

# **KUMKANI 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**

**January 2025**

**2024-2025 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 241, 1 million out of the projected R 184, 5 million giving rise to a variance of 31%. Variance contributing factors are explained in the subheadings of the revenue items.

Total cash receipts on operating revenue excluding grants totals to R39,5 million since July 2024 out of the expected R27, 8 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 R43,0 million out of the expected R22, 1 million.

Total actual cash collected on rates since July 2024 is R15,5 million against the expected R23, 4 million.

#### *Refuse Removal*

Amount accrued on refuse removal is R2,4 million against the expected R941 thousand.

Total actual cash received on refuse removal since July 2024 is R424 thousand out of the expected collection of R1 ,5 million.

#### *Investment Revenue*

This relates to interests received on the call account deposits. Interest received since July 2024 amounts to R5, 6 million out of the expected R7, 5 million.

#### *Other Revenue*

Rental of facilities and Equipment –R28 thousand has been received since July 2024 instead of the expected R29 thousand.

Fines- R343 thousand has been received so far against the expected R923 thousand.

Licenses and permits- R590 thousand has been received since July 2024 and the municipality expected to receive R749 thousand.

Agency Services- The amount collected since July amounts to R755 thousand, and the expected budget is R821 thousand.

### **Operating Expenditure**

On operating expenditure, R198, 5 million was spent against the expected budget of R205, 2 million giving rise to a negative variance of more than R6, 7 million. This is because on non-cash items like depreciation and debt impairment that have not been accounted for.

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

R61, 8 million has been spent to date on employee related costs against the expected R71, 1 million.

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

Amount spent since July totals to R14, 8 million against the budgeted R13, 4 million.

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

This line item includes all the other operating expenses like accommodation, telephone, electricity etc. Expenditure is R97,9 million against the expected budget of R85, 0 million.

### **Capital Expenditure**

On Capital Expenditure the municipality has spent a total of R74, 9 million against the expected R63, 5 million budgets to date. This will be explained more on table C5 where departmental expenditures are reflected.

### **Financial Position**

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

### **Cash Flows**

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

# Table C1- Monthly Budget Statement Summary

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

## EC156 Mhlontlo - Table C1 Monthly Budget Statement Summary - M07 January

Description	2023/24	Budget Year 2024/25							
	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	35 007	37 887	37 887	-	43 028	22 101	20 927	95%	37 887
Service charges	2 570	1 807	1 571	339	2 397	941	1 456	155%	1 571
Investment revenue	11 064	12 777	12 777	720	5 579	7 453	(1 874)	-25%	12 777
Transfers and subsidies - Operational	234 384	254 252	279 153	222	185 484	148 314	37 170	0	279 153
Other own revenue	172	10 318	10 318	748	4 699	5 711	(1 013)	-18%	-
	283 197	317 041	341 707	2 029	241 187	184 520	56 667	31%	341 707
<b>Total Revenue (excluding capital transfers and contributions)</b>									
Employee costs	110 102	121 854	125 161	60	61 794	71 081	(9 287)	-13%	125 161
Remuneration of Councillors	22 573	22 935	22 935	1 794	14 833	13 379	1 454	11%	22 935
Depreciation and amortisation	24 794	49 435	49 435	-	17 393	28 837	(11 444)	-40%	49 435
Inventory consumed and bulk purchases	9 828	9 944	10 193	427	4 691	5 352	(661)	-12%	10 193
Transfers and subsidies	1 194	2 500	2 350	(336)	1 927	1 458	469	32%	2 350
Other expenditure	168 412	141 735	172 804	9 282	97 858	85 084	12 774	15%	172 804
<b>Total Expenditure</b>	336 904	348 403	382 878	11 228	198 497	205 192	(6 695)	-3%	382 878
<b>Surplus/(Deficit)</b>	(53 706)	(31 362)	(41 172)	(9 199)	42 690	(20 672)	63 362	-307%	(41 172)
Transfers and subsidies - capital (monetary allocations)	75 747	87 922	87 922	2 453	71 484	51 288	20 196	39%	87 922
	22 041	56 560	46 751	(6 745)	114 174	30 616	83 558	273%	46 751
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>									
<b>Surplus/ (Deficit) for the year</b>	22 041	56 560	46 751	(6 745)	114 174	30 616	83 558	273%	46 751
<b>Capital expenditure &amp; funds sources</b>									
<b>Financial position</b>									
Total current assets	150 925	140 804	221 994		183 597				221 994
Total non current assets	595 231	575 548	615 796		586 715				615 796
Total current liabilities	87 631	52 265	183 374		72 084				183 374
Community wealth/Equity	607 646	664 087	654 416		584 054				654 416

