VICTOR KHANYE

LOCAL MUNICIPALITY – PLAASLIKE MUNISIPALITEIT

Tel: 013 004 1300
Fire Depart: 080 001 4716
Customer Care: 080 001 4716
Website: www.vklm.gov.za

Address: Cnr . Samual Road & Der Walt Street Delmas 2210
Email: LuckyD@vklm.gov.za

BUDGET AND TREASURY OFFICE

QUALITY CERTIFICATE

I, **T.M MASHABELA**, Municipal Manager of Victor Khanye Local Municipality, hereby certify that the budget statement for August 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.....

VICTOR KHANYE

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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 August 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 August 2009 for implementation with effect from 1 August 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;

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 August 2009 for implementation with effect from 1 August 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 August 2026_27**

Description	Budget	Aug Actuals	YTD Actuals	YTD Budget
Revenue	- 1 051 784 000	- 69 458 000	- 206 200 000	- 175 297 000
Expenditure	1 066 202 000	73 998 000	151 918 000	177 700 000
Surplus/Deficit	14 418 000	4 540 000	- 54 282 000	
Capital expenditure	29 886 000	2 083 964	2 853 000	6 455 000
Debtors		2 198 799 117		
Creditors		1 956 031 196		
Average payment ra	85%	55%		

The actual revenue billed for August amounted to **R69 million** and reflects a variance of **18%** when the Year-To- date actual **R206 million** compared with the year-to-date budget of **R175 million.**

The expenditure amounted to **R73 million** and reflects a variance of **(-15%)** when the year to date actual **R151 million** compared with the year-to-date budget of **R177.7 million**.

The net operating deficit for August amounts to **R4.5 million** and is the same as the year-to-date surplus of **R54 million**.

The actual revenue billed for August amounted to **R69 million** and reflects a variance of **18%** when the year to date actual **R206 million** compared with the year-to-date budget of **R175 million.**

The expenditure amounted to **R73 million** and reflects a variance of **(-15%)** when the year to date actual **R151 million** compared with the year-to-date budget of **R177.7 million**.

The net operating deficit for August amounts to **R4.5 million** and is the same as the year-to-date surplus of **R54 million**.

The municipality received the following grants in August:

FMG – R2 000 000

INEP – R1 000 000

EPWP – R534 000

MIG – R7 187 000

Capital expenditure incurred in August amounted to **R1.9 million**.

Ageing debtors amounted to **R2.1 billion** and on Creditors **R1.9 billion** in which the highest is an amount of **R1.4 billion** owed to Eskom and **R510 million** owed to Rand Water.

Collection rate **(55%)**

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.

Type Of Service	Total Settlements	Total Movement	Billing	CreditNotes	Debit Notes	Other Adjustments	Payment Rate (Movement)
DEPOSIT	- 183 070	69 792	-	-	-	69 792	262%
ADVANCE PAYMENT	1 022 688	-	-	-	-	-	-
INTEREST	- 363 131	9 799 876	10 625 997	- 689 599	1 300	- 137 822	4%
VAT	- 3 593 279	4 663 064	4 960 509	- 431 644	126 250	7 950	77%
WATER	- 2 096 262	3 309 387	5 813 301	- 2 623 223	114 441	4 867	63%
ELECTRICITY	- 18 332 535	19 445 885	19 004 777	- 219 640	631 159	29 589	94%
RATES	- 9 397 358	21 585 691	21 892 378	- 605 413	-	298 726	44%
REFUSE	- 920 032	1 342 556	1 368 141	- 18 202	-	- 7 383	69%
SEWERAGE	- 872 690	1 272 452	1 176 393	-	96 059	-	69%
SUNDRIES VAT	- 39 287	-	-	-	-	-	-
SUNDRY NON VAT	- 44 823	2 147	2 147	-	-	-	2088%
HIRE	- 871 171	5 740 877	5 778 082	- 16 562	-	- 20 643	15%
OTHER SERVICES	- 300	176 336	-	-	-	176 336	-
PAYMENT ADVANCED	- 1 166 449	-	-	-	-	-	100%
Total	- 36 857 698	67 408 062	70 621 725	- 4 604 283	969 209	421 413	55%

REVENUE VARIANCES

	Original budget 2026/2027	Monthly Actual	YTD Actual	YTD Budget	Variance	Variance %
R thousands						
Revenue By Source						
Exchange revenue						
Service charges - electricity revenue	272 837 000	20 583 000	43 897 000	45 473 000	- 1 576 000	-3%
Service charges - water revenue	86 057 000	6 687 500	10 677 000	14 343 000	- 3 666 000	-26%
Service charges - sanitation revenue	14 924 000	1 224 000	2 497 000	2 487 000	10 000	0%
Service charges - refuse revenue	18 996 000	1 366 500	2 716 000	3 166 000	- 450 000	-14%
Sale of Goods and rendering of services	9 422 000	243 000	570 000	1 570 000	- 1 000 000	-64%
Interest earned - outstanding debtors	165 255 000	-	1 000	27 542 000	- 27 541 000	-100%
Rental of facilities and equipment	1 702 000	178 000	338 000	284 000	54 000	19%
Operational revenue	1 255 000	15 000	33 000	209 000	- 176 000	-84%
Interest from non_current Assets	-	-	28 000	0	28 000	
Non-exchange revenue					-	
Property rates	164 060 000	27 581 500	54 833 500	27 343 000	27 490 500	101%
Fines, penalties and forfeits	2 318 000	100 000	105 000	386 000	- 281 000	-73%
Surcharges and Taxes	75 993 000	-	-	12 665 000	- 12 665 000	-100%
interest	71 818 000	11 479 500	22 581 500	11 970 000	10 611 500	89%
other Gains		-	-	0	-	0%
Transfers and Subsidies - Operational	167 148 000	-	67 923 000	27 858 000	40 065 000	144%
Total revenue (excluding capital transfe	**1 051 785 000**	**69 458 000**	**206 200 000**	**175 296 000**	**30 904 000**	**18%**

EXCHANGE AND NON-EXCHANGE REVENUE

Service Charges – Electricity

The billing for August amounted to **R20 million**. This reflects a variance of **3%** when compared with the year to date budget **R45 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 August amounted to **R6.6 million.** When the year-to-date actual **R10.6 million** is compared with the year to date budget **R14 million**, the variance is **(-26).**

Service Charge – Sanitation

The billed revenue for August amounted to **R1.2 million** and reflects a variance of **0%** when the year-to-date actual **R2.4 million** compared with the year to date budget of **R2.4 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 **(-14%)** when the year-to-date actual **R2.7 million** compared to the year to date budget of **R3 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 **R178 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 **R15 thousand** and a year to date budget of **R33 thousand.** Operational revenue comprise of grave fees, connection/disconnection of water and electricity fees, building plans.

Property Rates

Billing for property rates for August amounted to **R27 million** and reflects a variance of 99% when the year-to-date actual **R54 million** compared to the year-to-date budget of **R27 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 **R11.4 million** for both the exchange and non-exchange revenue respectively.

Actual year-to-date in 2026_27 financial year amounted to **R206 million,** included in that revenue is the grants received **R78.6 million.**

EXPENDITURE

Monthly Budget Statement - Financial Performance (Expenditure) – August 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	18 188 000	36 670 000	38 408 000	- 1 738 000	-5%
Remuneration of councillors	12 723 000	862 000	1 700 000	2 120 000	- 420 000	-20%
Bulk purchases - Electricity	246 145 000	34 873 000	70 316 000	41 024 000	29 292 000	71%
Inventory consumed and Bulk purchase	123 741 000	1 607 000	7 570 000	20 624 000	- 13 054 000	-63%
Debt impairment	98 203 000	-	-	16 367 000	- 16 367 000	0%
Depreciation and asset impairment	58 685 000	-	-	9 781 000	- 9 781 000	-100%
Finance charges	40 000 000	7 760 000	15 470 000	6 667 000	8 803 000	132%
Contracted services	138 700 000	8 382 000	14 502 000	23 117 000	- 8 615 000	-37%
Transfers and subsidies	-	-	-	-	-	0%
Irrecoverable debts written off	31 383 000	6 000	2 076 000	5 230 000	- 3 154 000	-60%
Operationsl Costs	86 176 000	2 319 000	3 614 000	14 363 000	- 10 749 000	-75%
Losses on Disposal of Asset	-	-	-	-	-	0%
Other Losses	-	-	-	-	-	0%
Total Expenditure	1 066 202 000	73 997 000	151 918 000	177 701 000	- 25 783 000	-15%

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

Bulk Purchases - Electricity – Eskom invoices for August amounted to **R34 million.** A payment of **R1 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 **R1.6 million**. Rand water invoice for August was not captured due to lateness. A payment of **R6.2 million** was made to Rand Water. The project for installation of water package plants/boreholes which is aimed at producing 2 mega-litres of water per day is ongoing.

