	25 253	25 253	7 221	18 032	250%	86 646
Road transport		2 304	38 035	-	219	219	3 170	(2 950)	-93%	38 035
<i>Trading services</i>		46 767	49 647	-	13 345	13 345	4 137	9 208	223%	49 647
Energy sources		26 968	-	-	-	-	-	-	-	-
Waste management		19 799	49 647	-	13 345	13 345	4 137	9 208	223%	49 647
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Functional</b>	2	333 074	348 265	-	134 586	134 586	29 022	105 564	364%	348 265
<b>Expenditure - Functional</b>										
<i>Governance and administration</i>		132 415	170 638	-	13 166	13 166	27 373	(14 207)	-52%	170 338
Executive and council		54 306	55 136	-	6 430	6 430	4 595	1 835	40%	54 836
Finance and administration		78 064	115 453	-	6 737	6 737	22 774	(16 037)	-70%	115 453
Internal audit		45	50	-	-	-	4	(4)	-100%	50
<i>Community and public safety</i>		35 924	35 794	-	2 703	2 703	2 983	(280)	-9%	35 794
Community and social services		1 501	1 609	-	1	1	134	(133)	-99%	1 609
Sport and recreation		11	-	-	4	4	-	4	#DIV/0!	-
Public safety		34 412	34 185	-	2 698	2 698	2 849	(151)	-5%	34 185
<i>Economic and environmental services</i>		154 180	135 881	-	8 679	8 679	11 323	(2 645)	-23%	135 881
Planning and development		31 887	40 407	-	2 432	2 432	3 367	(935)	-28%	40 407
Road transport		122 293	95 474	-	6 247	6 247	7 956	(1 709)	-21%	95 474
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		23 124	21 405	-	1 711	1 711	2 492	(781)	-31%	21 405
Waste management		23 124	21 405	-	1 711	1 711	2 492	(781)	-31%	21 405
<i>Other</i>		-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Functional</b>	3	345 643	363 718	-	26 259	26 259	44 171	(17 912)	-41%	363 418
<b>Surplus/ (Deficit) for the year</b>		(12 568)	(15 453)	-	108 326	108 326	(15 149)	123 475	-815%	(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) - M01 July

Vote Description	Ref	Budget Year 2023/24								
		2022/23 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 by Vote</b>										
Vote 1 - EXECUTIVE AND COUNCIL (1: IE)	1	27 260	31 537	-	13 140	13 140	2 628	10 512	400,0%	31 537
Vote 2 - FINANCE AND ADMIN (2: IE)		105 280	115 052	-	65 981	65 981	9 588	56 393	588,2%	115 052
Vote 3 - PLANNING AND DEVELOPMENT (3: IE)		15 466	24 748	-	10 318	10 318	2 062	8 256	400,3%	24 748
Vote 4 - COMMUNITY AND SOCIAL SERVICES (4: IE)		24	29	-	0	0	2	(2)	-84,2%	29
Vote 5 - PUBLIC SAFETY (5: IE)		26 648	57 853	-	17 898	17 898	4 821	13 077	271,2%	57 853
Vote 6 - SPORT AND RECREATION (6: IE)		-	-	-	-	-	-	-	-	-
Vote 7 - WASTE MANAGEMENT (7: IE)		19 775	22 115	-	13 345	13 345	1 843	11 502	624,1%	22 115
Vote 8 - ROAD TRANSPORT (8: IE)		138 621	96 930	-	13 903	13 903	8 077	5 826	72,1%	96 930
<b>Total Revenue by Vote</b>	2	<b>333 074</b>	<b>348 265</b>	<b>-</b>	<b>134 586</b>	<b>134 586</b>	<b>29 022</b>	<b>105 564</b>	<b>363,7%</b>	<b>348 265</b>
<b>Expenditure by Vote</b>										
Vote 1 - EXECUTIVE AND COUNCIL (1: IE)	1	63 262	67 154	-	7 282	7 282	5 596	1 685	30,1%	66 854
Vote 2 - FINANCE AND ADMIN (2: IE)		62 147	103 088	-	6 562	6 562	22 452	(15 890)	-70,8%	103 088
Vote 3 - PLANNING AND DEVELOPMENT (3: IE)		22 763	31 030	-	1 259	1 259	2 586	(1 327)	-51,3%	31 030
Vote 4 - COMMUNITY AND SOCIAL SERVICES (4: IE)		1 482	4 639	-	-	-	387	(387)	-100,0%	4 639
Vote 5 - PUBLIC SAFETY (5: IE)		33 935	34 665	-	2 666	2 666	2 889	(223)	-7,7%	34 665
Vote 6 - SPORT AND RECREATION (6: IE)		11	-	-	4	4	-	4	#DIV/0!	-
Vote 7 - WASTE MANAGEMENT (7: IE)		26 430	17 988	-	1 954	1 954	1 499	455	30,3%	17 988
Vote 8 - ROAD TRANSPORT (8: IE)		135 612	105 155	-	6 533	6 533	8 763	(2 229)	-25,4%	105 155
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	2	<b>345 643</b>	<b>363 718</b>	<b>-</b>	<b>26 259</b>	<b>26 259</b>	<b>44 171</b>	<b>(17 912)</b>	<b>-40,6%</b>	<b>363 418</b>
<b>Surplus/ (Deficit) for the year</b>	2	<b>(12 568)</b>	<b>(15 453)</b>	<b>-</b>	<b>108 326</b>	<b>108 326</b>	<b>(15 149)</b>	<b>123 475</b>	<b>-815,1%</b>	<b>(15 153)</b>