**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) - M07 January**

Description	Ref	2023/24	Budget Year 2024/25							
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>										
<b>Governance and administration</b>		142 550	162 776	162 776	1 225	129 967	94 953	35 014	37%	162 776
Executive and council		28 535	30 097	30 097	-	22 518	17 557	4 961	28%	30 097
Finance and administration		114 016	132 679	132 679	1 225	107 449	77 396	30 053	39%	132 679
<b>Community and public safety</b>		47 449	33 776	33 776	199	36 313	19 410	16 904	87%	33 776
Community and social services		586	1 139	1 139	4	1 129	664	464	70%	1 139
Public safety		46 863	32 637	32 637	195	35 185	18 745	16 439	88%	32 637
<b>Economic and environmental services</b>		121 468	141 355	166 257	2 515	113 660	82 444	31 217	38%	166 257
Planning and development		119 714	115 215	140 116	2 483	112 675	67 195	45 480	68%	140 116
Road transport		1 754	26 140	26 140	32	985	15 249	(14 263)	-94%	26 140
<b>Trading services</b>		47 477	67 056	66 820	544	32 730	39 001	(6 271)	-16%	66 820
Energy sources		13 361	13 836	13 836	-	4 510	8 071	(3 561)	-44%	13 836
Waste management		34 116	53 220	52 984	544	28 220	30 930	(2 710)	-9%	52 984
<b>Total Revenue - Functional</b>	2	358 944	404 963	429 629	4 483	312 671	235 808	76 863	33%	429 629
<b>Expenditure - Functional</b>										
<b>Governance and administration</b>		150 881	160 024	168 521	7 244	85 239	97 651	(12 412)	-13%	168 551
Executive and council		65 145	58 491	60 986	2 412	36 983	33 634	3 349	10%	61 016
Finance and administration		85 694	101 483	107 485	4 833	48 239	63 988	(15 749)	-25%	107 485
Internal audit		42	50	50	-	17	29	(12)	-42%	50
<b>Community and public safety</b>		34 051	41 540	44 981	748	20 046	23 440	(3 394)	-14%	44 981
Community and social services		1 437	1 609	1 609	-	806	939	(132)	-14%	1 609
Sport and recreation		50	445	444	-	73	259	(187)	-72%	444
Public safety		32 564	39 486	42 928	748	19 167	22 242	(3 075)	-14%	42 928
<b>Economic and environmental services</b>		133 274	117 374	141 858	2 932	82 559	66 888	15 670	23%	141 828
Planning and development		36 242	36 441	37 805	239	20 688	20 691	(3)	0%	37 775
Road transport		97 032	80 933	104 053	2 694	61 871	46 197	15 674	34%	104 053
<b>Trading services</b>		18 697	29 465	27 519	304	10 653	17 213	(6 559)	-38%	27 519
Waste management		18 697	29 465	27 519	304	10 653	17 213	(6 559)	-38%	27 519
<b>Other</b>		-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Functional</b>	3	336 904	348 403	382 878	11 228	198 497	205 192	(6 695)	-3%	382 878
<b>Surplus/ (Deficit) for the year</b>		22 041	56 560	46 751	(6 745)	114 174	30 616	83 558	2,7292017	46 751

