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 September 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 TP MAHLANGU

MUNICIPAL MANAGER OF VICTOR KHANYE LOCAL MUNICIPALITY MP311

SIGNATURE.....pp

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

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

TO : MUNICIPAL MANAGER
T.M MASHABELA

FROM : CHIEF FINANCIAL OFFICER
T.P MAHLANGU

DATE : 09 OCTOBER 2026

RE : SECTION 71 REPORT

PURPOSE

To provide the Executive Mayor/Council with the budget and financial performance report for 30 September 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 September 2009 for implementation with effect from 1 September 2009 as follows:

a) Actual revenue, per revenue source;
b) Actual borrowings;
c) Actual operating expenditure, per vote;
d) Actual capital expenditure, per vote;
e) The amount of any allocation received;
f) Actual expenditure on those allocations, excluding expenditure on – Its share of the local government equitable share; and
ii. Allocations exempted by the annual Division of Revenue Act from compliance with this paragraph and;
g) When necessary, an explanation of –
iii. Any material variance from the municipality's projected revenue by source, and from the municipality's expenditure projections per vote;
iv. Any material variance from the service delivery and budget implementation plan; and
v. Any remedial or corrective steps taken or to be taken to ensure that projected revenue and expenditure remains within the municipality's approved budget

The format was amended in line with the Municipal Budget and reporting regulations and approved in terms of section 168 of the MFMA, per government gazette no 32141 dated 17 September 2009 for implementation with effect from 1 September 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 September 2026_27**

Description	Budget	Sept Actuals	YTD Actuals	YTD Budget
Revenue	- 1 051 784 000	- 57 333 000	- 263 533 000	- 262 946 000
Expenditure	1 066 202 000	79 524 000	231 443 000	266 550 000
Surplus/Deficit	14 418 000	22 191 000	- 32 090 000	
Capital expenditure	29 886 000	353 000	3 207 000	9 683 000
Debtors		2 205 209 000		
Creditors		1 950 337 000		
Average payment ra	85%	50%		

The actual revenue billed for September amounted to **R57 million** and reflects a variance of **0%** when the Year-To- date actual **R263 million** compared with the year-to-date budget of **R262 million.**

The expenditure amounted to **R79 million** and reflects a variance of **(-13%)** when the year to date actual **R231 million** compared with the year-to-date budget of **R266.5 million**.

The net operating deficit for September amounts to **R 22 million** and is the same as the year-to-date surplus of **R32 million**.

The municipality received no grant allocation in September. However the capital expenditure incurred in September amounted to **R353 thousand for MIG and R1.4 million for MDRG.**

Ageing debtors amounted to **R2.2 billion** and on Creditors **R1.9 billion** in which the highest is an amount

of **R1.4 billion** owed to Eskom and **R467 million** owed to Rand Water.

Collection rate **(50%)**

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. However, the collection rate decreased from 55% to 50%, reflecting a 5 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.

Type Of Service	Total Settlements	Total Movement	Billing	Credit Notes	Debit Notes	Other Adjustments	Payment Rate (Movement)
DEPOSIT	- 52 727	223 567	-	-	-	223 567	24%
ADVANCE PAYMENT	1 011 960	-	-	-	-	-	0%
INTEREST	- 370 219	10 514 762	10 626 135	- 105 463	-	- 5 910	4%
VAT	- 3 366 049	5 055 300	4 908 956	- 41 135	326 854	- 139 375	67%
WATER	- 2 230 276	7 645 357	6 506 537	- 26 144	1 210 803	- 45 838	29%
ELECTRICITY	- 17 237 060	17 533 050	17 752 959	- 229 541	892 957	- 883 325	98%
RATES	- 9 536 300	21 756 875	21 884 082	- 157 199	-	29 992	44%
REFUSE	- 896 662	1 366 409	1 368 638	- 2 229	-	-	66%
SEWERAGE	- 938 783	1 224 346	1 175 685	- 3 472	52 133	-	77%
SUNDRIES VAT	- 34 181	-	-	-	-	-	0%
SUNDRY NON VAT	- 33 499	2 147	2 147	-	-	-	1560%
HIRE	- 922 604	6 003 469	5 993 210	- 12 846	23 105	-	15%
OTHER SERVICES	- 392 741	483 094	-	-	-	483 094	0%
PAYMENT ADVANCED	- 15 918 968	-	-	-	-	-	100%
Total	- 50 918 111	71 808 376	70 218 349	- 578 029	2 505 852	- 337 797	50%

The decrease in the payment rate is primarily attributable to the following factors:

- **Kusile Power Station:** The billing of property rates to Eskom's Kusile Power Station has had a significant impact on the overall payment rate, as they are still not making payment on the amount billed, even after the supplementary valuation decreased their market value which resulted in a decrease in their billing, Kusile account still remains unpaid.
- **Disputed property classifications:** A number of ratepayers currently billed under the **residential category** are of the view that their properties should instead be classified as **agricultural**. Consequently, the total current charge is not paid in full.
- **Flat-rate customers in Eskom-licensed areas:** Continued non-payment by customers billed on a flat-rate basis, particularly within the **Eskom-licensed areas**, remains a contributing factor to the lower payment rate.

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	19 356 000	63 253 000	68 209 000	- 4 956 000	-7%
Service charges - water revenue	86 057 000	5 192 000	15 869 000	21 514 000	- 5 645 000	-26%
Service charges - sanitation revenue	14 924 000	1 251 000	3 748 000	3 731 000	17 000	0%
Service charges - refuse revenue	18 996 000	1 318 000	4 035 000	4 749 000	- 714 000	-15%
Sale of Goods and rendering of services	9 422 000	184 000	754 000	2 355 000	- 1 601 000	-68%
Interest earned - outstanding debtors	165 255 000	161 000	162 000	41 314 000	- 41 152 000	-100%
Rental of facilities and equipment	1 702 000	175 000	513 000	426 000	87 000	20%
Operational revenue	1 255 000	9 000	42 000	314 000	- 272 000	-87%
Interest from non_current Assets	-	-	28 000	0	28 000	
Non-exchange revenue					-	
Property rates	164 060 000	17 554 000	72 386 000	41 015 000	31 371 000	76%
Fines, penalties and forfeits	2 318 000	442 000	547 000	579 000	- 32 000	-6%
Surcharges and Taxes	75 993 000	-	-	18 998 000	- 18 998 000	-100%
interest	71 818 000	11 692 000	34 273 000	17 954 000	16 319 000	91%
other Gains		-	-	0	-	0%
Transfers and Subsidies - Operational	167 148 000	-	67 923 000	41 787 000	26 136 000	63%
Total revenue (excluding capital transfe	**1 051 785 000**	**57 334 000**	**263 533 000**	**262 945 000**	**588 000**	**0%**

EXCHANGE AND NON-EXCHANGE REVENUE

Service Charges – Electricity

The billing for September amounted to **R19 million**. This reflects a variance of **-7%** when compared with the year to date budget **R68 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 September amounted to **R5 million.** When the year-to-date actual **R15 million** is compared with the year to date budget **R21 million**, the variance is **(-26).**

Service Charge – Sanitation

The billed revenue for September amounted to **R1.2 million** and reflects a variance of **0%** when the year-to-date actual **R3.7 million** compared with the year to date budget of **R3.7 million.** The municipality should continue monitoring sanitation billing and collection performance to ensure that revenue targets are maintained and that all sanitation services rendered are accurately billed.

Service Charge – Refuse removal

The billed revenue amounted to **R1.3 million** and reflects a variance of **(-15%)** when the year-to-date actual **R4 million** compared to the year to date budget of **R4.7 million**. The municipality should investigate the causes of the revenue shortfall, reconcile refuse collection accounts, verify that all eligible customers are billed correctly, and strengthen debt collection measures to improve revenue performance and reduce the variance.

Rental of facilities and equipment

Billing for rental of facilities amounted to **R175 thousand**, Year to date actual is higher than year to date budget due to change in tariffs.

Operational Revenue

Billing for operational revenue amounted to **R9 thousand** and a year to date budget of **R42 thousand.** Operational revenue comprise of grave fees, connection/disconnection of water and electricity fees, building plans.

Property Rates

Billing for property rates for September amounted to **R17 million** and reflects a variance of 76% when the year-to-date actual of **R72 million** compared to the year-to-date budget of **R41 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.

Transfers and subsidies

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

Interest

Billing for interest on consumers debtors amounted to **R11.6 million** for both the exchange and non-exchange revenue respectively.