## Table C4- Statement of Financial Performance

### EC156 Mhlontlo - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M01 July

Description	Ref	Budget Year 2023/24								
		2022/23	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		2 441	1 981	-	214	214	165	49	30%	1 981
Sale of Goods and Rendering of Services		116	29	-	22	22	2	19	814%	29
Agency services		1 532	1 728	-	97	97	144	(47)	-33%	1 728
Interest earned from Receivables		(23)	80	-	-	-	7	(7)	-100%	80
Interest from Current and Non Current										
<b>Assets</b>										
Rental from Fixed Assets		10 126	6 148	-	1 220	1 220	512			6 148
Licence and permits		37	16	-	3	3	1	2	166%	16
Operational Revenue		83	-	-	41	41	-	41	#DIV/0!	-
Property rates		0	-	-	(0)	(0)	-	(0)	#DIV/0!	-
Surcharges and Taxes		-	36 791	-	35 596	35 596	3 066	32 530	1061%	36 791
Fines, penalties and forfeits		-	-	-	-	-	-	-		-
Licence and permits		550	76	-	17	17	6	11		76
Transfers and subsidies - Operational		1 177	1 578	-	95	95	131	(37)		1 578
Gains on disposal of Assets		203 613	236 646	-	95 829	95 829	19 721	76 109		236 646
		2 287	-	-	-	-	-	-		-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>221 938</b>	<b>285 072</b>	<b>-</b>	<b>133 135</b>	<b>133 135</b>	<b>23 756</b>	<b>109 379</b>	<b>460%</b>	<b>285 072</b>
<b>Expenditure By Type</b>										
Employee related costs		104 363	97 827	-	9 486	9 486	8 152	1 333	16%	97 827
Remuneration of councillors		20 885	20 690	-	3 441	3 441	1 724	1 717	100%	20 690
Inventory consumed		8 760	12 086	-	486	486	1 007	(521)		12 086
Debt impairment		-	15 121	-	-	-	15 121	(15 121)	-100%	15 121
Depreciation and amortisation		68 097	49 421	-	-	-	4 118	(4 118)	-100%	49 421
Contracted services		46 013	58 567	-	3 959	3 959	4 881	(921)	-19%	58 567
Transfers and subsidies		383	2 402	-	5	5	200	(195)	-97%	2 402
Operational costs		97 142	107 604	-	8 882	8 882	8 967	(85)	-1%	107 304
<b>Total Expenditure</b>		<b>345 643</b>	<b>363 718</b>	<b>-</b>	<b>26 259</b>	<b>26 259</b>	<b>44 171</b>	<b>(17 912)</b>	<b>-41%</b>	<b>363 418</b>
<b>Surplus/(Deficit)</b>										
Transfers and subsidies - capital (monetary allocations)		(123 705)	(78 646)	-	106 876	106 876	(20 415)	127 291	(0)	(78 346)
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>(46 444)</b>	<b>(15 453)</b>	<b>-</b>	<b>1 450</b>	<b>1 450</b>	<b>5 266</b>	<b>(3 816)</b>	<b>(0)</b>	<b>63 193</b>
Income Tax		-	-	-	-	-	-	-		-
<b>Surplus/(Deficit) after income tax</b>		<b>(46 444)</b>	<b>(15 453)</b>	<b>-</b>	<b>1 450</b>	<b>1 450</b>	<b>5 266</b>	<b>(3 816)</b>	<b>(0)</b>	<b>63 193</b>
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-		-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-		-
<b>Surplus/(Deficit) attributable to municipality</b>		<b>(46 444)</b>	<b>(15 453)</b>	<b>-</b>	<b>1 450</b>	<b>1 450</b>	<b>5 266</b>	<b>(3 816)</b>	<b>(0)</b>	<b>63 193</b>
Share of Surplus/Deficit attributable to Associate		-	-	-	-	-	-	-		-
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-	-		-
<b>Surplus/ (Deficit) for the year</b>		<b>(46 444)</b>	<b>(15 453)</b>	<b>-</b>	<b>1 450</b>	<b>1 450</b>	<b>5 266</b>	<b>(3 816)</b>	<b>(0)</b>	<b>63 193</b>



