VICTOR KHANYE

LOCAL MUNICIPALITY – PLAASLIKE MUNISIPALITEIT

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BUDGET & TREASURY OFFICE

QUALITY CERTIFICATE

I, **T.M MASHABELA,** Municipal Manager of Victor Khanye Local Municipality, hereby certify that the budget statement for July 2026_27 financial year has been prepared in accordance with the Municipal Finance Management Act and regulation made under that Act, and that the attached documents are consistent with the Integrated Development Plan of the municipality.

INITIALS AND SURNAME T.M. MASHABELA

MUNICIPAL MANAGER OF VICTOR KHANYE LOCAL MUNICIPALITY MP311

SIGNATURE...

DATE 12/08/2026

VICTOR KHANYE

LOCAL MUNICIPALITY – PLAASLIKE MUNISIPALITEIT

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BUDGET AND TREASURY OFFICE

Enquires: S Maphanga **Ref: 8/2/1/2**

TO : MUNICIPAL MANAGER
T.M MASHABELA

FROM: CHIEF FINANCIAL OFFICER
T.P MAHLANGU

DATE : 11 AUGUST 2026

RE : SECTION 71 REPORT

PURPOSE
To provide the Executive Mayor/Council with the budget and financial performance report for 31 July 2026_27.

BACKGROUND
In terms of section 71(1) of the Municipal Finance Management Act (MFMA) No. 56 of 2003, the accounting officer of a municipality must by no later than 10 working days after the end of each month submit to the Mayor of the municipality and the relevant provincial treasuries a statement in the prescribed format on the state of the municipality's budget reflecting the following particulars for that month and for the financial year up to the end of that month. The format was amended in line with the Municipal Budget and Reporting Regulation and approved in terms of Section 168 of the Municipal Finance Management Act per Government Gazette No. 32141 dated 17 July 2009 for implementation with effect from 1 July 2009 as follows:

a) Actual revenue, per revenue source;
b) Actual borrowings;
c) Actual operating expenditure, per vote;
d) Actual capital expenditure, per vote;
e) The amount of any allocation received;
f) Actual expenditure on those allocations, excluding expenditure on – Its share of the local government equitable share; and
   ii. Allocations exempted by the annual Division of Revenue Act from compliance with this paragraph and;

g) When necessary, an explanation of –

iii. Any material variance from the municipality's projected revenue by source, and from the municipality's expenditure projections per vote;

iv. Any material variance from the service delivery and budget implementation plan; and

v. Any remedial or corrective steps taken or to be taken to ensure that projected revenue and expenditure remains within the municipality's approved budget

The format was amended in line with the Municipal Budget and reporting regulations and approved in terms of section 168 of the MFMA, per government gazette no 32141 dated 17 July 2009 for implementation with effect from 1 July 2009 as follows:

Table C1 s71 actual monthly Budget Statement Summary;

Table C2 actual monthly Budget Statement- Financial Performance (standard classification);

Table C3 actual monthly Budget Statement – Financial Performance (per vote);

Table C4 actual monthly Budget Statement – Financial Performance (revenue and expenditure);

Table C5 actual monthly Budget Statement – Capital Expenditure (municipal vote, standard classification and funding);

Table C6 actual monthly budget statement – financial position.

Table C7 actual monthly statement - Cash flow.

DISCUSSION

To ensure legally sound financial management on the activities performed by the municipality and financial viability, also to provide monthly report on the implementation of the Annual Budget and the actual monthly expenditure and revenue on standard classification of votes.

1. EXECUTIVE SUMMARY

- Table C1: **Monthly Budget Statement Summary July 2026_27**

Description	Budget	July Actuals	YTD Actuals	YTD Budget
Revenue	- 1 053 872 000	- 136 742 000	- 430 502 000	- 87 822 666.67
Expenditure	1 066 202 000	77 921 000	194 189 000	88 850 166.67
Surplus/Deficit	12 330 000	- 58 821 000	- 58 821 000	
Capital expenditure	29 886 000	867 000	867 000	2 490 500
Debtors		2 163 483 636		
Creditors		1 877 130 146		
Average payment ra	85%	70%		

The actual revenue billed for July amounted to **R136 million** and reflects a variance of **56%** when compared with the year-to-date budget of **R87 million.**

The expenditure amounted to **R77 million** and reflects a variance of **(-12%)** when compared with the year-to-date budget of **88 million**.

The net operating surplus for July amounts to **R58 million** and is the same as the year-to-date surplus of **R58 million**.

The municipality received the following grant in July:

Equitable share – R67 923 000

Capital expenditure incurred in July amounted to **R 867 thousand**.

Ageing debtors amounted to **R2.1 billion** and on Creditors **R1.8 billion** in which the highest is an amount of **R1.3 billion** owed to Eskom and **R467 million** owed to Rand Water.

Collection rate **(70%)**

The methodology used to calculate and report the payment rate has been revised. This methodology provides a more accurate and meaningful measure of the Municipality's actual collection performance, as it considers all relevant billing movements, corrections and adjustments processed during the period, thereby ensuring that the reported payment rate is aligned with the final and corrected financial position of customer accounts.

Account Type	Total Settlements	Total Movement	Billing	Credit Notes	Debit Notes	Other Adjustments	PaymentRate (Movement)	PaymentRate (Billing)
DEPOSIT	-60 896.69	18 731.60	-	-	-	18 731.60	325.00	-
ADVANCE PAYMENT	368 588.24	-	-	-	-	-	-	-
INTEREST	-447 280.16	7 320 726.37	10 466 535.21	-1 230 708.59	74 105.45	-1 989 205.70	6.00	4.00
VAT	-3 639 684.44	4 993 907.71	4 671 296.44	-155 012.00	187 925.71	289 697.56	73.00	78.00
WATER	-2 466 014.34	5 225 025.34	5 812 867.25	-103 078.88	85 151.37	-569 914.40	47.00	42.00
ELECTRICITY	-18 136 930.46	19 512 127.57	17 368 027.41	-915 644.25	1 128 022.62	1 931 721.79	93.00	104.00
RATES	-10 110 544.25	11 941 039.04	21 114 493.52	-8 128 128.30	2 406.25	-1 047 732.43	85.00	48.00
REFUSE	-949 253.14	1 243 631.47	1 370 081.02	-	-	-126 449.55	76.00	69.00
SEWERAGE	-769 424.04	833 717.40	1 060 874.48	-	39 656.56	-266 813.64	92.00	73.00
SUNDRIES VAT	-49 926.28	-	-	-	-	-	-	-
SUNDRY NON VAT	-38 972.30	1 545.60	2 146.80	-	-	-601.20	2 521.00	1 815.00
HIRE	-949 843.82	4 619 523.25	5 622 082.73	-14 688.40	-	-987 871.08	21.00	17.00
OTHER SERVICES	-13 044.58	23 968.50	-	-	-	23 968.50	54.00	-
PAYMENT ADVANCED	-1 627 138.55	-	-	-	-	-	100.00	100.00
Total	-38 890 364.81	55 733 943.85	67 488 404.86	-10 547 260.42	1 517 267.96	-2 724 468.55	70%	58%

REVENUE VARIANCES

	Original budget 2026/2027	July Actual	YTD Actual	YTD Budget	Variance	Variance %
R thousands						
Revenue By Source						
Exchange revenue						
Service charges - electricity revenue	272 837 000	23 314 000	23 314 000	22 736 417	577 583	3%
Service charges - water revenue	86 057 000	3 990 000	3 990 000	7 171 417	- 3 181 417	-44%
Service charges - sanitation revenue	14 924 000	1 272 000	1 272 000	1 243 667	28 333	2%
Service charges - refuse revenue	18 996 000	1 350 000	1 350 000	1 583 000	- 233 000	-15%
Sale of Goods and rendering of services	9 422 000	327 000	327 000	785166.6667	- 458 167	-58%
Interest earned - outstanding debtors	165 255 000	1 000	1 000	13771250	- 13 770 250	-100%
Rental of facilities and equipment	1 702 000	160 000	160 000	141833.3333	18 167	13%
Operational revenue	1 255 000	18 000	18 000	104583.3333	- 86 583	-83%
Interest from non_current Assets	-	28 000	28 000	0	28 000	
Non-exchange revenue				0	-	
Property rates	164 060 000	27 251 000	27 251 000	13671666.67	13 579 333	99%
Fines, penalties and forfeits	2 318 000	5 000	5 000	193166.6667	- 188 167	-97%
Surcharges and Taxes	75 993 000	-	-	6332750	- 6 332 750	-100%
interest	71 818 000	11 102 000	11 102 000	5984833.333	5 117 167	86%
other Gains		-	-	0	-	0%
Transfers and Subsidies - Operational	167 148 000	67 923 000	67 923 000	13929000	53 994 000	388%
Total revenue (excluding capital transfe	1 051 785 000	136 741 000	136 741 000	87 648 750	49 092 250	56%

EXCHANGE AND NON-EXCHANGE REVENUE

Service Charges – Electricity

The billing for July amounted to **R23 million**. This reflects a positive variance of **3%** when in compared with the year to date budget **R22 million.** As part of the revenue enhancement strategy, the disconnections of water and electricity services for non-paying businesses is still running.

Service Charges – Water

The billing for July amounted to **R3.9 million.** When the year-to-date actual **68.6 million** is compared with the year to date budget **R78.6 million**, the variance is **(-13).**

Service Charge – Sanitation

The billed revenue for July amounted to **R1.2 million** and reflects a variance of **2%** when compared with the year to date budget of **R1.2 million.** Growth in indigent households receiving free basic services, reducing billable revenue and lower-than-anticipated revenue collection due to poor consumer payment levels.

Service Charge – Refuse removal

The billed revenue amounted to **R1.3 million** and reflects a variance of **(-15%)** when compared to the year to date budget of **R1.5 million**. Growth in indigent households receiving free basic services, reducing billable revenue and lower-than-anticipated revenue collection due to poor consumer payment levels.

Rental of facilities and equipment

Billing for rental of facilities amounted to **R160 thousand**, Year to date actual is higher than year to date budget due to change in tariffs.

Operational Costs

Billing for operational costs amounted to **R18 thousand** and a year to date budget of **R104 thousand.** Operational revenue comprise of grave fees, connection/disconnection of water and electricity fees, building plans.

Property Rates

Billing for property rates for July amounted to **R27 million** and reflects a variance of 99% compared to the year-to-date budget of **R13.6 million**. This overbilling may be attributable the schedules pulling amounts from surcharges with includes flat rate for all arear in Botleng. This will be investigated and adjusted.

Surcharges and Taxes –Surcharges are additional fees, charges, or taxes added to the base price of a good or service. Comprise of items such as flat rate, trading licenses, waste disposal from private clients, printing of consumers statement, printing of clearance/valuation certificates, fire and rescue services etc.

Transfers and subsidies

Capital and in-kind (-100%) are only acknowledged at the end of the financial year when they are recognised as revenue.

Interest

Billing for interest on consumers debtors amounted to **R10 million** for both the exchange and non-exchange revenue respectively.

Actual year-to-date in 2026_27 financial year amounted to **R136 million,** included in that revenue is the grant received for equitable share **R67.9 million.**

EXPENDITURE

Monthly Budget Statement - Financial Performance (Expenditure) – July 2026_27.

	Original Budget 2026/27	Monthly Actual	YTD Actual	YTD budget	Variance	Variance %
R thousands						
Expenditure By Type						
Employee related costs	230 446 000	18 482 000	18 482 000	19 203 833	- 721 833	-4%
Remuneration of councillors	12 723 000	837 000	837 000	1 060 250	- 223 250	-21%
Bulk purchases - Electricity	246 145 000	35 443 000	35 443 000	20 512 083	14 930 917	73%
Inventory consumed and Bulk purchase	123 741 000	5 963 000	5 963 000	10 311 750	- 4 348 750	-42%
Debt impairment	98 203 000	-	-	8 183 583	- 8 183 583	0%
Depreciation and asset impairment	58 685 000	-	-	4 890 417	- 4 890 417	-100%
Finance charges	40 000 000	7 711 000	7 711 000	3 333 333	4 377 667	131%
Contracted services	138 700 000	6 121 000	6 121 000	11 558 333	- 5 437 333	-47%
Transfers and subsidies	-	-	-	-	-	0%
Irrecoverable debts written off	31 383 000	2 070 000	2 070 000	2 615 250	- 545 250	-21%
Operationsl Costs	86 176 000	1 294 000	1 294 000	7 181 333	- 5 887 333	-82%
Losses on Disposal of Asset	-	-	-	-	-	0%
Other Losses	-	-	-	-	-	0%
Total Expenditure	1 066 202 000	77 921 000	77 921 000	88 850 167	- 10 929 167	-12%

Employee related cost – For July 2026_27 total salaries, allowances and benefits including remuneration of councillors amounted to **R19 million.**

Bulk Purchases - Electricity – Eskom invoices for July amounted to **R35 million.** A payment of **R10 million** was made for both main and sub-account. The municipality remains non-compliant regarding circular 124 of the Eskom debt relief.

Inventory consumed – The inventory consumed amounted to **R5.9 million**. A payment of **R5.7 million** was made to Rand Water. To minimise reliance on Rand Water, there's a project for installation of water package plants/boreholes which is aimed at producing 2 mega-litres of water per day.

Finance charges – Interest is charged on the bulk purchases and amounted to **R7.7 million**.

Contracted services – Expenditure on contracted services amounted to **R6 million** in July. Contracted services consist of legal fees, general maintenance of infrastructure, insurance, financial and non-financial systems, telephones, etc.

Irrecoverable debt written off – Debt write offs amounted to **R2 million.**

Operational costs – For July, general expenditure also amounted to **R1.2 million.** General expenses are, but not limited to PPE, audit fees, skills development, operating lease, material and supplies, etc.

