

# 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**

**February 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 243.9 million out of the projected R 237.5 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 R32.7 million since July 2025 out of the expected R36.0 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 R28.1 million.

Total actual cash collected on rates since July 2025 is R16.6 million against the expected R31.3 million.

#### *Refuse Removal*

Amount accrued on refuse removal is R2.8 million against the expected R1.3 million.

Total actual cash received on refuse removal since July 2025 is R382 thousand out of the expected collection of R1.6 million.

#### *Investment Revenue*

This relates to interests received on the call account deposits. Interest received since July 2025 amounts to R4 million out of the expected R8.9 million.

#### *Other Revenue*

Rental of facilities and Equipment –R36 thousand has been received since July 2025 instead of the expected R32 thousand.

Fines- R296 thousand has been received so far against the expected R1.3 million.

Licenses and permits- R734 thousand has been received since July 2025 and the municipality expected to receive R911 thousand.

Agency Services- The amount collected since July 2025 amounts to R845 thousand, and the expected budget is R998 thousand.

### **Operating Expenditure**

On operating expenditure, R194.2 million was spent against the expected budget of R272.1 million giving rise to a negative variance of more than R77.9 million. This is because on non-cash items like depreciation and debt impairment that have not been accounted for.

#### *Employee Costs*

R77.4 million has been spent to date on employee related costs against the expected R89.1 million.

#### *Remuneration of Councillors*

Amount spent since July 2025 totals to R14.7 million against the budgeted R16.8 million.

#### *Other Expenditure (Operational Costs)*

This line item includes all the other operating expenses like accommodation, telephone, electricity etc. Expenditure is R95.7 million against the expected budget of R132.8 million.

### **Capital Expenditure**

On Capital Expenditure the municipality has spent a total of R87.8 million against the expected R86.6 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 - M08 February

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
<b>R thousands</b>									
<b>Financial Performance</b>									
Property rates	43 028	42 177	49 052	-	48 244	28 118	20 126	72%	49 052
Service charges	4 086	1 879	2 462	351	2 814	1 253	1 561	125%	2 462
Investment revenue	8 965	13 326	6 914	405	4 000	8 884	(4 884)	-55%	6 914
Transfers and subsidies - Operational	253 970	287 766	258 766	351	184 103	191 844	(7 741)	(0)	258 766
Other own revenue	7 372	11 134	11 131	894	4 737	7 423	(2 686)	-36%	11 131
	<b>317 421</b>	<b>356 282</b>	<b>328 325</b>	<b>2 001</b>	<b>243 897</b>	<b>237 522</b>	<b>6 376</b>	<b>3%</b>	<b>328 325</b>
<b>Total Revenue (excluding capital transfers and contributions)</b>									
Employee costs	123 381	133 596	133 596	10 928	77 440	89 064	(11 625)	-13%	133 596
Remuneration of Councillors	24 071	25 005	25 005	1 824	14 663	16 670	(2 007)	-12%	25 005
Depreciation and amortisation	69	31 653	31 653	-	-	21 102	(21 102)	-100%	31 653
Inventory consumed and bulk purchases	8 322	12 233	11 927	214	5 721	8 156	(2 435)	-30%	11 927
Transfers and subsidies	2 740	6 403	7 103	-	591	4 268	(3 677)	-86%	7 103
Other expenditure	177 297	199 267	192 432	14 247	95 741	132 844	(37 103)	-28%	192 432
<b>Total Expenditure</b>	<b>335 880</b>	<b>408 157</b>	<b>401 716</b>	<b>27 214</b>	<b>194 156</b>	<b>272 105</b>	<b>(77 949)</b>	<b>-29%</b>	<b>401 716</b>
<b>Surplus/(Deficit)</b>	<b>(18 458)</b>	<b>(51 875)</b>	<b>(73 390)</b>	<b>(25 212)</b>	<b>49 742</b>	<b>(34 583)</b>	<b>84 325</b>	<b>-244%</b>	<b>(73 390)</b>
Transfers and subsidies - capital (monetary allocations)	106	96	136	4 791	82	64	17 988	28%	136
	153	095	095		051	063			095
Transfers and subsidies - capital (in-kind)									
	-	-	-	-	-	-	-		-
	<b>87 695</b>	<b>44 220</b>	<b>62 705</b>	<b>(20 421)</b>	<b>131 793</b>	<b>29 480</b>	<b>102 313</b>	<b>347%</b>	<b>62 705</b>
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>									
<b>Surplus/ (Deficit) for the year</b>									
	<b>87 695</b>	<b>44 220</b>	<b>62 705</b>	<b>(20 421)</b>	<b>131 793</b>	<b>29 480</b>	<b>102 313</b>	<b>347%</b>	<b>62 705</b>

## Table C2: Statement of Financial Performance by vote

This table reflects the operating budget in the standard classification which are the Government Finance Statistics Functions and Sub-Functions. These are used by National Treasury to assist the compilation of national and international accounts for comparison purposes, regardless of organisational structures used by different institutions. The main functions are Governance and administration, Community and public safety, Economic and environmental services, and Trading Services. It is for this reason that the financial performance is reported in standard classification, Table C2 and by municipal vote, Table C3.

