

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 2026

2025-2026 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 241.9 million out of the projected R 207.8 million giving a positive variance of 16%. Variance contributing factors are explained in the subheadings of the revenue items.

Total cash receipts on operating revenue excluding grants totals to R30.1 million since July 2025 out of the expected R31.5 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 R48,2 million out of the expected R24.6 million.

Total actual cash collected on rates since July 2025 is R16.1 million against the expected R27.4 million.

Refuse Removal

Amount accrued on refuse removal is R2.5 million against the expected R1.1 million.

Total actual cash received on refuse removal since July 2025 is R308 thousand out of the expected collection of R1.2 million.

Investment Revenue

This relates to interests received on the call account deposits. Interest received since July 2025 amounts to R3.6 million out of the expected R7.8 million.

Other Revenue

Rental of facilities and Equipment –R29 thousand has been received since July 2025 instead of the expected R28 thousand.

Fines- R288 thousand has been received so far against the expected R1.1 million.

Licenses and permits- R651 thousand has been received since July 2025 and the municipality expected to receive R797 thousand.

Agency Services- The amount collected since July 2025 amounts to R728 thousand, and the expected budget is R873 thousand.

Operating Expenditure

On operating expenditure, R166.9 million was spent against the expected budget of R238.1 million giving rise to a negative variance of more than R71.2 million. This is because on non-cash items like depreciation and debt impairment that have not been accounted for.

Employee Costs

R66.5 million has been spent to date on employee related costs against the expected R77.9 million.

Remuneration of Councillors

Amount spent since July 2025 totals to R12.8 million against the budgeted R14.6 million.

Other Expenditure (Operational Costs)

This line item includes all the other operating expenses like accommodation, telephone, electricity etc. Expenditure is R39.1 million against the expected budget of R58.1 million.

Capital Expenditure

On Capital Expenditure the municipality has spent a total of R81.3 million against the expected R75.7 million budgets to date. This will be explained more on table C5 where departmental expenditures are reflected.

Financial Position

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

Cash Flows

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

Table C1- Monthly Budget Statement Summary

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

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

Description	2024/25	Budget Year 2025/26							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	43 028	42 177	42 177	–	48 244	24 603	23 640	96%	42 177
Service charges	4 086	1 879	1 879	351	2 462	1 096	1 366	125%	1 879
Investment revenue	8 965	13 326	13 326	495	3 595	7 774	(4 178)	-54%	13 326
Transfers and subsidies - Operational	253 970	287 766	279 766	246	183 751	167 863	15 888	0	279 766
Other own revenue	7 372	11 134	11 134	867	3 843	6 495	(2 652)	-41%	11 134
	317 421	356 282	348 282	1 959	241 896	207 831	34 064	16%	348 282
Total Revenue (excluding capital transfers and contributions)									
Employee costs	123 381	133 596	133 596	10 247	66 512	77 931	(11 420)	-15%	133 596
Remuneration of Councillors	24 071	25 005	25 005	1 834	12 839	14 586	(1 747)	-12%	25 005
Depreciation and amortisation	69	31 653	31 653	–	–	18 464	(18 464)	-100%	31 653
Inventory consumed and bulk purchases	8 322	12 233	12 233	1 100	5 506	7 136	(1 630)	-23%	12 233
Transfers and subsidies	2 740	6 403	7 103	–	591	3 735	(3 143)	-84%	7 103
Other expenditure	177 297	199 267	200 467	9 488	81 494	116 239	(34 745)	-30%	200 467
Total Expenditure	335 880	408 157	410 057	22 669	166 942	238 092	(71 150)	-30%	410 057
Surplus/(Deficit)	(18 458)	(51 875)	(61 775)	(20 709)	74 954	(30 260)	105 214	-348%	(61 775)
Transfers and subsidies - capital (monetary allocations)	106 153	96 095	104 095	6 682	77 260	56 056	21 205	38%	104 095
	87 695	44 220	42 320	(14 028)	152 214	25 795	126 419	490%	42 320
Surplus/(Deficit) after capital transfers & contributions									
Surplus/ (Deficit) for the year	87 695	44 220	42 320	(14 028)	152 214	25 795	126 419	490%	42 320
Capital expenditure & funds sources									
Financial position									
Total current assets	95 889	105 799	76 862		168 611				76 862
Total non current assets	656 079	593 769	620 806		671 657				620 806
Total current liabilities	81 235	69 713	69 713		74 947				69 713
Community wealth/Equity	583 038	629 856	627 956		612 515				627 956
Cash flows									