Repairs and Maintenance

Description R thousands	Original Budget 2026/27	Monthly Actual	Year to Date Actual	Year to date Budget	Variance	Variance %
Infrastructure	21 400 000	335 000	335 000	1 783 000	1 448 000	346%
Roads Infrastructure	**3 000 000**	**85 000**	**85 000**	**250 000**	**165 000**	**66%**
Capital Spares	3 000 000	85 000	85 000	250 000	165 000	66%
Electrical Infrastructure	**15 000 000**	**250 000**	**250 000**	**1 250 000**	**1 000 000**	**80%**
Capital Spares	15 000 000	250 000	250 000	1 250 000	1 000 000	80%
Water Supply Infrastructure	**1 000 000**	**-**	**-**	**83 000**	**83 000**	**100%**
Capital Spares	1 000 000	-	-	83 000	83 000	100%
Sanitation Infrastructure	**500 000**	**-**	**-**	**42 000**	**42 000**	**100%**
Capital Spares	500 000	-	-	42 000	42 000	100%
Solid Waste Infrastracture	**1 900 000**	**-**	**-**	**158 000**	**158 000**	**875%**
Capital Spares	1 900 000	-	-	158 000	158 000	100%
Information and communication infrastructure	11 750 000	33 000	33 000	979 000	946 000	97%
Data centres	11 750 000	33 000	33 000	**979 000**	946 000	97%
Capital Spares	11 750 000	33 000	33 000	979 000	946 000	97%
Total Repairs and Maintenance Expenditure	33 150 000	368 000	368 000	2 762 000	2 394 000	87%

Repairs and maintenance analysis supporting table SC13c measures the extent to which Council's assets are maintained per asset class. Expenditure incurred for July amounts to **R368 thousand.**

NORMS AND RATIOS

Current ratio (0:67)

The ratio shows that the municipality is having financial challenges and insufficient cash to pay off its short-term liabilities using its short-term assets. The reduction of Rand Water bill shows a positive impact on our liabilities.

Current Ratio	Current Assets / Current Liabilities	Statement of Financial Position, Budget, IDP and AR	1.5 - 2:1		0.67
				Current Assets	1 700 338
				Current Liabilities	2 525 106

Collection Rate (70%)

A collection rate signal problems with billing, credit policies, or customer payment habits, potentially impacting revenue.

(Gross Debtors Closing Balance + Billed Revenue - Gross Debtors Opening Balance - Bad Debts Written Off)/Billed Revenue x 100	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS.	95%		70%
			Gross Debtors closing balance	2 161 127 458
			Gross Debtors opening balance	2 131 243 099
			Bad debts written Off	
			Billed Revenue	67 488 405

Cash/Cost coverage ratio (3 Month)

The ratio shows the municipality will be vulnerable and at a higher risk in the event of financial "shocks/set-backs" and its ability to meet its obligations to provide basic services or its financial commitment is compromised.

Cash / Cost Coverage Ratio (Excl. Unspent Conditional Grants)	((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, Provision for Bad Debts, Impairment and Loss on Disposal of Assets)	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget, In year Reports and AR	1 - 3 Months		3 Month
				Cash and cash equivalents	20 732 070
				Unspent Conditional Grants	-
				Overdraft	-
				Short Term Investments	-
				Total Annual Operational Expenditure	77 921 000

Capital expenditure to operating expenditure (1%)

The ratio shows that the low spending by the municipality in infrastructure holds potential risks to service delivery and that the existing infrastructure may deteriorate, requiring more costly repairs and maintenance in the future.

Capital Expenditure to Total Expenditure	Total Capital Expenditure / Total Expenditure (Total Operating expenditure + Capital expenditure) × 100	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget, In-Year reports, IDP and AR	10% - 20%		1%
				Total Operating Expenditure	77 921 000
				Taxation Expense	-
				Total Capital Expenditure	867 000

Contracted services (8%)

This ratio is alarming, outsourcing decisions will have to be weighed against the ability to attract skills; however, increases in this ratio can further expose the municipality to other risks, such as its inability to build capacity and ongoing reliance on Contractors.

Contracted Services % of Total Operating Expenditure	Contracted Services / Total Operating Expenditure x100	Statement of Financial Performance, Budget, IDP, In-Year reports and AR	2% - 5%		8%
				Contracted Services	6 121 000
				Total Operating Expenditure	77 921 000
				Taxation Expense	-

Creditor's payment period (360 Days)

The number of days it takes the municipality to pay its suppliers after receiving goods or services a period of longer than 30 days to settle creditors is normally an indication that the Municipality might be experiencing cash flow problems.

Creditors Payment Period (Trade Creditors)	Trade Creditors Outstanding / Credit Purchases (Operating and Capital) × 365	Statement of Financial Performance, Notes to AFS, Budget, In-Year reports and AR	30 days		360 days
				Trade Creditors	1 877 130 146
				Contracted Services	6 121 000
				Repairs and Maintenance	368 000
				General expenses	36 357 000
				Bulk Purchases	1 860 121 907
				Capital Credit Purchases *(Capital Credit Purchases refers to additions of Investment Property and Property, Plant and Equipment)*	-

4. BUDGET PERFOMANCE OVERVIEW

4.1 CAPITAL EXPENDITURE

Grants	Gazetted Amnt	Total Received to date	July Actuals	YTD Actual	% spent on received amount
MIG	29 948 000	-	1 218 905	1 218 905	4%
INEP	2 088 000	-	-	-	0%
MDRG	6 000 000	6 000 000	-	2 800 000	47%

Total allocation for conditional capital grants from the National Treasury for the **2026_27** financial year amounted to and **R38 million.** Expenditure incurred for MIG is **R1.2 million**. The MDRG is at 47% spent, however, the condition for this grant allows a cross over to 2026/27 as the period is April - September 2026.

4.2 CASH FLOW STATEMENT

Net Cash from operating activities

The net cash from operating activities for July amounted to a favourable **R60 thousand** which is supported by grants received from operational and capital project. As part of the budget-funding plan the municipality is busy with the data cleansing, review of tariffs to be cost reflecting and meter audit to ensure that municipality is not grant depended.

Net Cash from investing activities

The net cash from investing activities for July amounted to **R1.2 million** of capital projects.

Net Increase/ Decrease in cash held

The municipality recorded a decrease in net cash held of **R20.7 million** as at 31 July 2026.

Description R thousands	July 2026_27 Actual
CASH FLOW FROM OPERATING ACTIVITIES	
Receipts	
Property rates, penalties & collection charges	10 111
Service charges	22 322
Other revenue	48
Government - operating	67 923
Government - capital	17 687
Interest	447
Dividends	–
Total receipts	**118 538**
Payments	
Suppliers and employees	(109 548)
Finance charges	(7 711)
Transfers and Grants	(1 219)
Total payments	**(118 478)**
NET CASH FROM/(USED) OPERATING ACTIVITIES	**60**
CASH FLOWS FROM INVESTING ACTIVITIES	
Receipts	
Received from arrangements	–
Disposal of assets	–
(Increase) / Decrease in non-current investments	–
Payments	(1 219)
Capital assets	(1 219)
NET CASH FROM/(USED) INVESTING ACTIVITIES	**(1 219)**
CASH FLOWS FROM FINANCING ACTIVITIES	
Receipts	
Increase in consumer deposits	–
Borrowing long term/refinancing	–
Payments	
Repayment of borrowing	–
Finance lease payments	–
NET CASH FROM/(USED) FINANCING ACTIVITIES	**–**
NET INCREASE/ (DECREASE) IN CASH HELD	**14 978**
Cash/cash equivalents at beginning of the month:	5 754
Cash/cash equivalents at month end:	20 732

5. IN-YEAR BUDGET STATEMENT TABLES

Table C2: **Monthly Financial Performance by Vote** realized by vote for revenue and expenditure. The deviations by vote are reflected in the year-to-date (YTD) variance column.

The difference in revenue variations between Table C2 and Table C1 is the result of capital grants received, which are included in Table C2.

Table C3: **Monthly Financial Performance (Revenue and Expenditure by Vote):**

Table C3 measures the actual year to date against the year to date SDBIP figures, which have been realised by vote for the revenue and expenditure. The deviations by vote are reflected in the year-to-date (YTD) variance column. Total revenue by vote for July resulted in a favourable balance of **R136 million** and total expenditure amounted to **R76 million.**

Table C4: **Monthly Financial Performance by Revenue Source and Expenditure Type**

Table C4 provides details of the service delivery targets for revenue by source and expenditure by type. For revenue, the main deviations are service charges: water, rental of facilities, interest on investments and outstanding debtors, fines, licenses and permits and agency services and other revenue. In the case of expenditure finance charges, contracted services, bulk purchases, other materials, transfer & subsidies and other expenditure. The total deficit in revenue is **56%** and deviation of **-12%** for expenditure for the month compared to the budget.

Table C5: **Monthly Capital Expenditure by Vote**

Table C5 indicates the monthly actuals on capital expenditure for all votes and measures the year-to-date actuals against the year to date planning (SDBIP) figures. For July, the expenditure amounted to **R867 thousand.**

All municipal departments have been sensitise on the urgency of spending on capital projects that are grant funded and the spending have been linked to the performance of each Executive Directorate.

Table C6: **Monthly Budget Statement Financial Position**

The table provides an overview of the financial position of the municipality's assets and liabilities. As at 31 July 2026_27, the community wealth amounts to a favourable **R212 million,** Total liabilities amounts to **R2.5 billion,** whilst total assets amount to **R2.7 billion** which resulted in a favourable net-assets of **R211 million**, all figures are accumulative.

Table C7: **Monthly Budget Statement Cash Flow**

Table C7 provides detail of the actual year to date in-flow and out-flow. For October, the net cash from operating activities is a favourable **R96 million**, the Net cash from investing activities has an outflow of **R3.3 million.** The net cash from financing activities amounts to **R0.** The Bank balance at the end of the month amounted to **R20.7 million**.

BANK NAME	TYPE OF ACCOUNT	BALANCE
STD BANK	MAIN ACCOUNT	1 405 292
STD BANK	CALL ACCOUNT ELEC	17 273 610
STD BANK	CALL ACCOUNT	1 912
STD BANK	TRAFFIC	126 194
STD BANK	MONEY MARKET	1 691 262
ABSA BANK	CALL ACCOUNT	233 799
BALANCE		**20 732 070**

SUPPORTING DOCUMENTATION

3.1 PERFOMANCE INDICATORS:

- Supporting table SC2 provides detail on performance indicators in particular to revenue management. The methodology used to calculate and report the payment rate has been revised. This methodology provides a more accurate and meaningful measure of the Municipality's actual collection performance, as it considers all relevant billing movements, corrections and adjustments processed during the period, thereby ensuring that the reported payment rate is aligned with the final and corrected financial position of customer accounts. The collection rate for July is therefore **70%.**

Account Type	Total Settlements	Total Movement	Billing	Credit Notes	Debit Notes	Other Adjustments	PaymentRate (Movement)	PaymentRate (Billing)
DEPOSIT	-60 896.69	18 731.60	-	-	-	18 731.60	325.00	-
ADVANCE PAYMENT	368 588.24	-	-	-	-	-	-	-
INTEREST	-447 280.16	7 320 726.37	10 466 535.21	-1 230 708.59	74 105.45	-1 989 205.70	6.00	4.00
VAT	-3 639 684.44	4 993 907.71	4 671 296.44	-155 012.00	187 925.71	289 697.56	73.00	78.00
WATER	-2 466 014.34	5 225 025.34	5 812 867.25	-103 078.88	85 151.37	-569 914.40	47.00	42.00
ELECTRICITY	-18 136 930.46	19 512 127.57	17 368 027.41	-915 644.25	1 128 022.62	1 931 721.79	93.00	104.00
RATES	-10 110 544.25	11 941 039.04	21 114 493.52	-8 128 128.30	2 406.25	-1 047 732.43	85.00	48.00
REFUSE	-949 253.14	1 243 631.47	1 370 081.02	-	-	-126 449.55	76.00	69.00
SEWERAGE	-769 424.04	833 717.40	1 060 874.48	-	39 656.56	-266 813.64	92.00	73.00
SUNDRIES VAT	-49 926.28	-	-	-	-	-	-	-
SUNDRY NON VAT	-38 972.30	1 545.60	2 146.80	-	-	-601.20	2 521.00	1 815.00
HIRE	-949 843.82	4 619 523.25	5 622 082.73	-14 688.40	-	-987 871.08	21.00	17.00
OTHER SERVICES	-13 044.58	23 968.50	-	-	-	23 968.50	54.00	-
PAYMENT ADVANCED	-1 627 138.55	-	-	-	-	-	100.00	100.00
Total	-38 890 364.81	55 733 943.85	67 488 404.86	-10 547 260.42	1 517 267.96	-2 724 468.55	70%	58%

3.2 DEBTORS/RECEIVABLES ANALYSIS:

- 3.3.1 Supporting table SC3 provides details on consumer debtors. Currently outstanding debtors amounts to **R2.1 billion** including interest on arrears. Outstanding debtors over 90days amounts to **R2 billion**. The table below reflects the debtor's age analysis by customer group.

CUSTOMER GROUP	JULY
Organs of state	15 918 467.49
Commercial	95 296 072.00
Households	1 088 472 890.03
Mines	27 109 640.46
Farms	884 755 656.15
Indigents	13 452 548.28
Top 200	32 971 624.21
Municipal prop	100 402.41
Public Worship	470 456.30
Other	4 589 722.98
Public service infrastru	346 155.63
	2 163 483 635.94

3.3 CREDITORS ANALYSIS:

Supporting table SC4 provides details on aged creditors. In terms of the Municipal Finance Management Act, all creditors must be paid within 30 days of receiving the invoice or statement.

For the month ended in July 2026_27, creditors amounted to **R 1.8 billion** and the bulk of the creditors relates to Eskom account with an amount **R1.3 billion** and Rand Water with an amount of **R467 million.**

3.4 COUNCILLORS ALLOWANCES AND EMPLOYEE BENEFITS ANALYSIS:

The table SC8 provides details for councillor and employee benefits. For July 2026_27, total salaries, allowances and benefits amounted to **R19 million**.

3.5 CAPITAL EXPENDITURE TREND

Supporting table SC12 provides information on the monthly trends for capital expenditure. In terms of this table, capital expenditure incurred for July 2026 amounted to **R867 thousand**.