EC156 Mhlontlo - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M08 February

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									
<b>Revenue - Functional</b>										
<b><i>Governance and administration</i></b>		<b>163 534</b>	<b>165 277</b>	<b>165 737</b>	<b>1 058</b>	<b>131 782</b>	<b>110 185</b>	<b>21 597</b>	<b>20%</b>	<b>165 737</b>
Executive and council Finance and administration		30 024	30 097	30 097	-	23 338 108	20 065	3 273	16%	30 097
<b><i>Community and public safety</i></b>		<b>133 510</b>	<b>135 180</b>	<b>135 640</b>	<b>1 058</b>	<b>443</b>	<b>90 120</b>	<b>18 324</b>	<b>20%</b>	<b>135 640</b>
<b><i>Community and social services</i></b>		<b>51 452</b>	<b>38 086</b>	<b>38 086</b>	<b>215</b>	<b>46 131</b>	<b>25 391</b>	<b>20 741</b>	<b>82%</b>	<b>38 086</b>
Community and social services		4 218	4 137	4 137	5	1 163	2 758	(1 595)	-58%	4 137
<b><i>Public safety</i></b>		<b>47 234</b>	<b>33 949</b>	<b>33 949</b>	<b>210</b>	<b>44 968</b>	<b>22 633</b>	<b>22 335</b>	<b>99%</b>	<b>33 949</b>
<b><i>Economic and environmental services</i></b>		<b>161 224</b>	<b>177 249</b>	<b>188 249</b>	<b>5 077</b>	<b>118 059</b>	<b>118 166</b>	<b>(107)</b>	<b>0%</b>	<b>188 249</b>
Planning and development		159 258	151 093	154 093	4 800	116 565	100 729	15 837	16%	154 093
Road transport		1 966	26 156	34 156	277	1 494	17 438	(15 944)	-91%	34 156
<b><i>Trading services</i></b>		<b>47 365</b>	<b>71 765</b>	<b>72 348</b>	<b>443</b>	<b>29 977</b>	<b>47 843</b>	<b>(17 867)</b>	<b>-37%</b>	<b>72 348</b>
Energy sources		8 525	19 400	19 400	-	10 664	12 933	(2 269)	-18%	19 400
Waste management		38 841	52 365	52 948	443	19 313	34 910	(15 597)	-45%	52 948
<b>Total Revenue - Functional</b>	<b>2</b>	<b>423 575</b>	<b>452 378</b>	<b>464 420</b>	<b>6 793</b>	<b>325 949</b>	<b>301 585</b>	<b>24 364</b>	<b>8%</b>	<b>464 420</b>
<b>Expenditure - Functional</b>										
<b><i>Governance and administration</i></b>		<b>178 637</b>	<b>201 926</b>	<b>212 360</b>	<b>14 082</b>	<b>107 290</b>	<b>134 618</b>	<b>(27 328)</b>	<b>-20%</b>	<b>212 360</b>
Executive and council Finance and administration		62 455	61 893	71 147	6 756	50 884	41 262	9 622	23%	71 147
Internal audit		116 145	139 790	140 970	7 325	56 375	93 193	(36 818)	-40%	140 970
<b><i>Community and public safety</i></b>		<b>37</b>	<b>243</b>	<b>243</b>	<b>-</b>	<b>31</b>	<b>162</b>	<b>(132)</b>	<b>-81%</b>	<b>243</b>
<b><i>Community and social services</i></b>		<b>37 665</b>	<b>51 663</b>	<b>53 243</b>	<b>4 053</b>	<b>25 578</b>	<b>34 442</b>	<b>(8 864)</b>	<b>-26%</b>	<b>53 243</b>
Community and social services		26	1 640	1 640	-	13	1 093	(1 081)	-99%	1 640
Sport and recreation		193	465	465	14	171	310	(139)	-45%	465
<b><i>Public safety</i></b>		<b>37 446</b>	<b>49 558</b>	<b>51 138</b>	<b>4 039</b>	<b>25 394</b>	<b>33 039</b>	<b>(7 645)</b>	<b>-23%</b>	<b>51 138</b>
<b><i>Economic and environmental services</i></b>		<b>99 030</b>	<b>123 650</b>	<b>107 067</b>	<b>7 542</b>	<b>46 776</b>	<b>82 433</b>	<b>(35 657)</b>	<b>-43%</b>	<b>107 067</b>
Planning and development		38 236	70 659	54 077	3 877	33 216	47 106	(13 890)	-29%	54 077
Road transport		60 795	52 990	52 990	3 665	13 560	35 327	(21 767)	-62%	52 990
<b><i>Trading services</i></b>		<b>20 547</b>	<b>30 918</b>	<b>29 045</b>	<b>1 538</b>	<b>14 512</b>	<b>20 612</b>	<b>(6 100)</b>	<b>-30%</b>	<b>29 045</b>