Net cash from (used) operating	23 169	83 810	81 910	(20 543)	203 535	48 889	(154 645)	-316%	81 910
Net cash from (used) investing	(174 251)	(149 299)	(180 392)	(6 252)	(72 193)	(87 091)	(14 898)	17%	(180 392)
Cash/cash equivalents at the month/year end	(38 850)	59 493	26 501	(26 795)	202 935	34 704	(168 230)	-485%	26 501

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	2024/25	Budget Year 2025/26							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Revenue - Functional										
Governance and administration		163 534	165 277	165 277	1 114	130 724	96 412	34 312	36%	165 277
Executive and council		30 024	30 097	30 097	–	23 338	17 557	5 782	33%	30 097
Finance and administration		133 510	135 180	135 180	1 114	107 386	78 855	28 531	36%	135 180
Community and public safety		51 452	38 086	38 086	198	45 916	22 217	23 699	107%	38 086
Community and social services		4 218	4 137	4 137	5	1 158	2 413	(1 255)	-52%	4 137
Public safety		47 234	33 949	33 949	192	44 758	19 803	24 955	126%	33 949
Economic and environmental services		161 224	177 249	177 249	6 894	112 982	103 395	9 586	9%	177 249
Planning and development		159 258	151 093	143 093	6 691	111 765	88 138	23 628	27%	143 093
Road transport		1 966	26 156	34 156	203	1 217	15 258	(14 041)	-92%	34 156
Trading services		47 365	71 765	71 765	435	29 534	41 863	(12 329)	-29%	71 765
Energy sources		8 525	19 400	19 400	–	10 664	11 317	(653)	-6%	19 400
Waste management		38 841	52 365	52 365	435	18 870	30 546	(11 676)	-38%	52 365
Other	4	–	–	–	–	–	–	–	–	–
Total Revenue - Functional	2	423 575	452 378	452 378	8 641	319 156	263 887	55 269	21%	452 378
Expenditure - Functional										
Governance and administration		178 637	201 926	203 126	13 452	93 208	117 790	(24 582)	-21%	203 126
Executive and council		62 455	61 893	62 393	8 195	44 128	36 104	8 023	22%	62 393
Finance and administration		116 145	139 790	140 490	5 257	49 050	81 544	(32 494)	-40%	140 490
Internal audit		37	243	243	–	31	142	(111)	-78%	243
Community and public safety		37 665	51 663	51 663	2 520	21 526	30 137	(8 611)	-29%	51 663
Community and social services		26	1 640	1 640	–	13	957	(944)	-99%	1 640
Sport and recreation		193	465	465	14	158	271	(114)	-42%	465
Public safety		37 446	49 558	49 558	2 507	21 355	28 909	(7 554)	-26%	49 558
Economic and environmental services		99 030	123 650	124 350	5 095	39 234	72 129	(32 895)	-46%	124 350
Planning and development		38 236	70 659	71 359	3 584	29 340	41 218	(11 878)	-29%	71 359
Road transport		60 795	52 990	52 990	1 511	9 895	30 911	(21 016)	-68%	52 990
Trading services		20 547	30 918	30 918	1 602	12 974	18 035	(5 061)	-28%	30 918
Waste management		20 547	30 918	30 918	1 602	12 974	18 035	(5 061)	-28%	30 918
Other		–	–	–	–	–	–	–	–	–
Total Expenditure - Functional	3	335 880	408 157	410 057	22 669	166 942	238 092	(71 150)	-30%	410 057
Surplus/ (Deficit) for the year		87 695	44 220	42 320	(14 028)	152 214	25 795	126 419	4,9008641	42 320