Attached as Annexure are the following:

- The actual monthly Budget Statement Annexure "A"
- An analysis of top 20 creditors for the month Annexure "B"
- Actual year to date of consumer debtors – Age analysis Annexure "C"
- Non-compliance letter from Provincial Treasury and self-assessment for June 2026 is attached as Annexure "D"
- Government debt Annexure É"

6. DEBTORS

Debtors' Age Analysis for the month ended 31 July 2026_27, outstanding debtors comprise of consumer and sundry debtors. The total outstanding debtors amounts to **R2 billion** the consumer debtors amount to **R1.8 billion** and sundry debtors amount to **R140 million**. Creditors to the amount **R1.8 billion** were not paid during the month.

Description		Budget Year 2026/2027											
R thousands	NT Code	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total	Total over 90 days	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200	5 419	4 517	3 256	3 245	3 278	3 019	3 363	257 127	283 224	273 288	–	–
Trade and Other Receivables from Exchange Transactions - Electricity	1300	19 362	1 913	791	502	548	577	349	23 288	47 330	25 054	–	–
Receivables from Non-exchange Transactions - Property Rates	1400	21 177	15 384	14 085	89 625	93 894	87 504	86 961	579 573	988 203	951 641	–	–
Receivables from Exchange Transactions - Waste Water Management	1500	1 170	546	471	402	420	349	362	22 428	26 147	24 431	–	–
Receivables from Exchange Transactions - Waste Management	1600	1 219	772	668	607	2 373	622	490	27 420	34 172	32 181	–	–
Receivables from Exchange Transactions - Property Rental Debtors	1700	5 684	5 523	5 151	5 185	5 276	5 146	5 123	254 537	291 625	280 418	–	–
Interest on Arrear Debtor Accounts	1810	10 566	11 234	10 142	9 930	9 606	9 452	9 212	276 547	346 691	324 891	–	–
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	–	–	–	–	–	–	–	–	–	–	–	–
Other	1900	3 388	1 122	1 136	871	1 265	943	1 371	135 996	146 092	141 582	–	–
Total By Income Source	**2000**	**67 986**	**41 011**	**35 701**	**110 368**	**116 660**	**107 612**	**107 230**	**1 576 915**	**2 163 484**	**2 054 487**	–	–
2019/20 - totals only										–	–		
Debtors Age Analysis By Customer Group													
Organs of State	2200	2 167	1 304	1 191	532	994	402	720	8 609	15 918	12 447	–	–
Commercial	2300	6 067	3 033	2 515	2 096	2 112	1 956	1 835	75 683	95 296	86 196	–	–
Households	2400	23 827	21 789	18 927	18 775	21 210	18 206	18 093	947 645	1 088 473	1 042 856	–	–
Other	2500	35 925	14 884	13 067	88 965	92 344	87 048	86 583	544 980	963 796	912 987	–	–
Total By Customer Group	**2600**	**67 986**	**41 011**	**35 701**	**110 368**	**116 660**	**107 612**	**107 230**	**1 576 915**	**2 163 484**	**2 054 487**	–	–

7. CREDITORS AGE ANALYSIS

Description	NT Code	Budget Year 2026/27								
R thousands		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
Creditors Age Analysis By Customer Type										
Bulk Electricity	0100	48 469	24 384	19 771	46 544	1 253 159	–		–	1 392 326
Bulk Water	0200	6 288	5 181	10 166	10 055	436 106	–		–	467 796
PAYE deductions	0300	–	–	–	–	–	–	–	–	–
VAT (output less input)	0400	–	–	–	–	–	–	–	–	–
Pensions / Retirement deductions	0500	–	–	–	–	–	–	–	–	–
Loan repayments	0600	–	–	–	–	–	–	–	–	–
Trade Creditors	0700	–	4	14 759	287	347	–	–	–	15 396
Auditor General	0800	–	–	–	–	550	–	–	–	550
Financial Systems	0900	–	316	746	–	–	–	–	–	1 062
Total By Customer Type	1000	54 757	29 885	45 442	56 885	1 690 161	–	–	–	1 877 130

8. Allocation, receipts and expenditure of conditional grants

Grants	Gazetted Amnt	Total Received to date	July Actual	YTD Actual	% spent on received amount
FMG	2 000 000	-	-	-	0%
EPWP	2 134 000	-	-	-	0%
MIG	29 948 000	-	1 218 905	1 218 905	4%
INEP	2 088 000	-	-	-	0%
MDRG	6 000 000	6 000 000	-	2 800 000	47%

9. Councillors and employee benefits

Number of months--------->	1				
	Pro-rata	July	YTD	%	Reason for Variance
	Budget	Actual	Actual	Actual	
Councillors:					
Allowances	913 750	837 000	837 000	91.6%	None
Employees:					
Basic salary	12 175 917	11 942 241	11 942 242	98.1%	None
Travelling allowance	1 176 667	986 357	986 357	83.8%	None
Overtime	1 623 583	1 247 802	1 247 802	76.9%	None
Employee social contributions	4 374 167	4 305 599	4 305 599	98.4%	None
TOTAL	**20 264 083**	**19 319 000**	**19 319 000**	**95.3%**	

13. Conclusion

14. Annexure A: C Schedules

15. Annexure B: Compliance with the conditions for Municipal Debt Relief

16. Municipal Manager's quality certificate

MP311 Victor Khanye - Table C1 Monthly Budget Statement Summary - M01 - July

Description R thousands	2025/26 Audited Outcome	Budget Year 2026/27 Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Financial Performance									
Property rates	915 081	164 060	–	27 251	27 251	13 672	13 580	99%	164 060
Service charges	317 834	392 814	–	29 927	29 927	32 734	(2 808)	-9%	392 814
Investment revenue	865	–	–	28	28	–	28	#DIV/0!	–
Transfers and subsidies - Operational	183 879	167 148	–	67 923	67 923	13 929	53 994	388%	167 148
Other own revenue	192 029	327 762	–	11 613	11 613	27 314	(15 701)	-57%	327 762
Total Revenue (excluding capital transfers and contributions)	**1 589 688**	**1 051 784**	–	**136 742**	**136 742**	**87 649**	**49 093**	**56%**	**1 051 784**
Employee costs	221 059	230 446	–	18 482	18 482	19 204	(722)	-4%	230 446
Remuneration of Councillors	9 941	12 723	–	837	837	1 060	(223)	-21%	12 723
Depreciation and amortisation	53 424	58 685	–	–	–	4 890	(4 890)	-100%	58 685
Interest	92 265	40 000	–	7 711	7 711	3 333	4 377	131%	40 000
Inventory consumed and bulk purchases	321 900	369 886	–	41 406	41 406	30 824	10 582	34%	369 886
Transfers and subsidies	–	–	–	–	–	–	–		–
Other expenditure	300 771	354 462	–	9 485	9 485	29 539	(20 054)	-68%	354 462
Total Expenditure	**999 361**	**1 066 202**	–	**77 921**	**77 921**	**88 850**	**(10 929)**	**-12%**	**1 066 202**
Surplus/(Deficit)	**590 327**	**(14 418)**	–	**58 821**	**58 821**	**(1 201)**	**60 022**	**-4996%**	**(14 418)**
Transfers and subsidies - capital (monetary allocations)	32 529	32 036	–	–	–	2 670	(2 670)	-100%	32 036
Transfers and subsidies - capital (in-kind)	2 500	12 733	–	–	–	1 061	(1 061)	-100%	12 733
Surplus/(Deficit) after capital transfers &	**625 356**	**30 351**	–	**58 821**	**58 821**	**2 529**	**56 292**	**2226%**	**30 351**
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–		–
Surplus/ (Deficit) for the year	**625 356**	**30 351**	–	**58 821**	**58 821**	**2 529**	**56 292**	**2226%**	**30 351**
Capital expenditure & funds sources									
Capital expenditure	**40 680**	**40 820**	–	**867**	**867**	**3 402**	**(2 534)**	**-75%**	**40 820**
Capital transfers recognised	29 709	29 582	–	867	867	2 465	(1 598)	-65%	29 582
Borrowing	–	–	–	–	–	–	–		–
Internally generated funds	10 478	9 150	–	–	–	763	(763)	-100%	9 150
Total sources of capital funds	**40 187**	**38 732**	–	**867**	**867**	**3 228**	**(2 360)**	**-73%**	**38 732**
Financial position									
Total current assets	1 590 424	178 553	–		1 700 338				178 553
Total non current assets	1 044 149	1 042 562	–		1 045 016				1 042 562
Total current liabilities	2 419 185	1 563 002	–		2 525 106				1 563 002
Total non current liabilities	61 841	–	–		8 566				–
Community wealth/Equity	**114 205**	**(341 887)**	–		**212 357**				**(341 887)**
Cash flows									
Net cash from (used) operating	162 789	125 456	–	96 629	96 629	10 455	(86 174)	-824%	125 456
Net cash from (used) investing	(42 476)	(39 322)	–	(3 339)	(3 339)	(3 277)	62	-2%	(39 322)
Net cash from (used) financing	–	–	–	–	–	–	–		–
Cash/cash equivalents at the month/year end	**132 675**	**98 496**	–	–	**116 771**	**19 539**	**(99 231)**	**-508%**	**111 615**
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	–	–	–	–	–	–	–	–	–
Creditors Age Analysis									
Total Creditors	–	–	–	–	–	–	–	–	–

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MP311 Victor Khanye - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M01 - July

Description	Ref	2025/26	Budget Year 2026/27							
R thousands	1	Audited	Original	Adjusted	Monthly actual	YearTD actual	YearTD	YTD	YTD %	Full Year
<u>**Revenue - Functional**</u>										
Governance and administration		**1 126 038**	**371 624**	–	**75 865**	**75 865**	**30 969**	44 896	145%	**371 624**
Executive and council		–	–	–	–	–	–	–		–
Finance and administration		1 126 038	371 624	–	75 865	75 865	30 969	44 896	145%	371 624
Internal audit		–	–	–	–	–	–	–		–
Community and public safety		**16 150**	**8 132**	–	**452**	**452**	**678**	(225)	-33%	**8 132**
Community and social services		1 422	2 790	–	103	103	232	(130)	-56%	2 790
Sport and recreation		–	–	–	–	–	–	–		–
Public safety		12 497	3 640	–	190	190	303	(114)	-37%	3 640
Housing		2 231	1 702	–	160	160	142	18	13%	1 702
Health		–	–	–	–	–	–	–		–
Economic and environmental services		**62**	**6 280**	–	**16**	**16**	**523**	(507)	-97%	**6 280**
Planning and development		62	6 280	–	16	16	523	(507)	-97%	6 280
Road transport		–	–	–	–	–	–	–		–
Environmental protection		–	–	–	–	–	–	–		–
Trading services		**482 467**	**665 748**	–	**60 408**	**60 408**	**55 479**	**4 929**	9%	**665 748**
Energy sources		273 844	357 688	–	19 551	19 551	29 807	(10 256)	-34%	357 688
Water management		101 179	170 124	–	4 952	4 952	14 177	(9 225)	-65%	170 124
Waste water management		14 732	83 842	–	1 272	1 272	6 987	(5 714)	-82%	83 842
Waste management		92 712	54 095	–	34 632	34 632	4 506	30 124	668%	54 095
Other	4	–	–	–	–	–	–	–		–
Total Revenue - Functional	2	**1 624 717**	**1 051 784**	–	**136 742**	**136 742**	**87 649**	**49 093**	**56%**	**1 051 784**
<u>**Expenditure - Functional**</u>										
Governance and administration		**334 073**	**292 213**	–	**20 732**	**20 732**	**24 351**	(3 619)	-15%	**292 213**
Executive and council		43 680	59 387	–	3 427	3 427	4 949	(1 522)	-31%	59 387
Finance and administration		290 393	232 827	–	17 305	17 305	19 402	(2 098)	-11%	232 827
Internal audit		–	–	–	–	–	–	–		–
Community and public safety		**90 512**	**112 835**	–	**8 026**	**8 026**	**9 403**	(1 377)	-15%	**112 835**
Community and social services		38 122	39 937	–	3 277	3 277	3 328	(51)	-2%	39 937
Sport and recreation		3 738	4 155	–	–	–	346	(346)	-100%	4 155
Public safety		47 599	66 623	–	4 564	4 564	5 552	(988)	-18%	66 623
Housing		1 052	2 120	–	185	185	177	8	5%	2 120
Health		–	–	–	–	–	–	–		–
Economic and environmental services		**37 402**	**64 481**	–	**1 368**	**1 368**	**5 373**	(4 005)	-75%	**64 481**
Planning and development		55	17 526	–	159	159	1 460	(1 301)	-89%	17 526
Road transport		36 951	45 092	–	1 208	1 208	3 758	(2 550)	-68%	45 092
Environmental protection		396	1 863	–	1	1	155	(154)	-99%	1 863
Trading services		**537 375**	**596 672**	–	**47 795**	**47 795**	**49 723**	**(1 928)**	-4%	**596 672**
Energy sources		375 506	372 013	–	36 782	36 782	31 001	5 781	19%	372 013
Water management		109 047	148 079	–	8 483	8 483	12 340	(3 857)	-31%	148 079
Waste water management		45 684	59 102	–	2 238	2 238	4 925	(2 687)	-55%	59 102
Waste management		7 137	17 478	–	292	292	1 457	(1 165)	-80%	17 478
Other		–	–	–	–	–	–	–		–
Total Expenditure - Functional	3	**999 361**	**1 066 202**	–	**77 921**	**77 921**	**88 850**	**(10 929)**	**-12%**	1 066 202
Surplus/ (Deficit) for the year		**625 356**	**(14 418)**	–	**58 821**	**58 821**	**(1 201)**	**60 022**	**-4996%**	**(14 418)**

MP311 Victor Khanye - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M01 - July