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

Contracted services – Expenditure on contracted services amounted to **R8 million** in August. 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 **R 6 thousand.**

Operational costs – For August, general expenditure also amounted to **R2.3 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		**1 772 000**	**2 108 000**	**3 567 000**	**1 451 000**	**133%**
Roads Infrastructure	**3 000 000**	**-**	**85 000**	**500 000**	**415 000**	**83%**
Capital Spares	3 000 000	-	85 000	500 000	415 000	83%
Electrical Infrastructure	**15 000 000**	**1 410 000**	**1 661 000**	**2 500 000**	**839 000**	**34%**
Capital Spares	15 000 000	1 410 000	1 661 000	2 500 000	839 000	34%
Water Supply Infrastructure	**1 000 000**	**246 000**	**246 000**	**167 000**	**79 000**	**-47%**
Capital Spares	1 000 000	246 000	246 000	167 000	- 79 000	-47%
Sanitation Infrastructure	**500 000**	**-**	**-**	**83 000**	**- 83 000**	**0%**
Capital Spares	500 000	-	-	83 000	83 000	0%
Solid Waste Infrastracture	**1 900 000**	**116 000**	**116 000**	**317 000**	**201 000**	**63%**
Capital Spares	1 900 000	116 000	116 000	317 000	201 000	63%
Information and communication infrastructure	**11 750 000**	**734 000**	**767 000**	**1 958 000**	**1 191 000**	**61%**
Data centres	11 750 000	734 000	767 000	**1 958 000**	1 191 000	**61%**
Capital Spares	11 750 000	734 000	767 000	1 958 000	1 191 000	61%
Total Repairs and Maintenance Expenditure	**33 150 000**	**2 506 000**	**2 875 000**	**5 525 000**	**2 642 000**	**48%**

Repairs and maintenance analysis supporting table SC13c measures the extent to which Council's assets are maintained per asset class. Expenditure incurred for August amounts to **R2.5 million.**

RISKS ASSOCIATED WITH THE IMPLEMENTATION OF THE BUDGET FUNDING PLAN AND MITIGATING FACTORS:

The key risks identified include lower-than-anticipated revenue collection, increasing consumer debtors, cash-flow constraints, obligations relating to bulk purchases, and the Municipality's ability to settle creditors within the required timeframes. These risks may place pressure on the Municipality's ability to fund planned operational expenditure, maintain service delivery and meet its financial obligations.

Management will continue to monitor the identified risks through monthly financial monitoring and reporting processes. The Municipality will strengthen revenue collection and credit-control measures, monitor expenditure against the approved budget, prioritise essential expenditure, improve cash-flow management and closely monitor outstanding Eskom and water-related obligations.

The Municipality will also continue to monitor the implementation of the Budget Funding Plan and take corrective measures where deviations from the approved budget and funding assumptions are identified. Where necessary, appropriate budgetary interventions will be considered in accordance with the provisions of the MFMA and applicable regulations.

The following mitigating measures will be implemented and monitored:

- Intensification of revenue collection and credit-control measures;
- Improved monitoring of consumer debtors and outstanding municipal accounts;

- Monthly monitoring of revenue and expenditure performance against the approved budget;
- Strengthening of cash-flow management and prioritisation of essential expenditure;
- Close monitoring of Eskom and other bulk service obligations;
- Monitoring and reduction of water and electricity losses;
- Improved monitoring of grant receipts and expenditure;
- Implementation of expenditure containment measures where necessary;
- Early identification and reporting of material budget variances; and
- Continuous monitoring of compliance with the Municipality's Budget Funding Plan and applicable debt-relief conditions.

NORMS AND RATIOS

Current ratio (0:31)

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		0,31
				Current Assets	753 702 000
				Current Liabilities	2 454 079 000

Collection Rate (55%)

The collection rate decreased from 70% to 55%, reflecting a 15 percentage-point decline in revenue collection performance. The lower collection rate places additional pressure on the municipality's cash flow and may affect its ability to meet its financial obligations.

Collection Rate	(Gross Debtors Closing Balance + Billed revenue - Gross Debtors Opening Balance - Bad debts written off) Billed revenue x100	Statement of Financial Position, Statement of financial performance, Notes to the AFS, Budget in-year reports, IDP and AR	95%		55%
				Gross Debtors closing balance	2 198 799 117
				Gross Debtors opening balance	2 163 483 636
				Bad debts written Off	-
				Billed Revenue	70 621 725

Cash/Cost coverage ratio (1 Month)

The municipality's cash/cost coverage ratio of 1 month is at the lower end of the recommended benchmark of 1–3 months. This indicates that the municipality has limited cash reserves available to meet its operating obligations in the event of delayed revenue

collections or unforeseen expenditure.

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		1 Month
				Cash and cash equivalents	14 248 056
				Unspent Conditional Grants	-
				Overdraft	-
				Short Term Investments	-
				Total Annual Operational Expenditure	151 918 000

Capital expenditure to operating expenditure (3%)

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) x 100	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget, In-Year reports, IDP and AR	10% - 20%		3%
				Total Operating Expenditure	73 998 000
				Taxation Expense	-
				Total Capital Expenditure	1 986 000

Contracted services (11%)

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%		11%
				Contracted Services	8 382 000
				Total Operating Expenditure	73 998 000
				Taxation Expense	-

Creditor's payment period (356 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) x 365	Statement of Financial Performance, Notes to AFS, Budget, In-Year reports and AR	30 days		356 days
				Trade Creditors	1 956 031 196
				Contracted Services	8 382 000
				Repairs and Maintenance	2 506 000
				General expenses	47 507 000
				Bulk Purchases	1 949 809 649
				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	7 187 000	1 986 024	3 204 929	11%
INEP	2 088 000	1 000 000	-	-	0%
MDRG	6 000 000	6 000 000	-	2 800 000	47%

Total allocation for capital grants from the National Treasury for the **2026_26**7 financial year amounted to and **R25.6 million.** Expenditure incurred for MIG is **R1.9 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 August amounted to a favourable **R3.9 million** 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 August amounted to **R1.9 million** of capital projects.

Net Increase/ Decrease in cash held

The municipality recorded a decrease in net cash held of **R6 million** as at 31 August 2026.

Description R thousands	Aug 2026_27 Actual
CASH FLOW FROM OPERATING ACTIVITIES	
Receipts	
Property rates, penalties & collection charges	9 397
Service charges	22 222
Other revenue	26 230
Government - operating	2 532
Government - capital	1 000
Interest	363
Dividends	–
Total receipts	**61 744**
Payments	
Suppliers and employees	(47 972)
Finance charges	(7 760)
Transfers and Grants	(2 111)
Total payments	**(57 843)**
NET CASH FROM/(USED) OPERATING ACTIVITIES	**3 900**
CASH FLOWS FROM INVESTING ACTIVITIES	
Receipts	
Received from arrangements	–
Disposal of assets	–
(Increase) / Decrease in non-current investments	–
Payments	(1 986)
Capital assets	(1 986)
NET CASH FROM/(USED) INVESTING ACTIVITIES	**(1 986)**
CASH FLOWS FROM FINANCING ACTIVITIES	
Receipts	
Increase in consumer deposits	122
Borrowing long term/refinancing	–
Payments	
Repayment of borrowing	–
Finance lease payments	–
NET CASH FROM/(USED) FINANCING ACTIVITIES	**122**
NET INCREASE/ (DECREASE) IN CASH HELD	**(6 484)**
Cash/cash equivalents at beginning of the month:	20 732
Cash/cash equivalents at month end:	14 248

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 August resulted in a favourable balance of **R69 million** and total expenditure amounted to **R73.9 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 surplus in revenue is **18%** and deviation of **-15%** 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 August, the expenditure amounted to **R1.9 million**.

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 August 2026_27, the community wealth amounts to an unfavourable **R342 million**, Total liabilities amounts to **R2.4 billion,** whilst total assets amount to **R2.1 billion** which resulted in an unfavourable net-assets of **R343 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 August, the net cash from operating activities is a favourable **R8.2 million**, the Net cash from investing activities has an outflow of **R2.2 million.** The net cash from financing activities amounts to **R0.** The Bank balance at the end of the month amounted to **R14 million**.