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

Year to date budget is R8, 2 million whilst expenditure is sitting at R82, 1 million.

EC156 Mhlontlo - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M01 July

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
<b>R thousands</b>	1									
<b>Multi-Year expenditure appropriation</b>	2									
Vote 10 - PUBLIC SAFETY (10: CS)		-	-	-	-	-	-	-	-	-
<b>Total Capital Multi-year expenditure</b>	4,7	-	-	-	-	-	-	-	-	-
<b>Single Year expenditure appropriation</b>	2									
Vote 10 - PUBLIC SAFETY (10: CS)		-	-	-	-	-	-	-	-	-
		1 212	-	-	1 212	1 212	-	1 212	#DIV/0!	-
		5 634	25 381	-	5 914	5 914	2 115	3 799	180%	25 381
		679	-	-	679	679	-	679	#DIV/0!	-
		2 222	900	-	2 414	2 414	75	2 339	3119%	900
		847	4 710	-	1 173	1 173	392	780	199%	4 710
		-	-	-	-	-	-	-	-	-
		69 313	70 692	-	70 667	70 667	5 657	65 010	1149%	70 692
<b>Total Capital single-year expenditure</b>	4	79 906	101 684	-	82 059	82 059	8 240	73 819	896%	101 684
<b>Total Capital Expenditure</b>		<b>79 906</b>	<b>101 684</b>	<b>-</b>	<b>82 059</b>	<b>82 059</b>	<b>8 240</b>	<b>73 819</b>	<b>896%</b>	<b>101 684</b>
<b>Capital Expenditure - Functional Classification</b>										
<b>Governance and administration</b>		<b>3 061</b>	<b>22 250</b>	<b>-</b>	<b>4 553</b>	<b>4 553</b>	<b>1 854</b>	<b>2 699</b>	<b>146%</b>	<b>22 250</b>
Executive and council		-	-	-	1 212	1 212	-	1 212	#DIV/0!	-
Finance and administration		3 061	22 250	-	3 341	3 341	1 854	1 487	80%	22 250
<b>Community and public safety</b>		<b>3 359</b>	<b>3 020</b>	<b>-</b>	<b>8 912</b>	<b>8 912</b>	<b>252</b>	<b>8 661</b>	<b>3441%</b>	<b>3 020</b>
Sport and recreation		-	2 120	-	6 573	6 573	177	6 397	3621%	2 120
Public safety		3 359	900	-	2 339	2 339	75	2 264	3019%	900
<b>Economic and environmental services</b>		<b>50 036</b>	<b>58 653</b>	<b>-</b>	<b>43 970</b>	<b>43 970</b>	<b>4 654</b>	<b>39 316</b>	<b>845%</b>	<b>58 653</b>
Planning and development		39 504	36 772	-	3 645	3 645	3 064	581	19%	36 772
Road transport		10 532	21 881	-	40 325	40 325	1 590	38 736	2437%	21 881
<b>Trading services</b>		<b>23 450</b>	<b>17 761</b>	<b>-</b>	<b>24 623</b>	<b>24 623</b>	<b>1 480</b>	<b>23 143</b>	<b>1564%</b>	<b>17 761</b>
Energy sources		23 450	13 361	-	23 450	23 450	1 113	22 337	2006%	13 361
Waste management		-	4 400	-	1 173	1 173	367	806	220%	4 400
<b>Total Capital Expenditure - Functional Classification</b>	3	<b>79 906</b>	<b>101 684</b>	<b>-</b>	<b>82 059</b>	<b>82 059</b>	<b>8 240</b>	<b>73 819</b>	<b>896%</b>	<b>101 684</b>
<b>Funded by:</b>										
National Government		68 204	65 122	-	62 985	62 985	5 193	57 792	1113%	65 122
<b>Transfers recognised - capital</b>		<b>68 204</b>	<b>65 122</b>	<b>-</b>	<b>62 985</b>	<b>62 985</b>	<b>5 193</b>	<b>57 792</b>	<b>1113%</b>	<b>65 122</b>
Borrowing		-	-	-	-	-	-	-	-	-
<b>Internally generated funds</b>	6	<b>11 778</b>	<b>36 562</b>	<b>-</b>	<b>19 149</b>	<b>19 149</b>	<b>3 047</b>	<b>16 103</b>	<b>529%</b>	<b>36 562</b>
<b>Total Capital Funding</b>		<b>79 982</b>	<b>101 684</b>	<b>-</b>	<b>82 135</b>	<b>82 135</b>	<b>8 240</b>	<b>73 895</b>	<b>897%</b>	<b>101 684</b>