Actual year-to-date in 2026_27 financial year amounted to **R263 million,** included in that revenue is the grants received **R78.6 million.**

EXPENDITURE

Monthly Budget Statement - Financial Performance (Expenditure) – September 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	18 580 000	55 250 000	57 612 000	- 2 362 000	-4%
Remuneration of councillors	12 723 000	837 000	2 537 000	3 181 000	- 644 000	-20%
Bulk purchases - Electricity	246 145 000	23 385 000	93 701 000	61 536 000	32 165 000	52%
Inventory consumed and Bulk purchase	123 741 000	5 387 000	12 957 000	30 935 000	- 17 978 000	-58%
Debt impairment	98 203 000	-	-	24 551 000	- 24 551 000	0%
Depreciation and asset impairment	58 685 000	-	-	14 671 000	- 14 671 000	-100%
Finance charges	40 000 000	9 704 000	25 174 000	10 000 000	15 174 000	152%
Contracted services	138 700 000	16 359 000	30 862 000	34 675 000	- 3 813 000	-11%
Transfers and subsidies	-	-	-	-	-	0%
Irrecoverable debts written off	31 383 000	862 000	2 938 000	7 846 000	- 4 908 000	-63%
Operationsl Costs	86 176 000	4 410 000	8 024 000	21 544 000	- 13 520 000	-63%
Losses on Disposal of Asset	-	-	-	-	-	0%
Other Losses	-	-	-	-	-	0%
Total Expenditure	1 066 202 000	79 524 000	231 443 000	266 551 000	- 35 108 000	-13%

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

Bulk Purchases - Electricity – Eskom invoices for September amounted to **R23 million.** A payment of **R5 million** was made for both main and sub-account. The municipality remains non-compliant regarding circular 124 of the Eskom debt relief.

Inventory consumed – The inventory consumed amounted to **R5 million**. A payment of **R4.9 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 **R9.7 million**.

Contracted services – Expenditure on contracted services amounted to **R16 million** in September. 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 862 thousand.** These write-offs consist of interest written off on settled accounts and debt centive program.

Operational costs – For September, general expenditure also amounted to **R4.4 million.** General expenses are, but not limited to protective clothing, audit fees, skills development, operating lease, material and supplies, etc.

Repairs and Maintenance

Description R thousands	Original Budget 2025/26	Monthly Actual	Year to Date Actual	Year to date Budget	Variance	Variance %
Infrastructure		**4 542 000**	**6 651 000**	**5 350 000**	**1 301 000**	**83%**
Roads Infrastructure	**3 000 000**	**475 000**	**561 000**	**750 000**	**- 189 000**	**-25%**
Capital Spares	3 000 000	475 000	561 000	750 000	- 189 000	-25%
Electrical Infrastructure	**15 000 000**	**3 522 000**	**5 183 000**	**3 750 000**	**1 433 000**	**38%**
Capital Spares	15 000 000	3 522 000	5 183 000	3 750 000	1 433 000	38%
Water Supply Infrastructure	**1 000 000**	**225 000**	**471 000**	**250 000**	**221 000**	**88%**
Capital Spares	1 000 000	225 000	471 000	250 000	221 000	88%
Sanitation Infrastructure	**500 000**	**152 000**	**152 000**	**125 000**	**27 000**	**22%**
Capital Spares	500 000	152 000	152 000	125 000	27 000	22%
Solid Waste Infrastracture	**1 900 000**	**168 000**	**284 000**	**475 000**	**- 191 000**	**-40%**
Capital Spares	1 900 000	168 000	284 000	475 000	- 191 000	-40%
Information and communication infrastructure	**11 750 000**	**339 000**	**1 106 000**	**2 937 000**	**- 1 831 000**	**-62%**
Data centres	11 750 000	339 000	1 106 000	**2 937 000**	- 1 831 000	**-62%**
Capital Spares	11 750 000	339 000	1 106 000	2 937 000	- 1 831 000	-62%
Total Repairs and Maintenance Expenditure	**33 150 000**	**4 881 000**	**7 757 000**	**8 287 000**	**- 530 000**	**-6%**

Repairs and maintenance analysis supporting table SC13c measures the extent to which Council's assets are maintained per asset class. Expenditure incurred for September amounts to **R4.8 million.** Maintenance of assets should have a limit for repairs and routine upkeep (operational expenditure or OpEx) to ensure cost control. While routine maintenance is expensed immediately, expenditures that improve an asset or extend its useful life beyond the original estimate may be capitalized.

NORMS AND RATIOS

Current ratio (0:29)

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	Current Assets	720 618 000
				Current Liabilities	2 443 541 000

Collection Rate (50%)

The collection rate decreased from 55% to 50%, reflecting a 5 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%		
				Gross Debtors closing balance	2 205 209 342
				Gross Debtors opening balance	2 198 799 117
				Bad debts written Off	-
				Billed Revenue	70 218 349

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		
				Cash and cash equivalents	17 972 262
				Unspent Conditional Grants	-
				Overdraft	-
				Short Term Investments	-
				Total Annual Operational Expenditure	231 443 000

Capital expenditure to operating expenditure (0%)

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

Capital Expenditure to Total Expenditure	Total Capital Expenditure / Total Expenditure (Total Operating expenditure + Capital expenditure) × 100	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget, In-Year reports, IDP and AR	10% - 20%		
				Total Operating Expenditure	79 524 000
				Taxation Expense	-
				Total Capital Expenditure	353 000

Contracted services (21%)

Contracted services recorded an actual ratio of 21%, significantly exceeding the benchmark range of 2%–5%. This represents a material adverse variance and indicates a high reliance on externally contracted services. The 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%		
				Contracted Services	16 359 000
				Total Operating Expenditure	79 524 000
				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) × 365	Statement of Financial Performance, Notes to AFS, Budget, In-Year reports and AR	30 days		356 days
				Trade Creditors	1 950 337 000
				Contracted Services	16 359 000
				Repairs and Maintenance	4 881 000
				General expenses	39 780 000
				Bulk Purchases	1 938 286 000
				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	353 000	3 557 929	50%
INEP	2 088 000	1 000 000	-	-	0%
MDRG	6 000 000	6 000 000	1 495 155	4 288 045	71%

Total allocation for capital grants from the National Treasury for the **2026_267** financial year amounted to and **R38 million.** Expenditure incurred for MIG is **R353 thousand (50%) and R1.4 million** for MDRG (71%). Whilst the condition for this grant allows a cross over to 2026/27 as the period is April - September 2026, however, the Municipal Disaster Recovery Grant was not fully spend at 30 September 2026.

4.2 CASH FLOW STATEMENT

Net Cash from operating activities

The net cash from operating activities for September amounted to an unfavourable **R2.4 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 September amounted to **R353 thousand** of capital projects.

Net Increase/ Decrease in cash held

The municipality recorded an increase in net cash held of **R3.7 million** as at 30 September 2026.

Description R thousands	Sept 2026_27 Actual
CASH FLOW FROM OPERATING ACTIVITIES	
Receipts	
Property rates, penalties & collection charges	9 536
Service charges	21 303
Other revenue	30 130
Government - operating	–
Government - capital	–
Interest	370
Dividends	–
Total receipts	**61 340**
Payments	
Suppliers and employees	(53 719)
Finance charges	(9 704)
Transfers and Grants	(353)
Total payments	**(63 776)**
NET CASH FROM/(USED) OPERATING ACTIVITIES	**(2 436)**
CASH FLOWS FROM INVESTING ACTIVITIES	
Receipts	
Received from arrangements	–
Disposal of assets	–
(Increase) / Decrease in non-current investments	–
Payments	353
Capital assets	353
NET CASH FROM/(USED) INVESTING ACTIVITIES	**353**
CASH FLOWS FROM FINANCING ACTIVITIES	
Receipts	
Increase in consumer deposits	102
Borrowing long term/refinancing	–
Payments	
Repayment of borrowing	–
Finance lease payments	–
NET CASH FROM/(USED) FINANCING ACTIVITIES	**102**
NET INCREASE/ (DECREASE) IN CASH HELD	**3 724**
Cash/cash equivalents at beginning of the month:	14 248
Cash/cash equivalents at month end:	17 972

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 September resulted in a favourable balance of **R57 million** and total expenditure amounted to **R78 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 **0%** and deviation of **-13%** 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 September, the expenditure amounted to **R535 thousand**.