Waste management		20 547	30 918	29 045	1 538	14 512	20 612	(6 100)	-30%	29 045
<b>Total Expenditure - Functional</b>	<b>3</b>	<b>335 880</b>	<b>408 157</b>	<b>401 716</b>	<b>27 214</b>	<b>194 156</b>	<b>272 105</b>	<b>(77 949)</b>	<b>-29%</b>	<b>401 716</b>
<b>Surplus/ (Deficit) for the year</b>		<b>87 695</b>	<b>44 220</b>	<b>62 705</b>	<b>(20 421)</b>	<b>131 793</b>	<b>29 480</b>	<b>102 313</b>	<b>3,470,553</b> <b>9</b>	<b>62 705</b>

## 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) - M08 February

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
<b>R thousands</b>										
<b>Revenue by Vote</b>	1									
Vote 1 - EXECUTIVE AND COUNCIL (11: IE)		33 183	33 264	33 264	-	25 134	22 176	2 958	13,3%	33 264
Vote 2 - FINANCE AND ADMIN (12: IE)		133 553	135 215	135 675	1 063	108 473	90 143	18 329	20,3%	135 675
Vote 3 - PLANNING AND DEVELOPMENT (13: IE)		27 578	61 719	32 719	9	20 044	41 146	(21 102)	-51,3%	32 719
Vote 4 - COMMUNITY AND SOCIAL SERVICES (15: IE)		27	26	26	7	18	18	(0)	-0,2%	26
Vote 5 - PUBLIC SAFETY (17: IE)		51 409	66 472	66 472	210	46 102	44 315	1 787	4,0%	66 472
Vote 7 - WASTE MANAGEMENT (20: IE)		38 814	23 917	24 500	436	19 295	15 945	3 350	21,0%	24 500
Vote 8 - ROAD TRANSPORT (22: IE)		139 011	131 763	171 763	5 068	106 883	87 842	19 041	21,7%	171 763
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	2	<b>423 575</b>	<b>452 378</b>	<b>464 420</b>	<b>6 793</b>	<b>325 949</b>	<b>301 585</b>	<b>24 364</b>	<b>8,1%</b>	<b>464 420</b>
<b>Expenditure by Vote</b>	1									
Vote 1 - EXECUTIVE AND COUNCIL (11: IE)		73 831	76 278	85 663	8 799	58 970	50 852	8 118	16,0%	85 663
Vote 2 - FINANCE AND ADMIN (12: IE)		113 420	110 549	110 117	5 581	52 961	73 699	(20 738)	-28,1%	110 117
Vote 3 - PLANNING AND DEVELOPMENT (13: IE)		23 394	33 537	34 237	1 708	15 947	22 358	(6 411)	-28,7%	34 237
Vote 4 - COMMUNITY AND SOCIAL SERVICES (15: IE)		133	2 866	2 366	-	648	1 911	(1 263)	-66,1%	2 366
Vote 5 - PUBLIC SAFETY (17: IE)		35 338	40 493	41 893	3 388	23 197	26 996	(3 799)	-14,1%	41 893
Vote 6 - SPORT AND RECREATION (18: IE)		193	465	465	14	171	310	(139)	-44,7%	465
Vote 7 - WASTE MANAGEMENT (20: IE)		22 727	33 676	32 076	1 819	15 329	22 450	(7 122)	-31,7%	32 076
Vote 8 - ROAD TRANSPORT (22: IE)		65 824	81 421	83 260	5 479	19 228	54 281	(35 052)	-64,6%	83 260
<b>Total Expenditure by Vote</b>	2	<b>334 860</b>	<b>379 286</b>	<b>390 078</b>	<b>26 788</b>	<b>186 451</b>	<b>252 858</b>	<b>(66 406)</b>	<b>-26,3%</b>	<b>390 078</b>
<b>Surplus/ (Deficit) for the year</b>	2	<b>88 714</b>	<b>73 091</b>	<b>74 343</b>	<b>(19 996)</b>	<b>139 498</b>	<b>48 727</b>	<b>90 770</b>	<b>186,3%</b>	<b>74 343</b>