Vote Description	Ref	2025/26	Budget Year 2026/27							
R thousands		Audited	Original	Adjusted	Monthly actual	YearTD actual	YearTD	YTD	YTD %	Full Year
Revenue by Vote	1									
Vote 1 - Office of the Municipal Manager		–	–	–	–	–	–	–		–
Vote 2 - Budget and Treasury		1 126 038	371 624	–	75 865	75 865	30 969	44 896	145.0%	371 624
Vote 3 - Corporate Services		–	–	–	–	–	–	–		–
Vote 4 - Community and Social Services		1 422	2 790	–	103	103	232	(130)	-55.7%	2 790
Vote 5 - Sport and Recreation		–	–	–	–	–	–	–		–
Vote 6 - Public Safety		12 497	3 640	–	190	190	303	(114)	-37.5%	3 640
Vote 7 - Housing		2 231	1 702	–	160	160	142	18	12.7%	1 702
Vote 8 - Health Services		–	–	–	–	–	–	–		–
Vote 9 - Planning and Development		62	6 280	–	16	16	523	(507)	-96.9%	6 280
Vote 10 - Roads Transport		–	–	–	–	–	–	–		–
Vote 11 - Electricity Services		273 844	357 688	–	19 551	19 551	29 807	(10 256)	-34.4%	357 688
Vote 12 - Water Services		101 179	170 124	–	4 952	4 952	14 177	(9 225)	-65.1%	170 124
Vote 13 - Waste Water Management		14 732	83 842	–	1 272	1 272	6 987	(5 714)	-81.8%	83 842
Vote 14 - Solid Waste Management		92 712	54 095	–	34 632	34 632	4 508	30 124	668.3%	54 095
Vote 15 -		–	–	–	–	–	–	–		–
Total Revenue by Vote	2	**1 624 717**	**1 051 784**	–	**136 742**	**136 742**	**87 649**	**49 093**	**56.0%**	**1 051 784**
Expenditure by Vote	1									
Vote 1 - Office of the Municipal Manager		56 966	87 251	–	3 808	3 808	7 271	(3 463)	-47.6%	87 251
Vote 2 - Budget and Treasury		249 294	176 099	–	15 299	15 299	14 675	624	4.3%	176 099
Vote 3 - Corporate Services		14 766	14 537	–	1 256	1 256	1 211	45	3.7%	14 537
Vote 4 - Community and Social Services		38 122	39 937	–	3 277	3 277	3 328	(51)	-1.5%	39 937
Vote 5 - Sport and Recreation		3 738	4 155	–	–	–	346	(346)	-100.0%	4 155
Vote 6 - Public Safety		47 599	66 623	–	4 564	4 564	5 552	(988)	-17.8%	66 623
Vote 7 - Housing		1 052	2 120	–	185	185	177	8	4.7%	2 120
Vote 8 - Health Services		396	1 863	–	1	1	155	(154)	-99.2%	1 863
Vote 9 - Planning and Development		(1 369)	9 780	–	–	–	815	(815)	-100.0%	9 780
Vote 10 - Roads Transport		40 217	54 835	–	671	671	4 570	(3 898)	-85.3%	54 835
Vote 11 - Electricity Services		375 506	372 013	–	36 782	36 782	31 001	5 781	18.6%	372 013
Vote 12 - Water Services		109 047	148 079	–	8 483	8 483	12 340	(3 857)	-31.3%	148 079
Vote 13 - Waste Water Management		45 684	59 102	–	2 238	2 238	4 925	(2 687)	-54.6%	59 102
Vote 14 - Solid Waste Management		7 137	17 478	–	292	292	1 457	(1 165)	-80.0%	17 478
Vote 15 -		–	–	–	–	–	–	–		–
Total Expenditure by Vote	2	**988 158**	**1 053 872**	–	**76 856**	**76 856**	**87 823**	**(10 966)**	**-12.5%**	**1 053 872**
Surplus/ (Deficit) for the year	2	**636 559**	**(2 088)**	–	**59 885**	**59 885**	**(174)**	**60 059**	**-34512.8%**	**(2 088)**

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MP311 Victor Khanye - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M01 - July

Description	Ref	2025/26	Budget Year 2026/27							
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		218 540	272 837	–	23 314	23 314	22 736	578	3%	272 837
Service charges - Water		71 344	86 057	–	3 990	3 990	7 171	(3 181)	-44%	86 057
Service charges - Waste Water Management		12 232	14 924	–	1 272	1 272	1 244	29	2%	14 924
Service charges - Waste management		15 718	18 996	–	1 350	1 350	1 583	(233)	-15%	18 996
Sale of Goods and Rendering of Services		3 592	9 422	–	327	327	785	(458)	-58%	9 422
Agency services		–	–	–	–	–	–	–		–
Interest		–	–	–	–	–	–	–		–
Interest earned from Receivables		93 763	165 255	–	1	1	13 771	(13 770)	-100%	165 255
Interest from Current and Non Current Assets		865	–	–	28	28	–	28	#DIV/0!	–
Dividends		–	–	–	–	–	–	–		–
Rent on Land		–	–	–	–	–	–	–		–
Rental from Fixed Assets		2 169	1 702	–	160	160	142	18	13%	1 702
Licence and permits		–	–	–	–	–	–	–		–
Special Rating Levies		–	–	–	–	–	–	–		–
Construction Contract Revenue		–	–	–	–	–	–	–		–
Development Charges		–	–	–	–	–	–	–		–
Operational Revenue		1 065	1 255	–	18	18	105	(87)	-83%	1 255
Non-Exchange Revenue								–		
Property rates		915 081	164 060	–	27 251	27 251	13 672	13 580	99%	164 060
Surcharges and Taxes		66 144	75 993	–	–	–	6 333	(6 333)	-100%	75 993
Fines, penalties and forfeits		10 790	2 318	–	5	5	193	(188)	-98%	2 318
Licence and permits		–	–	–	–	–	–	–		–
Transfers and subsidies - Operational		163 879	167 148	–	67 923	67 923	13 929	53 994	388%	167 148
Interest		14 505	71 818	–	11 102	11 102	5 985	5 117	86%	71 818
Fuel Levy		–	–	–	–	–	–	–		–
Operational Revenue		–	–	–	–	–	–	–		–
Gains on disposal of Fixed and Intangible Assets		–	–	–	–	–	–	–		–
Other Gains		0	–	–	–	–	–	–		–
Discontinued Operations		–	–	–	–	–	–	–		–
Total Revenue (excluding capital transfers and contributions)		**1 589 688**	**1 051 784**	**–**	**136 742**	**136 742**	**87 649**	**49 093**	**56%**	**1 051 784**
Expenditure By Type										
Employee related costs		221 059	230 446	–	18 482	18 482	19 204	(722)	-4%	230 446
Remuneration of councillors		9 941	12 723	–	837	837	1 060	(223)	-21%	12 723
Bulk purchases - electricity		260 201	246 145	–	35 443	35 443	20 512	14 931	73%	246 145
Inventory consumed		61 699	123 741	–	5 963	5 963	10 312	(4 349)	-42%	123 741
Debt impairment		8 926	98 203	–	–	–	8 184	(8 184)	-100%	98 203
Depreciation and amortisation		53 424	58 685	–	–	–	4 890	(4 890)	-100%	58 685
Interest		92 265	40 000	–	7 711	7 711	3 333	4 377	131%	40 000
Contracted services		169 348	138 700	–	6 121	6 121	11 558	(5 438)	-47%	138 700
Transfers and subsidies		–	–	–	–	–	–	–		–
Irrecoverable debts written off		50 636	31 383	–	2 070	2 070	2 615	(545)	-21%	31 383
Operational costs		50 190	86 176	–	1 294	1 294	7 181	(5 887)	-82%	86 176
Disposal of Fixed and Intangible Assets		–	–	–	–	–	–	–		–
Other Losses		21 671	–	–	–	–	–	–		–
Total Expenditure		**999 361**	**1 066 202**	**–**	**77 921**	**77 921**	**88 850**	**(10 929)**	**-12%**	**1 066 202**
Surplus/(Deficit)		**590 327**	**(14 418)**	**–**	**58 821**	**58 821**	**(1 201)**	**60 022**	**-4996%**	**(14 418)**
Transfers and subsidies - capital (monetary allocations)		32 529	32 036	–	–	–	2 670	(2 670)	-100%	32 036
Transfers and subsidies - capital (in-kind)		2 500	12 733	–	–	–	1 061	(1 061)	-100%	12 733
Surplus/(Deficit) after capital transfers & contributions		625 356	30 351	–	58 821	58 821	2 529			30 351
Income Tax		–	–	–	–	–	–	–		–
Surplus/(Deficit) after income tax		625 356	30 351	–	58 821	58 821	2 529			30 351
Share of Surplus/Deficit attributable to Joint Venture		–	–	–	–	–	–	–		–
Share of Surplus/Deficit attributable to Minorities		–	–	–	–	–	–	–		–
Surplus/(Deficit) attributable to municipality		625 356	30 351	–	58 821	58 821	2 529			30 351
Share of Surplus/Deficit attributable to Associate		–	–	–	–	–	–	–		–
Intercompany/Parent subsidiary transactions		–	–	–	–	–	–	–		–
Surplus/ (Deficit) for the year		625 356	30 351	–	58 821	58 821	2 529			30 351

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MP311 Victor Khanye - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M01 - July

Vote Description	Ref	2025/26	Budget Year 2026/27							
		Audited	Original	Adjusted	Monthly actual	YearTD actual	YearTD	YTD	YTD %	Full Year
R thousands	1									
Multi-Year expenditure appropriation	2									
Vote 1 - Office of the Municipal Manager		–	–	–	–	–	–	–		–
Vote 2 - Budget and Treasury		–	–	–	–	–	–	–		–
Vote 3 - Corporate Services		–	–	–	–	–	–	–		–
Vote 4 - Community and Social Services		–	–	–	–	–	–	–		–
Vote 5 - Sport and Recreation		–	–	–	–	–	–	–		–
Vote 6 - Public Safety		–	–	–	–	–	–	–		–
Vote 7 - Housing		–	–	–	–	–	–	–		–
Vote 8 - Health Services		–	–	–	–	–	–	–		–
Vote 9 - Planning and Development		–	–	–	–	–	–	–		–
Vote 10 - Roads Transport		–	–	–	–	–	–	–		–
Vote 11 - Electricity Services		–	–	–	–	–	–	–		–
Vote 12 - Water Services		–	–	–	–	–	–	–		–
Vote 13 - Waste Water Management		–	–	–	–	–	–	–		–
Vote 14 - Solid Waste Management		–	–	–	–	–	–	–		–
Vote 15 -		–	–	–	–	–	–	–		–
Total Capital Multi-year expenditure	4,7	–	–	–	–	–	–	–		–
Single Year expenditure appropriation	2									
Vote 1 - Office of the Municipal Manager		1 011	1 850	–	–	–	154	(154)	-100%	1 850
Vote 2 - Budget and Treasury		27 087	950	–	–	–	79	(79)	-100%	950
Vote 3 - Corporate Services		–	–	–	–	–	–	–		–
Vote 4 - Community and Social Services		541	200	–	–	–	17	(17)	-100%	200
Vote 5 - Sport and Recreation		–	–	–	–	–	–	–		–
Vote 6 - Public Safety		15	300	–	–	–	25	(25)	-100%	300
Vote 7 - Housing		–	300	–	–	–	25	(25)	-100%	300
Vote 8 - Health Services		–	–	–	–	–	–	–		–
Vote 9 - Planning and Development		30	550	–	–	–	46	(46)	-100%	550
Vote 10 - Roads Transport		737	5 888	–	703	703	491	212	43%	5 888
Vote 11 - Electricity Services		4 175	5 088	–	–	–	424	(424)	-100%	5 088
Vote 12 - Water Services		(1 045)	3 000	–	–	–	250	(250)	-100%	3 000
Vote 13 - Waste Water Management		4 785	6 000	–	–	–	500	(500)	-100%	6 000
Vote 14 - Solid Waste Management		3 343	16 694	–	165	165	1 391	(1 226)	-88%	16 694
Vote 15 -		–	–	–	–	–	–	–		–
Total Capital single-year expenditure	4	40 680	40 820	–	867	867	3 402	(2 534)	-75%	40 820
Total Capital Expenditure		40 680	40 820	–	867	867	3 402	(2 534)	-75%	40 820
Capital Expenditure - Functional Classification										
Governance and administration		35 920	4 800	–	–	–	400	(400)	-100%	4 800
Executive and council		–	350	–	–	–	29	(29)	-100%	350
Finance and administration		35 920	4 450	–	–	–	371	(371)	-100%	4 450
Internal audit		–	–	–	–	–	–	–		–
Community and public safety		556	800	–	–	–	67	(67)	-100%	800
Community and social services		541	200	–	–	–	17	(17)	-100%	200
Sport and recreation		–	–	–	–	–	–	–		–
Public safety		15	300	–	–	–	25	(25)	-100%	300
Housing		–	300	–	–	–	25	(25)	-100%	300
Health		–	–	–	–	–	–	–		–
Economic and environmental services		(7 054)	4 438	–	703	703	370	333	90%	4 438
Planning and development		30	550	–	–	–	46	(46)	-100%	550
Road transport		(7 084)	3 888	–	703	703	324	379	117%	3 888
Environmental protection		–	–	–	–	–	–	–		–
Trading services		11 258	30 782	–	165	165	2 565	(2 400)	-94%	30 782
Energy sources		4 175	5 088	–	–	–	424	(424)	-100%	5 088
Water management		(1 045)	3 000	–	–	–	250	(250)	-100%	3 000
Waste water management		4 785	6 000	–	–	–	500	(500)	-100%	6 000
Waste management		3 343	16 694	–	165	165	1 391	(1 226)	-88%	16 694
Other		–	–	–	–	–	–	–		–
Total Capital Expenditure - Functional Classification	3	40 680	40 820	–	867	867	3 402	(2 534)	-75%	40 820
Funded by:										
National Government		29 709	29 582	–	867	867	2 465	(1 598)	-65%	29 582
Provincial Government		–	–	–	–	–	–	–		–
District Municipality		–	–	–	–	–	–	–		–
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies,		–	–	–	–	–	–	–		–
Transfers recognised - capital		29 709	29 582	–	867	867	2 465	(1 598)	-65%	29 582
Borrowing	6	–	–	–	–	–	–	–		–
Internally generated funds		10 478	9 150	–	–	–	763	(763)	-100%	9 150
Total Capital Funding		40 187	38 732	–	867	867	3 228	(2 360)	-73%	38 732