BANK NAME	TYPE OF ACCOUN	BALANCE
STD BANK	MAIN ACCOUNT	3 900 370
STD BANK	CALL ACCOUNT EL	9 864 365
STD BANK	CALL ACCOUNT	1 918
STD BANK	TRAFFIC	173 143
STD BANK	MONEY MARKET	123 647
ABSA BANK	CALL ACCOUNT	184 612
BALANCE		**14 248 056**

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 August is therefore **55%.**

Type Of Service	Total Settlements	Total Movement	Billing	CreditNotes	Debit Notes	Other Adjustments	Payment Rate (Movement)
DEPOSIT	- 183 070	69 792	-	-	-	69 792	262%
ADVANCE PAYMENT	1 022 688	-	-	-	-	-	-
INTEREST	- 363 131	9 799 876	10 625 997	- 689 599	1 300	- 137 822	4%
VAT	- 3 593 279	4 663 064	4 960 509	- 431 644	126 250	7 950	77%
WATER	- 2 096 262	3 309 387	5 813 301	- 2 623 223	114 441	4 867	63%
ELECTRICITY	- 18 332 535	19 445 885	19 004 777	- 219 640	631 159	29 589	94%
RATES	- 9 397 358	21 585 691	21 892 378	- 605 413	-	298 726	44%
REFUSE	- 920 032	1 342 556	1 368 141	- 18 202	-	- 7 383	69%
SEWERAGE	- 872 690	1 272 452	1 176 393	-	96 059	-	69%
SUNDRIES VAT	- 39 287	-	-	-	-	-	-
SUNDRY NON VAT	- 44 823	2 147	2 147	-	-	-	2088%
HIRE	- 871 171	5 740 877	5 778 082	- 16 562	-	- 20 643	15%
OTHER SERVICES	- 300	176 336	-	-	-	176 336	-
PAYMENT ADVANCED	- 1 166 449	-	-	-	-	-	100%
Total	- 36 857 698	67 408 062	70 621 725	- 4 604 283	969 209	421 413	55%

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	AUGUST
Organs of state	17 328 385.97
Commercial	97 773 733.09
Households	1 107 640 907.27
Mines	27 313 407.97
Farms	896 159 387.05
Indigents	15 955 956.57
Top 200	31 511 042.61
Municipal prop	239 995.43
Public Worship	1 896 441.82
Other	2 236 373.39
Public service infrastru	743 486.03
	2 198 799 117.20

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 August 2026_27, creditors amounted to **R 1.9 billion** and the bulk of the creditors relates to Eskom account with an amount **R1.4 billion** and Rand Water with an amount of **R510 million.**

3.4 COUNCILLORS ALLOWANCES AND EMPLOYEE BENEFITS ANALYSIS:

The table SC8 provides details for councillor and employee benefits. For August 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 August 2026 amounted to **R1.9 million**.

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 July 2026 is attached as Annexure "D"
- Government debt Annexure É"

6. DEBTORS

Debtors' Age Analysis for the month ended 31 August 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	7 505	4 137	4 395	3 200	3 206	3 244	2 997	260 035	288 719	277 077	–	–
Trade and Other Receivables from Exchange Transactions - Electricity	1300	18 451	1 878	923	677	457	507	550	23 404	46 847	26 517	–	–
Receivables from Non-exchange Transactions - Property Rates	1400	20 902	16 028	14 140	13 474	89 106	93 115	87 136	664 747	998 650	961 719	–	–
Receivables from Exchange Transactions - Waste Water Management	1500	1 003	599	448	411	367	361	326	22 689	26 203	24 601	–	–
Receivables from Exchange Transactions - Waste Management	1600	1 272	709	678	629	577	2 339	604	27 774	34 582	32 601	–	–
Receivables from Exchange Transactions - Property Rental Debtors	1700	5 894	5 392	5 481	5 126	5 167	5 262	5 133	259 228	296 683	285 397	–	–
Interest on Arrear Debtor Accounts	1810	10 626	10 549	11 185	10 109	9 910	9 587	9 438	285 491	356 896	335 721	–	–
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	–	–	–	–	–	–	–	–	–	–	–	–
Other	1900	4 011	1 464	1 035	1 227	1 066	1 257	1 332	138 829	150 221	144 747	–	–
Total By Income Source	**2000**	**69 664**	**40 755**	**38 286**	**34 853**	**109 855**	**115 672**	**107 516**	**1 682 197**	**2 198 799**	**2 088 380**	**–**	**–**
2019/20 - totals only										–	–		
Debtors Age Analysis By Customer Group													
Organs of State	2200	2 054	1 322	1 268	1 006	497	692	524	9 965	17 328	13 952	–	–
Commercial	2300	7 208	3 280	2 459	2 186	1 989	2 002	1 905	76 744	97 774	87 286	–	–
Households	2400	25 405	20 483	21 459	18 805	18 639	21 086	18 113	963 651	1 107 641	1 061 752	–	–
Other	2500	34 996	15 670	13 099	12 857	88 731	91 892	86 974	631 838	976 056	925 390	–	–
Total By Customer Group	**2600**	**69 664**	**40 755**	**38 286**	**34 853**	**109 855**	**115 672**	**107 516**	**1 682 197**	**2 198 799**	**2 088 380**	**–**	**–**

7. CREDITORS AGE ANALYSIS

MP311 Victor Khanye - Supporting Table SC4 Monthly Budget Statement - aged creditors - M02 2026_27

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	47 856	–	72 853	19 771	1 298 702	–		–	1 439 182
Bulk Water	0200	9 324	7 424	8 986	8 978	475 915	–		–	510 628
PAYE deductions	0300	–	–	–	–	–	–	-	–	–
VAT (output less input)	0400	–	–	–	–	–	–	-	–	–
Pensions / Retirement deductions	0500	–	–	–	–	–	–	-	–	–
Loan repayments	0600	–	–	–	–	–	–	-	–	–
Trade Creditors	0700	3 052	–	–	–	–	–	-	–	3 052
Auditor General	0800	–	–	–	–	–	–	-	–	–
Financial Systems	0900	445	2 408	316	–	–	–	-	–	3 169
Total By Customer Type	**1000**	**60 677**	**9 833**	**82 155**	**28 749**	**1 774 618**	–	–	–	**1 956 031**

8. Allocation and grant receipts and expenditure

Grants	Gazetted Amnt	Total Received to date	Aug Actual	YTD Actual	% spent on received amount
FMG	2 000 000	2 000 000	43 977	90 447	5%
EPWP	2 134 000	534 000	-	-	0%
MIG	29 948 000	7 187 000	1 986 024	3 204 929	11%
INEP	2 088 000	1 000 000	-	-	0%
MDRG	6 000 000	6 000 000	97 940	2 897 940	48%

9. Councillors and employee benefits

Number of months--------->	2				
	Pro-rata	**August**	**YTD**	**%**	**Reason for Variance**
	Budget	**Actual**	**Actual**	**Actual**	
Councillors:					
Allowances	1 827 500	862 487	1 700 000	93.0%	None
Employees:					
Basic salary	24 351 833	8 705 638	17 647 880	72.5%	None
Travelling allowance	2 353 333	985 396	1 971 753	83.8%	None
Overtime	3 247 167	611 063	1 054 755	32.5%	None
Employee social contributions	8 748 333	7 885 902	15 995 611	182.8%	None
TOTAL	**40 528 167**	**19 050 487**	**38 370 000**	**94.7%**	