## Table C4- Statement of Financial Performance

### EC156 Mhlontlo - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M08 February

Description	Ref	2024/25	Budget Year 2025/26							Full Year Forecast
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
<b>R thousands</b>										
<b>Revenue</b>										
<b>Exchange Revenue</b>										
Service charges - Waste management		4 086	1 879	2 462	351	2 814	1 253	1 561	125%	2 462
Sale of Goods and Rendering of Services		146	114	114	15	91	76	15	20%	114
Agency services		1 130	1 496	1 496	117	845	998	(153)	-15%	1 496
Interest										
Interest earned from Receivables		588	886	883	85	323	590	(268)	-45%	883
Interest from Current and Non Current										
Assets		8 965	13 326	6 914	405	4 000	8 884	(4 884)	-55%	6 914
Rental from Fixed Assets		45	49	49	7	36	32	4	11%	49
Licence and permits		233	265	265	1	223	176	46	26%	265
Special rating levies		(0)	-	-	-	-	-	-		-
Operational Revenue		(0)	-	-	-	-	-	-		-
<b>Non-Exchange Revenue</b>										
Property rates		43 028	42 177	49 052	-	48 244	28 118	20 126	72%	49 052
Surcharges and Taxes										
Fines, penalties and forfeits		392	1 919	1 919	8	296	1 279	(983)	-77%	1 919
Licence and permits		1 048	1 366	1 366	83	734	911	(176)	-19%	1 366
						184	191			
Transfers and subsidies - Operational		253 970	287 766	258 766	351	103	844	(7 741)	-4%	258 766
Interest		3 545	4 837	4 837	578	2 189	3 225	(1 036)	-32%	4 837
Fuel Levy										
Operational Revenue										
Gains on disposal of Assets		245	202	202	-	-	135	(135)	-100%	202
Other Gains										
Discontinued Operations										
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>317 421</b>	<b>356 282</b>	<b>328 325</b>	<b>2 001</b>	<b>243 897</b>	<b>237 522</b>	<b>6 376</b>	<b>3%</b>	<b>328 325</b>
<b>Expenditure By Type</b>										
Employee related costs		123 381	133 596	133 596	10 928	77 440	89 064	(11 625)	-13%	133 596
Remuneration of councillors		24 071	25 005	25 005	1 824	14 663	16 670	(2 007)	-12%	25 005
Inventory consumed		8 322	12 233	11 927	214	5 721	8 156	(2 435)	-30%	11 927
Debt impairment		-	16 904	20 091	-	-	11 270	(11 270)	-100%	20 091
Depreciation and amortisation		69	31 653	31 653	-	-	21 102	(21 102)	-100%	31 653
Contracted services		42 189	82 833	73 261	5 339	47 727	55 222	(7 495)	-14%	73 261
Transfers and subsidies		2 740	6 403	7 103	-	591	4 268	(3 677)	-86%	7 103
Irrecoverable debts written off		31 101	-	-	-	-	-	-		-
Operational costs		104 007	99 530	99 080	8 909	48 014	66 353	(18 339)	-28%	99 080
						194	272			
<b>Total Expenditure</b>		<b>335 880</b>	<b>408 157</b>	<b>401 716</b>	<b>27 214</b>	<b>156</b>	<b>105</b>	<b>(77 949)</b>	<b>-29%</b>	<b>401 716</b>
<b>Surplus/(Deficit)</b>										
Transfers and subsidies - capital (monetary allocations)		(18 458)	(51 875)	(73 390)	(25 212)	49 742	(34 583)	84 325	(0)	(73 390)
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>106 153</b>	<b>96 095</b>	<b>136 095</b>	<b>4 791</b>	<b>82 051</b>	<b>64 063</b>	<b>17 988</b>	<b>0</b>	<b>136 095</b>
<b>Surplus/(Deficit) after income tax</b>		<b>87 695</b>	<b>44 220</b>	<b>62 705</b>	<b>(20 421)</b>	<b>131 793</b>	<b>29 480</b>	<b>102 313</b>	<b>0</b>	<b>62 705</b>
<b>Surplus/(Deficit) attributable to municipality</b>		<b>87 695</b>	<b>44 220</b>	<b>62 705</b>	<b>(20 421)</b>	<b>131 793</b>	<b>29 480</b>	<b>102 313</b>	<b>0</b>	<b>62 705</b>
						131				
<b>Surplus/ (Deficit) for the year</b>		<b>87 695</b>	<b>44 220</b>	<b>62 705</b>	<b>(20 421)</b>	<b>793</b>	<b>29 480</b>	<b>102 313</b>	<b>0</b>	<b>62 705</b>

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

Year to date budget is R86.6 million whilst expenditure is sitting at R87.8 million.