MP311 Victor Khanye - Table C6 Monthly Budget Statement - Financial Position - M01 - July

Description	Ref	2025/26	Budget Year 2026/27			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash and cash equivalents		25 481	107 584	–	99 340	107 584
Short term Investments		–	–	–	–	–
Trade and other receivables from exchange transactions		209 300	(91 022)	–	222 783	(91 022)
Receivables from non-exchange transactions		826 177	118 727	–	838 882	118 727
Current portion of non-current receivables		–	–	–	–	–
Inventory		2 266	2 418	–	1 774	2 418
VAT		528 216	40 846	–	538 576	40 846
Other current assets		(1 016)	–	–	(1 016)	–
Total current assets		**1 590 424**	**178 553**	–	**1 700 338**	**178 553**
Non current assets						
Investments		–	–	–	–	–
Investment property		95 993	91 198	–	95 993	91 198
Property, plant and equipment		947 018	952 203	–	947 885	952 203
Biological assets		–	–	–	–	–
Living resources		–	–	–	–	–
Heritage assets		1 075	1 075	–	1 075	1 075
Intangible assets		64	(1 913)	–	64	(1 913)
Trade and other receivables from exchange transactions		–	–	–	–	–
Non-current receivables from non-exchange transactions		–	–	–	–	–
Other non-current assets		–	–	–	–	–
Total non current assets		**1 044 149**	**1 042 562**	–	**1 045 016**	**1 042 562**
TOTAL ASSETS		**2 634 572**	**1 221 115**	–	**2 745 354**	**1 221 115**
LIABILITIES						
Current liabilities						
Bank overdraft		–	–	–	–	–
Financial liabilities		3 419	1 273	–	3 419	1 273
Consumer deposits		1 871	1 710	–	1 943	1 710
Trade and other payables from exchange transactions		2 008 733	1 668 511	–	2 162 244	1 668 511
Trade and other payables from non-exchange transactions		3 305	(9 822)	–	3 304	(9 822)
Provision		8 701	–	–	16 889	–
VAT		393 157	(98 670)	–	337 306	(98 670)
Other current liabilities		–	–	–	–	–
Total current liabilities		**2 419 185**	**1 563 002**	–	**2 525 106**	**1 563 002**
Non current liabilities						
Financial liabilities		(3 419)	–	–	(3 419)	–
Provision		21 276	–	–	11 985	–
Long term portion of trade payables		–	–	–	–	–
Other non-current liabilities		43 984	–	–	–	–
Total non current liabilities		**61 841**	–	–	**8 566**	–
TOTAL LIABILITIES		**2 481 026**	**1 563 002**	–	**2 533 672**	**1 563 002**
NET ASSETS	2	**153 546**	**(341 887)**	–	**211 682**	**(341 887)**
COMMUNITY WEALTH/EQUITY						
Accumulated surplus/(deficit)		114 205	(341 887)	–	212 367	(341 887)
Reserves and funds		–	–	–	–	–
Other		–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2	**114 205**	**(341 887)**	–	**212 367**	**(341 887)**

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MP311 Victor Khanye - Table C7 Monthly Budget Statement - Cash Flow - M01 - July

Description	Ref	2025/26	Budget Year 2026/27							
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		121 528	238 552	–	10 842	10 842	19 879	(9 038)	-45%	238 552
Service charges		302 586	313 155	–	30 176	30 176	26 096	4 080	16%	313 155
Other revenue		112 889	16 512	–	104 641	104 641	1 376	103 265	7505%	16 512
Transfers and Subsidies - Operational		90 086	167 148	–	33 282	33 282	13 929	19 353	139%	167 148
Transfers and Subsidies - Capital		1	32 036	–	0	0	2 670	(2 669)	-100%	32 036
Interest		–	237 073	–	–	–	19 756	(19 756)	-100%	237 073
Dividends		–	–	–	–	–	–	–		–
Payments										
Suppliers and employees		(464 301)	(839 019)	–	(82 313)	(82 313)	(69 918)	(12 395)	18%	(839 019)
Interest		–	(40 000)	–	–	–	(3 333)	3 333	-100%	(40 000)
Transfers and Subsidies		–	–	–	–	–	–	–		–
NET CASH FROM/(USED) OPERATING ACTIVITIES		**162 789**	**125 456**	–	**96 629**	**96 629**	**10 455**	**(86 174)**	**-824%**	**125 456**
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		–	–	–	–	–	–	–		–
Decrease (increase) in non-current receivables		–	–	–	–	–	–	–		–
Decrease (increase) in non-current investments		–	–	–	–	–	–	–		–
Insurance Refund - Capital		–	–	–	–	–	–	–		–
Long Term Investments		–	–	–	–	–	–	–		–
Payments										
Capital assets		(42 476)	(39 322)	–	(3 339)	(3 339)	(3 277)	(62)	2%	(39 322)
Retention (Capital)		–	–	–	–	–	–	–		–
NET CASH FROM/(USED) INVESTING ACTIVITIES		**(42 476)**	**(39 322)**	–	**(3 339)**	**(3 339)**	**(3 277)**	**(62)**	0	**(39 322)**
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		**120 314**	**86 134**	–	**93 290**	**93 290**	**7 178**			**86 134**
Cash/cash equivalents at beginning:		12 361	12 361	–		25 481	12 361			25 481
Cash/cash equivalents at month/year end:		132 675	98 496	–		118 771	19 539			111 615

MP311 Victor Khanye - Supporting Table SC8 Monthly Budget Statement - Performance M01 - July

Description of financial indicator	Basis of calculation	Ref	2025/26 Audited Outcome	Budget Year 2026/27 Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
Borrowing Management							
Capital Charges to Operating Expenditure	Interest & principal paid/Operating Expenditure		9.2%	9.3%	0.0%	9.9%	4.9%
Borrowed funding of 'own' capital expenditure	Borrowings/Capital expenditure excl. transfers and grants		0.0%	0.0%	0.0%	0.0%	0.0%
Safety of Capital							
Debt to Equity	Loans, Accounts Payable, Overdraft & Tax Provision/		1800.3%	-485.5%	0.0%	1019.7%	-485.5%
Gearing	Long Term Borrowing/ Funds & Reserves		0.0%	0.0%	0.0%	0.0%	0.0%
Liquidity							
Current Ratio	Current assets/current liabilities	1	65.7%	11.4%	0.0%	67.3%	11.4%
Liquidity Ratio	Monetary Assets/Current Liabilities		1.1%	6.9%	0.0%	3.9%	6.9%
Revenue Management							
Annual Debtors Collection Rate	Last 12 Mths Receipts/ Last 12 Mths Billing						
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue		65.1%	0.0%	0.0%	0.0%	0.0%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors >		0.0%	0.0%	0.0%	0.0%	0.0%
Creditors Management							
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA s 65(e))						
Funding of Provisions							
Percentage Of Provisions Not Funded	Unfunded Provisions/Total Provisions						
Other Indicators							
Electricity Distribution Losses	% Volume (units purchased and generated less units sold)/units purchased and generated	2					
Water Distribution Losses	% Volume (units purchased and own source less units sold)/Total units purchased and own source	2					
Employee costs	Employee costs/Total Revenue - capital revenue		13.9%	21.9%	0.0%	13.5%	21.9%
Repairs & Maintenance	R&M/Total Revenue - capital revenue		5.7%	3.2%	0.0%	0.3%	3.2%
Interest & Depreciation	I&D/Total Revenue - capital revenue		9.2%	9.4%	0.0%	5.6%	5.0%
IDP regulation financial viability indicators							
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)						
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue						
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational						

References

1. Consumer debtors > 12 months old are excluded from current assets.

2. Material variances to be explained.

Calculations		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
Financial liabilities		(3 419)			(3 419)	
Total Assets		2 634 572	1 221 115		2 745 354	1 221 115
Employee related costs		221 059	230 446		18 482	230 446
Repairs & Maintenance		91 267	33 150		368	33 150
Interest (finance charges)		92 265	40 000		7 711	40 000
Principal paid						
Depreciation		53 424	58 685			12 723
Operating expenditure		999 361	1 066 202		77 921	1 066 202
Total Capital Expenditure		40 680	40 820		867	867
Borrowed funding for capital						
Debt		2 056 021	1 659 962		2 165 548	1 659 962
Equity		114 205	(341 887)		212 367	(341 887)
Reserves and funds						
Borrowing		(3 419)			(3 419)	
Current assets		1 590 424	178 553		1 700 338	178 553
Current liabilities		2 419 185	1 563 002		2 525 106	1 563 002
Monetary assets		25 481	107 584		99 340	107 584
Total Revenue (excluding capital transfers and contributions)		1 589 688	1 051 784		136 742	1 051 784
Transfers and subsidies - Operational		163 879				
Transfers and subsidies - capital (monetary allocations)		32 529	32 036			32 036
Debt service payments			237 073			(40 000)
Outstanding debtors (receivables)		1 034 461				
Annual services revenue		1 232 915	556 873		57 178	57 178
Cash + investments	Including LT investments	25 481	107 584		99 340	107 584
Fixed operational expend. (monthly)						
Longstanding debtors outstanding						
Longstanding debtors recovered						
Attorney collections						

MP311 Victor Khanye - Supporting Table SC12 Monthly Budget Statement - capital expenditure trend - M01 - July

Month	2025/26	Budget Year 2026/27							
R thousands	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	% spend of Original Budget
Monthly expenditure performance trend									
July	787	3 402	–	867	867	3 402	2 534	74.5%	2%
August	(264)	3 402	–	–		6 803	–		
September	5 360	3 402	–	–		10 205	–		
October	7 072	3 402	–	–		13 607	–		
November	1 547	3 402	–	–		17 008	–		
December	1 729	3 402	–	–		20 410	–		
January	2 516	3 402	–	–		23 811	–		
February	2 898	3 402	–	–		27 213	–		
March	3 359	3 402	–	–		30 615	–		
April	3 167	3 402	–	–		34 016	–		
May	4 680	3 402	–	–		37 418	–		
June	7 831	3 402	–	–		40 820	–		
Total Capital expenditure	**40 680**	**40 820**	–	**867**					

MP311 Victor Khanye - Supporting Table SC13c Monthly Budget Statement - expenditure on repairs and maintenance by asset class - M01 - July

Description	Ref	2025/26	Budget Year 2026/27							
R thousands	1	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		91 267	33 150	–	368	368	2 762	2 394	86.7%	33 150
Roads Infrastructure		1 023	3 000	–	85	85	250	165	65.9%	3 000
Roads		–	–	–	–	–	–	–		–
Road Structures		–	–	–	–	–	–	–		–
Road Furniture		–	–	–	–	–	–	–		–
Capital Spares		1 023	3 000	–	85	85	250	(165)	(0)	3 000
Storm water Infrastructure		–	–	–	–	–	–	–		–
Drainage Collection		–	–	–	–	–	–	–		–
Storm water Conveyance		–	–	–	–	–	–	–		–
Attenuation		–	–	–	–	–	–	–		–
Electrical Infrastructure		81 241	15 000	–	250	250	1 250	1 000	80.0%	15 000
Power Plants		–	–	–	–	–	–	–		–
HV Substations		–	–	–	–	–	–	–		–
HV Switching Station		–	–	–	–	–	–	–		–
HV Transmission Conductors		–	–	–	–	–	–	–		–
MV Substations		–	–	–	–	–	–	–		–
MV Switching Stations		–	–	–	–	–	–	–		–
MV Networks		–	–	–	–	–	–	–		–
LV Networks		–	–	–	–	–	–	–		–
Capital Spares		81 241	15 000	–	250	250	1 250	(1 000)	(0)	15 000
Water Supply Infrastructure		599	1 000	–	–	–	83	83	100.0%	1 000
Dams and Weirs		–	–	–	–	–	–	–		–
Boreholes		–	–	–	–	–	–	–		–
Reservoirs		–	–	–	–	–	–	–		–
Pump Stations		–	–	–	–	–	–	–		–
Water Treatment Works		–	–	–	–	–	–	–		–
Bulk Mains		–	–	–	–	–	–	–		–
Distribution		–	–	–	–	–	–	–		–
Distribution Points		–	–	–	–	–	–	–		–
PRV Stations		–	–	–	–	–	–	–		–
Capital Spares		599	1 000	–	–	–	83	(83)	(0)	1 000
Sanitation Infrastructure		2 462	500	–	–	–	42	42	100.0%	500
Pump Station		–	–	–	–	–	–	–		–
Reticulation		–	–	–	–	–	–	–		–
Waste Water Treatment Works		–	–	–	–	–	–	–		–
Outfall Sewers		–	–	–	–	–	–	–		–
Toilet Facilities		–	–	–	–	–	–	–		–
Capital Spares		2 462	500	–	–	–	42	(42)	(0)	500
Solid Waste Infrastructure		–	–	–	–	–	–	–		–
Landfill Sites		–	–	–	–	–	–	–		–
Waste Transfer Stations		–	–	–	–	–	–	–		–
Waste Processing Facilities		–	–	–	–	–	–	–		–
Waste Drop-off Points		–	–	–	–	–	–	–		–
Waste Separation Facilities		–	–	–	–	–	–	–		–
Electricity Generation Facilities		–	–	–	–	–	–	–		–
Capital Spares		–	–	–	–	–	–	–		–
Rail Infrastructure		–	–	–	–	–	–	–		–
Rail Lines		–	–	–	–	–	–	–		–
Rail Structures		–	–	–	–	–	–	–		–
Rail Furniture		–	–	–	–	–	–	–		–
Drainage Collection		–	–	–	–	–	–	–		–
Storm water Conveyance		–	–	–	–	–	–	–		–
Attenuation		–	–	–	–	–	–	–		–
MV Substations		–	–	–	–	–	–	–		–
LV Networks		–	–	–	–	–	–	–		–
Capital Spares		–	–	–	–	–	–	–		–
Coastal Infrastructure		807	1 900	–	–	–	158	158	100.0%	1 900
Sand Pumps		–	–	–	–	–	–	–		–
Piers		–	–	–	–	–	–	–		–
Revetments		–	–	–	–	–	–	–		–
Promenades		–	–	–	–	–	–	–		–
Capital Spares		807	1 900	–	–	–	158	(158)	(0)	1 900
Information and Communication Infrastructure		5 134	11 750	–	33	33	979	946	96.6%	11 750
Data Centres		–	–	–	–	–	–	–		–
Core Layers		–	–	–	–	–	–	–		–
Distribution Layers		–	–	–	–	–	–	–		–
Capital Spares		5 134	11 750	–	33	33	979	(946)	(0)	11 750
Community Assets		–	–	–	–	–	–	–		–
Community Facilities		–	–	–	–	–	–	–		–
Halls		–	–	–	–	–	–	–		–