MP311 Victor Khanye - Table C1 Monthly Budget Statement Summary - M02 - August

Description	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
Financial Performance									
Property rates	915 081	164 060	–	27 581	54 833	27 343	27 489	101%	164 060
Service charges	317 125	392 814	–	29 861	59 787	65 469	(5 681)	-9%	392 814
Investment revenue	865	–	–	–	28	–	28	#DIV/0!	–
Transfers and subsidies - Operational	163 879	167 148	–	0	67 923	27 858	40 065	144%	167 148
Other own revenue	192 352	327 762	–	12 016	23 629	54 627	(30 998)	-57%	327 762
Total Revenue (excluding capital transfers and contributions)	**1 589 302**	**1 051 784**	**–**	**69 458**	**206 200**	**175 297**	**30 903**	**18%**	**1 051 784**
Employee costs	225 091	230 446	–	18 188	36 670	38 408	(1 738)	-5%	230 446
Remuneration of Councillors	9 941	12 723	–	862	1 700	2 120	(421)	-20%	12 723
Depreciation and amortisation	99 828	58 685	–	–	–	9 781	(9 781)	-100%	58 685
Interest	100 106	40 000	–	7 760	15 470	6 667	8 804	132%	40 000
Inventory consumed and bulk purchases	321 069	369 886	–	36 480	77 886	61 648	16 239	26%	369 886
Transfers and subsidies	–	–	–	–	–	–	–		–
Other expenditure	1 227 336	354 462	–	10 707	20 192	59 077	(38 885)	-66%	354 462
Total Expenditure	**1 983 372**	**1 066 202**	**–**	**73 998**	**151 918**	**177 700**	**(25 782)**	**-15%**	**1 066 202**
Surplus/(Deficit)	**(394 070)**	**(14 418)**	**–**	**(4 539)**	**54 281**	**(2 403)**	**56 684**	**-2359%**	**(14 418)**
Transfers and subsidies - capital (monetary allocations)	32 529	32 036	–	–	–	5 339	(5 339)	-100%	32 036
Transfers and subsidies - capital (in-kind)	2 500	12 733	–	–	–	2 122	(2 122)	-100%	12 733
contributions	**(359 041)**	**30 351**	**–**	**(4 539)**	**54 281**	**5 058**	**49 223**	**973%**	**30 351**
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–		–
Surplus/ (Deficit) for the year	**(359 041)**	**30 351**	**–**	**(4 539)**	**54 281**	**5 058**	**49 223**	**973%**	**30 351**
Capital expenditure & funds sources									
Capital expenditure	**54 051**	**40 820**	**–**	**1 986**	**2 853**	**6 803**	**(3 950)**	**-58%**	**40 820**
Capital transfers recognised	30 247	29 582	–	1 986	2 853	4 930	(2 077)	-42%	29 582
Borrowing	–	–	–	–	–	–	–		–
Internally generated funds	**10 116**	**9 150**	**–**	**–**	**–**	**1 525**	**(1 525)**	**-100%**	**9 150**
Total sources of capital funds	**40 363**	**38 732**	**–**	**1 986**	**2 853**	**6 455**	**(3 602)**	**-56%**	**38 732**
Financial position									
Total current assets	609 721	178 553	–		753 702				178 553
Total non current assets	1 367 697	1 042 562	–		1 370 550				1 042 562
Total current liabilities	2 289 488	1 563 002	–		2 454 079				1 563 002
Total non current liabilities	84 667	–	–		13 312				–
Community wealth/Equity	**548 319**	**(341 887)**	**–**		**(342 455)**				**(341 887)**
Cash flows									
Net cash from (used) operating	206 266	125 456	211 456	8 297	104 926	20 909	(84 016)	-402%	125 456
Net cash from (used) investing	(42 476)	(39 322)	(39 322)	(2 284)	(5 623)	(6 554)	(930)	14%	(39 322)
Net cash from (used) financing	–	–	–	–	–	–	–		–
Cash/cash equivalents at the month/year end	**176 152**	**98 496**	**184 496**	**–**	**105 577**	**26 717**	**(78 860)**	**-295%**	**92 409**
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	–	–	–	–	–	–	–	–	–

MP311 Victor Khanye - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M02 - August

Vote 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 by Vote	1									
Vote 1 - Office of the Municipal Manager		–	–	–	–	–	–	–		–
Vote 2 - Budget and Treasury		1 126 307	371 624	–	41 608	117 472	61 937	55 535	89.7%	371 624
Vote 3 - Corporate Services		–	–	–	–	–	–	–		–
Vote 4 - Community and Social Services		1 422	2 790	–	35	138	465	(327)	-70.3%	2 790
Vote 5 - Sport and Recreation		–	–	–	–	–	–	–		–
Vote 6 - Public Safety		12 497	3 640	–	116	306	607	(301)	-49.6%	3 640
Vote 7 - Housing		2 231	1 702	–	178	338	284	55	19.2%	1 702
Vote 8 - Health Services		–	–	–	–	–	–	–		–
Vote 9 - Planning and Development		62	6 280	–	35	51	1 047	(995)	-95.1%	6 280
Vote 10 - Roads Transport		–	–	–	–	–	–	–		–
Vote 11 - Electricity Services		274 062	357 688	–	17 250	36 801	59 615	(22 814)	-38.3%	357 688
Vote 12 - Water Services		100 306	170 124	–	7 645	12 598	28 354	(15 757)	-55.6%	170 124
Vote 13 - Waste Water Management		14 732	83 842	–	1 224	2 497	13 974	(11 477)	-82.1%	83 842
Vote 14 - Solid Waste Management		92 712	54 095	–	1 367	35 999	9 016	26 983	299.3%	54 095
Vote 15 -		–	–	–	–	–	–	–		–
Total Revenue by Vote	2	**1 624 331**	**1 051 784**	**–**	**69 458**	**206 200**	**175 297**	**30 903**	**17.6%**	**1 051 784**
Expenditure by Vote	1									
Vote 1 - Office of the Municipal Manager		60 145	87 251	–	5 862	9 670	14 542	(4 872)	-33.5%	87 251
Vote 2 - Budget and Treasury		1 183 704	176 099	–	14 970	30 269	29 350	919	3.1%	176 099
Vote 3 - Corporate Services		14 766	14 537	–	1 246	2 502	2 423	80	3.3%	14 537
Vote 4 - Community and Social Services		38 146	39 937	–	3 205	6 481	6 656	(175)	-2.6%	39 937
Vote 5 - Sport and Recreation		4 953	4 155	–	500	500	693	(192)	-27.7%	4 155
Vote 6 - Public Safety		47 599	66 623	–	2 237	6 801	11 104	(4 302)	-38.7%	66 623
Vote 7 - Housing		1 052	2 120	–	141	326	353	(27)	-7.7%	2 120
Vote 8 - Health Services		396	1 863	–	1	2	310	(308)	-99.2%	1 863
Vote 9 - Planning and Development		(1 369)	9 780	–	470	470	1 630	(1 160)	-71.2%	9 780
Vote 10 - Roads Transport		71 342	54 835	–	1 364	2 035	9 139	(7 104)	-77.7%	54 835
Vote 11 - Electricity Services		388 250	372 013	–	37 635	74 417	62 002	12 415	20.0%	372 013
Vote 12 - Water Services		106 811	148 079	–	1 673	10 156	24 680	(14 524)	-58.8%	148 079
Vote 13 - Waste Water Management		49 022	59 102	–	3 116	5 354	9 850	(4 496)	-45.6%	59 102
Vote 14 - Solid Waste Management		7 350	17 478	–	526	818	2 913	(2 095)	-71.9%	17 478
Vote 15 -		–	–	–	–	–	–	–		–
Total Expenditure by Vote	2	**1 972 169**	**1 053 872**	**–**	**72 947**	**149 803**	**175 645**	**(25 842)**	**-14.7%**	**1 053 872**
Surplus/ (Deficit) for the year	2	**(347 838)**	**(2 088)**	**–**	**(3 489)**	**56 397**	**(348)**	**56 745**	**-16304.0%**	**(2 088)**

MP311 Victor Khanye - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M02 - August