EC156 Mhlontlo - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M08 February

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
<b>R thousands</b>	1									
<b>Multi-Year expenditure appropriation</b>	2									
<b>Single Year expenditure appropriation</b>	2									
Vote 11 - (11: CAPEX)		-	191	191	-	-	128	(128)	-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 (61: CAPEX)		64 974	129 634	185 771	6 487	87 821	86 423	1 399	2%	185 771
<b>Total Capital single-year expenditure</b>	4	117 999	129 825	185 962	6 487	87 821	86 550	1 271	1%	185 962
<b>Total Capital Expenditure</b>		117 999	129 825	185 962	6 487	87 821	86 550	1 271	1%	185 962
<b>Capital Expenditure - Functional Classification</b>										
<b>Governance and administration</b>		5 109	11 476	15 476	-	4 897	7 651	(2 754)	-36%	15 476
Executive and council		-	1 974	1 974	-	-	1 316	(1 316)	-100%	1 974
Finance and administration		5 109	9 502	13 502	-	4 897	6 335	(1 438)	-23%	13 502
<b>Community and public safety</b>		1 856	15 955	8 455	-	291	10 637	(10 346)	-97%	8 455
Community and social services		1 656	9 712	6 712	-	-	6 475	(6 475)	-100%	6 712
Public safety		200	6 243	1 743	-	291	4 162	(3 871)	-93%	1 743
<b>Economic and environmental services</b>		90 674	83 285	140 322	6 487	72 341	55 523	16 818	30%	140 322
Planning and development		22 833	14 069	14 069	485	10 600	9 379	1 221	13%	14 069
Road transport		67 841	69 216	126 253	6 002	61 741	46 144	15 597	34%	126 253
<b>Trading services</b>		20 360	19 109	21 709	-	10 292	12 739	(2 447)	-19%	21 709
Energy sources		18 338	16 870	16 870	-	9 273	11 246	(1 973)	-18%	16 870
Waste management		2 022	2 239	4 839	-	1 019	1 493	(474)	-32%	4 839
<b>Total Capital Expenditure - Functional Classification</b>	3	117 999	129 825	185 962	6 487	87 821	86 550	1 271	1%	185 962
<b>Funded by:</b>										
National Government		101 550	88 544	145 581	4 166	73 341	59 029	14 311	24%	145 581
Provincial Government		2 575	8 000	8 000	-	5 340	5 333	7	0%	8 000

<b>Transfers recognised - capital</b>		104 125	96 544	153 581	4 166	78 681	64 363	14 318	22%	153 581
<b>Internally generated funds</b>		13 874	33 281	32 381	2 321	9 141	22 187	(13 047)	-59%	32 381
<b>Total Capital Funding</b>		117 999	129 825	185 962	6 487	87 821	86 550	1 271	1%	185 962

## Table C6: Statement of Financial Position

### EC156 Mhlontlo - Table C6 Monthly Budget Statement - Financial Position - M08 February

Description	Ref	2024/25	Budget Year			
		Audited Outcome	2025/26 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		73 792	67 707	30 054	125 984	30 054
Trade and other receivables from ordinary transactions		2 616	4 189	4 189	5 474	4 189
Receivables from non-exchange transactions		(127)	16 975	18 656	36 448	18 656
Current portion of non-current receivables						
Inventory		-	(0)	(0)	239	(0)
VAT		11 793	(21 515)	(22 213)	5 131	(22 213)
Other current assets		7 814	38 442	39 141	20 315	39 141
<b>Total current assets</b>		<b>95 889</b>	<b>105 799</b>	<b>69 827</b>	<b>193 591</b>	<b>69 827</b>
<b>Non current assets</b>						
Investments						
Investment property		17 239	5 983	5 983	17 239	5 983
Property, plant and equipment		638 816	587 743	643 880	660 881	643 880
Biological assets						
Intangible assets		24	44	44	24	44
Other non-current assets						
<b>Total non current assets</b>		<b>656 079</b>	<b>593 769</b>	<b>649 906</b>	<b>678 144</b>	<b>649 906</b>
<b>TOTAL ASSETS</b>		<b>751 968</b>	<b>699 568</b>	<b>719 733</b>	<b>871 735</b>	<b>719 733</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Bank overdraft						
<b>Financial liabilities</b>						
Consumer deposits		29 144	14 882	14 882	31 878	14 882
		9 405	5 120	5 120	47 075	5 120
Provision		30 253	40 778	42 458	34 745	42 458
		8 096	5 219	5 219	11 437	5 219
		4 337	3 713	3 713	1 700	3 713
<b>Total current liabilities</b>		<b>81 235</b>	<b>69 713</b>	<b>71 393</b>	<b>126 835</b>	<b>71 393</b>
<b>Non current liabilities</b>						
Financial liabilities						
Provision						
Long term portion of trade payables						
Other non-current liabilities						
<b>TOTAL LIABILITIES</b>		<b>81 235</b>	<b>69 713</b>	<b>71 393</b>	<b>126 835</b>	<b>71 393</b>
<b>NET ASSETS</b>	2	<b>670 733</b>	<b>629 856</b>	<b>648 340</b>	<b>744 899</b>	<b>648 340</b>
<b>COMMUNITY WEALTH/EQUITY</b>						
Accumulated surplus/(deficit)		583 038	629 856	648 340	612 515	648 340
Reserves and funds						
Other						
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	<b>583 038</b>	<b>629 856</b>	<b>648 340</b>	<b>612 515</b>	<b>648 340</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 - M08 February