## Table C6: Statement of Financial Position

EC156 Mhlontlo - Table C6 Monthly Budget Statement - Financial Position - M01 July

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		131 159	104 548	-	220 067	104 548
Trade and other receivables from exchange transactions		5 317	2 958	-	5 460	2 958
Receivables from non-exchange transactions		(1 930)	14	-	47 592	14
Inventory		177	(0)	-	206	(0)
VAT		20 913	1 763	-	2 482	1 763
Other current assets		(3 700)	18 956	-	16 548	18 956
<b>Total current assets</b>		<b>151 936</b>	<b>128 240</b>	<b>-</b>	<b>292 355</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		543 469	581 481	-	543 429	581 781
Biological assets		-	-	-	-	-
Living and non-living resources		-	-	-	-	-
Heritage assets		-	-	-	-	-
Intangible assets		(2 192)	157	-	-	-
Trade and other receivables from exchange transactions		-	-	-	0	157
Non-current receivables from non-exchange transactions		-	-	-	-	-
Other non-current assets		-	-	-	-	-
<b>Total non current assets</b>		<b>547 259</b>	<b>587 621</b>	<b>-</b>	<b>549 412</b>	<b>587 921</b>
<b>TOTAL ASSETS</b>		<b>699 195</b>	<b>715 861</b>	<b>-</b>	<b>841 767</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		7 215	17 294	-	8 032	17 294
Trade and other payables from non-exchange transactions		24 729	19 633	-	43 965	19 633
Provision		23 290	24 390	-	23 290	24 390
VAT		1 702	1 455	-	1 718	1 455
Other current liabilities		3 713	3 125	-	3 764	3 125
<b>Total current liabilities</b>		<b>60 649</b>	<b>65 898</b>	<b>-</b>	<b>80 770</b>	<b>65 898</b>
<b>Non current liabilities</b>						
<b>Total non current liabilities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>60 649</b>	<b>65 898</b>	<b>-</b>	<b>80 770</b>	<b>65 898</b>
<b>NET ASSETS</b>	2	<b>638 546</b>	<b>649 963</b>	<b>-</b>	<b>760 997</b>	<b>650 263</b>
<b>COMMUNITY WEALTH/EQUITY</b>						
Accumulated surplus/(deficit)		665 416	649 963	-	652 671	649 963
Reserves and funds		-	-	-	-	-
Other		-	-	-	-	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	<b>665 416</b>	<b>649 963</b>	<b>-</b>	<b>652 671</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 - M01 July

