NQUTHU MUNICIPALITY (KZN 242)

MONTHLY BUDGET STATEMENT FOR MONTH ENDING 31 JULY 2026

SETHEMBE NGENTUTHUKO ENQUTHU

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ACCRONYMS

MBRR – Municipal Budget Reporting Regulations
YTD – Year to Date
RMC – Risk Management Committee
SDBIP - Service Delivery Budget Implementation Plan
MFMA – Municipal Finance Management Act (Act 56 of 2003)
IYR- In Year Reporting

1.1. MAYORS' REPORT

The Section 71 report for the period under review symbolises the of the start of the financial year. The report complies with the requirements of MFMA section 71 prescript in that the report entails detailed year to date figures reflecting the performance of expenditure and revenues generated against approved budget. Furthermore the report follows through on prescripts of the MBRR thereby detailing all C-schedule tables and additional information that incorporates the details of actual financial performance. The emphasis is placed on actual expenditure incurred and revenue generated to date with an aim to ensure compliance with budgetary requirements.

The council of Nquthu supports clean administration and governance through improved compliance with financial management legislations. The cost-drivers are detailed in Part 2 to highlight the areas where on the municipality expends significantly. In essence the municipality ensures that all expenditure is authorised and is within appropriated funds in the budget. The investment drivers embrace the sale and development of sites within Nquthu town, and the attempt to keep the investment balance at the end of the financial year above the determined threshold.

In terms of Section 54(1) of the MFMA the Mayor performed all the legislative requirements pertaining to this section to ensure that approved annual budget and all adjustment budgets are implemented in accordance with the approved Service Delivery Budget Implementation Plan (SDBIP). In this subject matter, the mayor further takes cognisance of the budget preparation prescripts thereby ensuring that the final funded budget for the coming year is adopted within the timeline as set by the MFMA.

Operational Budget

The C-schedule tables show data from the previous month due to delays in extracting current period data from the financial system. The movement of revenue and expenditure since the beginning of the financial year. Narrations are detailed under each table; however, the significant traits to revenue and expenditure line items are worth mentioning as follows:

- Total revenue – the C4-schedule generates actual figures compared to budgeted figures. Total revenue amounts to R321 million rands with a variance of -10% based on comparison with approved adjustment budget of R355 million rands.
- Bulk electricity – actual figure amounts to R45.2 million rands.
- Employee costs and councillor remuneration contribute a sizeable expenditure for the period under reporting, thereby resulting in expenditure amount R105 million rands and R14.2 million rands respectively.

Capital Budget

The capital expenditure spending for the reporting period amounts to R60.7 million rands. Grant register is affixed to provide further details on capital expenditure.

Cash Flow

The budget cash flows are shown in Table C7 below of this report. The quarterly circular 71 calculations are done to ensure that current ratios information is obtained to monitor the liquidity of the municipality.

Risk Management – Financial risks

The municipality is cognisant of financial risk exposure and the impact thereof. The identified risks range from weak financial management that emanate from poor budgeting, growth in fruitless and wasteful expenditure, decreased revenue from non-payment of services due to unemployment of customers. Global economic outlook results in stagnant economic growth risk which impacts municipal fund allocations through DoRA.

Additionally, risks related to infrastructure costs contribute to variation orders and unfunded mandates due to social pressures. Natural disasters are guaranteed to exacerbate financial strain on the municipality. The municipality incorporates all the risks mentioned above in the risk registers and reviews are conducted consistently to ensure that all risks are attended on merit basis.

Mid-year assessment Review – adjustment budget recommendation

The mid-year assessment review report in terms of S72 MFMA will be reviewed at mid-year.

Other matters

- **Audit matter**

The 26-27 audit plan is to be discussed with management. No audit has been done in the new financial year.

Electricity losses

The municipality experienced electricity losses in the past years and the challenge is still insistent. The report on electricity losses is affixed on PART 2 of the report, thereby showing a loss of 11.51% in rand value loss and 21.59% in kilowatt loss. The mitigation attempts are underway, including the initiative to appoint a service provider to implement an all-encompassing approach that spans from metering, auditing, tempering to revenue generation.

1.2. RESOLUTIONS

The resolutions enclosed hereto will be presented to Council when the In-Year Report (IYR) is tabled. Recommendations are detailed hereunder in terms of the Municipal Budget and Reporting Regulations Schedule-C (In Year Reporting) requirements for consideration by council:

a) That council notes the MFMA Section 71 monthly budget monitoring report and the supporting documentation.
b) That Council notes the submission of MFMA Section 71 monthly budget monitoring report to National Treasury, Provincial Treasury and Auditor General.
c) That the council authorise the Accounting Officer to sign the quality certificate.

d) That the council authorise the Accounting Officer to place the report on the municipal website, within five working days after tabling in council.

1.3. EXECUTIVE SUMMARY

The objective of reporting on the financial results of the municipality is to enhance sound financial management and promote transparency and accountability of officials and councillors. Monthly budget statement report of a municipality must be in the format specified as per Schedule C and include all the required tables, charts and explanatory information.

In terms of S6 of MBRR, the Statement of Financial Performance shown in Table C4 for the current month serves as a consolidated municipality's performance in relation to both approved annual budget and the actual revenue & expenditure for the month end. The municipality advocates for prudent financial management thus ensuring sufficient revenue are collected and made available for operational and capital expenditures.

The PART1 of this month's Section 71 report details budget spending, movements of funds and factors underpinning the revenue and expenditure actual figures to date. Furthermore, the comparisons are analysed from the c-schedule report thereby giving a clear picture on the gaps noted between the original budget and the actual figures.

PART 1

1.4. IN-YEAR BUDGET STATEMENT TABLES

IN-YEAR ADJUSTMENT BUDGET STATEMENT TABLES – BUDGET SUMMARY - TABLE C1

0 - Table C1 Monthly Budget Statement Summary - M12 June

Description	2024/25	Budget Year 2025/26							
R thousands	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Financial Performance									
Property rates	57 450	62 160	57 645	(2 034)	59 519	57 645	1 874	3%	57 645
Service charges	34 539	39 560	41 307	745	35 855	41 307	(5 452)	-13%	41 307
Investment revenue	8 907	8 150	6 720	20	5 890	6 720	(830)	-12%	6 720
Transfers and subsidies - Operational	215 489	215 536	215 423	–	210 461	215 439	(4 978)	(0)	215 423
Other own revenue	18 424	33 333	34 012	122	9 425	34 012	(24 587)	-72%	34 012
Total Revenue (excluding capital transfers and contributions)	**334 809**	**358 739**	**355 107**	**(1 147)**	**321 151**	**355 123**	**(33 972)**	**-10%**	**355 107**
Employee costs	111 037	124 644	122 051	–	105 758	122 051	(16 293)	-13%	122 051
Remuneration of Councillors	15 731	15 974	15 402	–	14 299	15 402	(1 103)	-7%	15 402
Depreciation and amortisation	40 486	37 000	37 000	–	–	37 000	(37 000)	-100%	37 000
Interest	199	0	300	–	–	300	(300)	-100%	300
Inventory consumed and bulk purchases	46 149	42 916	43 071	5 115	46 106	43 071	3 035	7%	43 071
Transfers and subsidies	4 328	5 454	5 454	–	2 907	5 454	(2 547)	-47%	5 454
Other expenditure	119 176	107 080	116 401	12 287	104 256	116 401	(12 145)	-10%	116 401
Total Expenditure	**337 105**	**333 068**	**339 679**	**17 402**	**273 325**	**339 679**	**(66 354)**	**-20%**	**339 679**
Surplus/(Deficit)	**(2 296)**	**25 671**	**15 428**	**(18 549)**	**47 826**	**15 444**	**32 382**	**210%**	**15 428**
Transfers and subsidies - capital (monetary allocations)	53 269	37 961	60 961	–	27 227	60 961	###	-55%	60 961
Transfers and subsidies - capital (in-kind)	–	–	–	–	–	–	–		–
Surplus/(Deficit) after capital transfers & contributions	**50 972**	**63 632**	**76 389**	**(18 549)**	**75 053**	**76 405**	**(1 352)**	**-2%**	**76 389**
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–		–
Surplus/ (Deficit) for the year	**50 972**	**63 632**	**76 389**	**(18 549)**	**75 053**	**76 405**	**(1 352)**	**-2%**	**76 389**
Capital expenditure & funds sources									
Capital expenditure	**(8 810)**	**55 592**	**92 549**	**16 644**	**60 754**	**92 549**	**(31 796)**	**-34%**	**92 549**
Capital transfers recognised	16 908	32 250	53 010	6 236	2 967	53 010	(50 043)	-94%	53 010
Borrowing	–	–	–	–	–	–	–		–
Internally generated funds	**(25 717)**	**23 342**	**39 540**	**10 407**	**57 786**	**39 540**	**18 247**	**46%**	**39 540**
Total sources of capital funds	**(8 810)**	**55 592**	**92 549**	**16 644**	**60 754**	**92 549**	**(31 796)**	**-34%**	**92 549**
Financial position									
Total current assets	151 764	202 537	128 214		161 030				128 214
Total non current assets	749 814	799 814	836 534		878 755				836 534
Total current liabilities	72 138	111 751	92 966		103 172				92 966
Total non current liabilities	1 508	875	1 788		1 508				1 788
Community wealth/Equity	**861 552**	**889 925**	**888 678**		**935 517**				**888 678**
Cash flows									
Net cash from (used) operating	(16 438)	81 222	26 789	(23 387)	(53 701)	76 435	130 137	170%	26 789
Net cash from (used) investing	–	(101 890)	(106 812)	–	–	(106 812)	(106 812)	100%	(106 812)
Net cash from (used) financing	–	–	–	–	–	–	–		–
Cash/cash equivalents at the month/year end	**76 095**	**50 727**	**(5 793)**	**(23 387)**	**20 529**	**43 853**	**23 325**	**53%**	**(5 793)**
Debtors & creditors analysis	**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**
Debtors Age Analysis									
Total By Income Source	1 641	935	669	380	331	292	279	15 818	20 346
Creditors Age Analysis									
Total Creditors	7 554	872	549	–	–	–	0	–	8 974