MP311 Victor Khanye - Supporting Table SC13c Monthly Budget Statement - expenditure on repairs and maintenance by asset class - M01 - July

Description	Ref	2025/26	Budget Year 2026/27							
R thousands	1	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Machinery and Equipment		–	–	–	–	–	–	–		–
Machinery and Equipment		–	–	–	–	–	–	–		–
Transport Assets		–	–	–	–	–	–	–		–
Transport Assets		–	–	–	–	–	–	–		–
Land		–	–	–	–	–	–	–		–
Land		–	–	–	–	–	–	–		–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–		–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–		–
		–	–	–	–	–	–	–		–
Living resources		–	–	–	–	–	–	–		–
Mature		–	–	–	–	–	–	–		–
Policing and Protection		–	–	–	–	–	–	–		–
Zoological plants and animals		–	–	–	–	–	–	–		–
Immature		–	–	–	–	–	–	–		–
Policing and Protection		–	–	–	–	–	–	–		–
Zoological plants and animals		–	–	–	–	–	–	–		–
Total Repairs and Maintenance Expenditure	1	91 267	33 150	–	368	368	2 762	2 394	86.7%	33 150

VICTOR KHANYE

LOCAL MUNICIPALITY – PLAASLIKE MUNISIPALITEIT

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Email: mandlam@vklm.gov.za;secmm@vklm.gov.za
Website: www.victorkhanyelm.gov.za

OFFICE OF THE MUNICIPAL MANAGER

Enquiries: ME Mnguni Ref:12/2/1

Date: 15 July 2026

The Head of Department: Ms G Mashiteng
Mpumalanga Provincial Treasury
Building no 4
Government Boulevard
Riverside Park
Mbombela
1200

Dear HOD

DEBT OWED TO THE MUNICIPALITY BY VARIOUS PROVINCIAL DEPARTMENTS

The above matters bears reference:

1. The Victor Khanye Local Municipality is submitting the report on the Provincial and National Government Departments that owe the municipality. This report is submitted in accordance with the provision of the Local Government Municipal Finance Management Act 56 of 2003; Sec 64(3) read together with the Provincial Treasury Circular no 55 of 2015.

2. Enclosed here to as an annexure A is the copy of the spreadsheet of the various Government Debts per Department as at the end of June 2026.

3. We are certain that Provincial Treasury will assist in the revenue collection of the said debt within their powers.

I hope that the above is in order and I thank you in anticipation of a positive response.

Sincerely

17/07/2026

TM Mashabela
Municipal Manager

Victor Khanye
Local Municipality
16 -07- 2026
Revenue Section

Victor Khanye Local Municipality Government Debt report as at 30 June 2026

Name of Department	Total amount outstanding	0-30 Days	30-60 Days	60-90 Days	90 Days and over	Payments received by the municipality in May 2026	Current Collection Rate (%)	Rates	Services	Interest	Rental Fees
Provincial Departments:											
Office of Premier											
Finance											
Cooperative Governance and Traditional Affairs											
Agriculture,Rural Development Land and Environmental Affairs	30,917.49	10,031.94	12,145.97	6,534.78	33,122.29	-			30,917.49		
Economic Development and Tourism											
Education	19,050.47	-	-	-	19,050.47	-			565.23	-	18,485.24
Education: Schools	6,687,888.59	694,117.72	422,576.01	31,911.23	12,527,172.22	(220,254.59)			6,687,888.59		
Public Works,Roads and Transport	2,132,759.28	588,373.28	582,294.75	949,402.85	2,747,447.68	(233,181.62)		2,132,759.28	-		
Community Safety Security and Liaison											
Health (Clinics)	1,436,288.90	200,763.54	60,284.22	51,962.48	2,559,577.56	(339,975.02)			146,294.91		1,269,993.89
Health (Hospitals)	418,442.84	418,442.84	-	-		(317,107.56)			418,442.84		
Culture Sport and Recreation											
Social Development	1,024,229.13	89,322.90	81,172.34	55,529.21	1,822,488.81	(104,981.83)			1,024,229.13		-
Human Settlements											
Sub Total: Provincial Departments	11,949,578.70	1,999,892.22	1,168,473.29	496,230.56	19,808,804.03	(1,215,880.62)		2,132,759.28	8,508,338.19		1,288,478.23
National Departments:											
National Department of Public Works	3,586,382.52	18,029.36	42,365.64	44,831.99	7,067,538.06	(289,966.81)		305,462.13	-		3,280,920.39
National Department of Rural Development and Land Reform	417,699.54	28,029.88	27,991.62	27,953.55	751,424.13	-		417,699.54			
South African Social Security Agency - SASSA	7,702.81	7,702.81	-	-	-	(11,793.82)			-		7,702.81
South African Police Services - SAPS	(180,996.98)	65,356.84	74,123.33	1,419.31	-437,535.20	(65,356.84)			(180,995.98)		
Justice Department	75,632.28	75,632.28	-	-	-	(67,336.84)			75,632.28		
Labour Department	5,507.16	2,876.78	2,630.41	-	-	(2,652.41)			5,507.16		
Sub Total: National Departments	3,911,928.33	197,623.92	147,110.90	74,204.95	7,381,426.98	(387,323.72)		723,161.67	(89,856.54)		3,288,623.20
Total Debt owed by Sector Departments	15,861,505.03	2,196,580.14	1,305,584.19	569,535.40	27,190,231.01	(1,602,809.34)		2,855,920.95	8,408,481.65		4,597,102.43
Other Organs of State:											
SANPARKS(Kruger National Park)											
Mpumalanga Economic Growth Agency - MEGA											
Mpumalanga Tourism and Parks Agency											
Water Board/ affairs											
ADD											
ADD											
ADD											
Sub Total: Other Organs of State											
GRAND TOTAL (This Should balance to SECTION 71 Report Totals)	16,851,506.03	2,196,580.14	1,305,584.19	569,535.40	27,190,231.01	(1,602,809.34)		2,856,920.95	8,408,481.65		4,597,102.43

Compiled By CFO : Signature ____

Certified as correct by Municipal Manager : Signature ____

NB.These amounts include Rates and services charges

Victor Khanye
Local Municipality

16 -07- 2026

Revenue Section

provincial treasury
MPUMALANGA PROVINCE
REPUBLIC OF SOUTH AFRICA

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Private Bag x11205, **MBOMBELA** 1200
013 766 4437

SigcinaMafa SesiFundza | UmNyango weeMali ZesiFunda | Provinsiale Tesourie

Enquiries MR. I.D.P. STRAUSS Ext 8682
Ref 12/1/5

Mr. TM Mashabela
Municipal Manager
Victor Khanye Local Municipality
PO Box 6
DELMAS
2210

Mr. Sadesh Ramjathan
Director: Revenue Management
National Treasury
Private Bag X 115
PRETORIA
0001

Dear Mr. Mashabela and Mr. Ramjathan

MFMA CIRCULAR 124 - MUNICIPAL DEBT RELIEF NON-COMPLIANCE OF MP311 VICTOR KHANYE LM DURING JUNE 2026

1. PURPOSE

To provide feedback on Victor Khanye LM's debt relief compliance report for June 2026.

2. BACKGROUND

The National Treasury approved the debt relief application of Victor Khanye LM with effect 01 September 2023. June 2026 constitutes the 34th month of the municipality's debt relief compliance cycle. The Mpumalanga Provincial Treasury monitored and assessed the municipality's compliance with all the debt relief conditions during June 2026.

3. DISCUSSION

The municipality submitted the May 2026 self-assessment, signed by the Municipal Manager and it was uploaded on the Go-Muni with the narrative Section 71 report for June 2026. The Municipality also needs to comply with the following conditions in future:

Condition 6.1 – Municipality non-compliance

In terms of the National Treasury (NT) approval, the municipality must comply with conditions 6.1 – 6.14 of MFMA Circular 124 read together with the additional conditions specific to the municipality set-out in its National Treasury debt relief approval letter. From the Provincial Treasury's assessment, the municipality achieved a 68% compliance with the MFMA Circular 124 conditions during June 2026 – refer to the performance sheet attached that shows the municipality's overall relief compliance performance across the months of its debt relief cycle. It remained on 68% if compared to the May 2026 average compliance. Considering the municipality's overall debt relief performance since 01 September 2023 and that the conditions carry equal weighting, the municipality do not qualify for the one third (1/3) debt write-off at the end of its first debt relief compliance cycle on 31 August 2024 unless the outstanding non-compliance issues are urgently addressed.

The National Treasury will only request Eskom to write-off a municipality's arrear debt, if the municipality demonstrates to the National Treasury's satisfaction that the municipality complied with the aforementioned conditions for a consecutive period of 12 months. During the previous months of the debt relief cycle (September 2023 – May 2026), the municipality did not fully adhere to all the conditions of MFMA Circular 124 and / or the additional conditions required in terms of the NT approval letter. The specific condition(s) to which Victor Khanye LM did not comply with during June 2026 are discussed in more detail below.

Condition 6.3 Maintain Current Bulk Account.

The municipality's Eskom account for May 2026 was R24,875,232.24 according to the Eskom Section 41 report. The Municipality only paid R500 thousand in June 2026. The data strings of the Municipality correctly show R500,000 payments made to Eskom in June 2026. The electricity income for June 2026 was R19,666,913 according to schedule SC30.

The municipality only paid their Eskom account in full twice (March 2024 and December 2024) in the 34 months that the municipality is on the debt relief programme. Only R226,4 million of the R729,3 million electricity income was paid to Eskom. The municipality's average payment percentage is 31%. The total short payments from September 2023 to June 2026 are R503 million.

The municipality emailed the May 2026 Rand Water invoice. The amount to be paid by the municipality was R5,722,207,23. The municipality paid the exact amount to Rand Water in June 2026. The water data strings for Month 12 in June 2026 was not uploaded on LG Portal.

Condition 6.4 Compliance with a funded MTREF budget

The Municipality adopted an unfunded budget amounting to R900 million with the 2023/24 budget. It increased to R1,064 billion unfunded with the 2024/25 budget. It further increased to R1,507 billion unfunded with the 2024/25 adjustment budget. It increased further with the 2025/26 adjustment budget to R1,642 billion unfunded. It decreased to R1,380 billion unfunded with the 2026/27 final budget.

The Municipality projected an operating deficit amounting to R2 million on the operating budget with the 2023/24 budget. It improved to an operating surplus of R25 million with the 2024/25 budget. It improved again with a surplus of R67,6 million with the 2024/25 adjustment budget. It changed to a deficit of R28,6 million with the 2025/26 adjustment budget. It reduced to R14,4 million deficit with the 2026/27 final budget.

Condition 6.5 Cost Reflective Tariffs

The Municipality tabled the municipal tariffs for service charges, without testing the tariffs against the tariff tool as per the MFMA Circular no. 98 and item 5.2 of MFMA Budget Circular no. 122 as part of the municipality's annual budget tabling process. The municipality have completed the tariff tool for 2023/24 and it was uploaded on the Go-Muni under the final budget documents. MPT did the 2025/26 tariff tool for the municipality. The municipality tabled it with the final budget for 2025/2026. MPT also provided training to all the municipalities on the use of the NT developed tariff tool with the 2026/27 budget.

Condition 6.6 Electricity and water as a collection tool

The municipality do issue a consolidated monthly bill to all consumer's/property owners. Provincial Treasury did verify the allocation of partial payments by obtaining the "Settlement Order" from the Munsoft system. It is in the order prescribed by MFMA circular no 124.

The municipality is in the process of installing smart meters. MPT supported the municipality with a R10,268,235 smart meter grant for the installation of smart meters. The municipality is restricting the water flow to those whose accounts are in arrears in the Eskom supplied areas.

Condition 6.7 Average quarterly collection rate

The Municipality has submitted the quarterly collection rate per ward as required during the application process. It is below the 85% as required by condition 6.7. The municipality have submitted and uploaded the quarterly collection rates per ward for the third quarter of 2025/26. The quarterly collection rate at 61.8% is also well below the circular 124 requirement of 85%. The collection rate for June 2026 was 45%. This is mainly due to an inflated property rates of R84 million per month charged to Eskom for the power station.

The municipality developed a smart pre-paid meter policy and it was adopted in Council.

Condition 6.8 Completeness of revenue base

It should be noted that the municipality populated the National valuation roll and billing system reconciliation tool and submitted to National Treasury together with the application during August 2023. The municipality also submitted and uploaded the valuation roll reconciliation for the 4th quarter (April 2024 to June 2024). The 4th quarter valuation roll is reconciling with the financial system. The development of an action plan was therefore not necessary. The municipality have uploaded the valuation roll reconciliation for the 4th quarter of 2025/26. The valuation roll is not reconciling with the financial system and the municipality must develop an action plan for it to reconcile.