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

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

The table provides an overview of the financial position of the municipality's assets and liabilities. As at 30 September 2026_27, the community wealth amounts to an unfavourable **R364 million**, Total liabilities amounts to **R2.4 billion,** whilst total assets amount to **R2 billion** which resulted in an unfavourable net-assets of **R365 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 September, the net cash from operating activities is a favourable **R2 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 **R17 million.**

BANK NAME	TYPE OF ACCOU	BALANCE
STD BANK	MAIN ACCOUNT	1 464 607
STD BANK	CALL ACCOUNT E	8 240 365
STD BANK	CALL ACCOUNT	1 923
STD BANK	TRAFFIC	77 931
STD BANK	MONEY MARKET	822 126
ABSA BANK	CALL ACCOUNT	7 365 310
BALANCE		17 972 262

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 September is therefore **50%.**

Type Of Service	Total Settlements	Total Movement	Billing	Credit Notes	Debit Notes	Other Adjustments	Payment Rate (Movement)
DEPOSIT	- 52 727	223 567	-	-	-	223 567	24%
ADVANCE PAYMENT	1 011 960	-	-	-	-	-	0%
INTEREST	- 370 219	10 514 762	10 626 135	- 105 463	-	- 5 910	4%
VAT	- 3 366 049	5 055 300	4 908 956	- 41 135	326 854	- 139 375	67%
WATER	- 2 230 276	7 645 357	6 506 537	- 26 144	1 210 803	- 45 838	29%
ELECTRICITY	- 17 237 060	17 533 050	17 752 959	- 229 541	892 957	- 883 325	98%
RATES	- 9 536 300	21 756 875	21 884 082	- 157 199	-	29 992	44%
REFUSE	- 896 662	1 366 409	1 368 638	- 2 229	-	-	66%
SEWERAGE	- 938 783	1 224 346	1 175 685	- 3 472	52 133	-	77%
SUNDRIES VAT	- 34 181	-	-	-	-	-	0%
SUNDRY NON VAT	- 33 499	2 147	2 147	-	-	-	1560%
HIRE	- 922 604	6 003 469	5 993 210	- 12 846	23 105	-	15%
OTHER SERVICES	- 392 741	483 094	-	-	-	483 094	0%
PAYMENT ADVANCED	- 15 918 968	-	-	-	-	-	100%
Total	- 50 918 111	71 808 376	70 218 349	- 578 029	2 505 852	- 337 797	50%

3.2 DEBTORS/RECEIVABLES ANALYSIS:

- 3.3.1 Supporting table SC3 provides details on consumer debtors. Currently outstanding debtors amounts to **R2.2 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	SEPTEMBER
Organs of state	3 622 653.94
Commercial	98 914 769.64
Households	1 122 954 218.77
Mines	26 930 768.90
Farms	898 142 115.36
Indigents	19 355 687.69
Top 200	29 961 878.92
Municipal prop	243 356.82
Public Worship	1933294.33
Other	2 394 073.48
Public service infrastructure	756523.98
	2 205 209 341.83

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 September 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 September 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 September 2026 amounted to **R353 thousand**.

Attached as Annexure are the following:

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

6. DEBTORS

Debtors' Age Analysis for the month ended 30 September 2026_27, outstanding debtors comprise of consumer and sundry debtors. The total outstanding debtors amounts to **R2 billion** the consumer debtors amount to **R2 billion** and sundry debtors amount to **R136 million**. Creditors to the amount **R1.9 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	6 041	6 077	3 953	4 305	3 144	3 145	3 204	262 558	292 428	280 310	–	–
Trade and Other Receivables from Exchange Transactions - Electricity	1300	16 341	2 369	916	838	649	448	498	23 279	45 338	26 627	–	–
Receivables from Non-exchange Transactions - Property Rates	1400	19 998	15 442	14 293	13 252	12 820	88 152	90 734	746 295	1 000 986	965 546	–	–
Receivables from Exchange Transactions - Waste Water Management	1500	1 178	623	492	397	389	335	352	22 875	26 642	24 841	–	–
Receivables from Exchange Transactions - Waste Management	1600	1 265	705	603	624	587	537	2 313	28 232	34 866	32 896	–	–
Receivables from Exchange Transactions - Property Rental Debtors	1700	5 873	5 604	5 341	5 459	5 107	5 151	5 248	263 923	301 706	290 229	–	–
Interest on Arrear Debtor Accounts	1810	10 731	10 589	10 500	11 133	10 081	9 881	9 607	294 378	366 901	345 581	–	–
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	–	–	–	–	–	–	–	–	–	–	–	–
Other	1900	(11 308)	1 730	1 335	1 051	1 224	1 085	1 254	139 972	136 343	145 921	–	–
Total By Income Source	**2000**	**50 119**	**43 141**	**37 433**	**37 059**	**34 001**	**108 734**	**113 210**	**1 781 513**	**2 205 209**	**2 111 950**	**–**	**–**
2019/20 - totals only										–	–		
Debtors Age Analysis By Customer Group													
Organs of State	2200	(12 446)	1 694	1 066	1 102	953	495	674	10 085	3 623	14 375	–	–
Commercial	2300	7 060	3 371	2 552	2 180	2 094	1 940	1 978	77 740	98 915	88 484	–	–
Households	2400	23 833	22 644	20 031	21 216	18 613	18 446	20 848	977 324	1 122 954	1 076 477	–	–
Other	2500	31 672	15 432	13 785	12 562	12 341	87 853	89 710	716 364	979 718	932 614	–	–
Total By Customer Group	**2600**	**50 119**	**43 141**	**37 433**	**37 059**	**34 001**	**108 734**	**113 210**	**1 781 513**	**2 205 209**	**2 111 950**	**–**	**–**

7. CREDITORS AGE ANALYSIS

MP311 Victor Khanye - Supporting Table SC4 Monthly Budget Statement - aged creditors - M03 - 2026_27

Description	NT Code	Budget Year 2025/26								
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	36 593	47 856	48 469	1 337 858	–	–		–	1 470 775
Bulk Water	0200	6 004	4 939	6 288	5 181	445 100	–		–	467 512
PAYE deductions	0300	–	–	–	–	–	–	–	–	–
VAT (output less input)	0400	–	–	–	–	–	–	–	–	–
Pensions / Retirement deductions	0500	–	–	–	–	–	–	–	–	–
Loan repayments	0600	–	–	–	–	–	–	–	–	–
Trade Creditors	0700	494	6 724	1 410	–	512	–	–	–	9 139
Auditor General	0800		538	–	–	550	–	–	–	1 088
Financial Systems	0900	965	859	–	–	–	–	–	–	1 824
Total By Customer Type	**1000**	**44 056**	**60 915**	**56 166**	**1 343 038**	**446 162**	**–**	**–**	**–**	**1 950 337**

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	361 644	502 691	25%
EPWP	2 134 000	534 000	-	-	0%
MIG	29 948 000	7 187 000	353 000	3 557 929	50%
INEP	2 088 000	1 000 000	-	-	0%
MDRG	6 000 000	6 000 000	1 495 155	4 288 045	71%

9. Councillors and employee benefits

Number of months--------->	3				
	Pro-rata	**September**	**YTD**	**%**	**Reason for Variance**
	Budget	**Actual**	**Actual**	**Actual**	
Councillors:					
Allowances	2 741 250	837 000	2 537 000	92.5%	None
Employees:					
Basic salary	36 527 750	8 705 638	17 647 880	48.3%	None
Travelling allowance	3 530 000	985 396	1 971 753	55.9%	None
Overtime	4 870 750	611 063	1 665 818	34.2%	None
Employee social contributions	13 122 500	8 277 902	33 964 548	258.8%	None
TOTAL	**60 792 250**	**19 417 000**	**57 787 000**	**95.1%**	

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

15. Circular 124, for debt relief program - Eskom reconciliation as at 30 September 2026.

Kindly note the payments are made on an accrual basis.

ESKOM MAIN ACCOUNT

Segment in ledger ==========>			*Bulk Purchases*	*VAT*	*Interest expense*			
MONTH	INVOICE NO	BROUGHT FORWARD	TOTAL EXC	VAT	INTEREST	TOTAL INC	AMOUNT PAID	BALANCE = INVOICE - PAID
Jul-26	564318760503	1 085 455 181	18 878 668	2 831 800	4 779 577	26 490 045	5 000 000	1 106 945 226
Aug-26	564209155400	1 106 945 226	18 796 663	2 819 499	5 202 322	26 818 484	500 000	1 133 263 711
Sept-26	564766540362	1 133 263 711	13 036 869	1 955 530	6 111 908	21 104 308	2 500 000	1 151 868 019
Oct-26								
Nov-26								
Dec-26								
Jan-27								
Feb-27								
Mar-27								
Apr-27								
May-27								
Jun-27								
			50 712 200	**7 606 830**	**16 093 808**	**74 412 838**	**8 000 000**	