**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) - M07 January**

Vote Description	Ref	2023/24	Budget Year 2024/25							
		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 (11: IE)	1	31 537	33 264	33 264	—	24 887	19 404	5 483	28,3%	33 264
Vote 2 - FINANCE AND ADMIN (12: IE)		114 052	132 716	132 716	1 229	107 475	77 418	30 058	38,8%	132 716
Vote 3 - PLANNING AND DEVELOPMENT (13: IE)		24 966	28 587	53 488	30	20 163	16 662	3 500	21,0%	53 488
Vote 4 - COMMUNITY AND SOCIAL SERVICES (15: IE)		32	28	28	1	14	15	(1)	-5,2%	28
Vote 5 - PUBLIC SAFETY (17: IE)		47 413	62 160	62 160	195	36 287	35 967	320	0,9%	62 160
Vote 7 - WASTE MANAGEMENT (20: IE)		34 084	24 771	24 535	543	28 206	14 337	13 870	96,7%	24 535
Vote 8 - ROAD TRANSPORT (22: IE)		106 861	123 437	123 437	2 485	95 639	72 005	23 633	32,8%	123 437
<b>Total Revenue by Vote</b>	2	<b>358 944</b>	<b>404 963</b>	<b>429 629</b>	<b>4 483</b>	<b>312 671</b>	<b>235 808</b>	<b>76 863</b>	<b>32,6%</b>	<b>429 629</b>
<b>Expenditure by Vote</b>										
Vote 1 - EXECUTIVE AND COUNCIL (11: IE)	1	77 292	69 003	72 581	2 346	43 190	39 612	3 578	9,0%	72 581
Vote 2 - FINANCE AND ADMIN (12: IE)		80 323	94 579	101 062	4 754	45 114	60 441	(15 327)	-25,4%	101 062
Vote 3 - PLANNING AND DEVELOPMENT (13: IE)		23 872	24 815	25 563	284	14 341	13 940	401	2,9%	25 563
Vote 4 - COMMUNITY AND SOCIAL SERVICES (15: IE)		1 412	3 790	4 129	—	798	2 070	(1 271)	-61,4%	4 129
Vote 5 - PUBLIC SAFETY (17: IE)		31 163	33 876	35 723	748	18 118	18 970	(851)	-4,5%	35 723
Vote 6 - SPORT AND RECREATION (18: IE)		50	445	444	—	73	259	(187)	-72,0%	444
Vote 7 - WASTE MANAGEMENT (20: IE)		19 809	32 161	30 159	325	11 827	18 584	(6 757)	-36,4%	30 159
Vote 8 - ROAD TRANSPORT (22: IE)		101 859	86 095	110 139	2 694	64 606	49 203	15 404	31,3%	110 139
<b>Total Expenditure by Vote</b>	2	<b>335 779</b>	<b>344 763</b>	<b>379 800</b>	<b>11 150</b>	<b>198 067</b>	<b>203 078</b>	<b>(5 011)</b>	<b>-2,5%</b>	<b>379 800</b>
<b>Surplus/ (Deficit) for the year</b>	2	<b>23 165</b>	<b>60 200</b>	<b>49 829</b>	<b>(6 668)</b>	<b>114 604</b>	<b>32 730</b>	<b>81 874</b>	<b>250,2%</b>	<b>49 829</b>

**Table C4- Statement of Financial Performance**

EC156 Mhlontlo - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M07 January										
Description	Ref	2023/24	Budget Year 2024/25							
		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		2 570	1 807	1 571	339	2 397	941	1 456	155%	1 571
Sale of Goods and Rendering of Services		127	126	126	30	89	66	23	34%	126
Agency services		1 242	1 576	1 576	98	755	821	(66)	-8%	1 576
Interest earned from Receivables		-	812	812	69	399	473	(74)	-16%	812
Interest from Current and Non Current Assets		11 064	12 777	12 777	720	5 579	7 453	(1 874)	-25%	12 777
Rental from Fixed Assets		50	51	51	4	28	29	(1)	-5%	51
Licence and permits		136	122	122	1	195	64	131	206%	122
Operational Revenue		(0)	-	-	-	-	-	-	-	-
Property rates		35 007	37 887	37 887	-	43 028	22 101	20 927	95%	37 887
Fines, penalties and forfeits		2 001	1 759	1 759	4	343	923	(580)	-63%	1 759
Licence and permits		1 159	1 439	1 439	92	590	749	(160)	-21%	1 439
Transfers and subsidies - Operational		234 384	254 252	279 153	222	185	148	37 170	25%	279 153
Interest		-	4 434	4 434	450	484	314	37 170	25%	279 153
Gains on disposal of Assets		(4 542)	-	-	-	2 184	2 586	(403)	-16%	4 434
Total Revenue (excluding capital transfers and contributions)		283 197	317 041	341 707	2 029	241 187	184 520	56 667	31%	341 707
Expenditure By Type										
Employee related costs		110 102	121 854	125 161	60	61 794	71 081	(9 287)	-13%	125 161
Remuneration of councillors		22 573	22 935	22 935	1 794	14 833	13 379	1 454	11%	22 935
Inventory consumed		9 828	9 944	10 193	427	4 691	5 352	(661)	-12%	10 193
Debt impairment		-	15 553	15 461	-	-	15 553	(15 553)	-100%	15 461
Depreciation and amortisation		24 794	49 435	49 435	-	17 393	28 837	(11 444)	-40%	49 435
Contracted services		44 804	41 971	47 971	1 359	24 194	22 885	1 309	6%	48 001
Transfers and subsidies		1 194	2 500	2 350	(336)	1 927	1 458	469	32%	2 350
Irrecoverable debts written off		-	-	-	-	225	-	225	#DIV/0!	-
Operational costs		123 608	84 211	109 372	7 923	73 439	46 646	26 793	57%	109 342
Total Expenditure		336 904	348 403	382 878	11 228	198 497	205 192	(6 695)	-3%	382 878
Surplus/(Deficit)										
Transfers and subsidies - capital (monetary allocations)		(53 706)	(31 362)	(41 172)	(9 199)	42 690	(20 672)	63 362	(0)	(41 172)
Surplus/(Deficit) after capital transfers & contributions		75 747	87 922	87 922	2 453	71 484	51 288	20 196	0	87 922
Surplus/(Deficit) after income tax		22 041	56 560	46 751	(6 745)	114 174	30 616	83 558	0	46 751
Share of Surplus/Deficit attributable to Joint Venture		22 041	56 560	46 751	(6 745)	114 174	30 616	83 558	0	46 751
Share of Surplus/Deficit attributable to Minorities								-		
Surplus/(Deficit) attributable to municipality		22 041	56 560	46 751	(6 745)	114 174	30 616	83 558	0	46 751
Share of Surplus/Deficit attributable to Associate								-		
Intercompany/Parent subsidiary transactions								-		
Surplus/ (Deficit) for the year		22 041	56 560	46 751	(6 745)	114 174	30 616	83 558	0	46 751