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	2024/25	Budget Year 2025/26							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue by Vote										
Vote 1 - EXECUTIVE AND COUNCIL (11: IE)	1	33 183	33 264	33 264	–	25 134	19 404	5 730	29,5%	33 264
Vote 2 - FINANCE AND ADMIN (12: IE)		133 553	135 215	135 215	1 120	107 410	78 876	28 534	36,2%	135 215
Vote 3 - PLANNING AND DEVELOPMENT (13: IE)		27 578	61 719	53 719	9	20 036	36 003	(15 967)	-44,3%	53 719
Vote 4 - COMMUNITY AND SOCIAL SERVICES (15: IE)		27	26	26	–	11	15	(5)	-29,4%	26
Vote 5 - PUBLIC SAFETY (17: IE)		51 409	66 472	66 472	192	45 892	38 775	7 117	18,4%	66 472
Vote 7 - WASTE MANAGEMENT (20: IE)		38 814	23 917	23 917	435	18 859	13 952	4 907	35,2%	23 917
Vote 8 - ROAD TRANSPORT (22: IE)		139 011	131 763	139 763	6 885	101 815	76 862	24 953	32,5%	139 763
Vote 9 - ELECTRICITY (24: IE)		–	–	–	–	–	–	–	–	–
Total Revenue by Vote	2	423 575	452 378	452 378	8 641	319 156	263 887	55 269	20,9%	452 378
Expenditure by Vote										
Vote 1 - EXECUTIVE AND COUNCIL (11: IE)	1	73 831	76 278	76 778	9 187	50 171	44 496	5 675	12,8%	76 778
Vote 2 - FINANCE AND ADMIN (12: IE)		113 420	110 549	111 249	5 223	47 380	64 487	(17 107)	-26,5%	111 249
Vote 3 - PLANNING AND DEVELOPMENT (13: IE)		23 394	33 537	34 237	2 190	14 239	19 563	(5 324)	-27,2%	34 237
Vote 4 - COMMUNITY AND SOCIAL SERVICES (15: IE)		133	2 866	2 866	–	648	1 672	(1 024)	-61,3%	2 866
Vote 5 - PUBLIC SAFETY (17: IE)		35 338	40 493	40 493	2 365	19 809	23 621	(3 812)	-16,1%	40 493
Vote 6 - SPORT AND RECREATION (18: IE)		193	465	465	14	158	271	(114)	-41,9%	465
Vote 7 - WASTE MANAGEMENT (20: IE)		22 727	33 676	33 676	1 803	13 509	19 644	(6 135)	-31,2%	33 676
Vote 8 - ROAD TRANSPORT (22: IE)		65 824	81 421	81 421	1 888	13 749	47 496	(33 747)	-71,1%	81 421
Total Expenditure by Vote	2	334 860	379 286	381 186	22 669	159 663	221 250	(61 588)	-27,8%	381 186
Surplus/ (Deficit) for the year	2	88 714	73 091	71 191	(14 028)	159 493	42 637	116 857	274,1%	71 191