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
<b>R thousands</b>	1									
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Property rates		16 899	26 006	29 922	505	16 343	17 337	(994)	-6%	29 922
Service charges		686	1 318	1 727	-	-	879	(879)	-100%	1 727
Other revenue		3 673	21 027	14 615	1 879	9 577	14 018	(4 441)	-32%	14 615
Transfers and Subsidies - Operational		254 569	285 970	256 970	594	299 640	190 647	108 994	57%	256 970
Transfers and Subsidies - Capital		76 670	96 095	136 095	41 113	116 605	64 063	52 542	82%	136 095
Interest		8 492	-	(3)	-	-	-	-		(3)
Dividends										
<b>Payments</b>										
Suppliers and employees		(337 819)	(346 606)	(334 758)	(26 685)	(221 225)	(231 070)	9 845	-4%	(334 758)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>23 169</b>	<b>83 810</b>	<b>104 568</b>	<b>17 406</b>	<b>220 940</b>	<b>55 874</b>	<b>(165 067)</b>	<b>-295%</b>	<b>104 568</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Proceeds on disposal of PPE		-	-	-	1 842	1 842	-	1 842	#DIV/0!	-
<b>Payments</b>										
Capital assets		(174 251)	(149 299)	(213 857)	(4 976)	(77 169)	(99 533)	22 364	-22%	(213 857)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(174 251)</b>	<b>(149 299)</b>	<b>(213 857)</b>	<b>(3 134)</b>	<b>(75 327)</b>	<b>(99 533)</b>	<b>(24 206)</b>	<b>24%</b>	<b>(213 857)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>(151 081)</b>	<b>(65 489)</b>	<b>(109 288)</b>	<b>14 271</b>	<b>145 613</b>	<b>(43 659)</b>			<b>(109 288)</b>
Cash/cash equivalents at beginning:		112 231	124 982	124 982	-	71 593	83 321	(11 729)		124 982
Cash/cash equivalents at month/year end:		(38 850)	59 493	15 694	14 271	217 206	39 662			15 694

## PART 2: SUPPORTING DOCUMENTATION

### Table SC3: Aged Debtors

The municipality is being owed a total amount of R174, 7 million of which the biggest portion is on government department with R79.2 million being owed by this group of debtors.

The second biggest is household's debtors that are sitting at R56.3 million. The business debtors owing just over R39,2 million.

EC156 Mhlontlo - Supporting Table SC3 Monthly Budget Statement - aged debtors - M08 February

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		
<b>R thousands</b>													
<b>Debtors Age Analysis By Income Source</b>													
Receivables from Non-exchange Transactions - Property Rates	1400	5	1			3	23	117		151	145		
Receivables from Exchange Transactions - Waste Management	1600	258	364	9	753	471	128	659	-	642	011	-	-
								21		23	22		
		450	431	19	343	349	410	010	-	010	111	-	-
<b>Total By Income Source</b>	<b>2000</b>	<b>5</b>	<b>1</b>	<b>28</b>	<b>096</b>	<b>3</b>	<b>23</b>	<b>138</b>	<b>-</b>	<b>174</b>	<b>167</b>	<b>-</b>	<b>-</b>
		<b>708</b>	<b>795</b>			<b>820</b>	<b>538</b>	<b>668</b>		<b>653</b>	<b>122</b>		
<b>2024/25 - totals only</b>													
										-	-		
<b>Debtors Age Analysis By Customer Group</b>													
Organs of State	2200	335	333	2	15	2	21	53		79	78		
		2				702	816	962	-	166	494	-	-
Commercial	2300	776	576	2	409	422	725	311	-	39	35	-	-
		2						50		220	866	-	-
Households	2400	596	885	24	672	696	997	396	-	56	52	-	-
										267	762	-	-
<b>Total By Customer Group</b>	<b>2600</b>	<b>5</b>	<b>1</b>	<b>28</b>	<b>096</b>	<b>3</b>	<b>23</b>	<b>138</b>	<b>-</b>	<b>174</b>	<b>167</b>	<b>-</b>	<b>-</b>
		<b>708</b>	<b>795</b>			<b>820</b>	<b>538</b>	<b>668</b>		<b>653</b>	<b>122</b>		

## Table SC4: Aged Creditors

EC156 Mhlontlo - Supporting Table SC4 Monthly Budget Statement - aged creditors - M08 February

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		
<b>R thousands</b>												
<b>Creditors Age Analysis By Customer Type</b>												
Bulk Electricity	0100	(224)	43	(760)	11	41	500	(663)	145	(906)		
Trade Creditors	0700	842	(073)	054	171	(119)	658	1 333	21	2 889		
Auditor General	0800	-	-	-	-	-	-	-	(25)	(25)		
Other	0900	10	-	-	-	-	-	-	-	10		
Medical Aid deductions	0950	-	-	-	-	-	-	-	-	-		
<b>Total By Customer Type</b>	<b>1000</b>	<b>1 628</b>	<b>(1 029)</b>	<b>294</b>	<b>183</b>	<b>(1 078)</b>	<b>1 159</b>	<b>670</b>	<b>141</b>	<b>1 968</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 28 February 2026. Total cash available was R70.2 million.