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

Year to date budget is R63, 5 million whilst expenditure is sitting at R74, 6 million.

EC156 Mhlontlo - Table C5 Monthly  
Budget Statement - Capital  
Expenditure (municipal vote,  
functional classification and  
funding) - M07 January

Vote Description	Ref	2023/24	Budget Year 2024/25							
R thousands		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>Multi-Year expenditure appropriation</b>	1									
<b>Single Year expenditure appropriation</b>	2									
Vote 11 - EXECUTIVE AND COUNCIL (11: CAPEX)		30	-	-	-	-	-	-	-	-
Vote 13 - PUBLIC SAFETY (17: CAPEX)		0	-	-	-	-	-	-	-	-
Vote 16 - FINANCE AND ADMIN (32: CAPEX)		1 705	14 378	8 700	498	2 860	8 045	(5 185)	-64%	8 700
Vote 17 - PLANNING AND DEVELOPMENT (33: CAPEX)		-	174	200	-	151	91	61	67%	200
Vote 18 - LIBRARY SUPPORT (34: CAPEX)		-	27	-	-	-	14	(14)	-100%	-
Vote 19 - PUBLIC SAFETY (37: CAPEX)		-	5 435	500	-	200	3 143	(2 943)	-94%	500
Vote 20 - WASTE MANAGEMENT (40: CAPEX)		326	4 261	4 600	-	1 926	2 344	(419)	-18%	4 600
Vote 21 - ROAD TRANSPORT (42: CAPEX)		15 636	25 211	47 559	1 165	31 018	14 707	16 311	111%	47 559
Vote 22 - RATES AND GENERAL SERVICES (61: CAPEX)		-	62 063	62 698	1 535	38 796	35 118	3 678	10%	62 698
<b>Total Capital single-year expenditure</b>	4	17 697	111 549	124 257	3 198	74 951	63 462	11 489	18%	124 257
<b>Total Capital Expenditure</b>		17 697	111 549	124 257	3 198	74 951	63 462	11 489	18%	124 257
<b>Capital Expenditure - Functional Classification</b>										
<b>Governance and administration</b>		1 638	10 378	11 000	498	2 860	5 587	(2 726)	-49%	11 000
Executive and council		30	1 130	1 300	-	-	589	(589)	-100%	1 300
Finance and administration		1 608	9 248	9 700	498	2 860	4 998	(2 137)	-43%	9 700
<b>Community and public safety</b>		0	11 171	7 097	-	2 707	6 131	(3 424)	-56%	7 097
Community and social services		-	5 736	6 597	-	2 507	2 988	(481)	-16%	6 597
Sport and recreation		-	0	0	-	-	0	(0)	-100%	0
Public safety		0	5 435	500	-	200	3 143	(2 943)	-94%	500
<b>Economic and environmental services</b>		3 831	71 903	87 724	2 700	52 611	41 329	11 282	27%	87 724
Planning and development		2 954	30 689	22 775	1 818	17 693	17 891	(198)	-1%	22 775
Road transport		878	41 214	64 948	882	34 918	23 439	11 479	49%	64 948
<b>Trading services</b>		12 228	18 097	18 436	-	16 773	10 415	6 358	61%	18 436
Energy sources		11 902	13 836	13 836	-	14 847	8 071	6 776	84%	13 836
Waste management		326	4 261	4 600	-	1 926	2 344	(419)	-18%	4 600
<b>Other</b>		-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Functional Classification</b>	3	17 697	111 549	124 257	3 198	74 951	63 462	11 489	18%	124 257
<b>Funded by:</b>										
National Government		15 636	71 899	99 239	1 535	63 380	40 981	22 400	55%	99 239
Provincial Government		-	-	3 000	-	2 102	-	2 102	#DIV/0!	3 000
Transfers recognised - capital		15 636	71 899	102 239	1 535	65 483	40 981	24 502	60%	102 239