ESKOM SUB ACCOUNT

0

Segment in ledger ==========>			*Bulk Purchases*	*VAT*	*Interest expense*			
MONTH	INVOICE NO	BROUGHT FORWARD	TOTAL EXC	VAT	INTEREST	TOTAL INC	AMOUNT PAID	INVOICE - PAID = TOTAL DUE
Jul-26	889712628461	268 402 453	16 564 541	2 484 681	2 929 352	21 978 575	5 000 000	285 381 028
Aug-26	889104569170	285 381 028	16 076 111	2 411 417	2 549 725	21 037 253	500 000	305 918 281
Sept-26	889510254459	305 918 281	10 348 341	1 552 251	3 587 740	15 488 333	2 500 000	318 906 614
Oct-26								
Nov-26								
Dec-26								
Jan-27								
Feb-27								
Mar-27								
Apr-26								
May-27								
Jun-27								
			42 988 993	**6 448 349**	**9 066 818**	**58 504 160**	**8 000 000**	

DC31 Nkangala - Table C1 Monthly Budget Statement Summary - M03 - September

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	–	17 554	72 386	41 015	31 371	76%	164 060
Service charges	317 125	392 814	–	27 117	86 904	98 203	(11 299)	-12%	392 814
Investment revenue	865	–	–	–	28	–	28	#DIV/0!	–
Transfers and subsidies - Operational	163 879	167 148	–	–	67 923	41 787	26 136	63%	167 148
Other own revenue	192 352	327 762	–	12 662	36 291	81 941	(45 650)	-56%	327 762
Total Revenue (excluding capital transfers and contributions)	**1 589 302**	**1 051 784**	**–**	**57 333**	**263 533**	**262 946**	**587**	**0%**	**1 051 784**
Employee costs	225 091	230 446	–	18 580	55 250	57 612	(2 362)	-4%	230 446
Remuneration of Councillors	9 941	12 723	–	837	2 537	3 181	(644)	-20%	12 723
Depreciation and amortisation	99 828	58 685	–	–	–	14 671	(14 671)	-100%	58 685
Interest	100 106	40 000	–	9 704	25 174	10 000	15 174	152%	40 000
Inventory consumed and bulk purchases	321 069	369 886	–	28 772	106 658	92 471	14 187	15%	369 886
Transfers and subsidies	–	–	–	–	–	–	–		–
Other expenditure	1 227 336	354 462	–	21 632	41 824	88 616	(46 792)	-53%	354 462
Total Expenditure	**1 983 372**	**1 066 202**	**–**	**79 524**	**231 443**	**266 550**	**(35 108)**	**-13%**	**1 066 202**
Surplus/(Deficit)	**(394 070)**	**(14 418)**	**–**	**(22 192)**	**32 090**	**(3 604)**	**35 694**	**-990%**	**(14 418)**
Transfers and subsidies - capital (monetary allocations)	32 529	32 036	–	–	–	8 009	(8 009)	-100%	32 036
Transfers and subsidies - capital (in-kind)	2 500	12 733	–	–	–	3 183	(3 183)	-100%	12 733
contributions	**(359 041)**	**30 351**	**–**	**(22 192)**	**32 090**	**7 588**	**24 502**	**323%**	**30 351**
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–		–
Surplus/ (Deficit) for the year	**(359 041)**	**30 351**	**–**	**(22 192)**	**32 090**	**7 588**	**24 502**	**323%**	**30 351**
Capital expenditure & funds sources									
Capital expenditure	**54 051**	**40 820**	**–**	**353**	**3 207**	**10 205**	**(6 998)**	**-69%**	**40 820**
Capital transfers recognised	30 247	29 582	–	315	3 169	7 395	(4 227)	-57%	29 582
Borrowing	–	–	–	–	–	–	–		–
Internally generated funds	**10 116**	**9 150**	**–**	**38**	**38**	**2 288**	**(2 250)**	**-98%**	**9 150**
Total sources of capital funds	**40 363**	**38 732**	**–**	**353**	**3 207**	**9 683**	**(6 476)**	**-67%**	**38 732**
Financial position									
Total current assets	609 721	178 553	–		720 618				178 553
Total non current assets	1 367 697	1 042 562	–		1 370 904				1 042 562
Total current liabilities	2 289 488	1 563 002	–		2 443 541				1 563 002
Total non current liabilities	84 667	–	–		13 312				–
Community wealth/Equity	**(396 737)**	**(341 887)**	**–**		**(364 647)**				**(341 887)**
Cash flows									
Net cash from (used) operating	206 266	125 456	211 456	22 014	126 939	31 364	(95 575)	-305%	125 456
Net cash from (used) investing	(42 476)	(39 322)	(39 322)	(363)	(5 986)	(9 831)	(3 845)	39%	(39 322)
Net cash from (used) financing	–	–	–	–	–	–	–		–
Cash/cash equivalents at the month/year end	**176 152**	**98 496**	**184 496**	**–**	**127 228**	**33 895**	**(93 333)**	**-275%**	**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	–	–	–	–	–	–	–	–	–

DC31 Nkangala - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M03 - September

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	–	31 522	148 994	92 906	56 088	60%	371 624
Executive and council		–	–	–	–	–	–	–		–
Finance and administration		1 126 307	371 624	–	31 522	148 994	92 906	56 088	60%	371 624
Internal audit		–	–	–	–	–	–	–		–
Community and public safety		16 150	8 132	–	758	1 540	2 033	(493)	-24%	8 132
Community and social services		1 422	2 790	–	41	178	697	(519)	-74%	2 790
Sport and recreation		–	–	–	–	–	–	–		–
Public safety		12 497	3 640	–	542	848	910	(62)	-7%	3 640
Housing		2 231	1 702	–	175	513	426	87	21%	1 702
Health		–	–	–	–	–	–	–		–
Economic and environmental services		62	6 280	–	14	66	1 570	(1 504)	-96%	6 280
Planning and development		62	6 280	–	14	66	1 570	(1 504)	-96%	6 280
Road transport		–	–	–	–	–	–	–		–
Environmental protection		–	–	–	–	–	–	–		–
Trading services		481 812	665 748	–	25 039	112 933	166 437	(53 504)	-32%	665 748
Energy sources		274 062	357 688	–	16 319	53 120	89 422	(36 302)	-41%	357 688
Water management		100 306	170 124	–	6 151	18 748	42 531	(23 783)	-56%	170 124
Waste water management		14 732	83 842	–	1 251	3 748	20 960	(17 213)	-82%	83 842
Waste management		92 712	54 095	–	1 318	37 317	13 524	23 794	176%	54 095
Other	4	–	–	–	–	–	–	–		–
Total Revenue - Functional	2	1 624 331	1 051 784	–	57 333	263 533	262 946	587	0%	1 051 784
Expenditure - Functional										
Governance and administration		1 272 811	292 213	–	26 200	69 843	73 053	(3 210)	-4%	292 213
Executive and council		43 759	59 387	–	4 080	11 500	14 847	(3 346)	-23%	59 387
Finance and administration		1 229 052	232 827	–	22 120	58 343	58 207	136	0%	232 827
Internal audit		–	–	–	–	–	–	–		–
Community and public safety		91 750	112 835	–	12 233	26 342	28 209	(1 867)	-7%	112 835
Community and social services		38 146	39 937	–	3 016	9 497	9 984	(487)	-5%	39 937
Sport and recreation		4 953	4 155	–	28	528	1 039	(511)	-49%	4 155
Public safety		47 599	66 623	–	9 048	15 849	16 656	(807)	-5%	66 623
Housing		1 052	2 120	–	141	467	530	(62)	-12%	2 120
Health		–	–	–	–	–	–	–		–
Economic and environmental services		67 378	64 481	–	2 076	5 496	16 120	(10 624)	-66%	64 481
Planning and development		631	17 526	–	216	979	4 381	(3 403)	-78%	17 526
Road transport		66 351	45 092	–	1 595	4 250	11 273	(7 023)	-62%	45 092
Environmental protection		396	1 863	–	265	267	466	(199)	-43%	1 863
Trading services		551 432	596 672	–	39 016	129 762	149 168	(19 406)	-13%	596 672
Energy sources		388 250	372 013	–	28 102	102 520	93 003	9 516	10%	372 013
Water management		106 811	148 079	–	6 334	16 490	37 020	(20 529)	-55%	148 079
Waste water management		49 022	59 102	–	3 807	9 161	14 776	(5 615)	-38%	59 102
Waste management		7 350	17 478	–	773	1 591	4 370	(2 779)	-64%	17 478
Other		–	–	–	–	–	–	–		–
Total Expenditure - Functional	3	1 983 372	1 066 202	–	79 524	231 443	266 550	(35 108)	-13%	1 066 202
Surplus/ (Deficit) for the year		(359 041)	(14 418)	–	(22 192)	32 090	(3 604)	35 694	-990%	(14 418)

DC31 Nkangala - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M03 - September