EC156 Mhlontlo - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M08 February

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 Receipt	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:Equitable Share 1 Da		12 (M)	3	Y	2	5,15	0	0	20260630	29 642	118	-	(29 676)	84
23- FNB:Electrification Prog		12 (M)	3	Y	1	6,5	0	0	20260630	80	1	-	-	81
24- FNB:Gcunulu Lots Project		12 (M)	3	Y	2	5,5	0	0	20260630	556 1	5	(0)	(5)	556 1
25- FNB:LED		12 (M)	3	Y	2	3,65	0	0	20260630	197	10	-	(10)	197
30- FNB:Municipal IDP		12 (M)	3	Y	2	4,55	0	0	20260630	515	8	1 486	(8)	2 001
31- FNB:Revolving Fund		12 (M)	3	Y	2	5,15	0	0	20260630	70 979	581	-	(17 080)	54 479
32- FNB:MIG		12 (M)	3	Y	2	5,5	0	0	20260630	4 527	30	(3)	(2 734)	1 821
33- FNB:Bulk Housing Mhlontlo		12 (M)	3	Y	2	5,15	0	0	20260630	11	0	-	(0)	11
34- FNB:MSIG		12 (M)	3	Y	2	5,15	0	0	20260630	138	70	17 526	(8 840)	8 894
35- FNB:FMG		12 (M)	3	Y	2	3,25	0	0	20260630	1 064	9	-	(9)	1 064
36- FNB:Investment Fund		12 (M)	3	Y	1	2,5	0	0	20260630	-	-	-	-	-
37- FNB:Public Sector Cheque		12 (M)	3	Y	1	2,5	0	0	20260630	8	-	-	-	8
<b>Municipality sub-total</b>										<b>108 718</b>	<b>832</b>	<b>19 009</b>	<b>(58 361)</b>	<b>70 198</b>
<b>Entities</b>														

Entities sub-total										-	-	-	-	-
TOTAL INVESTMENTS AND INTEREST	2									108 718	832	19 009	(58 361)	70 198

## Table SC6: Grants Receipts

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

EC156 Mhlontlo - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M08 February

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
<b>R thousands</b>										
<b>RECEIPTS:</b>	1,2									
<b>- Operating Transfers and Grants</b>										
<b>National Government:</b>		245 422	246 368	246 368	324	182 757	164 245	18 512	11,3%	246 368
Equitable Share		241 156	239 367	239 367	-	179 525	159 578	19 947	12,5%	239 367
Expanded Public Works Programme									13,0%	
Integrated Grant		1 966	1 982	1 982	277	1 494	1 321	172	13,4%	1 982
Local Government Financial Management Grant		2 300	2 300	2 300	47	1 738	1 533	205		2 300
Municipal Infrastructure Grant		-	2 719	2 719	-	-	1 813	(1 813)	-100,0%	2 719
<b>Provincial Government:</b>		5 131	39 602	10 602	-	1 134	26 401	(25 267)	-95,7%	10 602
Specify (Add grant description)		5 131	39 602	10 602	-	1 134	26 401	(25 267)	-95,7%	10 602
<b>Other grant providers:</b>		3 417	1 796	1 796	27	212	1 197	(985)	-82,3%	1 796
Peoples Housing Process (Housing)		1 442	-	-	-	-	-	-		-
Transport, Education and Training SETA		1 975	1 796	1 796	27	212	1 197	(985)	-82,3%	1 796
<b>Total Operating Transfers and Grants</b>	5	253 970	287 766	258 766	351	184 103	191 844	(7 741)	-4,0%	258 766
<b>Capital Transfers and Grants</b>										
<b>National Government:</b>		106 153	96 095	128 095	4 791	82 051	64 063	17 988	28,1%	128 095
Integrated National Electrification Programme Grant		8 525	19 400	19 400	-	10 664	12 933	(2 269)	-17,5%	19 400
Municipal Disaster Response Grant		45 998	25 037	57 037	2 646	19 681	16 691	2 989	17,9%	57 037
Municipal Infrastructure Grant		51 631	51 658	51 658	2 146	51 707	34 439	17 268	50,1%	51 658
<b>Provincial Government:</b>		-	-	8 000	-	-	-	-		8 000
Specify (Add grant description)		-	-	8 000	-	-	-	-		8 000
<b>Other grant providers:</b>		-	-	-	-	-	-	-		-
Human Settlement Re-development Programme		-	-	-	-	-	-	-		-
<b>Total Capital Transfers and Grants</b>	5	106 153	96 095	136 095	4 791	82 051	64 063	17 988	28,1%	136 095
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	5	360 123	383 861	394 861	5 143	266 154	255 907	10 247	4,0%	394 861