Table C4- Statement of Financial Performance

EC156 Mhlontlo - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M07 January

Description	Ref	2024/25	Budget Year 2025/26							
		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		4 086	1 879	1 879	351	2 462	1 096	1 366	125%	1 879
Sale of Goods and Rendering of Services		146	114	114	8	77	67	10	15%	114
Agency services		1 130	1 496	1 496	104	728	873	(145)	-17%	1 496
Interest earned from Receivables		588	886	886	84	238	517	(279)	-54%	886
Interest from Current and Non Current Assets		8 965	13 326	13 326	495	3 595	7 774	(4 178)	-54%	13 326
Rental from Fixed Assets		45	49	49	6	29	28	1	3%	49
Licence and permits		233	265	265	1	222	154	67	44%	265
Special rating levies		(0)	-	-	-	-	-	-	-	-
Operational Revenue		(0)	-	-	-	-	-	-	-	-
Property rates		43 028	42 177	42 177	-	48 244	24 603	23 640	96%	42 177
Surcharges and Taxes								-		
Fines, penalties and forfeits		392	1 919	1 919	10	288	1 119	(831)	-74%	1 919
Licence and permits		1 048	1 366	1 366	78	651	797	(146)	-18%	1 366
						183	167			
Transfers and subsidies - Operational		253 970	287 766	279 766	246	751	863	15 888	9%	279 766
Interest		3 545	4 837	4 837	577	1 610	2 822	(1 211)	-43%	4 837
Gains on disposal of Assets		245	202	202	-	-	118	(118)	-100%	202
Total Revenue (excluding capital transfers and contributions)		317 421	356 282	348 282	1 959	241 896	207 831	34 064	16%	348 282
Expenditure By Type										
Employee related costs		123 381	133 596	133 596	10 247	66 512	77 931	(11 420)	-15%	133 596
Remuneration of councillors		24 071	25 005	25 005	1 834	12 839	14 586	(1 747)	-12%	25 005
Inventory consumed		8 322	12 233	12 233	1 100	5 506	7 136	(1 630)	-23%	12 233
Debt impairment		-	16 904	16 904	-	-	9 861	(9 861)	-100%	16 904
Depreciation and amortisation		69	31 653	31 653	-	-	18 464	(18 464)	-100%	31 653
Contracted services		42 189	82 833	83 533	6 437	42 388	48 319	(5 931)	-12%	83 533
Transfers and subsidies		2 740	6 403	7 103	-	591	3 735	(3 143)	-84%	7 103
Irrecoverable debts written off		31 101	-	-	-	-	-	-		-
Operational costs		104 007	99 530	100 030	3 050	39 105	58 059	(18 954)	-33%	100 030
Total Expenditure		335 880	408 157	410 057	22 669	166 942	238 092	(71 150)	-30%	410 057
Surplus/(Deficit)		(18 458)	(51 875)	(61 775)	(20 709)	74 954	(30 260)	105 214	(0)	(61 775)
Transfers and subsidies - capital (monetary allocations)		106 153	96 095	104 095	6 682	77 260	56 056	21 205	0	104 095
Surplus/(Deficit) after capital transfers & contributions		87 695	44 220	42 320	(14 028)	152 214	25 795	126 419	0	42 320
Income Tax								-		
Surplus/(Deficit) after income tax		87 695	44 220	42 320	(14 028)	152 214	25 795	126 419	0	42 320
Surplus/(Deficit) attributable to municipality		87 695	44 220	42 320	(14 028)	152 214	25 795	126 419	0	42 320
Share of Surplus/Deficit attributable to Associate								-		
Intercompany/Parent subsidiary transactions								-		
Surplus/ (Deficit) for the year		87 695	44 220	42 320	(14 028)	152 214	25 795	126 419	0	42 320

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

Year to date budget is R75.7 million whilst expenditure is sitting at R81.3 million.

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

Vote Description	Ref	2024/25	Budget Year 2025/26							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Multi-Year expenditure appropriation	2									
Single Year expenditure appropriation	2									
Vote 11 - (11: CAPEX)		-	191	191	-	-	112	(112)	-100%	191
Vote 15 - FINANCE AND ADMIN (32: CAPEX)		5 109	-	-	-	-	-	-	-	-
Vote 16 - PLANNING AND DEVELOPMENT (33: CAPEX)		131	-	-	-	-	-	-	-	-
Vote 18 - PUBLIC SAFETY (37: CAPEX)		200	-	-	-	-	-	-	-	-
Vote 19 - WASTE MANAGEMENT (40: CAPEX)		2 022	-	-	-	-	-	-	-	-
Vote 20 - ROAD TRANSPORT (42: CAPEX)		45 563	-	-	-	-	-	-	-	-
Vote 21 - RATES AND GENERAL SERVICES (51: CAPEX)		64 974	129 634	156 671	6 198	81 334	75 620	5 715	8%	156 671
Total Capital single-year expenditure	4	117 999	129 825	156 862	6 198	81 334	75 731	5 603	7%	156 862
Total Capital Expenditure		117 999	129 825	156 862	6 198	81 334	75 731	5 603	7%	156 862
Capital Expenditure - Functional Classification										
<i>Governance and administration</i>		5 109	11 476	13 476	380	4 897	6 694	(1 797)	-27%	13 476
Executive and council		-	1 974	1 974	-	-	1 151	(1 151)	-100%	1 974
Finance and administration		5 109	9 502	11 502	380	4 897	5 543	(646)	-12%	11 502
<i>Community and public safety</i>		1 856	15 955	15 955	-	291	9 307	(9 016)	-97%	15 955
Community and social services		1 656	9 712	9 712	-	-	5 665	(5 665)	-100%	9 712
Public safety		200	6 243	6 243	-	291	3 642	(3 351)	-92%	6 243
<i>Economic and environmental services</i>		90 674	83 285	108 322	5 818	65 855	48 583	17 272	36%	108 322
Planning and development		22 833	14 069	14 069	57	10 115	8 207	1 908	23%	14 069
Road transport		67 841	69 216	94 253	5 761	55 739	40 376	15 363	38%	94 253
<i>Trading services</i>		20 360	19 109	19 109	-	10 292	11 147	(855)	-8%	19 109
Energy sources		18 338	16 870	16 870	-	9 273	9 841	(568)	-6%	16 870
Waste management		2 022	2 239	2 239	-	1 019	1 306	(287)	-22%	2 239
Total Capital Expenditure - Functional Classification	3	117 999	129 825	156 862	6 198	81 334	75 731	5 603	7%	156 862
Funded by:										
National Government		101 550	88 544	113 581	5 818	69 174	51 651	17 524	34%	113 581
Provincial Government		2 575	8 000	8 000	-	5 340	4 667	673	14%	8 000
Transfers recognised - capital		104 125	96 544	121 581	5 818	74 514	56 317	18 197	32%	121 581
Borrowing										
Internally generated funds	6	13 874	33 281	35 281	380	6 820	19 414	(12 594)	-65%	35 281
Total Capital Funding		117 999	129 825	156 862	6 198	81 334	75 731	5 603	7%	156 862