BUDGET SUMMARY ANALYSIS - TABLE C1

The year-to-date actual revenue (excluding capital transfers and contributions) is R321 million rands. The operating expenditure year to date is R273 million rands.

The total sources of capital combined amount to R60.7 million rands. The amount includes capital transfers from National, Provincial Treasuries and internally generated funding.

The financial position shows that the municipality holds total current assets of R161 million rands, the non-current assets amounts to R878 million rands. The current liabilities totals to R103 million rands and the non-current liabilities totals to R1.5 million rands. The net results shows an equity balance of R935 million rands.

Table C2 provides the statement of financial performance by standard classification.

0 - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M12 June

Description	Ref	2024/25	Budget Year 2025/26							
R thousands	1	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<u>Revenue - Functional</u>										
Governance and administration		**318 055**	**301 691**	**320 619**	**(1 662)**	**288 207**	**320 619**	(32 412)	-10%	**320 619**
Executive and council		46 128	37 961	37 961	–	27 227	37 961	(10 734)	-28%	37 961
Finance and administration		271 927	263 730	282 658	(1 662)	260 979	282 658	(21 679)	-8%	282 658
Internal audit		–	–	–	–	–	–	–		–
Community and public safety		**6 647**	**2 011**	**3 814**	**53**	**3 617**	**3 830**	(214)	-6%	**3 814**
Community and social services		4 570	25	2 275	1	2 119	2 291	(172)	-8%	2 275
Sport and recreation		–	–	–	–	–	–	–		–
Public safety		2 077	1 986	1 539	52	1 497	1 539	(42)	-3%	1 539
Housing		–	–	–	–	–	–	–		–
Health		–	–	–	–	–	–	–		–
Economic and environmental services		**5 338**	**25 017**	**24 976**	**–**	**864**	**24 976**	(24 113)	-97%	**24 976**
Planning and development		242	25 017	24 976	–	864	24 976	(24 113)	-97%	24 976
Road transport		5 096	–	–	–	–	–	–		–
Environmental protection		–	–	–	–	–	–	–		–
Trading services		**58 037**	**67 980**	**66 659**	**745**	**55 974**	**66 659**	**(10 684)**	-16%	**66 659**
Energy sources		55 820	65 245	63 873	745	53 089	63 873	(10 784)	-17%	63 873
Water management		–	–	–	–	–	–	–		–
Waste water management		–	–	–	–	–	–	–		–
Waste management		2 217	2 735	2 785	–	2 885	2 785	100	4%	2 785
Other	4	**–**	**–**	**–**	**–**	**–**	**–**	**–**		**–**
Total Revenue - Functional	2	**388 077**	**396 700**	**416 068**	**(863)**	**348 661**	**416 084**	**(67 423)**	**-16%**	**416 068**
<u>Expenditure - Functional</u>										
Governance and administration		**176 326**	**173 377**	**180 442**	**5 745**	**122 104**	**180 442**	(58 338)	-32%	**180 442**
Executive and council		31 410	33 804	33 947	331	31 389	33 947	(2 558)	-8%	33 947
Finance and administration		141 634	136 656	143 432	4 055	86 146	143 432	(57 286)	-40%	143 432
Internal audit		3 282	2 917	3 063	1 359	4 569	3 063	1 506	49%	3 063
Community and public safety		**34 872**	**39 359**	**39 382**	**1 772**	**32 202**	**39 382**	(7 180)	-18%	**39 382**
Community and social services		17 229	22 384	22 566	1 741	14 925	22 566	(7 642)	-34%	22 566
Sport and recreation		–	–	–	–	–	–	–		–
Public safety		17 643	16 975	16 816	31	17 278	16 816	462	3%	16 816
Housing		–	–	–	–	–	–	–		–
Health		–	–	–	–	–	–	–		–
Economic and environmental services		**34 052**	**34 745**	**34 790**	**1 870**	**32 574**	**34 790**	(2 215)	-6%	**34 790**
Planning and development		18 009	20 433	20 885	1 528	21 182	20 885	297	1%	20 885
Road transport		16 042	14 311	13 905	343	11 393	13 905	(2 512)	-18%	13 905
Environmental protection		–	–	–	–	–	–	–		–
Trading services		**92 942**	**85 587**	**85 066**	**8 014**	**86 444**	**85 066**	**1 378**	2%	**85 066**
Energy sources		76 485	68 757	68 446	7 797	69 485	68 446	1 039	2%	68 446
Water management		–	–	–	–	–	–	–		–
Waste water management		2 159	1 963	1 959	–	4 021	1 959	2 062	105%	1 959
Waste management		14 298	14 867	14 660	217	12 937	14 660	(1 723)	-12%	14 660
Other		**–**	**–**	**–**	**–**	**–**	**–**	**–**		**–**
Total Expenditure - Functional	3	**338 192**	**333 068**	**339 679**	**17 402**	**273 325**	**339 679**	**(66 354)**	**-20%**	**339 679**
Surplus/ (Deficit) for the year		**49 885**	**63 632**	**76 389**	**(18 265)**	**75 336**	**76 405**	**(1 068)**	**-0,013984**	**76 389**

Table C3: Monthly Budget Statement_ Financial Performance

0 - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M12 June

Vote Description	Ref	2024/25	Budget Year 2025/26							
R thousands		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Revenue by Vote	1									
Vote 1 - Office Of The Municipal Manager		46 128	37 961	37 961	–	27 227	37 961	(10 734)	-28,3%	37 961
Vote 2 - Planning and Economic Development		50	25 274	25 014	–	706	25 014	(24 308)	-97,2%	25 014
Vote 3 - Budget and Treasury		271 755	262 824	258 800	(1 622)	260 527	258 800	1 727	0,7%	258 800
Vote 4 - Corporate and Community Service		6 399	7 037	6 559	12	6 181	6 575	(393)	-6,0%	6 559
Vote 5 - Technical Services		63 745	63 604	87 734	746	54 020	87 734	(33 714)	-38,4%	87 734
Vote 6 - Council And General		–	–	–	–	–	–	–		–
Vote 7 - Community & Social Services		–	–	–	–	–	–	–		–
Vote 8 - Corporate Services		–	–	–	–	–	–	–		–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–		–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–		–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–		–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–		–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–		–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–		–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–		–
Total Revenue by Vote	2	**388 077**	**396 700**	**416 068**	**(863)**	**348 661**	**416 084**	**(67 423)**	**-16,2%**	**416 068**
Expenditure by Vote	1									
Vote 1 - Office Of The Municipal Manager		17 811	19 356	19 780	1 698	20 559	19 780	779	3,9%	19 780
Vote 2 - Planning and Economic Development		18 009	20 413	20 848	1 528	21 182	20 848	334	1,6%	20 848
Vote 3 - Budget and Treasury		87 160	91 518	99 360	676	38 129	99 360	(61 232)	-61,6%	99 360
Vote 4 - Corporate and Community Service		62 932	71 130	71 470	3 087	65 298	71 470	(6 171)	-8,6%	71 470
Vote 5 - Technical Services		114 326	94 591	92 881	8 949	92 440	92 881	(441)	-0,5%	92 881
Vote 6 - Council And General		17 119	17 739	17 167	8	15 634	17 167	(1 533)	-8,9%	17 167
Vote 7 - Community & Social Services		19 185	16 302	16 220	1 456	18 628	16 220	2 409	14,8%	16 220
Vote 8 - Corporate Services		1 650	2 019	1 953	–	1 454	1 953	(499)	-25,5%	1 953
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–		–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–		–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–		–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–		–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–		–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–		–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–		–
Total Expenditure by Vote	2	**338 192**	**333 068**	**339 679**	**17 402**	**273 325**	**339 679**	**(66 354)**	**-19,5%**	**339 679**
Surplus/ (Deficit) for the year	2	**49 885**	**63 632**	**76 389**	**(18 265)**	**75 336**	**76 405**	**(1 068)**	**-1,4%**	**76 389**