## 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 R1.3 million and was used in paying the librarians' events and salaries. MIG capital expenditure amounts to R51.7 million. Electrification project expenditure amounts to R10.7 million. EPWP expenditure amounts to R1.5 million. EPWP(DEDEAT) expenditure amounts to R0.00 thousand MDRG (Recovery) expenditure amounts to R19.7 million.

EC156 Mhlontlo - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M08 February

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
<b>R thousands</b>										
<b>EXPENDITURE</b>										
<b><u>Operating expenditure of Transfers and Grants</u></b>										
National Government:		307 954	358 959	347 494	24 389	170 388	239 306	(68 918)	-28,8%	347 494
Equitable Share		302 900	323 876	329 644	23 581	158 667	215 917	(57 250)	-26,5%	329 644
Expanded Public Works Programme									-69,9%	
Integrated Grant		–	1 982	1 982	82	398	1 321	(923)		1 982
Local Government Financial Management Grant		1 198	2 082	2 082	65	1 482	1 388	94	6,8%	2 082
Municipal Infrastructure Grant		2 893	2 719	2 719	256	2 047	1 813	235	13,0%	2 719
Specify (Add grant description)		963	28 300	11 067	405	7 794	18 867	(11 073)	-58,7%	11 067
Upgrading of Informal Settlement		–	–	–	–	–	–	–		–
Provincial Government:		638	27 648	10 415	405	7 677	18 432	(10 755)	-58,4%	10 415
Specify (Add grant description)		638	27 648	10 415	405	7 677	18 432	(10 755)	-58,4%	10 415
District Municipality:		325	652	652	–	117	435	(318)	-73,1%	652
Specify (Add grant description)		325	652	652	–	117	435	(318)	-73,1%	652
Other grant providers:		325	652	652	–	117	435	(318)	-73,1%	652
Specify (Add grant description)		325	652	652	–	117	435	(318)	-73,1%	652
<b>Total operating expenditure of Transfers and Grants:</b>		<b>309 243</b>	<b>387 911</b>	<b>359 213</b>	<b>24 794</b>	<b>178 299</b>	<b>258 607</b>	<b>(80 308)</b>	<b>-31,1%</b>	<b>359 213</b>
<b><u>Capital expenditure of Transfers and Grants</u></b>										
National Government:		110 213	96 544	153 581	4 166	78 681	64 363	14 318	22,2%	153 581
Integrated National Electrification Programme Grant		18 338	16 870	16 870	–	9 273	11 246	(1 973)	-17,5%	16 870
Municipal Disaster Recovery Grant		13 397	23 153	80 190	2 301	20 956	15 436	5 521	35,8%	80 190
Municipal Disaster Response Grant		34 667	–	–	–	0	–	0	#DIV/0!	–
Municipal Infrastructure Grant		41 236	48 521	48 521	1 866	43 111	32 348	10 764	33,3%	48 521
Specify (Add grant description)		2 575	8 000	8 000	–	5 340	5 333	7	0,1%	8 000
Provincial Government:		2 575	8 000	8 000	–	5 340	5 333	7	0,1%	8 000
Specify (Add grant description)		2 575	8 000	8 000	–	5 340	5 333	7	0,1%	8 000
<b>Total capital expenditure of Transfers and Grants</b>		<b>112 788</b>	<b>104 544</b>	<b>161 581</b>	<b>4 166</b>	<b>84 021</b>	<b>69 696</b>	<b>14 325</b>	<b>20,6%</b>	<b>161 581</b>
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>		<b>422 031</b>	<b>492 455</b>	<b>520 795</b>	<b>28 961</b>	<b>262 320</b>	<b>328 304</b>	<b>(65 984)</b>	<b>-20,1%</b>	<b>520 795</b>

# QUALITY CERTIFICATE

I, Xola Jike JA (Full Names), the Municipal Manager of Kumkani Mhlontlo Local Municipality hereby certify that the **Section 71 Report** for the month ended 28 February 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

12/03/2026  
DATE

# RECEIPT BY THE MAYOR

I, JARA MBULELO (Full Names), the Mayor of Kumkani Mhlontlo Local Municipality, hereby accept the **Section 71 report** of the municipality for the month ended 28 February 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.

  
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Cllr. M. Jara  
MAYOR

13/03/2026  
DATE