Table C6: Statement of Financial Position

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

Description	Ref	2024/25	Budget Year			
		Audited Outcome	2025/26 Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash and cash equivalents		73 792	67 707	38 770	102 249	38 770
Trade and other receivables from exchange transactions		2 616	4 189	4 189	5 095	4 189
Receivables from non-exchange transactions		(127)	16 975	16 975	36 374	16 975
Current portion of non-current receivables						
Inventory		–	(0)	(0)	239	(0)
VAT		11 793	(21 515)	(21 515)	4 177	(21 515)
Other current assets		7 814	38 442	38 442	20 477	38 442
Total current assets		95 889	105 799	76 862	168 611	76 862
Non current assets						
Investments						
Investment property		17 239	5 983	5 983	17 239	5 983
Property, plant and equipment		638 816	587 743	614 780	654 394	614 780
Biological assets						
Living and non-living resources						
Heritage assets						
Intangible assets		24	44	44	24	44
Trade and other receivables from exchange transactions						
Non-current receivables from non-exchange transactions						
Other non-current assets						
Total non current assets		656 079	593 769	620 806	671 657	620 806
TOTAL ASSETS		751 968	699 568	697 668	840 267	697 668
LIABILITIES						
Current liabilities						
Bank overdraft						
Financial liabilities						
Consumer deposits						
Trade and other payables from exchange transactions		29 144	14 882	14 882	25 434	14 882
Trade and other payables from non-exchange transactions		9 405	5 120	5 120	2 849	5 120
Provision		30 253	40 778	40 778	34 745	40 778
VAT		8 096	5 219	5 219	10 220	5 219
Other current liabilities		4 337	3 713	3 713	1 700	3 713
Total current liabilities		81 235	69 713	69 713	74 947	69 713
Non current liabilities						
Financial liabilities						
Provision						
Long term portion of trade payables						
Other non-current liabilities						
TOTAL LIABILITIES		81 235	69 713	69 713	74 947	69 713
NET ASSETS	2	670 733	629 856	627 956	765 320	627 956
COMMUNITY WEALTH/EQUITY						
Accumulated surplus/(deficit)		583 038	629 856	627 956	612 515	627 956
Reserves and funds						