Table C4 Municipality Financial Performance

Table C4 provides information on the planned revenue and operational expenditures against the actual results for the period under reporting. Table C4 report analyses each major component under revenue by source and operational expenditure by type.

0 - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M12 June

Description	Ref	2024/25	Budget Year 2025/26							
R thousands		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Revenue										
Exchange Revenue										
Service charges - Electricity		32 858	37 183	38 837	745	33 535	38 837	(5 302)	-14%	38 837
Service charges - Water		–	–	–	–	–	–	–		–
Service charges - Waste Water Management		–	–	–	–	–	–	–		–
Service charges - Waste management		1 681	2 377	2 470	–	2 320	2 470	(150)	-6%	2 470
Sale of Goods and Rendering of Services		810	236	241	67	455	241	214	89%	241
Agency services		–	–	–	–	–	–	–		–
Interest		19	0	0	–	–	0	(0)	-100%	0
Interest earned from Receivables		778	1 171	469	–	706	469	237	51%	469
Interest from Current and Non Current Assets		8 907	8 150	6 720	20	5 890	6 720	(830)	-12%	6 720
Dividends		–	–	–	–	–	–	–		–
Rent on Land		–	–	–	–	–	–	–		–
Rental from Fixed Assets		860	1 043	995	3	1 244	995	249	25%	995
Licence and permits		–	–	–	–	–	–	–		–
Special rating levies		–	–	–	–	–	–	–		–
Operational Revenue		649	25 331	25 689	49	1 250	25 689	(24 439)	-95%	25 689
Non-Exchange Revenue								–		
Property rates		57 450	62 160	57 645	(2 034)	59 519	57 645	1 874	3%	57 645
Surcharges and Taxes		–	–	–	–	–	–	–		–
Fines, penalties and forfeits		1 425	4 463	1 734	–	739	1 734	(995)	-57%	1 734
Licence and permits		862	1 088	775	3	914	775	140	18%	775
Transfers and subsidies - Operational		215 489	215 536	215 423	–	210 461	215 439	(4 978)	-2%	215 423
Interest		3 633	0	4 110	–	4 118	4 110	8	0%	4 110
Fuel Levy		–	–	–	–	–	–	–		–
Operational Revenue		–	–	–	–	–	–	–		–
Gains on disposal of Assets		9 386	0	0	–	–	0	(0)	-100%	0
Other Gains		–	0	0	–	–	0	(0)	-100%	0
Discontinued Operations		–	–	–	–	–	–	–		–
Total Revenue (excluding capital transfers and contributions)		**334 809**	**358 739**	**355 107**	**(1 147)**	**321 151**	**355 123**	**(33 972)**	**-10%**	**355 107**
Expenditure By Type										
Employee related costs		111 037	124 644	122 051	–	105 758	122 051	(16 293)	-13%	122 051
Remuneration of councillors		15 731	15 974	15 402	–	14 299	15 402	(1 103)	-7%	15 402
Bulk purchases - electricity		45 257	40 870	40 870	4 958	45 278	40 870	4 409	11%	40 870
Inventory consumed		891	2 046	2 201	156	827	2 201	(1 374)	-62%	2 201
Debt impairment		16 949	–	17 415	–	–	17 415	(17 415)	-100%	17 415
Depreciation and amortisation		40 486	37 000	37 000	–	–	37 000	(37 000)	-100%	37 000
Interest		199	0	300	–	–	300	(300)	-100%	300
Contracted services		59 228	51 147	52 453	8 599	54 431	52 453	1 979	4%	52 453
Transfers and subsidies		4 328	5 454	5 454	–	2 907	5 454	(2 547)	-47%	5 454
Irrecoverable debts written off		1 184	15 000	5 241	–	166	5 241	(5 075)	-97%	5 241
Operational costs		39 118	40 933	41 293	3 688	49 659	41 293	8 366	20%	41 293
Losses on Disposal of Assets		2 693	0	0	–	–	0	(0)	-100%	0
Other Losses		5	0	0	–	–	0	(0)	-100%	0
Total Expenditure		**337 105**	**333 068**	**339 679**	**17 402**	**273 325**	**339 679**	**(66 354)**	**-20%**	**339 679**
Surplus/(Deficit)		**(2 296)**	**25 671**	**15 428**	**(18 549)**	**47 826**	**15 444**	**32 382**	**0**	**15 428**
Transfers and subsidies - capital (monetary allocations)		53 269	37 961	60 961	–	27 227	60 961	(33 734)	**(0)**	60 961
Transfers and subsidies - capital (in-kind)		–	–	–	–	–	–	–		–
Surplus/(Deficit) after capital transfers & contributions		**50 972**	**63 632**	**76 389**	**(18 549)**	**75 053**	**76 405**	**(1 352)**	**(0)**	**76 389**
Income Tax		–	–	–	–	–	–	–		–
Surplus/(Deficit) after income tax		**50 972**	**63 632**	**76 389**	**(18 549)**	**75 053**	**76 405**	**(1 352)**	**(0)**	**76 389**
Share of Surplus/Deficit attributable to Joint Venture		–	–	–	–	–	–	–		–
Share of Surplus/Deficit attributable to Minorities		–	–	–	–	–	–	–		–
Surplus/(Deficit) attributable to municipality		**50 972**	**63 632**	**76 389**	**(18 549)**	**75 053**	**76 405**	(1 352)	(0)	**76 389**
Share of Surplus/Deficit attributable to Associate		–	–	–	–	–	–	–		–
Intercompany/Parent subsidiary transactions		–	–	–	–	–	–	–		–
Surplus/ (Deficit) for the year		**50 972**	**63 632**	**76 389**	**(18 549)**	**75 053**	**76 405**	**(1 352)**	**(0)**	**76 389**

TABLE C4: REVENUE BY SOURCE

1. Property rates

Property rates YTD actual for this month stands at R59.9 million rands, the comparison against the adjusted budget of R57.6 million rands results in the variance of 3%.

2. Service charges electricity

The actual revenue from service charges electricity is R33.5 million rands, the comparison against the adjusted budget of R38.8 million rands results in the variance of -14%. The reasons for variances are detailed in Section 2.7 of the Part 2 in this report.

3. **Interest from Current and Non-Current Assets**

The interest from current and non-current assets show the YTD actual figure of R5.8 million rands. The comparison against the adjusted budget of R6.7 million rands results in the variance of -12%. The reasons for variances are detailed in Section 2.7 of the Part 2 in this report.

4. **Transfers and subsidies (Operational)**

The transfers and subsidies allocations from the DoRA for three tranches of the current year are received and reflected in the grant register on Part 2 of this report. The original budget amounts to R215 million rands, the YTD actual figure is R210 million rands hence the variance amounts to -2%.

TABLE C4: EXPENDITURE BY TYPE

1. **Employee related costs**

The employee related costs amounts to R105 million rands against the adjusted budget of R122 million rands resulting to a variance of -13%.

2. **Remuneration of Councillor's**

The YTD actual for remuneration of councillors amounts to R14.2 million rands compared to adjusted budget amounting to R15.4 million rands, resulting in a variance of -7%. Details of expenditure is available on Part 2.

3. **Debt impairment**

The YTD actuals reflects R0 amounts, the actuals will be prepared during the compilation of interim AFS. The budget is adjusted to R17.4 million rands from a zero original budget.