Borrowing	6									
Internally generated funds		2 032	39 651	22 017	1 663	9 468	22 481	-		
Total Capital Funding		17 667	111 549	124 257	3 198	74 951	63 462	(13 013)	-58%	22 017
								11 489	18%	124 257

**Table C6: Statement of Financial Position**

EC156 Mhlontlo - Table C6 Monthly Budget Statement - Financial Position - M07 January

Description	Ref	2023/24	Budget Year 2024/25			
R thousands	1	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
<b>ASSETS</b>						
<b>Current assets</b>						
Cash and cash equivalents		111 597	121 016	202 206	136 612	202 206
Trade and other receivables from exchange transactions		5 386	4 116	4 116	4 901	4 116
Receivables from non-exchange transactions		16 547	(1 254)	(1 254)	27 134	(1 254)
Current portion of non-current receivables						
Inventory		(0)	(0)	(0)	934	(0)
VAT		19 173	(9 453)	(14 442)	9 965	(14 442)
Other current assets		(1 777)	26 381	31 369	4 051	31 369
<b>Total current assets</b>		<b>150 925</b>	<b>140 804</b>	<b>221 994</b>	<b>183 597</b>	<b>221 994</b>
<b>Non current assets</b>						
Investments						
Investment property		5 983	5 983	5 983	14 251	5 983
Property, plant and equipment		589 489	567 550	609 797	572 442	609 797
Biological assets						
Living and non-living resources						
Heritage assets						
Intangible assets		(240)	2 016	16	23	16
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>595 231</b>	<b>575 548</b>	<b>615 796</b>	<b>586 715</b>	<b>615 796</b>
<b>TOTAL ASSETS</b>		<b>746 156</b>	<b>716 352</b>	<b>837 790</b>	<b>770 312</b>	<b>837 790</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Bank overdraft						
Financial liabilities						
Consumer deposits						
Trade and other payables from exchange transactions		20 972	14 344	145 453	16 940	145 453
Trade and other payables from non-exchange transactions		30 106	5 120	5 120	14 235	5 120
Provision		30 114	27 385	27 385	28 846	27 385
VAT		2 103	1 702	1 702	7 726	1 702
Other current liabilities		4 337	3 713	3 713	4 337	3 713
<b>Total current liabilities</b>		<b>87 631</b>	<b>52 265</b>	<b>183 374</b>	<b>72 084</b>	<b>183 374</b>
<b>Non current liabilities</b>						
Financial liabilities						
Provision						
Long term portion of trade payables						
Other non-current liabilities						
<b>TOTAL LIABILITIES</b>		<b>87 631</b>	<b>52 265</b>	<b>183 374</b>	<b>72 084</b>	<b>183 374</b>
<b>NET ASSETS</b>	2	<b>658 525</b>	<b>664 087</b>	<b>654 416</b>	<b>698 228</b>	<b>654 416</b>
<b>COMMUNITY WEALTH/EQUITY</b>						
Accumulated surplus/(deficit)		607 646	664 087	654 416	584 054	654 416
Reserves and funds						
Other						
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	<b>607 646</b>	<b>664 087</b>	<b>654 416</b>	<b>584 054</b>	<b>654 416</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 - M07 January**