Other						
TOTAL COMMUNITY WEALTH/EQUITY	2	583 038	629 856	627 956	612 515	627 956

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	2024/25	Budget Year 2025/26							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		16 899	26 006	26 006	324	15 839	15 170	669	4%	26 006
Service charges		686	1 318	1 318	-	-	769	(769)	-100%	1 318
Other revenue		3 673	21 027	21 027	787	7 698	12 266	(4 568)	-37%	21 027
Transfers and Subsidies - Operational		254 569	285 970	277 970	892	299 046	166 816	132 230	79%	277 970
Transfers and Subsidies - Capital		76 670	96 095	104 095	-	75 492	56 056	19 437	35%	104 095
Interest		8 492	-	-	-	-	-	-		-
Dividends										
Payments										
Suppliers and employees		(337 819)	(346 606)	(348 506)	(22 546)	(194 540)	(202 187)	7 646	-4%	(348 506)
NET CASH FROM/(USED) OPERATING ACTIVITIES		23 169	83 810	81 910	(20 543)	203 535	48 889	(154 645)	-316%	81 910
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE								-		
Decrease (increase) in non-current receivables								-		
Decrease (increase) in non-current investments								-		
Payments										
Capital assets		(174 251)	(149 299)	(180 392)	(6 252)	(72 193)	(87 091)	14 898	-17%	(180 392)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(174 251)	(149 299)	(180 392)	(6 252)	(72 193)	(87 091)	(14 898)	17%	(180 392)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans								-		
Borrowing long term/refinancing								-		
Increase (decrease) in consumer deposits								-		
Payments										
Repayment of borrowing								-		
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-		-
NET INCREASE/ (DECREASE) IN CASH HELD		(151 081)	(65 489)	(98 481)	(26 795)	131 342	(38 202)			(98 481)
Cash/cash equivalents at beginning:		112 231	124 982	124 982	-	71 593	72 906	(1 313)		124 982
Cash/cash equivalents at month/year end:		(38 850)	59 493	26 501	(26 795)	202 935	34 704			26 501

PART 2: SUPPORTING DOCUMENTATION

Table SC3: Aged Debtors

The municipality is being owed a total amount of R174, 2 million of which the biggest portion is on government department with R78, 8 million being owed by this group of debtors.

The second biggest is household's debtors that are sitting at R55.9 million. The business debtors owing just over R39,5 million.

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

Description	NT Code	Budget Year 2025/26										Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy	
		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			
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	9	785	478	362	696	054	-	151	589	144	589	-
Receivables from Exchange Transactions - Waste Water Management	1500	-	-	-	-	-	-	-	-	-	-	-	-	-
Receivables from Exchange Transactions - Waste Management	1600	445	19	348	354	414	339	715	-	22	823	21	823	-
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	28	133	832	776	035	769	-	174	203	166	412	-
2024/25 - totals only														
Debtors Age Analysis By Customer Group														
Organs of State	2200	334	2	16	703	816	251	712	-	78	835	78	483	-
		3						33		39	35			
Commercial	2300	286	2	439	425	954	678	680	-	463	737			
		3				1	1	49		55	52			
Households	2400	009	24	678	704	005	106	377	-	904	193			
Other	2500	-	-	-	-	-	-	-	-	-	-	-	-	-
Total By Customer Group	2600	6	28	133	832	776	035	769	-	174	203	166	412	-

Table SC4: Aged Creditors

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

Description	NT Code	Budget Year 2025/26									Prior year totals for chart (same period)
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total	
R thousands											
Creditors Age Analysis By Customer Type											
Bulk Electricity	0100	-	(857)	(3)	15	500	(35)	(566)	81	(864)	
Bulk Water	0200	-	-	-	-	-	-	-	-	-	
PAYE deductions	0300	-	-	-	-	-	-	-	-	-	
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-	
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-	
Loan repayments	0600	-	-	-	-	-	-	-	-	-	
Trade Creditors	0700	(1 700)	1 241	247	(1 302)	892	124	1 310	21	833	
Auditor General	0800	-	-	-	-	-	-	-	(25)	(25)	
Other	0900	-	-	-	-	-	-	-	-	-	
Medical Aid deductions	0950	-	-	-	-	-	-	-	-	-	
Total By Customer Type	1000	(1 700)	384	244	(1 287)	1 392	89	744	78	(56)	-

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 31 January 2026. Total cash available was R92.2 million.