Condition 6.9 - Monitor and Report on compliance

The MFMA S71 narrative statement for June 2026 was uploaded on the Go-Muni portal and it was emailed to MPT. The mSCOA data strings for June 2026 was uploaded to the Go-Muni portal. The MFMA s71 Statement for June 2026 was also published on the municipality's website. The MFMA s71 Statement was also assessed against the Municipal Budget-and Reporting Regulations, 2009 (MBRR) and the National Treasury MFMA S71 reporting guidance issued to debt relief municipalities on 10 May 2024 read in conjunction with paragraphs 9(i) to 9(ix) of the NT debt relief approval letter. The assessment confirmed that the MFMA s71 narrative statement included the following information:

MFMA S71 Statement component		Compliance (Yes / No)
1.	***The Budget Performance Overview (paragraph 4) of the MFMA S71 statement*** explicitly advised on the municipality's progress in implementing the municipality's budget and (where relevant also the budget funding plan) – where implementation is slow, the statement advised explicitly on progress, challenges and corrective actions.	Yes
2.	***The conclusion (paragraph 14) of the MFMA S71 statement*** explicitly advised as part of the MFMA Circular 124: Condition 6.9 reporting - i. Any risk associated; and ii. The mitigating factors with the implementation of the municipality's Budget Funding Plan and / or Funded Budget.	No
3.	***Annexure B of the MFMA S71 statement included the following debt relief reporting components-***	
3.1.1	The municipality's MFMA Circular 124 self-assessment	yes
3.1.2	The self-assessment (refer 3.1.1 above) was included in the format of **MFMA Budget Circular 128 (Annexure B)**	No
3.2	The municipality's overall relief compliance across the months of its debt relief participation since its National Treasury debt relief approval effective date	yes
3.3	The latest Provincial Treasury debt relief compliance certificate and report issued to the municipality	yes
3.4.1	The municipality's revenue collection performance i. the overall performance graph; ii. Summary worksheet; and iii. Collection per ward indicating who supplies electricity in the ward.	Yes
3.4.2	The revenue collection performance information (refer 3.4.2) was included in the format of **MFMA Budget Circular 128 (Annexure D).**	No
3.5.1	The indigent management information	Yes
3.5.2	The indigent management information was included in the format of **MFMA Budget Circular 128 (Annexure C).**	No
3.6.1	The summary of the municipality's property rates reconciliation undertaken in the National Treasury format.	No
3.6.2	The municipality's progress during the month against its planned corrective action to address any variances evident from the property rates reconciliation.	No
3.7.1	Any Eskom and Water (if the municipality has the Water function) Bulk current account invoice(s) due and payable during the month of reporting.	No
3.7.2	The municipality's proof of payment of any such Eskom and / or Water Bulk current account invoice(s) during the month of reporting.	Yes
3.7.3	The municipality's reconciliation statement for electricity and water (if it has the function) aligning to the MFMA S71 mSCOA data strings upload.	No
3.8	Recommendations noting explicitly the aforementioned debt relief reporting to the Mayor and / or Mayoral Committee meeting	No

The municipality was not implementing the budget funding plan initiatives as there are no real improvement on the billing and the collection. There are also no remedial actions undertaken to achieve compliance and the timeframes thereof outlined.
PT developed a standard BFP format for all municipalities in July 2025. The municipality used this format to populate their BFP with the support of the resident MFIP advisor and it was approved by Council in a Special Council meeting held on 13 October 2025. The municipality is now reporting on the progress with the implementation of the BFP every month as part of the debt relief compliance.

Condition 6.10 - Provincial Treasury certification of municipal compliance

All the PT's outstanding compliance assessments and reports for Victor Khanye LM (September 2023 – May 2026) were compiled and issued to the National Treasury and the municipality as part of the PT's June 2026 debt relief submission. The PT also designated Ms. Theko going forward to facilitate timely and quality debt relief submissions to the HOD and that such are issued by the Mpumalanga PT to Victor Khanye LM and the National Treasury before the 20 working days after month-end deadline on a monthly basis going forward.

Condition 6.11 - Limitation on Municipal borrowing powers

The limitation on municipality borrowing powers and the prohibition of borrowing during debt relief periods form a dual regulatory framework aimed at ensuring fiscal responsibility. Compliance necessitates meticulous scrutiny of borrowing activities to ascertain adherence to authorized limits and program guidelines. These measures, while promoting sustainable debt management, also stabilize the municipality's financial standing, prevent over-leveraging, and mitigate immediate financial strain. Adhering to these regulations is paramount for maintaining creditworthiness, mitigating financial risks, and safeguarding the municipality's long-term financial health. Thus, robust oversight and adherence to regulatory frameworks are imperative for prudent financial governance and sustained fiscal resilience.

The municipality complied with this condition since its debt relief effective date of 01 September 2023 to date.

Condition 6.12 – 6.13 For the duration of the Municipal Debt Relief (to ensure proper management of resources)

It is noted that during February 2024, the National Treasury: Office of the Accountant General (OAG) issued the Supplementary Guide to MFMA Circular 124 on 21 February 2024. In terms of the guidance, the municipality no longer have to maintain a separate bank account for debt relief purposes as envisaged in MFMA Circular 124 (Condition 6.12). However, irrespective of whether a municipality decides to discontinue a separate bank account, ring-fencing for debt relief purposes must be enabled and demonstrated through the municipality's monthly mSCOA data string submissions.

Condition 6.14 - NERSA Licence

By having applied for Municipal Debt Relief, the council of a municipality that during the duration of the Municipal Debt Relief programme fails to comply with any condition of the Relief, agreed to make an application to NERSA to voluntarily revoke the municipality's license in terms of section 17 of the Electricity Regulation Act, 2006 (Act no. 4 of 2006). It is noted that this condition will only come into effect if the municipality's participation in the debt relief program is terminated.

4. RECOMMENDATIONS

It is recommended that:

- The Municipality ring fence all service charges revenue to honour the current bulk accounts in full on a monthly basis;
- The Municipality to intensify credit control and debt collection;
- The Municipality should update the budget funding plan with the initiatives as agreed with MPT and monthly progress must be reported on all the items;
- The Municipality must institutionalise the implementation of the Budget Funding Plan and send monthly progress reports to MPT;
- The Council to support the implementation of credit control and revenue improvement initiatives;
- The Municipality should use the example of the Section 71 report provided to them to do their monthly Section 71 reports and include all the annexures as per MFMA Circular 128;
- The Municipality must upload the narrative Section 71 report under the relevant month;
- The municipality must upload the monthly Section 71 data strings for the financial and non-financial data; and
- The Municipality pay their full current Eskom and Rand Water accounts going forward.

Regards

MS. GUGU MASHITENG
HEAD OF DEPARTMENT
DATE: 21-07-2026

Monthly Performance Report

Municipal Details			Part A: Eskom And Bulk water current account						Part B: Compliance with a funded MTREF					Part C: FRP/BFP & Tariff Assessment		
Month	Code Descr	Code	C1	C2	C3	C4	C5	C6	C7	C8	C9	C10	C11	C12	C13	C14
25.July25	Victor Khanye	MP311	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26.August25	Victor Khanye	MP311	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Yes	[illegible]	[illegible]	[illegible]
27.September25	Victor Khanye	MP311	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Yes	Yes	Yes	[illegible]	[illegible]	[illegible]
28.October25	Victor Khanye	MP311	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Yes	Yes	Yes	[illegible]	[illegible]	[illegible]
29.November25	Victor Khanye	MP311	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Yes	Yes	Yes	[illegible]	[illegible]	[illegible]
30.December25	Victor Khanye	MP311	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Yes	Yes	Yes	[illegible]	[illegible]	[illegible]
31.January26	Victor Khanye	MP311	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Yes	Yes	Yes	[illegible]	[illegible]	[illegible]
32.February26	Victor Khanye	MP311	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Yes	Yes	Yes	[illegible]	[illegible]	[illegible]
33.March26	Victor Khanye	MP311	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Yes	Yes	Yes	[illegible]	[illegible]	[illegible]
34.April26	Victor Khanye	MP311	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Yes	Yes	Yes	[illegible]	[illegible]	[illegible]
35.May26	Victor Khanye	MP311	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Yes	Yes	Yes	[illegible]	[illegible]	[illegible]
36.June26	Victor Khanye	MP311	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Yes	Yes	Yes	[illegible]	[illegible]	[illegible]
37.July26	Victor Khanye	MP311														
38.August26	Victor Khanye	MP311														
39.September26	Victor Khanye	MP311														
40.October26	Victor Khanye	MP311														
41.November26	Victor Khanye	MP311														

	Part D: Electricity and water as collection tools				Part E: Quarterly collection of property rates and services charges							Maximization of Revenue Base		
Month	C15	C16	C17	C18	C19	C20	C21	C22	C23	C24	C25	C26	C27	C28
25.July25	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26.August25	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
27.September25	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
28.October25	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
29.November25	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
30.December25	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
31.January26	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32.February26	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
33.March26	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34.April26	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35.May26	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
36.June26	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
37.July26														
38.August26														
39.September26														
40.October26														
41.November26														

	Part F: Oversight													Scoring and Rating	
Month	C29	C30	C31	C32	C33	C34	C35	C36	C37	C38	C39	C40	C41	Score	Rating
25.July25	[illegible]	[illegible]	[illegible]	[illegible]	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	No	69%	[illegible]
26.August25	[illegible]	[illegible]	[illegible]	[illegible]	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	No	63%	[illegible]
27.September25	[illegible]	[illegible]	[illegible]	[illegible]	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	69%	[illegible]
28.October25	[illegible]	[illegible]	[illegible]	[illegible]	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	66%	[illegible]
29.November25	[illegible]	[illegible]	[illegible]	[illegible]	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	83%	[illegible]
30.December25	[illegible]	[illegible]	[illegible]	[illegible]	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	No	66%	[illegible]
31.January26	[illegible]	[illegible]	[illegible]	[illegible]	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	No	56%	[illegible]
32.February26	[illegible]	[illegible]	[illegible]	[illegible]	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	No	55%	[illegible]
33.March26	[illegible]	[illegible]	[illegible]	[illegible]	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	No	71%	[illegible]
34.April26	[illegible]	[illegible]	[illegible]	[illegible]	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	No	71%	[illegible]
35.May26	[illegible]	[illegible]	[illegible]	[illegible]	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	No	56%	[illegible]
36.June26	[illegible]	[illegible]	[illegible]	[illegible]	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	No	56%	[illegible]
37.July26														0%	Not completed
38.August26														0%	Not completed
39.September26														0%	Not completed
40.October26														0%	Not completed
41.November26														0%	Not completed

Comments/Motivation

HOD Name: Ms G Mashiteng

Signature of HOD: pp

Date: 20/07/2026

** Note – If the official is signing on behalf of the Head of the Provincial Treasury (HOD), the written concurrence of the HOD must be attached as an Annexure to this Certificate of Compliance.

Annexure A2 - Monthly

National Treasury
Municipal Debt Relief
MFMA Circular No. 124
Municipal Finance Management Act No. 56 of 2003

Mpumalanga Provincial Treasury

Certificate of Compliance: Municipal Debt Relief Conditions for Application

Period		Jun'26
National Financial Year		2025/26
Demarcation Code of Municipality being assessed		MP311
District	Nkangala	
Demarcation Description	Victor Khanye	

I, Ms Gu[illegible] Mashiteng, hereby certify that the Provincial Treasury monitored the compliance against the conditions of Municipal Debt Relief as set-out in **MFMA Circular No. 124** and that the Provincial Treasury is satisfied and certifies that the said municipality do not fully comply with the conditions as set-out in the table below:

Municipal Debt Relief Conditions (Monthly reporting)

Choose from drop down list

Condition			
Condition	6,3 - 6,12	**Maintaining the Eskom and bulk water current account –** Current account for the purpose of this exercise means the account for a single month's consumption	
	6.12.2	- Has the municipality paid its ***bulk water current account*** within 30 days of receiving the relevant invoice (this applies to all municipalities, including metros)? ***Note** - refer condition 6.12.2*	Yes
	6.12.2	- Has the municipality submitted the supporting evidence of the bulk water current account payment to the National Treasury, the Water Board and/ or Water Trading Entity within 1 day of making any such payment (in PDF format) via the GoMuni Upload Portal https://guploadportal.treasury.gov.za?	Yes
	6.12.2	- Does the amount of the bulk water current account payment as per the proof of payment reconcile to the amount recorded on the financial system as per the mSCOA data string and the section 41(2) MFMA statement of the Water Board and/ or Water Trading Entity?	No
	6.3.1	- Has the municipality paid its ***Eskom bulk current account*** within 30 days of receiving the relevant invoice (this applies to all municipalities, including metros)? ***Note** - current account in terms of municipal debt relief approval means the total Eskom charges for the billing period plus VAT plus any component that may be due in terms of a payment arrangement of "New arrears" (March 2023 and / or subsequent current account(s) up to the date of NT approval of the application.*	No
	6.3.2 6.3.3	- Has the municipality submitted the supporting evidence of the bulk Eskom current account payment to the National Treasury and Eskom within 1 day of making any such payment (in PDF format) via the GoMuni Upload Portal https://guploadportal.treasury.gov.za?	Yes
	6.3.4	- Does the amount as per the proof of payment reconcile to the amount recorded on the financial system as per the mSCOA data string and the section 41(2) MFMA statement of Eskom?	Yes
	6.4	**Compliance with a funded MTREF -** *(choose from drop down list the MTREF assessed)*	2025/26 Main Adjustment MTREF
	6.4.1	- Is the municipality's MTREF funded and aligning to the National Treasury's Budget Funding Guidelines - http://mfma.treasury.gov.za/Guidelines/Pages/Funding.aspx?	No
	6.4.1	- Has the municipality budgeted for any operating surplus on the A1 Schedule (Table A4 – Budgeted Financial Performance) of the Municipal Budget- and Reporting Regulations?	No
	6.4.1	- Has the municipality made adequate provision for debt impairment *(considering the actual collection of revenue and property rates during the 12 months immediately preceding the tabling of the budget)* on the A1 Schedule (Table A4 - Budgeted Financial Performance) of the Municipal Budget-and Reporting Regulations?	Yes
		Note - [illegible]	
	6.4.1	- Has the municipality made adequate provision for depreciation and asset impairment *(considering its asset register and physical state of assets)* on the A1 Schedule) Table A4 - Budgeted Financial Performance) of the Municipal Budget-and Reporting Regulations?	Yes