Vote Description R thousands	Ref	2025/26 Audited Outcome	Budget Year 2026/27 Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Revenue by Vote	1									
Vote 1 - Office of the Municipal Manager		–	–	–	–	–	–	–		–
Vote 2 - Budget and Treasury		1 126 307	371 624	–	31 522	148 994	92 906	56 088	60.4%	371 624
Vote 3 - Corporate Services		–	–	–	–	–	–	–		–
Vote 4 - Community and Social Services		1 422	2 790	–	41	178	697	(519)	-74.4%	2 790
Vote 5 - Sport and Recreation		–	–	–	–	–	–	–		–
Vote 6 - Public Safety		12 497	3 640	–	542	848	910	(62)	-6.8%	3 640
Vote 7 - Housing		2 231	1 702	–	175	513	426	87	20.5%	1 702
Vote 8 - Health Services		–	–	–	–	–	–	–		–
Vote 9 - Planning and Development		62	6 280	–	14	66	1 570	(1 504)	-95.8%	6 280
Vote 10 - Roads Transport		–	–	–	–	–	–	–		–
Vote 11 - Electricity Services		274 062	357 688	–	16 319	53 120	89 422	(36 302)	-40.6%	357 688
Vote 12 - Water Services		100 306	170 124	–	6 151	18 748	42 531	(23 783)	-55.9%	170 124
Vote 13 - Waste Water Management		14 732	83 842	–	1 251	3 748	20 960	(17 213)	-82.1%	83 842
Vote 14 - Solid Waste Management		92 712	54 095	–	1 318	37 317	13 524	23 794	175.9%	54 095
Vote 15 -		–	–	–	–	–	–	–		–
Total Revenue by Vote	2	**1 624 331**	**1 051 784**	–	**57 333**	**263 533**	**262 946**	**587**	**0.2%**	**1 051 784**
Expenditure by Vote	1									
Vote 1 - Office of the Municipal Manager		60 145	87 251	–	4 744	14 414	21 813	(7 399)	-33.9%	87 251
Vote 2 - Budget and Treasury		1 183 704	176 099	–	19 330	49 599	44 025	5 574	12.7%	176 099
Vote 3 - Corporate Services		14 766	14 537	–	1 290	3 792	3 634	158	4.3%	14 537
Vote 4 - Community and Social Services		38 146	39 937	–	3 016	9 497	9 984	(487)	-4.9%	39 937
Vote 5 - Sport and Recreation		4 953	4 155	–	28	528	1 039	(511)	-49.2%	4 155
Vote 6 - Public Safety		47 599	66 623	–	9 048	15 849	16 656	(807)	-4.8%	66 623
Vote 7 - Housing		1 052	2 120	–	141	467	530	(62)	-11.8%	2 120
Vote 8 - Health Services		396	1 863	–	265	267	466	(199)	-42.6%	1 863
Vote 9 - Planning and Development		(1 369)	9 780	–	134	604	2 445	(1 841)	-75.3%	9 780
Vote 10 - Roads Transport		71 342	54 835	–	1 539	3 574	13 709	(10 134)	-73.9%	54 835
Vote 11 - Electricity Services		388 250	372 013	–	28 102	102 520	93 003	9 516	10.2%	372 013
Vote 12 - Water Services		106 811	148 079	–	6 334	16 490	37 020	(20 529)	-55.5%	148 079
Vote 13 - Waste Water Management		49 022	59 102	–	3 807	9 161	14 776	(5 615)	-38.0%	59 102
Vote 14 - Solid Waste Management		7 360	17 478	–	773	1 591	4 370	(2 779)	-63.6%	17 478
Vote 15 -		–	–	–	–	–	–	–		–
Total Expenditure by Vote	2	**1 972 169**	**1 053 872**	–	**78 551**	**228 354**	**263 468**	**(35 114)**	**-13.3%**	**1 053 872**
Surplus/ (Deficit) for the year	2	**(347 838)**	**(2 088)**	–	**(21 218)**	**35 179**	**(522)**	**35 701**	**-6838.4%**	**(2 088)**

DC31 Nkangala - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M03 - September

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	–	19 356	63 253	68 209	(4 956)	-7%	272 837
Service charges - Water		70 471	86 057	–	5 192	15 869	21 514	(5 645)	-26%	86 057
Service charges - Waste Water Management		12 232	14 924	–	1 251	3 748	3 731	17	0%	14 924
Service charges - Waste management		15 718	18 996	–	1 318	4 035	4 749	(714)	-15%	18 996
Sale of Goods and Rendering of Services		3 592	9 422	–	184	754	2 355	(1 601)	-68%	9 422
Agency services		–	–	–	–	–	–	–		–
Interest		–	–	–	–	–	–	–		–
Interest earned from Receivables		93 763	165 255	–	161	162	41 314	(41 152)	-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	–	175	513	426	87	21%	1 702
Licence and permits		–	–	–	–	–	–	–		–
Special Rating Levies		–	–	–	–	–	–	–		–
Construction Contract Revenue		–	–	–	–	–	–	–		–
Development Charges		–	–	–	–	–	–	–		–
Operational Revenue		1 065	1 255	–	9	42	314	(272)	-87%	1 255
Non-Exchange Revenue								–		
Property rates		915 081	164 060	–	17 554	72 386	41 015	31 371	76%	164 060
Surcharges and Taxes		66 144	75 993	–	–	–	18 998	(18 998)	-100%	75 993
Fines, penalties and forfeits		10 790	2 318	–	442	547	579	(32)	-6%	2 318
Licence and permits		–	–	–	–	–	–	–		–
Transfers and subsidies - Operational		163 879	167 148	–	–	67 923	41 787	26 136	63%	167 148
Interest		14 505	71 818	–	11 692	34 273	17 954	16 318	91%	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**	**–**	**57 333**	**263 533**	**262 946**	**587**	**0%**	**1 051 784**
Expenditure By Type										
Employee related costs		225 091	230 446	–	18 580	55 250	57 612	(2 362)	-4%	230 446
Remuneration of councillors		9 941	12 723	–	837	2 537	3 181	(644)	-20%	12 723
Bulk purchases - electricity		260 201	246 145	–	23 385	93 701	61 536	32 165	52%	246 145
Inventory consumed		60 868	123 741	–	5 387	12 957	30 935	(17 978)	-58%	123 741
Debt impairment		918 907	98 203	–	–	–	24 551	(24 551)	-100%	98 203
Depreciation and amortisation		99 828	58 685	–	–	–	14 671	(14 671)	-100%	58 685
Interest		100 106	40 000	–	9 704	25 174	10 000	15 174	152%	40 000
Contracted services		158 900	138 700	–	16 359	30 862	34 675	(3 813)	-11%	138 700
Transfers and subsidies		–	–	–	–	–	–	–		–
Irrecoverable debts written off		54 780	31 383	–	862	2 938	7 846	(4 908)	-63%	31 383
Operational costs		53 412	86 176	–	4 410	8 024	21 544	(13 520)	-63%	86 176
Disposal of Fixed and Intangible Assets		10 404	–	–	–	–	–	–		–
Other Losses		30 933	–	–	–	–	–	–		–
Total Expenditure		**1 983 372**	**1 066 202**	**–**	**79 524**	**231 443**	**266 550**	**(35 108)**	**-13%**	**1 066 202**
Surplus/(Deficit)		**(394 070)**	**(14 418)**	**–**	**(22 192)**	**32 090**	**(3 604)**	**35 694**	**-990%**	**(14 418)**
Transfers and subsidies - capital (monetary allocations)		32 529	32 036	–	–	–	8 009	(8 009)	-100%	32 036
Transfers and subsidies - capital (in-kind)		2 500	12 733	–	–	–	3 183	(3 183)	-100%	12 733
Surplus/(Deficit) after capital transfers & contributions		**(359 041)**	**30 351**	**–**	**(22 192)**	**32 090**	**7 588**			**30 351**
Income Tax		–	–	–	–	–	–	–		–
Surplus/(Deficit) after income tax		**(359 041)**	**30 351**	**–**	**(22 192)**	**32 090**	**7 588**			**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**	**–**	**(22 192)**	**32 090**	**7 588**			**30 351**
Share of Surplus/Deficit attributable to Associate		–	–	–	–	–	–	–		–
Intercompany/Parent subsidiary transactions		–	–	–	–	–	–	–		–
Surplus/ (Deficit) for the year		**(359 041)**	**30 351**	**–**	**(22 192)**	**32 090**	**7 588**			**30 351**

DC31 Nkangala - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M03 - September