4. **Depreciation & asset impairment**

The YTD actuals reflects R0 amounts, the actuals will be prepared during the compilation of interim AFS. The budgeted figure in this regard is R37 million rands.

5. **Bulk purchases**

The YTD actual for electricity bulk purchase figure amounts to R45.2 million rands, the original budget figure is R40.8 million rands hence the variance of 11%. The municipality pays the bulk account monthly and there are no interest charges on bulk account.

Monthly Budget Statement_ Capital Expenditure Table 5

0 - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M12 June

Vote Description	Ref	2024/25	Budget Year 2025/26							
R thousands	1	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Multi-Year expenditure appropriation	2									
Vote 1 - Office Of The Municipal Manager		–	0	0	–	–	0	(0)	-100%	0
Vote 2 - Planning and Economic Development		–	0	0	–	6 666	0	6 666	########	0
Vote 3 - Budget and Treasury		–	348	348	–	–	348	(348)	-100%	348
Vote 4 - Corporate and Community Service		876	0	0	65	337	0	337	175508%	0
Vote 5 - Technical Services		(21 574)	50 191	66 033	16 578	54 226	66 033	(11 807)	-18%	66 033
Vote 6 - Council And General		709	0	0	–	–	0	(0)	-100%	0
Vote 7 - Community & Social Services		–	–	–	–	–	–	–		–
Vote 8 - Corporate Services		–	–	–	–	–	–	–		–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–		–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–		–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–		–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–		–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–		–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–		–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–		–
Total Capital Multi-year expenditure	4,7	**(19 989)**	**50 539**	**66 382**	**16 644**	**61 230**	**66 382**	**(5 152)**	**-8%**	**66 382**
Single Year expenditure appropriation	2									
Vote 1 - Office Of The Municipal Manager		–	0	0	–	–	0	(0)	-100%	0
Vote 2 - Planning and Economic Development		–	348	348	–	–	348	(348)	-100%	348
Vote 3 - Budget and Treasury		–	0	0	–	–	0	(0)	-100%	0
Vote 4 - Corporate and Community Service		98	0	0	–	13	0	12	3758%	0
Vote 5 - Technical Services		11 081	4 705	25 819	–	(880)	25 819	(26 699)	-103%	25 819
Vote 6 - Council And General		–	–	–	–	–	–	–		–
Vote 7 - Community & Social Services		–	0	0	–	391	0	391	1630108%	0
Vote 8 - Corporate Services		–	–	–	–	–	–	–		–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–		–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–		–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–		–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–		–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–		–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–		–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–		–
Total Capital single-year expenditure	4	11 179	5 053	26 168	–	(476)	26 168	**(26 644)**	**-102%**	26 168
Total Capital Expenditure		**(8 810)**	**55 592**	**92 549**	**16 644**	**60 754**	**92 549**	**(31 796)**	**-34%**	**92 549**
Capital Expenditure - Functional Classification										
Governance and administration		**1 585**	**0**	**0**	**65**	**728**	**0**	728	319382%	**0**
Executive and council		709	0	0	–	–	0	(0)	-100%	0
Finance and administration		876	0	0	65	728	0	728	379284%	0
Internal audit		–	–	–	–	–	–	–		–
Community and public safety		**(15 043)**	**26 372**	**22 135**	**8 783**	**17 200**	**22 135**	(4 935)	-22%	**22 135**
Community and social services		(20 862)	23 407	19 170	8 783	13 896	19 170	(5 274)	-28%	19 170
Sport and recreation		5 721	2 965	2 965	–	3 292	2 965	327	11%	2 965
Public safety		98	0	0	–	13	0	12	3057%	0
Housing		–	–	–	–	–	–	–		–
Health		–	–	–	–	–	–	–		–
Economic and environmental services		**(1 678)**	**28 805**	**70 000**	**7 795**	**42 825**	**70 000**	(27 175)	-39%	**70 000**
Planning and development		(8 652)	348	348	–	6 666	348	6 319	1817%	348
Road transport		6 974	28 457	69 652	7 795	36 158	69 652	(33 494)	-48%	69 652
Environmental protection		–	–	–	–	–	–	–		–
Trading services		**6 326**	**414**	**414**	**–**	**–**	**414**	(414)	-100%	**414**
Energy sources		575	0	0	–	–	0	(0)	-100%	0
Water management		–	–	–	–	–	–	–		–
Waste water management		–	–	–	–	–	–	–		–
Waste management		5 752	414	414	–	–	414	(414)	-100%	414
Other		–	–	–	–	–	–	–		–
Total Capital Expenditure - Functional Classification	3	**(8 810)**	**55 592**	**92 549**	**16 644**	**60 754**	**92 549**	**(31 796)**	**-34%**	**92 549**
Funded by:										
National Government		16 908	32 250	53 010	6 236	2 967	53 010	(50 042)	-94%	53 010
Provincial Government		(0)	0	0	–	–	0	(0)	-100%	0
District Municipality		–	–	–	–	–	–	–		–
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educ Institutions)		–	–	–	–	–	–	–		–
Transfers recognised - capital		**16 908**	**32 250**	**53 010**	**6 236**	**2 967**	**53 010**	**(50 043)**	**-94%**	**53 010**
Borrowing	6	–	–	–	–	–	–	–		–
Internally generated funds		(25 717)	23 342	39 540	10 407	57 786	39 540	18 247	46%	39 540
Total Capital Funding		**(8 810)**	**55 592**	**92 549**	**16 644**	**60 754**	**92 549**	**(31 796)**	**-34%**	**92 549**

The total capital expenditure year to date figure by functional classification stands at R60.7 million rands against original budget amount of R55.5 million rand and the variance of -34%. The budget is adjusted to R92.5 million rands due to additional allocation from Provincial Treasury pertaining to Municipal Disaster Recovery Grant i.e. R23 million rands.

The capital expenditure funded by the national government YTD actual amount is R2.9 million rands, the approved original budget for transfers recognised (allocation from National Treasury) amounts to R32.2 million rands thereby creating a variance of -94%. Internally generated funding budget is adjusted from original budget of R23.3 to R39.5 million rands however the year to date actual figure is overspent at R60.7 million rands.

Table C6 – Monthly Budget Statement – Financial Position

0 - Table C6 Monthly Budget Statement - Financial Position - M12 June

Description	Ref	2024/25	Budget Year 2025/26			
R thousands	1	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
ASSETS						
Current assets						
Cash and cash equivalents		74 230	51 849	28 587	61 284	28 587
Trade and other receivables from exchange transactions		9 988	10 218	14 084	8 456	14 084
Receivables from non-exchange transactions		36 308	84 007	29 784	52 604	29 784
Current portion of non-current receivables		–	–	–	–	–
Inventory		23 272	1 369	23 362	23 235	23 362
VAT		7 912	55 029	32 342	15 397	32 342
Other current assets		54	66	55	54	55
Total current assets		**151 764**	**202 537**	**128 214**	**161 030**	**128 214**
Non current assets						
Investments		–	–	–	–	–
Investment property		53 255	39 384	52 939	53 255	52 939
Property, plant and equipment		696 480	760 348	784 665	825 421	784 665
Biological assets		–	–	–	–	–
Living and non-living resources		–	–	–	–	–
Heritage assets		79	79	79	79	79
Intangible assets		–	3	(1 149)	–	(1 149)
Trade and other receivables from exchange transactions		–	–	–	–	–
Non-current receivables from non-exchange transactions		–	–	–	–	–
Other non-current assets		–	0	0	–	0
Total non current assets		**749 814**	**799 814**	**836 534**	**878 755**	**836 534**
TOTAL ASSETS		**901 577**	**1 002 350**	**964 748**	**1 039 785**	**964 748**
LIABILITIES						
Current liabilities						
Bank overdraft		–	–	–	–	–
Financial liabilities		20	20	20	20	20
Consumer deposits		2 216	1 803	1 894	2 460	1 894
Trade and other payables from exchange transactions		55 342	49 725	91 511	41 521	91 511
Trade and other payables from non-exchange transactions		49	0	49	38 964	49
Provision		13 375	13 054	13 375	13 375	13 375
VAT		1 136	47 149	(13 883)	6 833	(13 883)
Other current liabilities		–	–	–	–	–
Total current liabilities		**72 138**	**111 751**	**92 966**	**103 172**	**92 966**
Non current liabilities						
Financial liabilities		(20)	(20)	(20)	(20)	(20)
Provision		1 529	896	1 808	1 529	1 808
Long term portion of trade payables		–	–	–	–	–
Other non-current liabilities		–	0	0	–	0
Total non current liabilities		**1 508**	**875**	**1 788**	**1 508**	**1 788**
TOTAL LIABILITIES		**73 646**	**112 626**	**94 755**	**104 681**	**94 755**
NET ASSETS	2	**827 931**	**889 724**	**869 993**	**935 105**	**869 993**
COMMUNITY WEALTH/EQUITY						
Accumulated surplus/(deficit)		861 390	889 773	888 516	935 356	888 516
Reserves and funds		162	152	162	162	162
Other		–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2	**861 552**	**889 925**	**888 678**	**935 517**	**888 678**

The table C6 reflects R889 million rands actual accumulated surplus and R889 million rands original budget for accumulated surplus.