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
Revenue - Functional										
Governance and administration		**1 126 307**	**371 624**	–	**41 608**	**117 472**	**61 937**	55 535	90%	**371 624**
Executive and council		–	–	–	–	–	–	–		–
Finance and administration		1 126 307	371 624	–	41 608	117 472	61 937	55 535	90%	371 624
Internal audit		–	–	–	–	–	–	–		–
Community and public safety		**16 150**	**8 132**	–	**330**	**782**	**1 355**	(573)	-42%	**8 132**
Community and social services		1 422	2 790	–	35	138	465	(327)	-70%	2 790
Sport and recreation		–	–	–	–	–	–	–		–
Public safety		12 497	3 640	–	116	306	607	(301)	-50%	3 640
Housing		2 231	1 702	–	178	338	284	55	19%	1 702
Health		–	–	–	–	–	–	–		–
Economic and environmental services		**62**	**6 280**	–	**35**	**51**	**1 047**	(995)	-95%	**6 280**
Planning and development		62	6 280	–	35	51	1 047	(995)	-95%	6 280
Road transport		–	–	–	–	–	–	–		–
Environmental protection		–	–	–	–	–	–	–		–
Trading services		**481 812**	**665 748**	–	**27 486**	**87 894**	**110 958**	**(23 064)**	-21%	**665 748**
Energy sources		274 062	357 688	–	17 250	36 801	59 615	(22 814)	-38%	357 688
Water management		100 306	170 124	–	7 645	12 598	28 354	(15 757)	-56%	170 124
Waste water management		14 732	83 842	–	1 224	2 497	13 974	(11 477)	-82%	83 842
Waste management		92 712	54 095	–	1 367	35 999	9 016	26 983	299%	54 095
Other	4	–	–	–	–	–	–	–		–
Total Revenue - Functional	2	**1 624 331**	**1 051 784**	–	**69 458**	**206 200**	**175 297**	**30 903**	**18%**	**1 051 784**
Expenditure - Functional										
Governance and administration		**1 272 811**	**292 213**	–	**22 912**	**43 644**	**48 702**	(5 058)	-10%	**292 213**
Executive and council		43 759	59 387	–	3 993	7 420	9 898	(2 477)	-25%	59 387
Finance and administration		1 229 052	232 827	–	18 919	36 223	38 804	(2 581)	-7%	232 827
Internal audit		–	–	–	–	–	–	–		–
Community and public safety		**91 750**	**112 835**	–	**6 083**	**14 109**	**18 806**	(4 697)	-25%	**112 835**
Community and social services		38 146	39 937	–	3 205	6 481	6 656	(175)	-3%	39 937
Sport and recreation		4 953	4 155	–	500	500	693	(192)	-28%	4 155
Public safety		47 599	66 623	–	2 237	6 801	11 104	(4 302)	-39%	66 623
Housing		1 052	2 120	–	141	326	353	(27)	-8%	2 120
Health		–	–	–	–	–	–	–		–
Economic and environmental services		**67 378**	**64 481**	–	**2 052**	**3 420**	**10 747**	(7 327)	-68%	**64 481**
Planning and development		631	17 526	–	604	763	2 921	(2 158)	-74%	17 526
Road transport		66 351	45 092	–	1 447	2 655	7 515	(4 861)	-65%	45 092
Environmental protection		396	1 863	–	1	2	310	(308)	-99%	1 863
Trading services		**551 432**	**596 672**	–	**42 950**	**90 745**	**99 445**	**(8 700)**	-9%	**596 672**
Energy sources		388 250	372 013	–	37 635	74 417	62 002	12 415	20%	372 013
Water management		106 811	148 079	–	1 673	10 156	24 680	(14 524)	-59%	148 079
Waste water management		49 022	59 102	–	3 116	5 364	9 850	(4 496)	-46%	59 102
Waste management		7 350	17 478	–	526	818	2 913	(2 095)	-72%	17 478
Other		–	–	–	–	–	–	–		–
Total Expenditure - Functional	3	**1 983 372**	**1 066 202**	–	**73 998**	**151 918**	**177 700**	**(25 782)**	**-15%**	**1 066 202**
Surplus/ (Deficit) for the year		**(359 041)**	**(14 418)**	–	**(4 539)**	**54 281**	**(2 403)**	**56 684**	**-2359%**	**(14 418)**

MP311 Victor Khanye - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M02 - August

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		218 704	272 837	–	20 583	43 897	45 473	(1 576)	-3%	272 837
Service charges - Water		70 471	86 057	–	6 687	10 677	14 343	(3 665)	-26%	86 057
Service charges - Waste Water Management		12 232	14 924	–	1 224	2 497	2 487	9	0%	14 924
Service charges - Waste management		15 718	18 996	–	1 366	2 716	3 166	(450)	-14%	18 996
Sale of Goods and Rendering of Services		3 592	9 422	–	243	570	1 570	(1 000)	-64%	9 422
Agency services		–	–	–	–	–	–	–		–
Interest		–	–	–	–	–	–	–		–
Interest earned from Receivables		93 763	165 255	–	–	1	27 542	(27 541)	-100%	165 255
Interest from Current and Non Current Assets		865	–	–	–	28	–	28	#DIV/0!	–
Dividends		–	–	–	–	–	–	–		–
Rent on Land		–	–	–	–	–	–	–		–
Rental from Fixed Assets		2 169	1 702	–	178	338	284	55	19%	1 702
Licence and permits		–	–	–	–	–	–	–		–
Special Rating Levies		–	–	–	–	–	–	–		–
Construction Contract Revenue		–	–	–	–	–	–	–		–
Development Charges		–	–	–	–	–	–	–		–
Operational Revenue		1 065	1 255	–	15	33	209	(176)	-84%	1 255
Non-Exchange Revenue								–		
Property rates		915 081	164 060	–	27 581	54 833	27 343	27 489	101%	164 060
Surcharges and Taxes		66 144	75 993	–	–	–	12 665	(12 665)	-100%	75 993
Fines, penalties and forfeits		10 790	2 318	–	100	105	386	(281)	-73%	2 318
Licence and permits		–	–	–	–	–	–	–		–
Transfers and subsidies - Operational		163 879	167 148	–	0	67 923	27 858	40 065	144%	167 148
Interest		14 505	71 818	–	11 479	22 581	11 970	10 611	89%	71 818
Fuel Levy		–	–	–	–	–	–	–		–
Operational Revenue		–	–	–	–	–	–	–		–
Gains on disposal of Fixed and Intangible Assets		–	–	–	–	–	–	–		–
Other Gains		323	–	–	–	–	–	–		–
Discontinued Operations		–	–	–	–	–	–	–		–
Total Revenue (excluding capital transfers and contributions)		**1 589 302**	**1 051 784**	**–**	**69 458**	**206 200**	**175 297**	**30 903**	**18%**	**1 051 784**
Expenditure By Type										
Employee related costs		225 091	230 446	–	18 188	36 670	38 408	(1 738)	-5%	230 446
Remuneration of councillors		9 941	12 723	–	862	1 700	2 120	(421)	-20%	12 723
Bulk purchases - electricity		260 201	246 145	–	34 873	70 316	41 024	29 292	71%	246 145
Inventory consumed		60 868	123 741	–	1 607	7 570	20 624	(13 053)	-63%	123 741
Debt impairment		918 907	98 203	–	–	–	16 367	(16 367)	-100%	98 203
Depreciation and amortisation		99 828	58 685	–	–	–	9 781	(9 781)	-100%	58 685
Interest		100 106	40 000	–	7 760	15 470	6 667	8 804	132%	40 000
Contracted services		158 900	138 700	–	8 382	14 502	23 117	(8 614)	-37%	138 700
Transfers and subsidies		–	–	–	–	–	–	–		–
Irrecoverable debts written off		54 780	31 383	–	6	2 076	5 230	(3 155)	-60%	31 383
Operational costs		53 412	86 176	–	2 319	3 614	14 363	(10 749)	-75%	86 176
Disposal of Fixed and Intangible Assets		10 404	–	–	–	–	–	–		–
Other Losses		30 933	–	–	–	–	–	–		–
Total Expenditure		**1 983 372**	**1 066 202**	**–**	**73 998**	**151 918**	**177 700**	**(25 782)**	**-15%**	**1 066 202**
Surplus/(Deficit)		**(394 070)**	**(14 418)**	**–**	**(4 539)**	**54 281**	**(2 403)**	**56 684**	**-2359%**	**(14 418)**
Transfers and subsidies - capital (monetary allocations)		32 529	32 036	–	–	–	5 339	(5 339)	-100%	32 036
Transfers and subsidies - capital (in-kind)		2 500	12 733	–	–	–	2 122	(2 122)	-100%	12 733
Surplus/(Deficit) after capital transfers & contributions		**(359 041)**	**30 351**	**–**	**(4 539)**	**54 281**	**5 058**			**30 351**
Income Tax		–	–	–	–	–	–	–		–
Surplus/(Deficit) after income tax		**(359 041)**	**30 351**	**–**	**(4 539)**	**54 281**	**5 058**			**30 351**
Share of Surplus/Deficit attributable to Joint Venture		–	–	–	–	–	–	–		–
Share of Surplus/Deficit attributable to Minorities		–	–	–	–	–	–	–		–
Surplus/(Deficit) attributable to municipality		**(359 041)**	**30 351**	**–**	**(4 539)**	**54 281**	**5 058**			**30 351**
Share of Surplus/Deficit attributable to Associate		–	–	–	–	–	–	–		–
Intercompany/Parent subsidiary transactions		–	–	–	–	–	–	–		–
Surplus/ (Deficit) for the year		**(359 041)**	**30 351**	**–**	**(4 539)**	**54 281**	**5 058**			**30 351**

MP311 Victor Khanye - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M02 - August