Description	Ref	2023/24	Budget Year 2024/25							
R thousands	1	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Property rates		17 876	23 039	23 039	187	15 251	13 439	1 812	13%	-
Service charges		847	1 102	1 102	36	424	739	(315)	-43%	-
Other revenue		5 465	5 812	5 812	263	2 416	3 390	(974)	-29%	-
Transfers and Subsidies - Operational		259 277	254 252	279 153	336	189 687	148 314	41 374	28%	-
Transfers and Subsidies - Capital		82 311	87 922	87 922	-	47 510	51 288	(3 778)	-7%	-
Interest		11 066	12 777	12 777	720	5 106	7 453	(2 347)	-31%	-
Dividends										
<b>Payments</b>										
Suppliers and employees		(331 233)	(246 871)	(179 282)	(11 413)	(216 958)	(133 203)	(83 756)	63%	(179 742)
Interest										
Transfers and Subsidies										
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		45 609	138 032	230 522	(9 871)	43 435	91 421	47 985	52%	(179 742)
<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		(68 310)	(111 549)	(124 257)	(1 509)	(111 675)	(67 322)	(44 353)	66%	(362 619)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		(68 310)	(111 549)	(124 257)	(1 509)	(111 675)	(67 322)	44 353	-66%	(362 619)
<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>		(22 700)	26 483	106 266	(11 379)	(68 239)	24 098	(13 751)		(542 361)
Cash/cash equivalents at beginning:		124 982	124 982	124 982	(0)	111 231	124 982			124 982
Cash/cash equivalents at month/year end:		102 282	151 465	231 248	(11 379)	42 992	149 080			(417 379)

## PART 2: SUPPORTING DOCUMENTATION

**Table SC3: Aged Debtors**

The municipality is being owed a total amount of R136, 8 million of which the biggest portion is on government department with R55, 3 million being owed by this group of debtors.

The second biggest is household's debtors that are sitting at R47, 1 million. The business debtors owing just over R34,4 million.

**EC156 Mhlontlo - Supporting Table SC3 Monthly Budget Statement - aged debtors - M07 January**

LC156 Monthly Budget Statement - aged debtors - M07 January														
Description	NT Code	Budget Year 2024/25												
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total	Total over 90 days	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy	
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	6 010	1 887	5 328	372	15 255	11	89 422	-	118 284	105 059	-	-	-
Receivables from Exchange Transactions - Waste Water Management	1500	-	-	-	-	-	-	-	-	-	-	-	-	-
Receivables from Exchange Transactions - Waste Management	1600	417	404	398	17	454	30	16 790	-	18 510	17 292	-	-	-
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest on Arrear Debtor Accounts Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1810	-	-	-	-	-	-	-	-	-	-	-	-	-
	1820	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	1900	-	-	-	-	-	-	-	-	-	-	-	-	-
Total By Income Source	2000	6 428	2 290	5 726	389	15 709	40	106 212	-	136 794	122 351	-	-	-
2023/24 - totals only														
Debtors Age Analysis By Customer Group														
Organs of State	2200	254 3	865	4 386	335	13 917	2	35 573	-	55 331	49 826	-	-	-
Commercial	2300	205 2	580	524	16	761	1	29 288	-	34 375	30 066	-	-	-
Households	2400	969	846	816	38	031	38	41 352	-	47 089	42 459	-	-	-
Other	2500	-	-	-	-	-	-	-	-	-	-	-	-	-
Total By Customer Group	2600	6 428	2 290	5 726	389	15 709	40	106 212	-	136 794	122 351	-	-	-

## Table SC4: Aged Creditors

EC156 Mhlontlo - Supporting Table SC4 Monthly Budget Statement - aged creditors - M07 January

Description	NT Code	Budget Year 2024/25									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											
<b>Creditors Age Analysis By Customer Type</b>											
Bulk Electricity	0100	(821)	(309)	(1 217)	(531)	(238)	(580)	(553)	914	(3 335)	
Bulk Water	0200	-	-	-	-	-	-	-	-	-	
PAYE deductions	0300	-	-	-	-	-	-	-	-	-	
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-	
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-	
Loan repayments	0600	-	-	-	-	-	-	-	-	-	
Trade Creditors	0700	(139)	(3 512)	3 655	(325)	629	321	(647)	25	9	
Auditor General	0800	-	(193)	193	-	-	-	-	(322)	(322)	
Other	0900	-	-	-	-	-	-	-	-	-	
Medical Aid deductions											
<b>Total By Customer Type</b>	<b>1000</b>	<b>(960)</b>	<b>(4 014)</b>	<b>2 632</b>	<b>(856)</b>	<b>391</b>	<b>(259)</b>	<b>(1 200)</b>	<b>617</b>	<b>(3 648)</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 January 2025. Total cash available was R119, 3 million.