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>	1									
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Property rates		27 123	22 443	-	108	108	-	108	#DIV/0!	-
Service charges		582	1 208	-	89	89	-	89	#DIV/0!	-
Other revenue		19 284	3 425	-	275	275	-	275	#DIV/0!	-
Transfers and Subsidies - Operational		199 630	247 605	-	96 675	96 675	27 043	69 632	257%	324 514
Transfers and Subsidies - Capital		5 100	49 832	-	17 285	17 285	-	17 285	#DIV/0!	-
Interest		10 121	6 148	-	1 220	1 220	512	708	138%	6 148
<b>Payments</b>										
Suppliers and employees		(279 906)	(257 273)	-	(34 672)	(34 672)	(21 483)	13 189	-61%	(257 797)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>(18 067)</b>	<b>73 389</b>	<b>-</b>	<b>80 981</b>	<b>80 981</b>	<b>6 072</b>	<b>(74 909)</b>	<b>-1234%</b>	<b>72 865</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
<b>Payments</b>										
Capital assets		(64 417)	(101 969)	-	(1 153)	(1 153)	-	1 153	#DIV/0!	-
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(64 417)</b>	<b>(101 969)</b>	<b>-</b>	<b>(1 153)</b>	<b>(1 153)</b>	<b>-</b>	<b>1 153</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>-</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>(82 484)</b>	<b>(28 580)</b>	<b>-</b>	<b>79 827</b>	<b>79 827</b>	<b>6 072</b>			<b>72 865</b>
Cash/cash equivalents at beginning:		213 643	133 129	-	140 240	140 240	133 129			140 240
Cash/cash equivalents at month/year end:		131 159	104 548	104 548	220 067	220 067	166 956			-

## PART 2: SUPPORTING DOCUMENTATION

### Table SC3: Aged Debtors

The municipality is being owed a total amount of R123, 5 million of which the biggest portion is on government departments with R51, 8 million being owed by this group of debtors.

The second biggest is households' debtors that are sitting at R41, 2 million. The business debtors owing just over R30,3 million.

EC156 Mhlontlo - Supporting Table SC3 Monthly Budget Statement - aged debtors - M01 July

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
<b>R thousands</b>								
<b>Debtors Age Analysis By Income Source</b>								
Trade and Other Receivables from Exchange Transactions - Water	1200	-	-	-	-	-	-	-
Trade and Other Receivables from Exchange Transactions - Electricity	1300	-	-	-	-	-	-	-
Receivables from Non-exchange Transactions - Property Rates	1400	35 047	472	468	461	72 414	108 863	72 876
Receivables from Exchange Transactions - Waste Water Management	1500	-	-	-	-	-	-	-
Receivables from Exchange Transactions - Waste Management	1600	216	194	190	190	13 835	14 625	14 025
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	-
Interest on Arrear Debtor Accounts	1810	-	-	-	-	-	-	-
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-
Other	1900	-	-	-	-	-	-	-
<b>Total By Income Source</b>	<b>2000</b>	<b>35 263</b>	<b>666</b>	<b>658</b>	<b>651</b>	<b>86 250</b>	<b>123 488</b>	<b>86 901</b>
<b>2017/18 - totals only</b>								
<b>Debtors Age Analysis By Customer Group</b>								
Organs of State	2200	24 857	28	26	26	26 868	51 805	26 894
Commercial	2300	5 262	231	227	223	24 372	30 314	24 595
Households	2400	5 144	408	405	402	35 010	41 369	35 412
Other	2500	-	-	-	-	-	-	-
<b>Total By Customer Group</b>	<b>2600</b>	<b>35 263</b>	<b>666</b>	<b>658</b>	<b>651</b>	<b>86 250</b>	<b>123 488</b>	<b>86 901</b>



## Table SC4: Aged Creditors

EC156 Mhlontlo - Supporting Table SC4 Monthly Budget Statement - aged creditors - M01 July

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		
<b>R thousands</b>												
<b>Creditors Age Analysis By Customer Type</b>												
Bulk Electricity	0100	319	327	(135)	142	(40)	358	(303)	385	1 053	-	
Bulk Water	0200	-	-	-	-	-	-	-	-	-	-	
PAYE deductions	0300	-	-	-	-	-	-	-	-	-	-	
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-	-	
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-	-	
Loan repayments	0600	-	-	-	-	-	-	-	-	-	-	
Trade Creditors	0700	(1 495)	1 489	1	1	1	-	-	-	-	-	
Auditor General	0800	(304)	-	-	-	-	-	14	-	11	-	
Other	0900	-	-	-	-	-	-	-	18	(286)	-	
<b>Total By Customer Type</b>	<b>1000</b>	<b>(1 480)</b>	<b>1 816</b>	<b>(134)</b>	<b>143</b>	<b>(39)</b>	<b>358</b>	<b>(289)</b>	<b>403</b>	<b>778</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 the July 2023. Total cash available was R205, 3 million.