Vote Description	Ref	2025/26	Budget Year 2026/27							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands	1								%	
Multi-Year expenditure appropriation	2									
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	–	–	–	308	(308)	-100%	1 850
Vote 2 - Budget and Treasury		13 989	950	–	–	–	158	(158)	-100%	950
Vote 3 - Corporate Services		–	–	–	–	–	–	–		–
Vote 4 - Community and Social Services		541	200	–	–	–	33	(33)	-100%	200
Vote 5 - Sport and Recreation		–	–	–	–	–	–	–		–
Vote 6 - Public Safety		15	300	–	–	–	50	(50)	-100%	300
Vote 7 - Housing		–	300	–	–	–	50	(50)	-100%	300
Vote 8 - Health Services		–	–	–	–	–	–	–		–
Vote 9 - Planning and Development		30	550	–	–	–	92	(92)	-100%	550
Vote 10 - Roads Transport		947	5 888	–	1 341	2 043	981	1 062	108%	5 888
Vote 11 - Electricity Services		13 394	5 088	–	–	–	848	(848)	-100%	5 088
Vote 12 - Water Services		10 925	3 000	–	–	–	500	(500)	-100%	3 000
Vote 13 - Waste Water Management		6 568	6 000	–	–	–	1 000	(1 000)	-100%	6 000
Vote 14 - Solid Waste Management		6 631	16 694	–	645	810	2 782	(1 972)	-71%	16 694
Vote 15 -		–	–	–	–	–	–	–		–
Total Capital single-year expenditure	4	54 051	40 820	–	1 986	2 853	6 803	**(3 950)**	**-58%**	40 820
Total Capital Expenditure		**54 051**	**40 820**	**–**	**1 986**	**2 853**	**6 803**	**(3 950)**	**-58%**	**40 820**
Capital Expenditure - Functional Classification										
Governance and administration		**22 821**	**4 800**	**–**	**–**	**–**	**800**	(800)	-100%	**4 800**
Executive and council		–	350	–	–	–	58	(58)	-100%	350
Finance and administration		22 821	4 450	–	–	–	742	(742)	-100%	4 450
Internal audit		–	–	–	–	–	–	–		–
Community and public safety		**556**	**800**	**–**	**–**	**–**	**133**	(133)	-100%	**800**
Community and social services		541	200	–	–	–	33	(33)	-100%	200
Sport and recreation		–	–	–	–	–	–	–		–
Public safety		15	300	–	–	–	50	(50)	-100%	300
Housing		–	300	–	–	–	50	(50)	-100%	300
Health		–	–	–	–	–	–	–		–
Economic and environmental services		**(6 845)**	**4 438**	**–**	**1 341**	**2 043**	**740**	1 304	176%	**4 438**
Planning and development		30	550	–	–	–	92	(92)	-100%	550
Road transport		(6 874)	3 888	–	1 341	2 043	648	1 395	215%	3 888
Environmental protection		–	–	–	–	–	–	–		–
Trading services		**37 519**	**30 782**	**–**	**645**	**810**	**5 130**	(4 320)	-84%	**30 782**
Energy sources		13 394	5 088	–	–	–	848	(848)	-100%	5 088
Water management		10 925	3 000	–	–	–	500	(500)	-100%	3 000
Waste water management		6 568	6 000	–	–	–	1 000	(1 000)	-100%	6 000
Waste management		6 631	16 694	–	645	810	2 782	(1 972)	-71%	16 694
Other		–	–	–	–	–	–	–		–
Total Capital Expenditure - Functional Classification	3	**54 051**	**40 820**	**–**	**1 986**	**2 853**	**6 803**	**(3 950)**	**-58%**	**40 820**
Funded by:										
National Government		30 247	29 582	–	1 986	2 853	4 930	(2 077)	-42%	29 582
Provincial Government		–	–	–	–	–	–	–		–
District Municipality		–	–	–	–	–	–	–		–
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies,		–	–	–	–	–	–	–		–
Transfers recognised - capital		**30 247**	**29 582**	**–**	**1 986**	**2 853**	**4 930**	**(2 077)**	**-42%**	**29 582**
Borrowing	6	–	–	–	–	–	–	–		–
Internally generated funds		10 116	9 150	–	–	–	1 525	(1 525)	-100%	9 150
Total Capital Funding		**40 363**	**38 732**	**–**	**1 986**	**2 853**	**6 455**	**(3 602)**	**-56%**	**38 732**

MP311 Victor Khanye - Table C6 Monthly Budget Statement - Financial Position - M02 - August

Description	Ref	2025/26	Budget Year 2026/27			
R thousands	1	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
ASSETS						
Current assets						
Cash and cash equivalents		6 274	107 584	–	74 588	107 584
Short term Investments		–	–	–	–	–
Trade and other receivables from exchange transactions		45 076	(91 022)	–	82 228	(91 022)
Receivables from non-exchange transactions		55 810	118 727	–	80 627	118 727
Current portion of non-current receivables		–	–	–	–	–
Inventory		2 266	2 418	–	1 904	2 418
VAT		500 294	40 846	–	514 355	40 846
Other current assets		0	–	–	0	–
Total current assets		**609 721**	**178 553**	**–**	**753 702**	**178 553**
Non current assets						
Investments		–	–	–	–	–
Investment property		111 484	91 198	–	111 484	91 198
Property, plant and equipment		1 255 074	952 203	–	1 257 927	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		**1 367 697**	**1 042 562**	**–**	**1 370 550**	**1 042 562**
TOTAL ASSETS		**1 977 418**	**1 221 115**	**–**	**2 124 252**	**1 221 115**
LIABILITIES						
Current liabilities						
Bank overdraft		–	–	–	–	–
Financial liabilities		3 419	1 273	–	3 419	1 273
Consumer deposits		1 871	1 710	–	2 176	1 710
Trade and other payables from exchange transactions		2 002 278	1 668 511	–	2 206 164	1 668 511
Trade and other payables from non-exchange transactions		3 305	(9 822)	–	10 491	(9 822)
Provision		9 973	–	–	18 694	–
VAT		268 642	(98 670)	–	213 135	(98 670)
Other current liabilities		–	–	–	–	–
Total current liabilities		**2 289 488**	**1 563 002**	**–**	**2 454 079**	**1 563 002**
Non current liabilities						
Financial liabilities		(3 419)	–	–	(3 419)	–
Provision		26 906	–	–	16 731	–
Long term portion of trade payables		–	–	–	–	–
Other non-current liabilities		61 180	–	–	–	–
Total non current liabilities		**84 667**	**–**	**–**	**13 312**	**–**
TOTAL LIABILITIES		**2 374 155**	**1 563 002**	**–**	**2 467 392**	**1 563 002**
NET ASSETS	2	**(396 737)**	**(341 887)**	**–**	**(343 140)**	**(341 887)**
COMMUNITY WEALTH/EQUITY						
Accumulated surplus/(deficit)		548 319	(341 887)	–	(342 455)	(341 887)
Reserves and funds		–	–	–	–	–
Other		–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2	**548 319**	**(341 887)**	**–**	**(342 455)**	**(341 887)**

MP311 Victor Khanye - Table C7 Monthly Budget Statement - Cash Flow - M02 - August

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	238 552	12 614	23 456	39 759	(16 302)	-41%	238 552
Service charges		302 586	313 155	313 155	29 472	59 648	52 192	7 456	14%	313 155
Other revenue		112 889	16 512	16 512	(1 075)	103 566	2 752	100 814	3663%	16 512
Transfers and Subsidies - Operational		90 086	167 148	167 148	0	33 283	27 858	5 425	19%	167 148
Transfers and Subsidies - Capital		1	32 036	32 036	–	0	5 339	(5 339)	-100%	32 036
Interest		–	237 073	237 073	–	–	39 512	(39 512)	-100%	237 073
Dividends		–	–	–	–	–	–	–		–
Payments										
Suppliers and employees		(420 824)	(839 019)	(833 019)	(32 715)	(115 028)	(139 837)	24 809	-18%	(839 019)
Interest		–	(40 000)	40 000	–	–	(6 667)	6 667	-100%	(40 000)
Transfers and Subsidies		–	–	–	–	–	–	–		–
NET CASH FROM/(USED) OPERATING ACTIVITIES		**206 266**	**125 456**	**211 456**	**8 297**	**104 926**	**20 909**	**(84 016)**	**-402%**	**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)	(39 322)	(2 284)	(5 623)	(6 554)	930	-14%	(39 322)
Retention (Capital)		–	–	–	–	–	–	–		–
NET CASH FROM/(USED) INVESTING ACTIVITIES		**(42 476)**	**(39 322)**	**(39 322)**	**(2 284)**	**(5 623)**	**(6 554)**	**930**	**(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		**163 791**	**86 134**	**172 134**	**6 013**	**99 302**	**14 356**			**86 134**
Cash/cash equivalents at beginning:		12 361	12 361	12 361		6 274	12 361			6 274
Cash/cash equivalents at month/year end:		176 152	98 496	184 496		105 577	26 717			92 409

MP311 Victor Khanye - Supporting Table SC12 Monthly Budget Statement - capital expenditure trend - M02 - August