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

Investments by maturity Name of institution & investment ID R thousands	Period of investment Yrs/Months	Type of investment	Capital Guarantee (Yes/No)	Variable or Fixed interest rate	Interest Rate %	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
Municipality													
20-FNB:Equitable Share 1	12 (M)	3	Y	2	5,15	0	0	#####	29 642	87	-	(20 145)	9 584
23-FNB:Electrification Prog	12 (M)	3	Y	1	6,5	0	0	#####	80	1	-	-	80
24-FNB:Gcunu Lots Project	12 (M)	3	Y	2	5,5	0	0	#####	556	3	(0)	(3)	556
25-FNB:LED	12 (M)	3	Y	2	3,65	0	0	#####	1 197	5	-	(5)	1 197
30-FNB:Municipal IDP	12 (M)	3	Y	2	4,55	0	0	#####	515	2	-	(2)	515
31-FNB:Revolving Fund	12 (M)	3	Y	2	5,15	0	0	#####	70 979	310	-	(310)	70 979
32-FNB:MIG	12 (M)	3	Y	2	5,5	0	0	#####	4 527	20	(3)	(577)	3 967
33-FNB:Bulk Housing Mhlonlo	12 (M)	3	Y	2	5,15	0	0	#####	11	0	-	(0)	11
34-FNB:MSIG	12 (M)	3	Y	2	5,15	0	0	#####	138	26	10 257	(6 150)	4 271
35-FNB:FMG	12 (M)	3	Y	2	3,25	0	0	#####	1 064	5	-	(5)	1 064
36-FNB:Investment Fund	12 (M)	3	Y	1	2,5	0	0	#####	-	-	-	-	-
37-FNB:Public Sector Cheque	12 (M)	3	Y	1	2,5	0	0	#####	8	-	-	-	8
Municipality sub-total									108 718	459	10 254	(27 198)	92 233

Entities Entities sub-total														
										-	-	-	-	-
TOTAL INVESTM ENTS AND INTERES T	2									108 718	459	10 254	(27 198)	92 233

Table SC6: Grants Receipts

The grants that were expected since July 2025 were received. The table below reflects on individual grants received.

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

Description	Ref	2024/25	Budget Year 2025/26							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
RECEIPTS:	1,2									
Operating Transfers and Grants										
National Government:		245 422	246 368	246 368	220	182 432	143 715	38 718	26,9%	246 368
Equitable Share		241 156	239 367	239 367	–	179 525	139 631	39 894	28,6%	239 367
Expanded Public Works Programme		1 966	1 982	1 982	203	1 217	1 156	60	5,2%	1 982
Integrated Grant		2 300	2 300	2 300	17	1 691	1 342	349	26,0%	2 300
Local Government Financial Management Grant		–	2 719	2 719	–	–	1 586	(1 586)	-100,0%	2 719
Municipal Infrastructure Grant		5 131	39 602	31 602	–	1 134	23 101	(21 967)	-95,1%	31 602
Provincial Government:		5 131	39 602	31 602	–	1 134	23 101	(21 967)	-95,1%	31 602
Specify (Add grant description)		–	–	–	–	–	–	–	–	–
District Municipality:		3 417	1 796	1 796	27	185	1 048	(863)	-82,3%	1 796
Other grant providers:		1 442	–	–	–	–	–	–	–	–
Peoples Housing Process (Housing)		1 975	1 796	1 796	27	185	1 048	(863)	-82,3%	1 796
Transport, Education and Training SETA										
Total Operating Transfers and Grants	5	253 970	287 766	279 766	246	183 751	167 863	15 888	9,5%	279 766
Capital Transfers and Grants										
National Government:		106 153	96 095	96 095	6 682	77 260	56 056	21 205	37,8%	96 095
Integrated National Electrification Programme Grant		8 525	19 400	19 400	–	10 664	11 317	(653)	-5,8%	19 400
Municipal Disaster Response Grant		45 998	25 037	25 037	6 124	17 035	14 605	2 430	16,6%	25 037
Municipal Infrastructure Grant		51 631	51 658	51 658	558	49 561	30 134	19 427	64,5%	51 658
Provincial Government:		–	–	8 000	–	–	–	–	–	8 000
Specify (Add grant description)		–	–	8 000	–	–	–	–	–	8 000
District Municipality:		–	–	–	–	–	–	–	–	–
Other grant providers:		–	–	–	–	–	–	–	–	–
Human Settlement Re-development Programme		–	–	–	–	–	–	–	–	–
Total Capital Transfers and Grants	5	106 153	96 095	104 095	6 682	77 260	56 056	21 205	37,8%	104 095
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	360 123	383 861	383 861	6 928	261 012	223 919	37 093	16,6%	383 861

Table SC7: Grants expenditure

The table below reflects on grants' expenditures since July 2025. Also, these amounts are inclusive of VAT.