Vote 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
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	–	–	–	463	(463)	-100%	1 850
Vote 2 - Budget and Treasury		13 989	950	–	38	38	238	(200)	-84%	950
Vote 3 - Corporate Services		–	–	–	–	–	–	–		–
Vote 4 - Community and Social Services		541	200	–	–	–	50	(50)	-100%	200
Vote 5 - Sport and Recreation		–	–	–	–	–	–	–		–
Vote 6 - Public Safety		15	300	–	–	–	75	(75)	-100%	300
Vote 7 - Housing		–	300	–	–	–	75	(75)	-100%	300
Vote 8 - Health Services		–	–	–	–	–	–	–		–
Vote 9 - Planning and Development		30	550	–	–	–	137	(137)	-100%	550
Vote 10 - Roads Transport		947	5 888	–	316	2 359	1 472	887	60%	5 888
Vote 11 - Electricity Services		13 394	5 088	–	–	–	1 272	(1 272)	-100%	5 088
Vote 12 - Water Services		10 925	3 000	–	–	–	750	(750)	-100%	3 000
Vote 13 - Waste Water Management		6 568	6 000	–	–	–	1 500	(1 500)	-100%	6 000
Vote 14 - Solid Waste Management		6 631	16 694	–	–	810	4 173	(3 363)	-81%	16 694
Vote 15 -		–	–	–	–	–	–	–		–
Total Capital single-year expenditure	4	54 051	40 820	–	353	3 207	10 205	(6 998)	-69%	40 820
Total Capital Expenditure		54 051	40 820	–	353	3 207	10 205	(6 998)	-69%	40 820
Capital Expenditure - Functional Classification										
Governance and administration		22 821	4 800	–	38	38	1 200	(1 162)	-97%	4 800
Executive and council		–	350	–	–	–	88	(88)	-100%	350
Finance and administration		22 821	4 450	–	38	38	1 113	(1 075)	-97%	4 450
Internal audit		–	–	–	–	–	–	–		–
Community and public safety		556	800	–	–	–	200	(200)	-100%	800
Community and social services		541	200	–	–	–	50	(50)	-100%	200
Sport and recreation		–	–	–	–	–	–	–		–
Public safety		15	300	–	–	–	75	(75)	-100%	300
Housing		–	300	–	–	–	75	(75)	-100%	300
Health		–	–	–	–	–	–	–		–
Economic and environmental services		(6 845)	4 438	–	315	2 359	1 109	1 249	113%	4 438
Planning and development		30	550	–	–	–	137	(137)	-100%	550
Road transport		(6 874)	3 888	–	315	2 359	972	1 387	143%	3 888
Environmental protection		–	–	–	–	–	–	–		–
Trading services		37 519	30 782	–	–	810	7 695	(6 885)	-89%	30 782
Energy sources		13 394	5 088	–	–	–	1 272	(1 272)	-100%	5 088
Water management		10 925	3 000	–	–	–	750	(750)	-100%	3 000
Waste water management		6 568	6 000	–	–	–	1 500	(1 500)	-100%	6 000
Waste management		6 631	16 694	–	–	810	4 173	(3 363)	-81%	16 694
Other		–	–	–	–	–	–	–		–
Total Capital Expenditure - Functional Classification	3	54 051	40 820	–	353	3 207	10 205	(6 998)	-69%	40 820
Funded by:										
National Government		30 247	29 582	–	315	3 169	7 395	(4 227)	-57%	29 582
Provincial Government		–	–	–	–	–	–	–		–
District Municipality		–	–	–	–	–	–	–		–
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies,		–	–	–	–	–	–	–		–
Transfers recognised - capital		30 247	29 582	–	315	3 169	7 395	(4 227)	-57%	29 582
Borrowing	6	–	–	–	–	–	–	–		–
Internally generated funds		10 116	9 150	–	38	38	2 288	(2 250)	-98%	9 150
Total Capital Funding		40 363	38 732	–	353	3 207	9 683	(6 476)	-67%	38 732

DC31 Nkangala - Table C6 Monthly Budget Statement - Financial Position - M03 - September

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	–	11 764	107 584
Short term Investments		–	–	–	–	–
Trade and other receivables from exchange transactions		45 076	(91 022)	–	103 267	(91 022)
Receivables from non-exchange transactions		55 810	118 727	–	85 190	118 727
Current portion of non-current receivables		–	–	–	–	–
Inventory		2 266	2 418	–	2 338	2 418
VAT		500 294	40 846	–	518 059	40 846
Other current assets		0	–	–	0	–
Total current assets		**609 721**	**178 553**	**–**	**720 618**	**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	–	1 258 281	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**	**–**	**1 370 904**	**1 042 562**
TOTAL ASSETS		**1 977 418**	**1 221 115**	**–**	**2 091 522**	**1 221 115**
LIABILITIES						
Current liabilities						
Bank overdraft		–	–	–	–	–
Financial liabilities		3 419	1 273	–	3 419	1 273
Consumer deposits		1 871	1 710	–	2 225	1 710
Trade and other payables from exchange transactions		2 002 278	1 668 511	–	2 188 160	1 668 511
Trade and other payables from non-exchange transactions		3 305	(9 822)	–	14 025	(9 822)
Provision		9 973	–	–	18 694	–
VAT		268 642	(98 670)	–	217 018	(98 670)
Other current liabilities		–	–	–	–	–
Total current liabilities		**2 289 488**	**1 563 002**	**–**	**2 443 541**	**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**	**–**	**2 456 853**	**1 563 002**
NET ASSETS	2	**(396 737)**	**(341 887)**	**–**	**(365 332)**	**(341 887)**
COMMUNITY WEALTH/EQUITY						
Accumulated surplus/(deficit)		(396 737)	(341 887)	–	(364 647)	(341 887)
Reserves and funds		–	–	–	–	–
Other		–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2	**(396 737)**	**(341 887)**	**–**	**(364 647)**	**(341 887)**

DC31 Nkangala - Table C7 Monthly Budget Statement - Cash Flow - M03 - September

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	10 637	34 093	59 638	(25 545)	-43%	238 552
Service charges		302 586	313 155	313 155	28 149	87 798	78 289	9 509	12%	313 155
Other revenue		112 889	16 512	16 512	16 176	119 742	4 128	115 614	2801%	16 512
Transfers and Subsidies - Operational		90 086	167 148	167 148	2 534	35 817	41 787	(5 970)	-14%	167 148
Transfers and Subsidies - Capital		1	32 036	32 036	1 000	1 000	8 009	(7 009)	-88%	32 036
Interest		–	237 073	237 073	–	–	59 268	(59 268)	-100%	237 073
Dividends		–	–	–	–	–	–	–		–
Payments										
Suppliers and employees		(420 824)	(839 019)	(833 019)	(36 483)	(151 511)	(209 755)	58 244	-28%	(839 019)
Interest		–	(40 000)	40 000	–	–	(10 000)	10 000	-100%	(40 000)
Transfers and Subsidies		–	–	–	–	–	–	–		–
NET CASH FROM/(USED) OPERATING ACTIVITIES		**206 266**	**125 456**	**211 456**	**22 014**	**126 939**	**31 364**	**(95 575)**	**-305%**	**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)	(363)	(5 986)	(9 831)	3 845	-39%	(39 322)
Retention (Capital)		–	–	–	–	–	–	–		–
NET CASH FROM/(USED) INVESTING ACTIVITIES		**(42 476)**	**(39 322)**	**(39 322)**	**(363)**	**(5 986)**	**(9 831)**	**3 845**	**(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**	**21 651**	**120 953**	**21 534**			**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		127 228	33 895			92 409

DC31 Nkangala - Supporting Table SC12 Monthly Budget Statement - capital expenditure trend - M03 - September

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	–	353	3 207	10 205	6 998	68.6%	8%
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**	**–**	**3 207**					

DC31 Nkangala - Supporting Table SC13c Monthly Budget Statement - expenditure on repairs and maintenance by asset class - M03 - September