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	–	1 986	2 853	6 803	3 950	58.1%	7%
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	21 202	3 402	–	–		40 820	–		
Total Capital expenditure	54 051	40 820	–	2 853					

MP311 Victor Khanye - Supporting Table SC13c Monthly Budget Statement - expenditure on repairs and maintenance by asset class - M02 - August

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**	**–**	**2 506**	**2 875**	**5 525**	2 650	**48.0%**	**33 150**
Roads Infrastructure		1 023	3 000	–	–	85	500	415	**83.0%**	3 000
Roads		–	–	–	–	–	–	–		–
Road Structures		–	–	–	–	–	–	–		–
Road Furniture		–	–	–	–	–	–	–		–
Capital Spares		1 023	3 000	–	–	85	500	(415)	(0)	3 000
Storm water Infrastructure		–	–	–	–	–	–	–		–
Drainage Collection		–	–	–	–	–	–	–		–
Storm water Conveyance		–	–	–	–	–	–	–		–
Attenuation		–	–	–	–	–	–	–		–
Electrical Infrastructure		81 241	15 000	–	1 410	1 661	2 500	839	**33.6%**	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	–	1 410	1 661	2 500	(839)	(0)	15 000
Water Supply Infrastructure		599	1 000	–	246	246	167	(79)	**-47.3%**	1 000
Dams and Weirs		–	–	–	–	–	–	–		–
Boreholes		–	–	–	–	–	–	–		–
Reservoirs		–	–	–	–	–	–	–		–
Pump Stations		–	–	–	–	–	–	–		–
Water Treatment Works		–	–	–	–	–	–	–		–
Bulk Mains		–	–	–	–	–	–	–		–
Distribution		–	–	–	–	–	–	–		–
Distribution Points		–	–	–	–	–	–	–		–
PRV Stations		–	–	–	–	–	–	–		–
Capital Spares		599	1 000	–	246	246	167	79	0	1 000
Sanitation Infrastructure		2 462	500	–	–	–	83	83	**100.0%**	500
Pump Station		–	–	–	–	–	–	–		–
Reticulation		–	–	–	–	–	–	–		–
Waste Water Treatment Works		–	–	–	–	–	–	–		–
Outfall Sewers		–	–	–	–	–	–	–		–
Toilet Facilities		–	–	–	–	–	–	–		–
Capital Spares		2 462	500	–	–	–	83	(83)	(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	–	116	116	317	201	**63.4%**	1 900
Sand Pumps		–	–	–	–	–	–	–		–

MP311 Victor Khanye - Supporting Table SC13c Monthly Budget Statement - expenditure on repairs and maintenance by asset class - M02 - August

Description	Ref	2025/26	Budget Year 2026/27							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Piers		–	–	–	–	–	–	–		–
Revetments		–	–	–	–	–	–	–		–
Promenades		–	–	–	–	–	–	–		–
Capital Spares		807	1 900	–	116	116	317	(201)	(0)	1 900
Information and Communication Infrastructure		5 134	11 750	–	735	767	1 958	1 191	60.8%	11 750
Data Centres		–	–	–	–	–	–	–		–
Core Layers		–	–	–	–	–	–	–		–
Distribution Layers		–	–	–	–	–	–	–		–
Capital Spares		5 134	11 750	–	735	767	1 958	(1 191)	(0)	11 750
Community Assets		–	–	–	–	–	–	–		–
Community Facilities		–	–	–	–	–	–	–		–
Halls		–	–	–	–	–	–	–		–
Centres		–	–	–	–	–	–	–		–
Crèches		–	–	–	–	–	–	–		–
Clinics/Care Centres		–	–	–	–	–	–	–		–
Fire/Ambulance Stations		–	–	–	–	–	–	–		–
Testing Stations		–	–	–	–	–	–	–		–
Museums		–	–	–	–	–	–	–		–
Galleries		–	–	–	–	–	–	–		–
Theatres		–	–	–	–	–	–	–		–
Libraries		–	–	–	–	–	–	–		–
Cemeteries/Crematoria		–	–	–	–	–	–	–		–
Police		–	–	–	–	–	–	–		–
Purls		–	–	–	–	–	–	–		–
Public Open Space		–	–	–	–	–	–	–		–
Nature Reserves		–	–	–	–	–	–	–		–
Public Ablution Facilities		–	–	–	–	–	–	–		–
Markets		–	–	–	–	–	–	–		–
Stalls		–	–	–	–	–	–	–		–
Abattoirs		–	–	–	–	–	–	–		–
Airports		–	–	–	–	–	–	–		–
Taxi Ranks/Bus Terminals		–	–	–	–	–	–	–		–
Capital Spares		–	–	–	–	–	–	–		–
Sport and Recreation Facilities		–	–	–	–	–	–	–		–
Indoor Facilities		–	–	–	–	–	–	–		–
Outdoor Facilities		–	–	–	–	–	–	–		–
Capital Spares		–	–	–	–	–	–	–		–
Heritage assets		–	–	–	–	–	–	–		–
Monuments		–	–	–	–	–	–	–		–
Historic Buildings		–	–	–	–	–	–	–		–
Works of Art		–	–	–	–	–	–	–		–
Conservation Areas		–	–	–	–	–	–	–		–
Other Heritage		–	–	–	–	–	–	–		–
Investment properties		–	–	–	–	–	–	–		–
Revenue Generating		–	–	–	–	–	–	–		–
Improved Property		–	–	–	–	–	–	–		–
Unimproved Property		–	–	–	–	–	–	–		–
Non-revenue Generating		–	–	–	–	–	–	–		–
Improved Property		–	–	–	–	–	–	–		–
Unimproved Property		–	–	–	–	–	–	–		–
Other assets		–	–	–	–	–	–	–		–
Operational Buildings		–	–	–	–	–	–	–		–
Municipal Offices		–	–	–	–	–	–	–		–
Pay/Enquiry Points		–	–	–	–	–	–	–		–
Building Plan Offices		–	–	–	–	–	–	–		–
Workshops		–	–	–	–	–	–	–		–
Yards		–	–	–	–	–	–	–		–
Stores		–	–	–	–	–	–	–		–
Laboratories		–	–	–	–	–	–	–		–

MP311 Victor Khanye - Supporting Table SC13c Monthly Budget Statement - expenditure on repairs and maintenance by asset class - M02 - August

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
Training Centres		–	–	–	–	–	–	–		–
Manufacturing Plant		–	–	–	–	–	–	–		–
Depots		–	–	–	–	–	–	–		–
Capital Spares		–	–	–	–	–	–	–		–
Housing		–	–	–	–	–	–	–		–
Staff Housing		–	–	–	–	–	–	–		–
Social Housing		–	–	–	–	–	–	–		–
Capital Spares		–	–	–	–	–	–	–		–
Biological or Cultivated Assets		–	–	–	–	–	–	–		–
Biological or Cultivated Assets		–	–	–	–	–	–	–		–
Intangible Assets		–	–	–	–	–	–	–		–
Servitudes		–	–	–	–	–	–	–		–
Licences and Rights		–	–	–	–	–	–	–		–
Water Rights		–	–	–	–	–	–	–		–
Effluent Licenses		–	–	–	–	–	–	–		–
Solid Waste Licenses		–	–	–	–	–	–	–		–
Computer Software and Applications		–	–	–	–	–	–	–		–
Load Settlement Software Applications		–	–	–	–	–	–	–		–
Unspecified		–	–	–	–	–	–	–		–
Computer Equipment		–	–	–	–	–	–	–		–
Computer Equipment		–	–	–	–	–	–	–		–
Furniture and Office Equipment		–	–	–	–	–	–	–		–
Furniture and Office Equipment		–	–	–	–	–	–	–		–
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	–	2 506	2 875	5 525	2 650	48.0%	33 150

VICTOR KHANYE

LOCAL MUNICIPALITY – PLAASLIKE MUNISIPALITEIT

Tel: 013 004 1300
Fire Depart: 080 001 4716
Customer Care: 080 001 4716
Website: www.vklm.gov.za

Address: Cnr . Samuel Road & Der Walt Street Delmas 2210
Email: LuckyD@vklm.gov.za

BUDGET AND TREASURY OFFICE

Enquiries: ME Mnguni

Ref:12/2/1

Date: 13 Aug 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 July 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