EC156 Mhlontlo - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M07 January

Investments by maturity Name of institution & investment ID	R ef	Perio d of Inves tment	Type of Inves tment	Capit al Guar antee (Yes/ No)	Vari able or Fixe d inter est rate	Inte rest Rat e *	Com missi on Paid (Rand s)	Com missi on Recip ient	Expir y date of inves tment	Open ing balan ce	Intere st to be realis ed	Partia l/ Prem ature Withd rawal (4)	Inves tment Top Up	Closi ng Balan ce
R thousands		Yrs/M onths												
<b>Municipality</b>														
20-FNB:Equitabl e Share 1 Da		12 (M)	3	Y	2	5,15	0	0	2025 0630	132	89	35 000	(7 089)	28 132
23-FNB:Electrifi cation Prog		12 (M)	3	Y	1	6,5	0	0	2025 0630	75	1	-	-	75
24-FNB:Gcunu Lots Project		12 (M)	3	Y	2	5,5	0	0	2025 0630	557	3	-	(3)	557
25-FNB:LED 30-		12 (M)	3	Y	2	3,65	0	0	2025 0630	1 197	6	-	(6)	1 197
FNB:Municip al IDP 31-		12 (M)	3	Y	2	4,55	0	0	2025 0630	1 429	7	-	(7)	1 429
FNB:Revolvi ng Fund		12 (M)	3	Y	2	5,15	0	0	2025 0630	68 110	357	9 931	(4 647)	73 752
32-FNB:MIG		12 (M)	3	Y	2	5,5	0	0	2025 0630	14 699	80	(3)	(2 534)	12 243
33-FNB:Bulk Housing Mhlontl		12 (M)	3	Y	2	5,15	0	0	2025 0630	734	4	-	(4)	734
34-FNB:MSIG		12 (M)	3	Y	2	5,15	0	0	2025 0630	44	0	-	(0)	44
35-FNB:FMG		12 (M)	3	Y	2	3,25	0	0	2025 0630	1 164	6	-	(6)	1 164
36-FNB:Investm ent Fund 37-		12 (M)	3	Y	1	2,5	0	0	2025 0630	-	-	-	-	-
FNB:Public Sector Cheque		12 (M)	3	Y	1	2,5	0	0	2025 0630	8	-	-	-	8
<b>Municipality sub-total</b>										88 150	553	44 929	(14 296)	119 336

## Table SC6: Grants Receipts

The grants that were expected since July 2024 were received. The table below reflects on individual grants received.

EC156 Mhlontlo - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M07 January

Description	Ref	2023/24	Budget Year 2024/25							
R thousands		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>RECEIPTS:</b>	1,2									
-										
<b>Operating Transfers and Grants</b>										
<b>National Government:</b>		233 249	249 004	249 004	87	183 148	145 252	37 896	26,1%	249 004
Equitable Share		229 195	242 156	242 156	-	180 867	141 258	39 609	28,0%	242 156
Expanded Public Works Programme		1 754	1 966	1 966	32	985	1 147	(161)	-14,1%	1 966
Integrated Grant		2 300	2 300	2 300	55	1 296	1 342	(46)	-3,4%	2 300
Local Government Financial Management Grant		-	2 582	2 582	-	-	1 506	(1 506)	-100,0%	2 582
Municipal Infrastructure Grant		550	1 102	1 102	135	1 642	643	999	155,4%	1 102
<b>Provincial Government:</b>		550	1 102	1 102	135	1 642	643	999	155,4%	1 102
Specify (Add grant description)		-	-	-	-	-	-	-	-	-
<b>District Municipality:</b>		585	4 146	29 048	-	693	2 419	(1 725)	-71,3%	29 048
<b>Other grant providers:</b>		211	2 500	27 401	-	541	1 458	(918)	-62,9%	27 401
Peoples Housing Process (Housing)		374	1 646	1 646	-	153	960	(808)	-84,1%	1 646
Transport, Education and Training SETA										
<b>Total Operating Transfers and Grants</b>	5	234 384	254 252	279 153	222	185 484	148 314	37 170	25,1%	279 153
<b>Capital Transfers and Grants</b>										
<b>National Government:</b>		75 747	87 922	87 922	2 453	71 484	51 288	20 196	39,4%	87 922
Integrated National Electrification Programme Grant		13 361	13 836	13 836	-	4 510	8 071	(3 561)	-44,1%	13 836
Municipal Disaster Response Grant		13 439	25 037	25 037	-	32 933	14 605	18 328	125,5%	25 037
Municipal Infrastructure Grant		48 947	49 049	49 049	2 453	34 041	28 612	5 429	19,0%	49 049
<b>Provincial Government:</b>		-	-	-	-	-	-	-	-	-
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
Human Settlement Re-development Programme		-	-	-	-	-	-	-	-	-
<b>Total Capital Transfers and Grants</b>	5	75 747	87 922	87 922	2 453	71 484	51 288	20 196	39,4%	87 922
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	5	310 131	342 174	367 076	2 675	256 968	199 602	57 366	28,7%	367 076

### Table SC7: Grants expenditure

The table below reflects on grants' expenditures since July 2024. Also, these amounts are inclusive of VAT.