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								%	
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		91 267	33 150	–	4 882	7 757	8 287	531	6.4%	33 150
Roads Infrastructure		1 023	3 000	–	475	561	750	189	25.2%	3 000
Roads		–	–	–	–	–	–	–		–
Road Structures		–	–	–	–	–	–	–		–
Road Furniture		–	–	–	–	–	–	–		–
Capital Spares		1 023	3 000	–	475	561	750	(189)	(0)	3 000
Storm water Infrastructure		–	–	–	–	–	–	–		–
Drainage Collection		–	–	–	–	–	–	–		–
Storm water Conveyance		–	–	–	–	–	–	–		–
Attenuation		–	–	–	–	–	–	–		–
Electrical Infrastructure		81 241	15 000	–	3 522	5 183	3 750	(1 433)	-38.2%	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	–	3 522	5 183	3 750	1 433	0	15 000
Water Supply Infrastructure		599	1 000	–	225	471	250	(221)	-88.4%	1 000
Dams and Weirs		–	–	–	–	–	–	–		–
Boreholes		–	–	–	–	–	–	–		–
Reservoirs		–	–	–	–	–	–	–		–
Pump Stations		–	–	–	–	–	–	–		–
Water Treatment Works		–	–	–	–	–	–	–		–
Bulk Mains		–	–	–	–	–	–	–		–
Distribution		–	–	–	–	–	–	–		–
Distribution Points		–	–	–	–	–	–	–		–
PRV Stations		–	–	–	–	–	–	–		–
Capital Spares		599	1 000	–	225	471	250	221	0	1 000
Sanitation Infrastructure		2 462	500	–	152	152	125	(27)	-21.8%	500
Pump Station		–	–	–	–	–	–	–		–
Reticulation		–	–	–	–	–	–	–		–
Waste Water Treatment Works		–	–	–	–	–	–	–		–
Outfall Sewers		–	–	–	–	–	–	–		–
Toilet Facilities		–	–	–	–	–	–	–		–
Capital Spares		2 462	500	–	152	152	125	27	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	–	168	284	475	191	40.2%	1 900
Sand Pumps		–	–	–	–	–	–	–		–

DC31 Nkangala - Supporting Table SC13c Monthly Budget Statement - expenditure on repairs and maintenance by asset class - M03 - September

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	–	168	284	476	(191)	(0)	1 900
Information and Communication Infrastructure		5 134	11 750	–	339	1 106	2 937	1 831	62,3%	11 750
Data Centres		–	–	–	–	–	–	–		–
Core Layers		–	–	–	–	–	–	–		–
Distribution Layers		–	–	–	–	–	–	–		–
Capital Spares		5 134	11 750	–	339	1 106	2 937	(1 831)	(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		–	–	–	–	–	–	–		–
Parks		–	–	–	–	–	–	–		–
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		–	–	–	–	–	–	–		–

DC31 Nkangala - Supporting Table SC13c Monthly Budget Statement - expenditure on repairs and maintenance by asset class - M03 - September

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									
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	–	4 882	7 757	8 287	531	6.4%	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: 08 Sept 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 Aug 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

10/09/2026

TW Mashabela
Municipal Manager

Victor Khanye
Local Municipality
17 -09- 2026
Revenue Section

Victor Khanye Local Municipality Government Debt report as at 31 Aug 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 July 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	25 144.47	11 690.83	10 693.66	2 759.98	-	(9 838.67)			25 144.47		
Economic Development and Tourism											
Education	19 050.47	-	-	-	19 050.47	-			565.23	-	18 485.24
Education: Schools	6 513 266.00	790 931.48	499 610.31	497 249.97	4 824 474.24	(272 613.10)			6 513 266.00		
Public Works,Roads and Transport	3 493 300.61	295 170.00	591 753.04	564 157.57	2 042 220.00	(10 075.51)		3 493 300.61	-		
Community Safety Security and Liaison											
Health (Clinics)	1 516 786.85	207 244.07	68 045.19	48 649.55	1 192 848.04	(246 364.76)			148 901.74		1 367 885.11
Health (Hospitals)	482 489.22	482 489.20	0.02	-		(518 517.48)			482 489.22		
Culture Sport and Recreation											
Social Development	1 091 578.01	68 426.55	70 445.42	78 788.66	873 917.38	(19 938.24)			1 091 578.01		-
Human Settlements											
Sub Total: Provincial Departments	13 141 615.63	1 855 952.13	1 141 547.64	791 605.73	8 952 510.13	(1 077 347.76)		3 493 300.61	8 261 944.67	-	1 386 370.35
National Departments:											
National Department of Public Works	3 821 125.05	171 438.68	60 278.67	46 777.90	3 542 829.80	-		540 204.66	-		3 280 920.39
National Department of Rural Development and Land Reform	475 840.45	29 077.50	29 083.41	28 029.88	389 669.66	-		475 840.45			
South African Social Security Agency - SASSA	11 879.32	11 879.32	-	-	-	(12 384.94)			-		11 879.32
South African Police Services - SAPS	(28 639.28)	96 226.22	88 333.09	1 493.04	-214 691.63	-			(28 639.28)		
Justice Department	94 017.53	94 017.53	-	-	-	(91 773.78)			94 017.53		
Labour Department	5 353.90	2 648.21	2 705.69	-	-	(6 082.29)			5 353.90		
Sub Total: National Departments	4 379 576.97	405 286.46	180 380.86	76 240.82	3 717 667.83	(110 223.01)		1 016 045.11	70 932.15	-	3 292 799.71
Total Debt owed by Sector Departments	17 521 192.60	2 261 238.59	1 321 928.50	1 267 846.55	12 670 177.96	(1 187 568.77)		4 509 345.72	8 332 876.82	-	4 679 170.06
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)	17 521 192.60	2 261 238.59	1 321 928.50	1 267 846.55	12 670 177.96	(1 187 568.77)		4 509 345.72	8 332 876.82	-	4 679 170.06

Compiled By CFO : Signature Mdlalose

Certified as correct by Municipal Manager : Signature 17/09/2026

Victor Khanye
Local Municipality
17 -09- 2026
Revenue Section

provincial treasury
MPUMALANGA PROVINCE
REPUBLIC OF SOUTH AFRICA

Nokuthula Simelane Building, No 7 Government Boulevard, Riverside Park Extension 2, **MBOMBELA** 1200
Private Bag x11205, **MBOMBELA** 1200
013 766 4437

SigcinaMafa SesiFundza UmNyango weeMali ZesiFunda Provinsiale Tesourie

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

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

Mr. Sadesh Ramjathan
Director: Revenue Management
National Treasury
Private Bag X 115
PRETORIA
0001
2210

Dear Mr. Mashabela and Mr. Ramjathan

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

1. PURPOSE

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

2. BACKGROUND

The National Treasury approved the debt relief application of Victor Khanye LM with effect 01 September 2023. August 2026 constitutes the 36th month of the municipality's debt relief compliance cycle. The Mpumalanga Provincial Treasury monitored and assessed the municipality's compliance with all the debt relief conditions during August 2026. The National Treasury approved the debt relief application of Victor Khanye LM with effect 01 September 2023. August 2026 constitutes the 36th month of the municipality's debt relief compliance cycle. The Mpumalanga Provincial Treasury monitored and assessed the municipality's compliance with all the debt relief conditions during August 2026.

3. DISCUSSION

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

Condition 6.1 – Municipality non-compliance

In terms of the National Treasury (NT) approval, the municipality must comply with conditions 6.1 – 6.14 of MFMA Circular 124 read together with the additional conditions specific to the municipality set-out in its National Treasury debt relief approval letter. From the Provincial Treasury's assessment, the municipality achieved a 66% compliance with the MFMA Circular 124 conditions during August 2026 – refer to the performance sheet attached that shows the municipality's overall relief compliance performance across the months of its debt relief cycle. It remained the same if compared to the July 2026 average compliance of 66%. Considering the municipality's overall debt relief performance since 01 September 2023 and that the conditions carry equal weighting, the municipality do not qualify for the one third (1/3) debt write-off at the end of its first debt relief compliance cycle on 31 August 2024 unless the outstanding non-compliance issues are urgently addressed.

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

Condition 6.3 Maintain Current Bulk Account.

The municipality's Eskom account for July 2026 was R40,811,308.81 according to the Eskom Section 41 report. The Municipality only paid R4 million in August 2026. The data strings of the Municipality incorrectly show R4,722,512 payments made to Eskom in August 2026. The electricity income for August 2026 was R24,675,948 according to schedule SC30.

The municipality only paid their Eskom account in full twice (March 2024 and December 2024) in the 36 months that the municipality is on the debt relief programme. Only R235,4 million of the R680,9 million electricity income was paid to Eskom. The municipality's average payment percentage is 29%. The total short payments from September 2023 to August 2026 are R572,1 million.

The Municipality emailed the July 2026 Rand Water invoice. The amount to be paid by the municipality was R6,288,038,24. The municipality paid the exact amount to Rand Water in August 2026. The water data strings for Month 02 in August 2026 was not uploaded on LG Portal.

Condition 6.4 Compliance with a funded MTREF budget

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

The Municipality projected an operating deficit amounting to R2 million on the operating budget with the 2023/24 budget. It improved to an operating surplus of R25 million with

the 2024/25 budget. It improved again with a surplus of R67,6 million with the 2024/25 adjustment budget. It changed to a deficit of R28,6 million with the 2025/26 adjustment budget. It reduced to R14,4 million deficit with the 2026/27 final budget.