Table C7 – Monthly Budget Statement – Cash Flow

0 - Table C7 Monthly Budget Statement - Cash Flow - M12 June

Description	Ref	2024/25	Budget Year 2025/26							
R thousands	1	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		–	35 404	49 987	–	–	49 987	(49 987)	-100%	49 987
Service charges		6 537	33 949	42 292	–	–	42 292	(42 292)	-100%	42 292
Other revenue		–	31 683	61 343	–	–	61 343	(61 343)	-100%	61 343
Transfers and Subsidies - Operational		452 602	221 926	216 862	12 531	418 766	216 862	201 904	93%	216 862
Transfers and Subsidies - Capital		–	75 066	60 961	–	–	60 961	(60 961)	-100%	60 961
Interest		–	(19 952)	(47 300)	–	10 394	(47 300)	57 694	-122%	(47 300)
Dividends		–	–	–	–	–	–	–		–
Payments										
Suppliers and employees		(475 577)	(296 855)	(357 356)	(35 918)	(482 862)	(307 710)	175 152	-57%	(357 356)
Interest		–	–	–	–	–	–	–		–
Transfers and Subsidies		–	–	–	–	–	–	–		–
NET CASH FROM/(USED) OPERATING ACTIVITIES		**(16 438)**	**81 222**	**26 789**	**(23 387)**	**(53 701)**	**76 435**	**130 137**	**170%**	**26 789**
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		–	(101 890)	(106 812)	–	–	(106 812)	(106 812)	100%	(106 812)
NET CASH FROM/(USED) INVESTING ACTIVITIES		**-**	**(101 890)**	**(106 812)**	**-**	**-**	**(106 812)**	**(106 812)**	**100%**	**(106 812)**
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		**(16 438)**	**(20 668)**	**(80 023)**	**(23 387)**	**(53 701)**	**(30 376)**			**(80 023)**
Cash/cash equivalents at beginning:		92 533	71 395	74 230	–	74 230	74 230			74 230
Cash/cash equivalents at month/year end:		76 095	50 727	(5 793)	(23 387)	20 529	43 853			(5 793)

The table C7 cash flow statement transactions from operating activities with a year to date actual figure of R53.7 million rands. The operating activities represent the amount used by the municipalities for core business operations such as propery rates, service charges etc (under receipts) furthermore the operating activities reflects suppliers and employees etc (under payment) over the period under reporting. There are Rnil actual transactions under investing activities and financing activities.

PART 2 – SUPPORTING DOCUMENTATION
2.1 DEBTOR'S ANALYSIS

The table 2.1.1 shows the debtors ageing and the balance of debtor's book amounts to R134.8 million rands. Collection strategies are implemented by the municipality to encourage customers to settle the bills on time. Monthly statements are emailed to customers and electricity cut-off measure is implemented.

DEBTORS AGE ANALYSIS
TABLE 2.1.1.

June 2026 Age Analysis								
Totals per Service Type	Total Balance	Current Amount	30 Days Amount	60 Days Amount	90 Days Amount	120 Days Amount	150 Days Amount	180+ Days Amount
Advance Payment	R -1 115 120,10	R -1 115 120,10	R -	R -	R -	R -	R -	R -
Adv-Pay Reverse	R 27,64	R -	R -	R -	R -	R -	R -	R 27,64
Deposit: Waste Disposal	R 2 000,00	R -	R -	R -	R -	R -	R -	R 2 000,00
Electricity Basic	R 906 825,96	R 177 385,71	R 68 407,67	R 50 896,18	R 35 037,61	R 34 201,74	R 29 634,71	R 511 262,34
Electricity Metered	R 6 041 916,70	R 2 585 518,45	R 926 901,31	R 666 218,13	R 417 030,61	R 110 668,79	R 116 555,90	R 1 219 023,51
Market stalls	R 1 151 614,56	R 20 518,28	R 19 697,38	R 19 254,41	R 18 819,62	R 17 631,08	R 16 983,17	R 1 038 710,62
OFFICE RENTAL	R 235 674,31	R 18 182,59	R 18 070,29	R 17 994,83	R 14 453,53	R 12 183,63	R 12 108,72	R 142 680,72
Plaza Market Stalls	R 271 594,42	R 9 649,66	R 8 665,43	R 8 390,58	R 8 123,76	R 7 973,69	R 7 828,20	R 220 963,10
Property Rates	R 112 167 808,93	R 492 891,78	R 413 399,96	R 4 286 883,14	R 3 685 953,10	R 3 616 001,08	R 3 573 071,34	R 96 099 608,53
Rent (M001)	R 803 277,18	R 31 880,52	R 30 369,19	R 24 311,81	R 24 215,03	R 24 095,88	R 23 960,84	R 644 443,91
Repay: Waste Disposal	R 25 963,42	R -	R -	R -	R -	R -	R -	R 25 963,42
Signs (M001)	R 1 119,59	R -	R -	R -	R -	R -	R -	R 1 119,59
Stall rental	R 31 302,86	R 2 022,01	R 131,22	R 131,22	R 131,22	R 131,22	R 131,22	R 28 624,75
Sundries (VAT)	R 17 199,70	R 8 728,85	R 2 728,61	R 2 710,79	R 2 710,54	R 320,91	R -	R -
Tampering Fee	R 474 350,85	R -	R -	R -	R -	R 27 508,59	R 14 443,79	R 432 398,47
Traffic Fines	R 4 806 021,02	R 77 450,00	R 61 300,00	R 53 300,00	R 60 400,00	R 66 200,00	R 35 400,00	R 4 451 971,02
Traffic Fines (M001)	R 1 734 180,76	R -	R -	R -	R -	R -	R -	R 1 734 180,76
Waste Disposal	R 7 282 627,57	R 256 628,15	R 149 471,98	R 132 065,38	R 123 113,91	R 113 233,30	R 103 994,79	R 6 404 120,06
Total	**R 134 838 385,37**	**R 2 565 735,90**	**R 1 699 143,04**	**R 5 262 156,47**	**R 4 389 988,93**	**R 4 030 149,91**	**R 3 934 112,68**	**R 112 957 098,44**

Table: 2.1.2

The debtors age decreased by R10.5 million rands in the current month.

Debtors Age Growth Variance - June 2026												
	July	August	September	October	November	December	January	February	March	April	May	June
Month	R121 393 499,67	R 117 853 949,71	R 124 044 995,90	R 120 920 953,29	R 127 702 016,87	R131 742 915,54	R136 071 045,01	R 137 230 390,85	R 140 635 094,32	R 146 410 439,76	R 145 417 795,05	R134 838 385,37
Variance		-R 3 539 549,96	R 6 191 046,19	-R 3 124 042,61	R 6 781 063,58	R 4 040 898,67	R 4 328 129,47	R 1 159 345,84	R 3 404 703,47	R 5 775 345,44	-R 992 644,71	-R 10 579 409,68

DEBT COLLECTION RATES

Collection Table 2.1.3.

Cash Collected for each Revenue Source via Billing (June 2026)				
	Cash collection	Ageing - June 2026	Collection rate per BT	Billed revenue - June 2026
Rates	R -6 739 503,10	R 112 167 808,93	-6%	
Electricity	R -2 470 840,33	R 6 948 742,66	-36%	R 2 874 185,30
Refuse	R -221 631,81	R 7 310 590,99	-3%	R 271 688,97
Stalls Rental , Traffic fines & Ta	R -97 144,44	R 8 183 366,89	-1%	R 81 757,31
Other Rentals	R -	R 1 342 968,36	0%	R -
Advance payments	R -693 033,75	R -1 115 092,46	62%	R -
Unallocated Payments	R 1 000,00			R -
TOTAL CASH RECEIVED	**R 10 221 153,43**	**R 134 838 385,37**		**R 3 227 631,58**
Total Ageing	**R 134 838 385,37**		May 2026 Billing	R 3 018 522,60
Total debtors' payments	R 10 221 153,43		June 2026 Payments	R 10 221 153,43
	8%			339%

Cash collected under the reporting period amounts to R10.2 million rands resulting in collection rate of 8%. The comparison to the previous month billing against current month payments results to 339% collection rate, which is significantly above the norm of 95%.