	Note - If the municipality merely used the depreciation and asset impairment to balance the budget and there is no real alignment [illegible] provision for such with the state of assets/asset register, the Provincial Treasury must respond to this item as "No".	
6.4.?	- *If the municipality's MTREF is not funded*, has it tabled and adopted a credible Budget Funding Plan as part of the MTREF budget (refer item 9.3 of MFMA Budget Circular no. 122, 09 December 2022)?	Yes
	Note - If the municipality has an FRP, a separate budget funding plan is not necessary. However, the PT / NT must assesses whether the existing FRP incorporates / will give effect to a funded MTREF. If not, the FRP requires strengthening	
6.4.2	- *If the municipality's MTREF is not funded and it has an FRP per the legislative framework*, does the existing FRP incorporate a credible Budget Funding Plan (will the FRP give effect to a funded MTREF over the period of the FRP) - aligning with the principles of a budget funding plan as envisaged in item 9.3 of MFMA Budget Circular no. 122, 09 December 2022)? *Note - only if the municipality does not have an FRP may "N/A" be selected from the dropdown list.*	N/a
6.4.2	- Does the municipality's annual and monthly cashflow projections included on the A1 Schedule (Table A7 - Budgeted Cash Flows and Supporting Table SA 30 – Budgeted Monthly Cash Flows) of the Municipal Budget and Reporting Regulations aligns with and gives effect to the municipality's Budget Funding Plan strategy (or the FRP strategy) and related seasonal trends *(For example higher winter Eskom tariffs, lower January collection rates, etc.?)*	Yes
6,5	**Cost reflective tariffs** – (excluding metros) has the municipality included its completed tariff tool (refer MFMA Circular no. 98 and item 5.2 of MFMA Budget Circular no. 122) as part of the municipality's annual tabled and adopted MTREF submissions with effect the tabling of the 2023/24 MTREF?	Yes
6,6	**Electricity and water as collection tools** – has the municipality, with effect from the tabling of the 2023/24 MTREF, ***demonstrated, through its by-laws and budget related policies*** that:	
6.6.1	- the municipality issues a consolidated monthly bill to all consumers/property owners in terms of which all partial payments received are allocated in the following order of priority: firstly, to property rates, thereafter to water, wastewater, refuse removal and lastly to electricity?	Yes
6.6.2	- the municipality disconnects electricity services and/or block the purchasing of pre-paid electricity of any defaulting consumer/property owner unless the defaulter already registered as an indigent consumer with the municipality?	Yes
6.6.3	- the municipality is restricting and/or interrupting the supply of water of any defaulting consumer/ property owner unless the defaulter already registered as an indigent consumer with the municipality? Note: In terms of this condition the municipality must undertake such restriction/ interruption of water together with the municipal engineer(s) to ensure a minimum supply of waste water.	Yes
6.6.4	- If the defaulting consumer/property owner is registered as an indigent consumer with the municipality, is the monthly supply of electricity and water to that consumer/property owner physically restricted to the monthly national basic free electricity- and water limits of 50 Kilowatt electricity and 6 Kilolitres water, respectively? *Note – the municipality's monthly MFMA s.71 statement must include as part of the narratives the indigent information [illegible]*	No
6.6	***Supporting evidence** : The National Treasury and/ or provincial treasury's related budget assessment confirms the municipality's relevant MTREF's related budget policies and by-laws demonstrate compliance with paragraph 6.6.*	
6.7	**Maintain a minimum average quarterly collection of property rates and services charges** –	
6.7.1	- Has the municipality achieved a minimum of *80 per cent average quarterly collection* of property rates and service charges **with effect from 01 April 2023** and *85 per cent average quarterly collection* **with effect from 01 April 2024** during any quarter - demonstrated in the MFMA s.71 monthly and quarterly statement(s) and mSCOA data strings uploaded via the GoMuni Upload Portal?	No
	Note - [illegible]	
6.7.2	- If the response in 6.7.1 is "No" and the municipality is unable to achieve the minimum average quarterly collection as per paragraph 6.7.1, **has the municipality demonstrated to the satisfaction of National Treasury the following** :	
6.7.2.1	* the underperformance directly relates to Eskom supplied areas where the municipality does not have electricity as a collection tool <u>and</u> that the average quarterly collection of the municipality (excluding Eskom supplied areas) equals the required quarterly average collection set-out in paragraph 6.7.1;	No
6.7.2.2	* the municipality for technical engineering reasons is unable to physically restrict and/or limit the supply of water in the Eskom supplied area(s)?	No
6.7.2.3	* the municipality before 01 February 2024 attempted to enter into a service delivery agreement with Eskom for purposes of municipal revenue collection in the Eskom supplied area(s) as envisaged in sections 76 to 78 of the Municipal Systems Act, 2000 and that such failed <u>and</u> the reason(s) for the failure?	Yes
6.7.3	- The municipality has progressively installed smart pre-paid meters in the municipality supplied areas to improve its collection <u>and</u> only then, on an individual case-by-case basis, considered writing off the debt of its customers, within its normal credit control process?	Yes

6.7.4	- Has the municipality adopted a policy to install any new electricity connection in the demarcated area with effect the 2023/24 MTREF with a smart pre-paid meter?	Yes
6.7.5	- Has the municipality's 2023/24, 2024/25 and 2025/26 tabled and adopted capital budgets and MFMA section 71 statements reflected the approach set-out in 6.7.3 and 6.7.4?	Yes
6.8	**Municipality's Completeness of the revenue base –**	
6.8.1	- Has the municipality demonstrated through the National Treasury property rates reconciliation tool that the municipality's billing system perfectly aligns to its Council approved General Valuation Roll (GVR) and/ or any subsequent supplementary GVR compiled by the registered municipal valuer?	No
6.8.1	- If the response in 6.8.1 is "No", has the municipality demonstrated the steps taken to correct the variances identified? *Note - monthly progress against the action plan to address variances to be included as part of the municipality's debt relief compliance reporting in the MFMA s.71 statement*	No
6.8.2	- **For the latest ending Quarter** -Has the municipality submitted its completed billing system, GVR and/or interim GVR reconciliations required in terms of paragraph 6.8.1 to the National Treasury quarterly (refer MFMA Circulars no. 93, 98, 107 and 108) to the upload portal on https://lguploadportal.treasury.gov.za?	Yes
6.9	**Monitor and report on implementation –**	
6.9.1	- **MFMA section 71 reporting** – has the municipal council and senior management team instituted processes to monitor and enforce accountability for the implementation of the municipality's funded budget and Budget Funding Plan where relevant?	No
6.9.2	- If progress is slow in terms of paragraph 6.9.1, is the **active intervention evident** from the narratives supporting the municipality's monthly MFMA section 71 reporting and recorded on the financial system as per the mSCOA data string? *Note - condition 6.9.2 has a typing error and must refer to 6.9.1*	No
6.9.3	- **Municipalities with financial recovery plans (FRP)** – if the municipality has a FRP as envisaged in the prevailing local government legislative framework, is the municipality reporting monthly its progress in implementing its FRP to the Provincial Executive?	No FRP
6.9.4	- If the municipality has an FRP, with effect from 01 April 2023, parallel to submitting its monthly FRP progress report to the Provincial Executive, has the municipality also submitted the FRP progress report to the National Treasury: Municipal Financial Recovery Service (MFRS) timeously via the GoMuni Upload Portal https://lguploadportal.treasury.gov.za?	No FRP
6.10	*Note - a municipality with a FRP may only benefit from the Municipal Debt Support programme if the FRP progress report was submitted to both the Provincial Executive and MFRS* *Provincial Treasury Note - Provincial Treasury certification of municipal compliance – in terms of section 5 and 74 of the MFMA, with effect from 01 April 2023, a delegated municipality may not benefit from Municipal Debt Relief, unless:*	
6.10.1	- has the relevant Provincial Treasury (delegated) / National Treasury (non-delegated) monthly monitored the municipality's compliance in terms of these conditions?	Yes
6.10.2	- has the Head of the relevant Provincial Treasury (**delegated**) monthly certified the municipality's compliance to these conditions, to the National Treasury's satisfaction as envisaged in the **conditions for provincial** treasuries (refer paragraph 4.1.1 to 4.1.5 of MFMA Circular no. 124) and timeously uploaded the compliance certificate via the GoMuni Upload Portal https://lguploadportal.treasury.gov.za? *Note - in the case of a non-delegated municipality the National Treasury to issue the compliance certificate*	Yes
6.10.3	- has the Provincial Treasury failed to rectify any provincial treasury non-compliance with any of the **conditions for provincial treasuries** (refer paragraph 4.1.1 to 4.1.6 of MFMA Circular no. 124) within one month of the non-compliance occurring?	No
	Note - [illegible]	
6,11	**Limitation on municipality borrowing powers** - has the municipality borrowed since its initial or any subsequent benefit in terms of this municipal debt support programme?	No
	Note - there is a prohibition on municipal borrowing for three consecutive municipal financial years from the date of the municipality's initial or any subsequent benefit in terms of this municipal debt support programme. NT confirms that MFMA Circular No. 124: condition 6.11 (Limitation on municipality borrowing powers) will only be enforced in relation to new long term loans [illegible] after the effective date of debt relief approval as envisaged in MFMA section 46. Short term borrowing, including [illegible] bridging purposes are not considered within the ambit of this condition.	
6.12	**For the duration of the Municipal Debt Relief (to ensure proper management of resources):**	
6.12.1	- has the municipality **apportioned and ring-fenced** in a sub-account to its primary bank account – (a) all electricity, water and sanitation revenue the municipality collects in any month; and (b) **the component of** the Local Government Equitable Share (LGES) the municipality earmarked to provide free basic electricity, water and sanitation?	Yes
6.12.2	- has the municipality during the month first applied the revenue in the sub-account (required per paragraph 6.12.1) to pay its current Eskom account and then secondly its bulk water current account before it applied the revenue in the sub-account for any other purpose?	No
	Note - [illegible] will a request be made to the Minister of Finance [illegible] the municipality from MFMA s.46	

	Supporting evidence : Has the municipality submitted a copy of the monthly bank statement of its ring-fenced bank account to the National Treasury and provincial treasury aligning to its MFMA s.71 statement collected revenue.	Yes
6,13	**Accounting Treatment** - has the municipality fully accounted for and correctly reported on the write-off of its Eskom arrear debt (debt existing as on 31 March 2023) as per any written instruction of the National Treasury: Office of the Accountant General issued for Municipal Debt Relief to date? *Note - to include accounting for any related benefit (e.g. interest suppression, etc.) and alignment with mSCOA*	Yes
6,14	'**NERSA License** - has the municipality during the month failed to comply with any condition of the Municipal Debt Relief?	Yes
	Note: By applying for Municipal Debt Relief as set-out in paragraph 3. of MFMA Circular no. 124, the council of a municipality that during the duration of the Municipal Debt Relief programme fails to comply with any condition of the Relief, agrees to apply to NERSA to revoke the municipality's license in terms of section 17 of the Electricity Regulation Act, 2006 (Act no. 4 of 2006). Any such application must be preceded by the relevant processes for appointing an external mechanism as envisaged in Chapter 8 of the Municipal Systems Act, 2000, including the necessary service delivery agreement aligning with the Municipal Systems Act, 2000 and Electricity Regulation Act, 2006. In terms of the conditions of government's wider support to Eskom, Eskom will once again have to enforce its credit control and debt collection policies also in relation to the municipality's arrears that are the subject of municipal debt relief, etc.	

PT: HOD/ NT / MM Name: **Ms G Mashiteng**

Signature of HOD/ NT/ MM: pp

Date: 20/07/2026

Note – If the official is signing on behalf of the Head of the Provincial Treasury (HOD) / Municipal Manager, the written procuration of the HOD / MM must be attached as an Annexure to this Certificate of Compliance.

1. **HUMAN RESOURCE IMPLICATIONS**

None

2. **LEGAL IMPLICATIONS**

The non-payment of Eskom, Rand Water and Auditor general will lead to legal implications for the municipality.

3. **FINANCIAL IMPLICATIONS**

It is important for the municipality avoid incurring any additional costs, which could result in unauthorised and irregular expenditure.

4. **RISK IMPLICATIONS**

Removal from the Debt relief program due to non-compliance.

5. **STRATEGIC IMPLICATIONS**

Non-compliance to MFMA and VKLM policy Framework.

6. **OTHER IMPLICATIONS**

None

17. Recommendations

1. That the Municipal Council consider the report in terms of Section 71 of MFMA.
2. That the Municipal Council consider that Table c1 – Table C7 is obtained in terms guided by the National Treasury.
3. That the Municipality consider that both Eskom and Rand Water debt as at 31 July 2026_27 amounts to **R 1.3 billion** and **R483 million** respectively;
4. That the Municipal Council consider that the debt book amounts to **R2 billion;**
5. That non-compliance letter from Provincial treasury and the self-assessment for the month ended February be noted;
6. That circular 124 debt be noted;
7. That government debt be noted;

T.P MAHLANGU
CHIEF FINANCIAL OFFICER

Circular 124, for debt relief program - Eskom reconciliation as at 31 July 2026.

Kindly note the payments are made on an accrual basis.

ESKOM MAIN ACCOUNT

Segment in ledger ==================>			Bulk Purchases	VAT	Interest expense			
MONTH	INVOICE NO	BROUGHT FORWARD	TOTAL EXC	VAT	INTEREST	TOTAL INC	AMOUNT PAID	BALANCE + INVOICE - PAID
Jul-26	564318760503	1 085 455 181	18 878 668	2 831 800	4 779 577	26 490 045	5 000 000	1 106 945 226
Aug-26								
Sept-26								
Oct-26								
Nov-26								
Dec-26								
Jan-27								
Feb-27								
Mar-27								
Apr-27								
May-27								
Jun-27								
			18 878 668	**2 831 800**	**4 779 577**	**26 490 045**	5 000 000	

ESKOM SUB ACCOUNT

0

Segment in ledger ==================>			Bulk Purchases	VAT	Interest expense			
MONTH	INVOICE NO	BALANCE BROUGHT FORWARD	TOTAL EXC	VAT	INTEREST	TOTAL INC	AMOUNT PAID	BALANCE + INVOICE - PAID = TOTAL DUE
Jul-26	889712628461	268 402 453	16 564 541	2 484 681	2 929 352	21 978 575	5 000 000	285 381 028
Aug-26								
Sept-26								
Oct-26								
Nov-26								
Dec-26								
Jan-27								
Feb-27								
Mar-27								
202/04/01								
May-27								
Jun-27								
			16 564 541	**2 484 681**	**2 929 352**	**21 978 575**		