13/08/2026

TW Mashabela
Municipal Manager

Victor Khanye
Local Municipality
18 -08- 2026
Revenue Section

Victor Khanye Local Municipality Government Debt report as at 31 July 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 June 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	23,292.31	10,693.66	10,031.94	2,566.71	-	(18,518.84)			23,292.31		
Economic Development and Tourism											
Education	19,050.47	-	-	-	19,050.47	-			595.23	-	18,485.24
Education: Schools	5,991,449.91	580,562.80	497,997.21	388,824.50	4,524,045.40	(317,792.96)			5,991,449.91		
Public Works,Roads and Transport	2,761,974.12	623,359.21	581,851.81	582,294.75	974,468.35	(281,112.31)		2,761,974.12	-		
Community Safety Security and Liaison											
Health (Clinics)	1,485,380.93	225,609.55	45,384.68	60,284.22	1,153,902.48	(282,139.53)			156,441.38		1,328,939.55
Health (Hospitals)	520,268.42	520,268.42	-	-		(538,490.41)			520,268.42		
Culture Sport and Recreation											
Social Development	1,105,838.52	81,077.76	69,322.90	81,172.34	854,265.52	(104,981.83)			1,105,838.52		-
Human Settlements											
Sub Total: Provincial Departments	**11,907,254.68**	**2,041,791.40**	**1,224,588.54**	**1,115,142.52**	**7,525,732.22**	**(1,470,835.88)**		**2,761,974.12**	**7,797,856.77**		**1,347,424.79**
National Departments:											
National Department of Public Works	3,759,821.36	60,278.03	46,777.90	45,255.43	3,607,510.01	-		478,900.97	-		3,280,920.39
National Department of Rural Development and Land Reform	446,762.95	29,063.41	28,029.88	27,991.52	361,678.14	-		446,762.95			
South African Social Security Agency - SASSA	8,727.12	8,727.12	-	-	-	(11,360.64)			-		8,727.12
South African Police Services - SAPS	(162,728.35)	88,333.09	1,433.04	-	-252,494.48	(74,110.20)			(162,728.35)		
Justice Department	91,773.76	91,773.76	-	-	-	(75,632.28)			91,773.76		
Labaour Department	8,767.98	3,260.82	2,676.75	2,630.41	-	-			8,767.98		
Sub Total: National Departments	**4,153,124.84**	**281,436.25**	**79,117.57**	**75,877.36**	**3,716,694.27**	**(161,103.12)**		**925,663.92**	**(62,186.59)**		**3,289,647.51**
Total Debt owed by Sector Departments	**16,060,379.52**	**2,323,227.65**	**1,303,706.11**	**1,191,019.88**	**11,242,426.49**	**(1,631,939.00)**		**3,687,638.04**	**7,735,669.18**		**4,637,072.30**
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)	**16,060,379.52**	**2,323,227.65**	**1,303,706.11**	**1,191,019.88**	**11,242,426.49**	**(1,631,939.00)**		**3,687,638.04**	**7,735,669.18**	-	**4,637,072.30**

Compiled By CFO : Signature

Certified as correct by Municipal Manager: Signature

NB.These amounts include Rates and services charges

Victor Khanye
Local Municipality

18 -08- 2026

Revenue Section

13. Conclusion

14. Annexure A: C Schedules

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

16. Municipal Manager's quality certificate

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

Circular 124, for debt relief program - Eskom reconciliation as at 31 August 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	BALANCE BROUGHT FORWARD	TOTAL EXC	VAT	INTEREST	TOTAL INC	AMOUNT PAID	BALANCE + INVOICE - PAID
Jul-26	564318760503	R 1 085 455 180.96	R 18 878 667.91	R 2 831 800.19	R 4 779 577.28	R 26 490 045.38	R 5 000 000.00	R 1 106 945 226.34
Aug-26	564209155400	R 1 106 945 226.34	R 18 796 662.70	R 2 819 499.41	R 5 202 322.33	R 26 818 484.44	R 500 000.00	R 1 133 263 710.78
Sept-26		R 1 133 263 710.78						
Oct-26		R -						
Nov-26		R -						
Dec-26		R -						
Jan-27		R -						
Feb-27		R -						
Mar-27		R -						
Apr-27		R -						
May-27		R -						
Jun-27		R -						
			R 37 675 330.61	R 5 651 299.60	R 9 981 899.61	R 53 308 529.82	R 5 500 000.00	

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	R 268 402 453.23	R 16 564 541.26	R 2 484 681.19	R 2 929 352.23	R 21 978 574.68	R 5 000 000.00	R 285 381 027.91
Aug-26	889104569170	R 285 381 027.91	R 16 076 110.96	R 2 411 416.64	R 2 549 725.36	R 21 037 252.96	R 500 000.00	R 305 918 280.87
Sept-26		R 305 918 280.87						R 305 918 280.87
Oct-26		R 305 918 280.87						R 305 918 280.87
Nov-26		R 305 918 280.87						R 305 918 280.87
Dec-26		R 305 918 280.87						R 305 918 280.87
Jan-27		R 305 918 280.87						R 305 918 280.87
Feb-27		R 305 918 280.87						R 305 918 280.87
Mar-27		R 305 918 280.87						R 305 918 280.87
Apr-27		R 305 918 280.87						R 305 918 280.87
May-27		R 305 918 280.87						R 305 918 280.87
Jun-27		R 305 918 280.87						R 305 918 280.87
			32 640 652.22	4 896 097.83	5 479 077.59	R 43 015 827.64	R 5 500 000.00	R 3 650 482 117.48

Annexure A2 - Monthly

National Treasury

Municipal Debt Relief

MFMA Circular No. 124

Municipal Finance Management Act No. 56 of 2003

Municipality Self-Assessment

Certificate of Compliance: Municipal Debt Relief Conditions for Application

Period	Aug'26
National Financial Year	2026/27
Demarcation Code of Municipality being assessed	MP311
District	Nkangala
Demarcation Description	Victor Khanye

I, Carol Coetzee, 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 fully complies with the conditions as set-out in the table below:

Municipal Debt Relief Conditions (Monthly reporting)

			Choose from drop down list	Notes/Comments
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):		
1	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	
2	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://lguploadportal.treasury.gov.za?	Yes	
3	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	
4	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.*	Yes	
5	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://lguploadportal.treasury.gov.za?	Yes	
6	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 Adopted MTREF	
7	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	
8	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?	Yes	
9	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 - For example, if the municipality during the preceding 12 months only managed to collect 60 per cent of its revenue (also property rates), the provision for debt impairment aligning with the historic collection trend should align to 40 per cent of the 2023/24 MTREF revenue projections (also propert rates). If the municipality merely used the debt impairment to 'balance' the budget and there is no real alignment between the provision for such with the actual collection of revenue, the Provincial Treasury must respond to this item as: "No".		
10	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 between the provision for such with the state of assets/asset register, the Provincial Treasury must respond to this item as: "No".		
11	6.4.2	- ***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.		
12	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	
13	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	
14	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:		
15	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	
16	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	
17	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	
18	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 in the required NT format.*	Yes	
	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 –**		
19	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 - although the norm and standard for collection (MFMA Circular No. 71) is a 95 per cent threshold, municipalities under the debt relief support will be exempted for the first two years from adhering to this norm.		
	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** :		

20	6.7.2.1	* the underperformance directly relates to Eskom supplied areas where the municipality does not have electricity as a collection tool and 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	
21	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)?	Yes	
22	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 and the reason(s) for the failure?	No	
23	6.7.3	- The municipality has progressively installed smart pre-paid meters in the municipality supplied areas to improve its collection and only then, on an individual case-by-case basis, considered writing off the debt of its customers, within its normal credit control process?	Yes	
24	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	
25	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 –**		
26	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?	Yes	
27	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*	N/a	
28	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 –**		
29	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?	Yes	
30	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.*	Yes	
31	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	
32	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	
		Note - a municipality with a FRP only benefit from the Municipal debt Relief programme if the FRP progress report was submitted to both the Provincial Executive and MFRS.		
	6.10	*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:*		
33	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	
34	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	
35	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** - if the PT failed to address its failure such non-compliance will be considered as non-compliance by the municipality in terms of paragraph 6.1.1.*		

36	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 entered into after the effective date of debt relief approval as envisaged in MFMA section 46. Short term borrowing, including making use of an overdraft for in-year 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):**		
37	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?	No	
38	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: Only if relevant in the specific circumstances, will a request be made to the Minister of Finance upon the municipality's request to exempt the municipality from MFMA s.8(3).		
39		***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	
40	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	
41	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: Tshililedzi MacDonald Mashabela

Signature of HOD/ NT/ MM:

Date: 14/09/2023

** ***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.*

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 August 2026_27 amounts to **R 1.4 billion** and **R510 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 July be noted;
6. That circular 124 debt be noted;
7. That government debt be noted;

T.P MAHLANGU
CHIEF FINANCIAL OFFICER