Finance management grant's expenditure amounts to R1 ,0 million. This amount was used on interns' salaries and training. Library grant expenditure amounts to R224 thousand and was used in paying the librarians' events and salaries. MIG capital expenditure amounts to R34, 0 million. Electrification project expenditure amounts to R9, 8 million. EPWP expenditure amounts to R1,2 million. EPWP(DEDEAT) expenditure amounts to R540 thousand MDRG (Recovery) expenditure amounts to R32,9 million.

EC156 Mhlontlo - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M07 January									
			Budget						

LC156 Mnifontio - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M07 January										
Description	Ref	2023/24	Budget Year 2024/25							
		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><u>Operating expenditure of Transfers and Grants</u></b>										
National Government:		310 507	303 603	335 268	8 220	180 190	173 159	7 031	4,1%	335 268
Equitable Share		306 066	297 423	327 328	8 138	177 690	169 624	8 066	4,8%	327 328
Local Government Financial Management Grant		826	2 894	3 051	5	647	1 623	(976)	-60,2%	3 051
Municipal Infrastructure Grant		3 543	2 499	2 499	-	1 448	1 458	(10)	-0,7%	2 499
Specify (Add grant description)		83	786	2 390	78	405	454	(49)	-10,7%	2 390
Upgrading of Informal Settlement		(12)	-	-	-	-	-	-		-
Provincial Government:		83	517	2 110	-	281	301	(20)	-6,6%	2 110
Specify (Add grant description)		83	517	2 110	-	281	301	(20)	-6,6%	2 110
District Municipality:		-	270	280	78	124	153	(29)	-18,9%	280
Specify (Add grant description)		-	270	280	78	124	153	(29)	-18,9%	280
Other grant providers:		(12)	270	280	78	124	153	(29)	-18,9%	280
Specify (Add grant description)		-	270	280	78	124	153	(29)	-18,9%	280
Upgrading of Informal Settlement		(12)	-	-	-	-	-	-		280
Total operating expenditure of Transfers and Grants:		310 578	304 658	337 939	8 375	180 720	173 766	6 953	4,0%	337 939
<b><u>Capital expenditure of Transfers and Grants</u></b>										
National Government:		58 518	71 899	129 641	3 180	67 128	40 981	26 147	63,8%	129 641
Human Settlement Re-development Programme		-	-	27 401	1 645	1 645	-	1 645	#DIV/0!	27 401
Integrated National Electrification Programme Grant		11 902	13 836	13 836	-	14 847	8 071	6 776	84,0%	13 836
Municipal Disaster Recovery Grant		-	-	16 919	-	7 628	-	7 628	#DIV/0!	16 919
Municipal Disaster Response Grant		3 736	19 758	26 806	415	18 115	11 347	6 769	59,7%	26 806

Municipal Infrastructure Grant	42 880	38 304	41 678	1 120	22 790	21 563	1 227	5,7%	41 678
Specify (Add grant description)	-	-	3 000	-	2 102	-	2 102	#DIV/0!	3 000
Provincial Government:	-	-	3 000	-	2 102	-	2 102	#DIV/0!	3 000
Specify (Add grant description)	-	-	3 000	-	2 102	-	2 102	#DIV/0!	3 000
Other grant providers:	-	-	27 401	1 645	1 645	-	1 645	#DIV/0!	27 401
Human Settlement Re-development Programme	-	-	27 401	1 645	1 645	-	1 645	#DIV/0!	27 401
Total capital expenditure of Transfers and Grants	58 518	71 899	160 042	4 825	70 875	40 981	29 894	72,9%	160 042
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	369 096	376 557	497 981	13 200	251 594	214 747	36 847	17,2%	497 981

# QUALITY CERTIFICATE

I, LUNGILE NDABENI (Full Names), the Municipal Manager of Kumkani Mhlontlo Local Municipality hereby certify that the **Section 71 Report** for the month ended 31 January 2025 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

2025/02/11  
DATE

## RECEIPT BY THE MAYOR

I, MBULISO SILE (Full Names), the Mayor of Kumkani Mhlontlo Local Municipality, hereby accept the **Section 71 report** of the municipality for the month ended 31 January 2025 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

13/02/2025  
DATE