Finance management grant's expenditure amounts to R1,7 million. This amount was used on interns' salaries and training. Library grant expenditure amounts to R1.0 million and was used in paying the librarians' events and salaries. MIG capital expenditure amounts to R49.6 million. Electrification project expenditure amounts to R10.7 million. EPWP expenditure amounts to R1.2 million. EPWP(DEDEAT) expenditure amounts to R0.00 thousand MDRG (Recovery) expenditure amounts to R13.1 million.

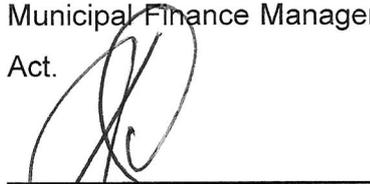
EC156 Mhlonito - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M07 January

Description	Ref	2024/25	Budget Year 2025/26							
		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:		307 954	358 959	360 859	20 991	145 999	209 393	(63 393)	-30,3%	360 859
Equitable Share		302 900	323 876	325 776	20 628	135 086	188 927	(53 842)	-28,5%	325 776
Expanded Public Works Programme Integrated Grant		-	1 982	1 982	40	316	1 156	(840)	-72,7%	1 982
Local Government Financial Management Grant		1 198	2 082	2 082	60	1 417	1 214	203	16,7%	2 082
Municipal Infrastructure Grant		2 893	2 719	2 719	256	1 792	1 586	206	13,0%	2 719
Specify (Add grant description)		963	28 300	28 300	7	7 389	16 509	(9 120)	-55,2%	28 300
Provincial Government:		638	27 648	27 648	7	7 272	16 128	(8 857)	-54,9%	27 648
Specify (Add grant description)		638	27 648	27 648	7	7 272	16 128	(8 857)	-54,9%	27 648
District Municipality:		325	652	652	-	117	380	(263)	-69,2%	652
Specify (Add grant description)		325	652	652	-	117	380	(263)	-69,2%	652
Other grant providers:		325	652	652	-	117	380	(263)	-69,2%	652
Specify (Add grant description)		325	652	652	-	117	380	(263)	-69,2%	652
Total operating expenditure of Transfers and Grants:		309 243	387 911	389 811	20 998	153 505	226 282	(72 777)	-32,2%	389 811
Capital expenditure of Transfers and Grants										
National Government:		110 213	96 544	121 581	5 818	74 514	56 317	18 197	32,3%	121 581
Integrated National Electrification Programme Grant		18 338	16 870	16 870	-	9 273	9 841	(568)	-5,8%	16 870
Municipal Disaster Recovery Grant		13 397	23 153	48 190	5 292	18 656	13 506	5 150	38,1%	48 190
Municipal Disaster Response Grant		34 667	-	-	-	0	-	0	#DIV/0!	-
Municipal Infrastructure Grant		41 236	48 521	48 521	526	41 245	28 304	12 941	45,7%	48 521
Specify (Add grant description)		2 575	8 000	8 000	-	5 340	4 667	673	14,4%	8 000
Provincial Government:		2 575	8 000	8 000	-	5 340	4 667	673	14,4%	8 000

Specify (Add grant description)		2 575	8 000	8 000	-	5 340	4 667	673	14,4%	8 000
Total capital expenditure of Transfers and Grants		112 788	104 544	129 581	5 818	79 855	60 984	18 871	30,9%	129 581
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		422 031	492 455	519 392	26 816	233 359	287 266	(53 906)	-18,8%	519 392

QUALITY CERTIFICATE

I, XOLA JIKELA (Full Names), the Municipal Manager of **Kumkani Mhlontlo Local Municipality** hereby certify that the **Section 71 Report** for the month ended 31 January 2026 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 X Jikela

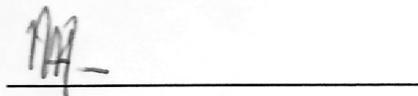
ACTING MUNICIPAL MANAGER

04/02/2026

DATE

RECEIPT BY THE MAYOR

I, Mbulelo G. Jara (Full Names), the Mayor of **Kumkani Mhlontlo Local Municipality**, hereby accept the **Section 71 report** of the municipality for the month ended 31 January 2026 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

13/02/2026

DATE