EC156 Mhlontlo - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M01 July

Investments by maturity Name of institution & investment ID R thousands	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/No)	Variable or Fixed interest rate	Interest Rate <sup>a</sup>	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
		Yrs/Months												
<b>Municipality</b>														
20-FNB		4	3	Y	3	0,0515	0	0	20240630	118	405	(24926)	95 497	71 094
23-FNB		4	3	Y	3	0,065	0	0	20240630	140	1	-	3 344	3 485
24-FNB		4	3	Y	3	0,055	0	0	20240630	558	3	(3)	-	558
25-FNB		48	3	Y	3	0,0365	0	0	20240630	1	7	(7)	-	1 197
30-FNB		4	3	Y	3	0,0455	0	0	20240630	197	0	(0)	-	53
31-FNB		4	3	Y	3	0,0515	0	0	20240630	112	636	(636)	-	112
32-FNB		4	3	Y	3	0,055	0	0	20240630	546	43	(1151)	-	546
33-FNB		4	3	Y	3	0,0515	0	0	20240630	142	4	(4)	17 285	16 319
34-FNB		4	3	Y	3	0,0515	0	0	20240630	734	29	(29)	-	205 253
35-FNB		48	3	Y	3	0,0325	0	0	20240630	108	0	(0)	-	-
36-FNB		48	3	Y	3	0,025	0	0	20240630	14	-	-	-	-
37-FNB		50	3	Y	3	0,025	0	0	20240630	-	-	-	-	-
Entities sub-total										8	-	-	-	8
TOTAL INVESTMENTS AND INTEREST	2									8	-	-	-	8
										743	(4)	-	-	205 262



## 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 - M01 July

Description	Ref	2022/23	Budget Year								
		Audited Outcome	2023/24								Original Budget
<b>R thousands</b>											
<b>RECEIPTS:</b>	1,2										
<b>Operating Transfers and Grants</b>											
<b>National Government:</b>		202 713	235 872	235 872	95 768	95 768	19 656	76 112	387,2%	235 872	
Equitable Share		198 109	229 195	229 195	95 497	95 497	19 100	76 397	400,0%	229 195	
Expanded Public Works Programme Integrated Grant		2 304	1 754	1 754	219	219	146	73	50,2%	1 754	
Local Government Financial Management Grant		2 300	2 300	2 300	52	52	192	(140)	-73,1%	2 300	
Municipal Infrastructure Grant		-	2 623	2 623	-	-	219	(219)	-100,0%	2 623	
<b>Provincial Government:</b>		550	550	550	-	-	46	(46)	-100,0%	550	
Library Grant - Rev Alloc		-	-	-	-	-	-	-	-	-	
LIBRARY SUPPORT		550	550	550	-	-	46	(46)	-100,0%	550	
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-	
OR TAMBO COMMUNICATIONS FUND		-	-	-	-	-	-	-	-	-	
Sundries		-	-	-	-	-	-	-	-	-	
<b>Other grant providers:</b>		350	225	225	61	61	19	42	227,0%	225	
Peoples Housing Process (Housing)		37	225	225	37	37	19	18	98,0%	225	
Transport, Education and Training SETA		313	-	-	24	24	-	24	#DIV/0!	-	
<b>Total Operating Transfers and Grants</b>	5	203 613	236 646	236 646	95 829	95 829	19 721	76 109	385,9%	236 646	
<b>Capital Transfers and Grants</b>											
<b>National Government:</b>		77 261	63 193	63 193	1 450	1 450	5 266	(3 816)	-72,5%	63 193	
Integrated National Electrification Programme Grant		26 968	13 361	13 361	-	-	1 113	(1 113)	-100,0%	13 361	
Municipal Infrastructure Grant		50 293	49 832	49 832	1 450	1 450	4 153	(2 702)	-65,1%	49 832	
<b>Provincial Government:</b>		-	-	-	-	-	-	-	-	-	
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-	
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-	
0		-	-	-	-	-	-	-	-	-	
0		-	-	-	-	-	-	-	-	-	
0		-	-	-	-	-	-	-	-	-	
0		-	-	-	-	-	-	-	-	-	
0		-	-	-	-	-	-	-	-	-	
0		-	-	-	-	-	-	-	-	-	
<b>Total Capital Transfers and Grants</b>	5	77 261	63 193	63 193	1 450	1 450	5 266	(3 816)	-72,5%	63 193	
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	5	280 874	299 840	299 840	97 280	97 280	24 987	72 293	289,3%	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 R52 thousand. This amount was used on interns' salaries and training. Library grant expenditure amounts to R31 thousand and was used in paying the librarians' events and salaries. MIG capital expenditure amounts to R1, 5 million. Electrification project expenditure amounts to R0, 0 million. EPWP expenditure amounts to R219 thousand.