DEBTOR'S RATIOS

Ratios table 2.1.4.

June 2026 RATIOS		
(Gross Debtors Opening Balance + Billed Revenue - Gross Debtors Closing Balance - Bad Debts Written Off)/Billed Revenue x 100	428	Collection Rate
((Gross Debtors - Bad debt Provision)/ Actual Billed Revenue)) × 365	7180,19	Net Debtors Days
(Period under review's Total Revenue - previous period's Total Revenue)/ previous period's Total Revenue) x 100	6,93	Revenue Growth (%)

Collection rates stand at 428% using the ratios as provided by National Treasury circular 71. The net debtors' days are increased to 7 180.19 against the days reported in the preceding month. It means that it takes the municipality above 10 years to collect the current debt, the debtors' days signal cash flow challenges to fund certain expenditure items.

INDIGENT DEBTORS' STATUS

The indigent debtors' registration period for the current year started in February 2026 and the closing date was 30 April 2026. The total debtors that qualified for indigent debt relief rebates totals to 237. The municipality conducted physical verification. The rebates granted to eligible indigent debtors encompasses the 100% rebate on billed rates and services for the current year. The final register is sent to council for debt write-off approval.

ELECTRICITY LOSSES

The electricity losses for the period under review amounts to R5.2 million rands which translate to kWh losses of 21.59%. The municipality through the management committee considered a decision to engage in a competitive bidding process in sourcing a service provider that will assist with all electricity challenges. There is no award as yet.

Table 2.1.5. Electricity distribution loss (units)

ELECTRICITY DISTRIBUTION LOSS 25/26 (UNITS)										
Month	Season High/Low	Bulk Purchases Units 25/26	Total kWh Units 25/26 (Internal)	Ontec 3rd party sales	SEBATA Billing 25/26	FBE	Own Consumption	Total Electricity	Profit / Loss on sale of electricity	%Profit/ Loss
July	High	1 903 762,80	97 995,90	205 956,00	1 063 321,00	99 250,00	10 499,00	**1 477 021,90**	**426 740,90**	22,42%
August	High	1 960 016,80	77 725,20	206 219,70	980 632,00	98 300,00	9 461,00	**1 372 337,90**	**587 678,90**	29,98%
September	Both	1 709 837,20	71 169,30	197 547,80	981 106,00	96 350,00	6 957,00	**1 353 130,10**	**356 707,10**	20,86%
October	Low	1 781 147,60	70 462,60	210 558,60	1 041 790,00	96 850,00	8 120,00	**1 427 781,20**	**353 366,40**	19,84%
November	Low	1 720 208,20	57 855,20	202 340,10	926 345,00	96 600,00	7 136,00	**1 290 276,30**	**429 931,90**	24,99%
December	Low	1 566 705,60	55 887,20	212 899,20	730 072,00	92 750,00	7 508,00	**1 099 116,40**	**467 589,20**	29,85%
January	Low	1 585 419,80	49 541,40	212 368,00	1 156 761,00	95 350,00	10 487,00	**1 524 507,40**	**60 912,40**	3,84%
February	Low	1 627 312,80	49 689,60	190 236,40	965 027,00	94 400,00	9 963,00	**1 309 316,00**	**317 996,80**	19,54%
March	Low	1 471 144,60	54 446,20	207 829,00	844 329,00	93 800,00	9 368,00	**1 209 772,20**	**261 372,40**	17,77%
April	Low	1 618 706,00	46 816,60	212 665,20	988 554,00	95 200,00	8 689,00	**1 351 924,80**	**266 781,20**	16,48%
May	Low	1 773 644,00	47 279,80	247 211,70	930 798,00	96 000,00	7 902,00	**1 329 191,50**	**444 452,50**	25,06%
June	High	1 899 921,20	56 598,00	243 982,70	1 007 576,00	95 300,00	18 585,00	**1 422 041,70**	**477 879,50**	25,15%
		20 617 826,60	**735 467,00**	**2 549 814,40**	**11 616 311,00**	**1 150 150,00**	**114 675,00**	**16 166 417,40**	**4 451 409,20**	**21,59%**

HALL HIRE REVENUE

The municipality rents out the halls to public in line with the tariff of charges document approved by the council. The hall booking budget amounts to R66 thousand rands and the revenue received to date amounts to five thousand rands.

Table 2.1.6. Hall hire revenue

MUNICIPAL HALL HIRE REVENUE - JULY 2026					
Item	Description	Budget Original	Budget Adjusted	Credit Close Balance	Total Balance
IR00200400200100100 0000000000000000000	Revenue:Exchange Revenue:Rental from Fixed Assets:Market Related:Investment Property:Straight-lined Operating	R 0'00	(R 66 780'00)	(R 5 341'27)	(R 5 341'27)

2.2. CREDITOR'S ANALYSIS

The municipality takes into consideration the concerns of the Auditor General (2024-25 audit) in relation to expenditure management. The reconciliation report below shows that the municipality ageing of creditors goes beyond the 30 day threshold contrary to MFMA prescript. The end user departments are encouraged to attend to invoices timely to avoid delays.

The highest cost driver for the month under reporting relate to Sebata Municipal Solutions for municipal financial system and annual licence payment. The Eskom account is without arrear debts.

Creditors payment summary: Table 2.2.1

CREDITORS REPORT FOR JULY 2026

TOP 10 CREDITOR'S PAYMENTS SUMMARY FOR THE MONTH OF JULY 2026

No.	VENDOR NAME	DESCRIPTION	AMOUNT
1	SEBATA MUNICIPAL SOLUTIONS	FINANCIAL SYSTEM SUPPORT	R 14 407'20
	SEBATA MUNICIPAL SOLUTIONS	ANNUAL EMS LICENSE FEE 2026/2027	R 1 251 438'66
	SEBATA MUNICIPAL SOLUTIONS	ANNUAL HOSTING FEE 2026/2027	R 916 941'18
			R 2 182 787'04
2	JIBAS RECYCLING	OPERATIONAL EXPENSES OF NQUTHU BUY BACK CENTRE	R 1 260 712'00
			R 1 260 712'00
3	NKOSINGIPHE INKAZIMULO TRADING AND PROJECTS	PROVISION OF FINANCIAL SUPPORT AND AFS PREPARATION (MAY AND JUNE 2026)	R 641 124'20
			R 641 124'20
4	THOKOMELA ENGINEERING (PTY) LTD	CABLE REPAIR FROM MINI SUBSTATION	R 631 941'71
			R 631 941'71
5	FANA MANUFACTURING	SUPPLY AND DELIVER DISASTER UNIFORM AND PROTECTIVE CLOTHING	R 453 180'50
			R 453 180'50
6	ESKOM HOLDINGS 6033862343	FREE BASIC ELECTRICITY (FBE)	R 405 139'11
	ESKOM HOLDINGS 6126932137	POTSOANA LIBRARY	R 1 873'87
	ESKOM HOLDINGS 6916174790	TOWN BOARD LIBRARY NONDWENI	R 7 318'62
	ESKOM HOLDINGS 8817457976	NONDWENI URBAN STREETLIGHT	R 7 542'80
	ESKOM HOLDINGS 9253164668	NGOLOKODO LIBRARY	R 5 695'86
			R 427 570'26
7	LOLUNTU TRADING (PTY) LTD	SUPPLY AND DELIVER SALON EQUIPMENT OR KIT FOR 19 MUNICIPAL WARDS	R 297 000'00
			R 297 000'00
8	ABABEKEZEL TRADING AND PROJECTS	SUPPLY AND DELIVER 1400 BAGS OF COLD MIX	R 292 850'00
			R 292 850'00
9	SIYEJABULA SECURITY SOLUTION	PROVISION OF SECURITY SERVICES AT PRINCESS MAGOGO MUSICAL CEREMONY ON 21 NOVEMBER 2025	R 29 900'00
	SIYEJABULA SECURITY SOLUTION	PROVISION OF SERCURITY SERVICES TO MUNICIPAL PROPERTIES DAY AND NIGHT SHIFT FOR JUNE 2026	R 248 766'39
			R 278 666'39
10	KWANONGOMA TRADING	SPAR SHOPPING VOUCHERS (275 FOOD PACKS)	R 276 713'41
			R 276 713'41

CREDITORS AGE ANALYSIS: TABLE 2.2.2

CREDITORS ACCOUNT RECONCILIATION REPORT
MONTH ENDING JULY 2026

Total Balances as per EMS INVOICE AGE ANALYSIS REPORT:	**R 2 239 216'70**
AGE ANALYSIS TOTAL AMOUNT:	**R 2 239 216'70**
CLOSING BALANCE FOR UNPAID CREDITORS PER AGE ANALYSIS REPORT	**R 2 239 216'70**

AGED ANALYSIS	**R 2 239 216'70**
<30 Days	**R 1 028 403'38**
<60 Days	**R 945 778'58**
<90 Days	**R 15 968'30**
<120 Days	**R 249 066'39**
<150 Days	**R 0'00**
<180 Days	**R 0'00**
>180 Days	**R 0'05**

ANIMAL POUND EXPENDITURE

The animal pound expenditure emanates from contracted services offered in respect of the catching roaming animals around town. There is no expenditure since the start of the financial year.