Condition 6.5 Cost Reflective Tariffs

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

Condition 6.6 Electricity and water as a collection tool

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

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

Condition 6.7 Average quarterly collection rate

The Municipality has submitted the quarterly collection rate per ward as required during the application process. It is below the 85% as required by condition 6.7. The collection rate for August 2026 was 55%. The percentage is obtained from the Section 71 narrative report. The NT reporting template reflects an incorrect collection rate of 50%.

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

Condition 6.8 Completeness of revenue base

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

Condition 6.9 - Monitor and Report on compliance

The MFMA S71 narrative statement for August 2026 was uploaded on the Go-Muni portal and it was emailed to MPT. The mSCOA data strings for August 2026 was uploaded to the Go-Muni portal. The MFMA s71 Statement for August 2026 was not published on the municipality's website. The MFMA s71 Statement was also assessed against the Municipal Budget-and Reporting Regulations, 2009 (MBRR) and the National Treasury MFMA S71 reporting guidance issued to debt relief municipalities on 10 May 2024 read in conjunction with paragraphs 9(i) to 9(ix) of the NT debt relief approval letter. The

assessment confirmed that the MFMA s71 narrative statement included the following information:

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

The municipality was not implementing the budget funding plan initiatives as there are no real improvement on the billing and the collection. There are also no remedial actions

undertaken to achieve compliance and the timeframes thereof outlined.
PT developed a standard BFP format for all municipalities in July 2025. The municipality used this format to populate their BFP with the support of the resident MFIP advisor and it was approved by Council in a Special Council meeting held on 13 October 2025. The municipality is now reporting on the progress with the implementation of the BFP every month as part of the debt relief compliance.

Condition 6.10 - Provincial Treasury certification of municipal compliance

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

Condition 6.11 - Limitation on Municipal borrowing powers

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

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

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

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

Condition 6.14 - NERSA Licence

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

4. RECOMMENDATIONS

It is recommended that:

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

Regards

MS. GUGU MASHITENG
HEAD OF DEPARTMENT
DATE: 22-09-2026

Monthly Performance Report

Municipal Details			Part A						Part B					Part C			Part D				Part C						Part C			Part E											Scoring and Rating	
			Eskom And Bulk water current account						Compliance with a funded MTREF					FRP/BFP & Tariff Assessment			Electricity and water as collection tools				Quarterly collection of property rates and services charges						Maximization of Revenue Base			Oversight												
Month	Code Descr	Code	C1	C2	C3	C4	C5	C6	C7	C8	C9	C10	C11	C12	C13	C14	C15	C16	C17	C18	C19	C20	C21	C22	C23	C24	C25	C26	C27	C28	C29	C30	C31	C32	C33	C34	C35	C36	C37	C38	C39	C40	C41	Score	Rating
25.July25	Victor Khanye	MP311	No	Yes	Yes	No	Yes	Yes	No	No	Yes	Yes	Yes	N/A	Yes	No	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	No	Yes	No	N/A	N/A	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	No	66%	Moderate compliance
26.August25	Victor Khanye	MP311	Yes	Yes	No	No	Yes	No	No	No	Yes	Yes	Yes	N/A	Yes	Yes	Yes	No	Yes	No	No	No	No	Yes	Yes	Yes	Yes	No	N/A	No	No	No	N/A	N/A	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	No	63%	Moderate compliance
27.September25	Victor Khanye	MP311	No	Yes	No	No	Yes	Yes	No	No	Yes	Yes	Yes	N/A	Yes	Yes	Yes	Yes	Yes	No	No	No	No	Yes	Yes	Yes	Yes	No	No	Yes	No	No	N/A	N/A	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	66%	Moderate compliance
28.October25	Victor Khanye	MP311	No	Yes	No	No	Yes	No	No	No	Yes	Yes	Yes	N/A	Yes	Yes	Yes	Yes	Yes	No	No	No	No	Yes	Yes	Yes	Yes	No	No	Yes	No	No	N/A	N/A	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	66%	Moderate compliance
29.November25	Victor Khanye	MP311	Yes	No	No	No	No	No	No	No	Yes	Yes	Yes	N/A	Yes	Yes	Yes	Yes	Yes	No	No	No	No	Yes	Yes	Yes	Yes	No	No	Yes	No	No	N/A	N/A	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	63%	Moderate compliance
30.December25	Victor Khanye	MP311	Yes	Yes	No	No	Yes	No	No	No	Yes	Yes	Yes	N/A	Yes	Yes	Yes	Yes	Yes	No	No	No	No	Yes	Yes	Yes	Yes	No	No	Yes	No	No	N/A	N/A	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	No	66%	Moderate compliance
31.January26	Victor Khanye	MP311	Yes	Yes	No	No	Yes	No	No	No	Yes	Yes	Yes	N/A	Yes	Yes	Yes	Yes	Yes	No	No	No	No	Yes	Yes	Yes	Yes	No	No	Yes	No	No	N/A	N/A	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	No	66%	Moderate compliance
32.February26	Victor Khanye	MP311	Yes	Yes	No	No	Yes	Yes	No	No	Yes	Yes	Yes	N/A	Yes	Yes	Yes	Yes	Yes	No	No	No	No	Yes	Yes	Yes	Yes	No	No	Yes	No	No	N/A	N/A	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	No	68%	Moderate compliance
33.March26	Victor Khanye	MP311	Yes	Yes	No	No	Yes	Yes	No	No	Yes	Yes	Yes	N/A	Yes	Yes	Yes	Yes	Yes	No	No	No	No	Yes	Yes	Yes	Yes	No	Yes	No	No	No	N/A	N/A	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	No	71%	Moderate compliance
34.April26	Victor Khanye	MP311	Yes	Yes	No	No	Yes	Yes	No	No	Yes	Yes	Yes	N/A	Yes	Yes	Yes	Yes	Yes	No	No	No	No	Yes	Yes	Yes	Yes	No	No	Yes	No	No	N/A	N/A	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	No	68%	Moderate compliance
35.May26	Victor Khanye	MP311	Yes	Yes	No	No	Yes	Yes	No	No	Yes	Yes	Yes	N/A	Yes	Yes	Yes	Yes	Yes	No	No	No	No	Yes	Yes	Yes	Yes	No	No	Yes	No	No	N/A	N/A	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	No	68%	Moderate compliance
36.June26	Victor Khanye	MP311	Yes	Yes	No	No	Yes	Yes	No	No	Yes	Yes	Yes	N/A	Yes	Yes	Yes	Yes	Yes	No	No	No	No	Yes	Yes	Yes	Yes	No	No	Yes	No	No	N/A	N/A	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	No	68%	Moderate compliance
37.July26	Victor Khanye	MP311	Yes	Yes	No	No	Yes	No	No	No	Yes	Yes	Yes	N/A	Yes	Yes	Yes	Yes	Yes	No	No	No	No	Yes	Yes	Yes	Yes	No	No	Yes	No	No	N/A	N/A	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	No	66%	Moderate compliance
38.August26	Victor Khanye	MP311	Yes	Yes	No	No	Yes	No	No	No	Yes	Yes	Yes	N/A	Yes	Yes	Yes	Yes	Yes	No	No	No	No	Yes	Yes	Yes	Yes	No	No	Yes	No	No	N/A	N/A	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	No	66%	Moderate compliance
39.September26	Victor Khanye	MP311																																									0%	Not completed
40.October26	Victor Khanye	MP311																																									0%	Not completed
41.November26	Victor Khanye	MP311																																									0%	Not completed

HOD Name:	Ms G Mashiteng
Signature of HOD:	pp
Date:	21/09/2026

Comments/Motivation

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

Annexure A2 - Monthly

National Treasury

Municipal Debt Relief

MFMA Circular No. 124

Municipal Finance Management Act No. 56 of 2003

Municipality Self-Assessment

Certificate of Compliance: Municipal Debt Relief Conditions for Application

Period	Sept'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

Condition		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):		Notes/Comments
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 necesary. However, the PT / NT must assesses whether the existing FRP incorporates / will give effect to a funded MTREF. If not, the FRP requires strenghtening.		
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 8.6.*		
	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	
	6.10	*Note - a municipality with a FRP may only benefit from the Municipal Debt Support programme if the FRP progress report was submitted to both the Provincial Executive and MFRS.* *Provincial Treasury Note - Provincial Treasury certification of municipal compliance – in terms of section 5 and 74 of the MFMA, with effect from 01 April 2023, a delegated municipality may not benefit from Municipal Debt Relief, unless:*		
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: T P Mahlangu

Signature of HOD/ NT/ MM:

Date:

** ***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 30 September 2026_27 amounts to **R 1.4 billion** and **R467 million** respectively;
4. That the Municipal Council consider that the debt book amounts to **R2.2 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;

M. MBONA
DEPUTY CHIEF FINANCIAL OFFICER