EC156 Mhlontlo - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M01 July

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>EXPENDITURE</b>										
<b>Operating expenditure of Transfers and Grants</b>										
<b>National Government:</b>										
Equitable Share		315 794	323 147	323 147	23 507	23 507	26 929	(3 421)	-12,7%	323 147
Local Government Financial Management Grant		310 124	317 463	317 463	23 175	23 175	26 455	(3 280)	-12,4%	317 463
Municipal Infrastructure Grant		2 459	2 011	2 011	48	48	168	(120)	-71,4%	2 011
		3 211	3 673	3 673	284	284	306	(22)	-7,2%	3 673
<b>Provincial Government:</b>										
Allowance - Housing		349	222	222	3	3	19	(15)	-81,8%	222
Allowance - Travel		10	12	12	1	1	1	0	5,6%	12
Annual Bonus		0	-	-	-	-	-	-	-	-
Contributions - Pension Fund		20	-	-	-	-	-	-	-	-
Gqunu lots farms		17	10	10	2	2	1	1	136,0%	10
Levy - Skills Development SETA		55	-	-	-	-	-	-	-	-
LIBRARY ASSISTANCE		3	-	-	0	0	-	0	#DIV/0!	-
Salaries		244	200	200	-	-	17	(17)	-100,0%	200
OR TAMBO COMMUNICATIONS FUND		-	-	-	-	-	-	-	-	-
Unemployment Insurance Fund		190	500	200	29	29	42	(13)	-31,6%	200
Other grant providers:		2	-	-	0	0	-	0	#DIV/0!	-
OR TAMBO COMMUNICATIONS FUND		66	722	422	16	16	60	(44)	-73,4%	422
Upgrading of Informal Settlement		190	500	200	29	29	42	(13)	-31,6%	200
<b>Total operating expenditure of Transfers and Grants:</b>		<b>(124)</b>	<b>222</b>	<b>222</b>	<b>(12)</b>	<b>(12)</b>	<b>19</b>	<b>(31)</b>	<b>-167,3%</b>	<b>222</b>
		316 210	324 091	323 791	23 527	23 527	27 008	(3 481)	-12,9%	323 791
<b>Capital expenditure of Transfers and Grants</b>										
<b>National Government:</b>										
Integrated National Electrification Programme Grant		68 204	65 122	65 122	62 985	62 985	5 193	57 792	1112,8%	65 122
Municipal Infrastructure Grant		23 450	13 361	13 361	23 450	23 450	1 113	22 337	2006,2%	13 361
<b>Total capital expenditure of Transfers and Grants</b>		<b>44 754</b>	<b>51 761</b>	<b>51 761</b>	<b>39 535</b>	<b>39 535</b>	<b>4 080</b>	<b>35 455</b>	<b>869,0%</b>	<b>51 761</b>
		68 204	65 122	65 122	62 985	62 985	5 193	57 792	1112,8%	65 122
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>		<b>384 414</b>	<b>389 214</b>	<b>388 914</b>	<b>86 512</b>	<b>86 512</b>	<b>32 201</b>	<b>54 311</b>	<b>168,7%</b>	<b>388 914</b>



# 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 July 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

2023/08/16

DATE

# RECEIPT BY THE MAYOR

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

16/08/2023

DATE