2.3. INVESTMENT PORTFOLIO, BANK BALANCE ANALYSIS

The investment register reflects investment state of the municipality. Operating and capital expenditure requires that the municipality withdraws from time to time from investments to ensure cashflow suffice hence the withdrawals history of R63.9 million rands to date, thus the investment balance decreased to R43.4 million rands.

Table 2.3.1. Investment register for the period ending 30 June 2026

INVESTMENT REGISTER- JUNE 2026

INSTITUTION	BALANCE	CURRENT YEAR INVESTMENT	INTEREST RECEIVED	WITHDRAWAL	BANK CHARGES	BALANCE
NEDBANK (3)	R 1 330,19	R -	R 76,19	R -	R -	R 1 406,38
ABSA CALL (5892)	R 16 552 594,49	R 5 680 720,54	R 1 062 160,16	R 23 168 641,64	R -	R 126 833,55
ABSA (1394) HOUSING A/C	R 2 023 002,85	R -	R 113 781,60	R -	R -	R 2 136 784,45
ABSA (4328)	R 24 857,33	R -	R 1 396,55	R -	R 450,00	R 25 803,88
ABSA (5014)	R 96 511,20	R -	R 5 622,56	R -	R -	R 102 133,76
FNB CALL (1408)	R 10 845 156,72	R -	R 713 820,73	R -	R 1 062,00	R 11 557 915,45
STANDARD BANK 014	R 7 756,20	R -	R 389,35	R -	R -	R 8 145,55
STANDARD BANK 063	R 27 549 828,32	R -	R 1 953 573,55	R -	R -	R 29 503 401,87
STANDARD BANK 069	R 16 236 626,89	R -	R 1 173 073,33	R 17 409 700,22	R -	R -
STANDARD BANK 070	R -	R 23 000 000,00	R 421 089,04	R 23 421 089,04	R -	R -
TOTAL	**R 73 337 664,19**	**R 28 680 720,54**	**R 5 023 894,02**	**R 63 999 430,90**	**R 1 512,00**	**R 43 462 424,89**

Table 2.3.2. Investment growth table

Growth variance - investment balances 2026												
	July	August	September	October	November	December	January	February	March	April	May	June
Balance	R73 337 664,19	R 73 490 259,08	R73 816 142,76	R 79 828 199,59	R 80 179 998,28	R80 946 687,89	R81 286 104,25	R81 626 952,99	R 82 247 501,96	R105 605 240,96	R 83 279 655,18	R 43 462 424,89
Variance		R 152 594,89	R 325 883,68	R 6 012 056,83	R 351 798,69	R 766 689,61	R 339 416,36	R 340 848,74	R 620 548,97	R 23 357 739,00	-R 22 325 585,78	-R 39 817 230,29

The table 2.3.2. shows the movement in the investment balances. The growth on investments is shown through the comparisons of the preceding month balance against the following month balance. In June the variance is R39.8 million rands.

Table 2.3.3. Investment withdrawal table

INVESTMENT WITHDRAWALS - JUNE 2026				
DATE	ACCOUNT FROM	AMOUNT	ACCOUNT TO	WITHDRAWAL REASON
04-Jul-25	ABSA 5892	R 500 000,00	ABSA 2762	Insufficient funds to pay for normal operations
17-May-26	ABSA 5892	R 22 668 641,64	ABSA 2762	Insufficient funds to pay for normal operations
10-Jun-26	STD 070	R 23 421 089,04	ABSA 2762	Insufficient funds to pay for normal operations
10-Jun-26	STD 069	R 17 409 700,22	ABSA 2762	Insufficient funds to pay for normal operations
		R 63 999 430,90		

Withdrawal history is shown in the table below providing a telling picture on withdrawal movement since the start of the financial year. The municipal operational needs resulted in the withdrawals amounting to R63.9 million rands.

Table 2.3.2 Bank Balance (Primary account)

Bank balance for primary account reflects the amount of R311 thousand rands for the month under review.

BANK RECONCILIATION (PRIMARY ACCOUNT)	**4053562762**
Details	**Amount**
Cash book balance as at 30 June 2026	**R311 266,23**
Outstanding deposits	R0,00
Unknown deposits	R0,00
Bank charges	R0,00
Outstanding cheques	R0,00
Transfers	R0,00
Sundries	R0,00
Outstanding receipts	R0,00
Bank statement balance as at 30 June 2026	**R311 266,23**

Bank balance for grant account reflects the amount of R102 thousand rands for the month under review.

BANK RECONCILIATION (GRANTS ACCOUNT)	
Details	**Amount**
Cash book balance as at 30 June 2026	**R102 133,76**
Unknown deposits	R0
Outstanding cheques	R0
Bank charges	R0
Returned cheques	R0
Transfers	R0
Sundries	R0
Outstanding receipts	R0
Bank statement balance as at 30 June 2026	**R102 133,76**

2.4 ALLOCATION AND GRANT RECEIPTS AND EXPENDITURE

Grants register for the period ending 30 June 2026

Grant register Table 2.4.1

SUMMARY OF GRANTS RECEIVED AND EXPENDITURE TO DATE -JUNE 2026							
	Grant Type	Dora/Prov Allocation for year	Received 2025/26	Spent & transferred to income 2025/26	Balance as at 2025/26	Available funds/not committed 2025/26	% spending
National Grants operational	Eletrification(INEP)	(20 000 000,00)	(18 451 000,00)	18 451 000,00	-	-	100%
	FMG	(1 900 000,00)	(1 900 000,00)	1 783 192,40	(116 807,60)	(116 807,60)	94%
	EPWP	(1 639 008,00)	(1 936 000,00)	1 936 000,00	-	-	100%
National Grants Capital	MIG	(37 961 004,00)	(37 961 000,00)	37 961 000,00	0,00	0,00	100%
	Disaster relief grant	(23 000 000,00)	(23 000 000,00)	-	(23 000 000,00)	(23 000 000,00)	0%
KZN Grants Operational	Cybercadet		(554 000,00)	554 000,00	-	-	100%
	Library Modular		(1 560 000,00)	1 560 000,00	-	-	100%
	Library Volunteer		(124 000,00)	96 000,00	(28 000,00)	(28 000,00)	77%
	Library support	(4 493 000,00)	(2 142 000,00)	2 142 000,00	(0,00)	(0,00)	100%
	TOTALS	**(88 993 012,00)**	**(87 628 000,00)**	**64 483 192,39**	**(23 144 807,61)**	**(23 144 807,61)**	

The grants spending is as follows:

1. INEP is fully spent at 100%.
2. MIG grant 100% spent.
3. FMG 94% spent.
4. EPWP spent 100%.
5. Library support 100%
6. Cybercadet 100%
7. Library modular 100%
8. Library volunteer 77%

The lowest spent grant is the library volunteer at 77% owing to late allocation of the funds that occurred in October 2025 hence the low spending. The municipality received an amount of R1 142 000.00 in respect of library support grant for the maintenance and repairs of two libraries.

The additional Expanded Public Works Programme (EPWP) grant was received amounting to R297 000.00. The total grant funding received amounts to R87.6 million rands. The total grant expenditure to date amounts to R64.4 million rands.

2.5 COUNCILLOR ALLOWANCES AND EMPLOYEE BENEFITS

Expenditure on employee benefits

The employee benefits figure for the month under reporting amount to R113 million rands. The staff establishment was adopted by council in the last quarter of the previous financial year which will impact the staff benefits. Councillor allowances expenditure amounts to R 15.7 million rands. Table 2.5.1 below provide full details on both staff and councillor benefits.

Table 2.5.1 Staff benefits in terms of Section 66 of the MFMA

Staff Benefits in terms of Section 66 of the MFMA		
Actual staff benefits and Councillors allowances for the period ending 30 June 2026		
Staff Benefits		
Item	**Budget**	**Year to date actuals**
Salaries & Wages	R 91 550 207,00	R 79 501 230,62
Contributions to pension funds	R 11 886 283,00	R 10 660 651,63
Contributions to medical aids	R 2 377 963,00	R 3 920 754,45
Contributions to UIF	R 626 907,00	R 581 236,33
Contributions to SDL	R 964 369,00	R 943 511,14
Travel, motor car	R 4 209 576,00	R 5 342 103,07
Salga	R 40 066,00	R 42 958,65
Housing benefits and allowances	R 749 160,00	R 227 024,62
Cellphone Allowance	R -	R -
Overtime payments	R 1 913 336,00	R 2 971 726,77
Bonuses	R 6 321 148,00	R 5 677 225,03
Other leave & long service	R 624 578,00	R 1 185 780,51
Allowances (Standby and Drivers Allowance)	R 1 796 316,00	R 2 695 857,26
Totals	**R 123 059 909,00**	**R 113 750 060,08**
Councillors Allowances		
Item	**Budget**	**Year to date actuals**
Councillors Allowances	R 14 129 290,00	R 14 420 857,69
Cellphone/Data Allowance	R 2 298 473,00	R 1 157 686,68
Contributions to SDL	R 40 995,00	R 150 393,19
Totals	**R 16 468 758,00**	**R 15 728 937,56**

2.6 SCM REPORTS

INVENTORY

The municipality inventory levels are controlled through stock issues at the stores and recons are performed monthly to ensure that all inventory items are accounted for. Monthly reconciliations are performed to ensure that inventory items are accounted for. The inventory reconciliation below shows a balance brought forward of R1.1 million rands. The receipts amounts to R92 thousand rands and there are inventories issued amounting to R198 thousand rands. The inventory closing balance after all movements considered amounts to R1 million rands.

Table 2.6.1. Inventory reconciliation

INVENTORY RECONCILIATION - JUNE 2026	
INVENTORY MODULE	
OPENING BALANCE AS PER INVENTORY REPORT	**R 1 163 627,83**
ADD: TOTAL RECEIPTS	**R 92 850,00**
Inventory purchases for the month	R 92 850,00
LESS: TOTAL ISSUES	**(R 198 451,36)**
Inventory issued from stores during the month Journal : Capitalisation of asset	(R 198 451,36)
ADJUSTMENTS	**R 0,00**
Add: stock surplus identified during the month Less: Stock losses identied during the month	R 0,00
CLOSING BALANCE AS PER INVENTORY REPORT	**R 1 058 026,47**
GENERAL LEDGER VOTE BALANCE:	**R 1 058 027,20**

IRREGULAR & FRUITLESS EXPENDITURE

The municipality incurred the irregular expenditure amounting to R11.2 million rands for operational expenditure and R28.9 million rands for the month under reporting, hence the total irregular expenditure amounts to R40.2 million rands to date.

Table 2.6.2 Unauthorised and irregular expenditure summary

QUARTER 3-4 -MARCH 2026 IRREGULAR EXPENDITURE				
MONTH No.	**MONTH NAME**	**EXPENDITURE TYPE**		
OPENING BALANCE		**OPERATIONAL**	**CAPITAL**	**MONTHLY TOTALS**
		R 10 547 259,82	**R 23 665 702,37**	
7	January	R 166 276,07	R 819 558,03	R 985 834,10
8	February	R 172 676,11	R 2 020 468,00	R 2 193 144,11
9	March	R 361 382,76	R 2 481 248,63	R 2 842 631,39
CLOSING BALANCE		**R 11 247 594,76**	**R 28 986 977,03**	**R 40 234 571,79**
	TOTAL UIFW EXPENDITURE		**R 40 234 571,79**	

FRUITLESS EXPENDITURE

The municipality under the reporting period shows the balance of R87 thousand rands since the month of November to date. The expenditure was kept at nil for the entire quarter one.

Fruitless expenditure balance for the period ending 30 June 2026

Annexure C Demarcation Board Code: KZN242 Register for Fruitless and wasteful Expenditure Year Ended 30 June 2026			Financial Yea 2025/ 2026 Nquthu Local Municipality Month June	
Description	**Payment/EFT no.**		**Amount**	
Other- Penalty fees paid in Aug 2024				**R86 881,80**
Compensation Fund- Sec83(6) Penalty	#79477	71 916,25		
NJMPF-Super Annuation- Interest on salary investigati	#79568	14 564,55		
NJMPF-Super Annuation- Penalty 2023	#79567	30,63		
NJMPF-Penalty 2023-Provident	#79566	370,37		
Other -Driving Licences				**R118,36**
Penalty on late invoice payment	#81081	R118,36		
Arrears on late payment		R0,00		
TOTAL as @ 30 June 2026				**R 87 000,16**

DEVIATIONS

Deviations and all other matters relating to MFMA SCM Regulations Section 6 are reported monthly as a separate item.

2.7 MATERIAL VARIANCES TO SDBIP

The detailed SDBIP and Performance report is attended and reported by the Performance Management unit. Material variances on Table C4 based on actuals against budget are noted. The variance reasons between actuals vs budget figures are detailed below:

0 - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M12 June

Description R thousands	Ref	2024/25 Audited Outcome	Budget Year 2025/26 Original Budget	Adjusted Budget	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast	Variance reasons
Revenue										
Exchange Revenue										
Operational Revenue		649	25 331	25 689	1 250	25 689	(24 439)	-95%	25 689	Budget projections to be reviewed going forward.
Fines, penalties and forfeits		1 425	4 463	1 734	739	1 734	(995)	-57%	1 734	Budget was revised downwards to align with the current trends in fines revenue taking into consideration the magistrate fines write-off impact.
Service charges - Electricity		32 858	37 183	38 837	33 535	38 837	(5 302)	-14%	38 837	The trends in the past supported the original budget and variance is studied to ensure accurate budget projection in the coming year
Interest from Current and Non Current Assets		8 907	8 150	6 720	5 890	6 720	(830)	-12%	6 720	The budget wasrevised downward to align actual interest with the budget. The investment balance impacts the interest actuals.
Licence and permits		862	1 088	775	914	775	140	18%	775	The revised budget is aligned to issued licences and anticipated issuance of permits.
Interest earned from Receivables		778	1 171	469	706	469	237	51%	469	The interest on outstanding balances was adjusted however the actuals exceeded the adjustment. New trend is considered for future projection.
Sale of Goods and Rendering of Services		810	236	241	455	241	214	89%	241	The service charges are dependent on billable accounts supported by meter readings, the trends in the past supported the original budget and variance is
Expenditure By Type										
Debt impairment		16 949	–	17 415	–	17 415	(17 415)	-100%	17 415	The budget is adjusted from zero whereas the actuals are not yet finalised. The figures will concluded during the preparation of final AFS.
Depreciation and amortisation		40 486	37 000	37 000	–	37 000	(37 000)	-100%	37 000	There is no calculation finalised yet. Figures will be update on finalisation of interim AFS.
Irrecoverable debts written off		1 184	15 000	5 241	166	5 241	(5 075)	-97%	5 241	The figure represents the indigent customers rebate granted, hence the adjustment decrease of the original budget. There are debts written off in June.
Inventory consumed		891	2 046	2 201	827	2 201	(1 374)	-62%	2 201	Inventory items are classified and moved with a journal since there are items that are allocated to this line items incorrectly owing to configurations in the system.
Operational costs		39 118	40 933	41 293	49 659	41 293	8 366	20%	41 293	The operational costs budget is slightly adjusted downward since the anticipated expenditure is expected to match the provided budget.

MUNICIPAL MANAGER'S QUALITY CERTIFICATE

I **Mpumelelo. B. Jiyane**, the municipal manager of Nquthu Municipality, hereby certify that the:

Section 71 - for the month ending 31 July 2026

has been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act,

Name	Mr Mpumelelo B. Jiyane
Designation	Municipal Manager of Nquthu Municipality (KZN 242)
Signature:	
Date	03/08/2026