



Msukaligwa Local Municipality

FINANCE SECTION 71

29 FEBRUARY 2023



SECT 71 FINANCIAL REPORT ENDING 30 NOVEMBER 2023

1. PURPOSE

The purpose of this report is to present a Section 71 financial report for the month ending November 2023 for consideration and noting.

2. LEGISLATION

A) In terms of Section 71 of the Municipal Finance Management Act 56 of 2003.

(1). The accounting officer of a municipality must by no later than 10 working days after the end of each month submit to the municipality and the relevant provincial treasury 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:

- (a) Actual revenue, per revenue source;
- (b) actual borrowings;
- (c) actual expenditure, per vote;
- (d) actual capital expenditure, per vote;
- (e) the amount of any allocations received;
- (f) actual expenditure on those allocations, excluding expenditure on –
 - (i) 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-
 - (i) any material variances from the municipality's projected revenue by source, and from the municipality's expenditure projections per vote;
 - (ii) any material variances from the service delivery and budget implementation plan; and
 - (iii) any remedial or corrective steps taken or to be taken to ensure that projected revenue and expenditure remain within the municipalities approved budget.

(2) The statement must include –

- (a) a projection of the relevant municipality's revenue and expenditure for the rest of the financial year, and any revisions from initial projections; and
- (b) the prescribed information relating to the state of the budget of each municipal entity as provided to the municipality in terms of section 87(10).

(3) The amounts reflected in the statement must in each case be compared with the corresponding amounts budgeted for in the municipality's approved budget.

(4) The statement to the provincial treasury must be in the format of a signed document and in electronic format.

- (5) The accounting officer of a municipality which has received an allocation referred to in subsection (1) (e) during any particular month must, by no later than 10 working days after the end of that month, submit that part of the statement reflecting the particulars referred to in subsection (1) (e) and (f) to the national or provincial organ of state or municipality which transferred the allocation.

3. DISCUSSION

3.1 Executive summary: Outcome of the operational and capital budget ending 29 FEBRUARY 2024

Section 71 of the Municipal Finance Management Act deals with requirements for a monthly budget report distinctively, of which the objective is finally to report on the financial status of the municipality.

The performance for the month ending February 2024, revenue amounted to R 670 624 million year-to-date actuals against the year-to-date budget of R 718 342 million with the unfavorable percentage of (-7%) or (R 47 718 million), whilst the expenditure incurred for the month of February 2024 amounted to R 528 859 million year-to-date expenditure against the year-to-date budget of R 807 938 million with the favorable percentage of (-35%) or R 279 079 million.

The Municipality has received capital grants of about 91,42% or (R 139 791 million against allocation of R 88 282 million). The current spending on capital appropriation is currently at an average of 58,47% against annual allocation and 91,42% against receipts, although there should be acceleration on grants such as MIG, WSIG, INEP and RBIG which is not directly under our control.

The picture below depicts the high-level financial performance for the month.

MP302 Msukaligwa - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M08 February

Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Total Revenue (excluding capital transfers and contributions)		1 035 997	1 070 078	1 094 863	47 075	670 624	718 342	(47 718)	-7%	1 094 863
Total Expenditure		1 250 177	1 161 047	1 285 770	34 559	528 859	807 938	(279 079)	-35%	1 285 770
Surplus/(Deficit)		(214 181)	(90 970)	(190 908)	12 515	141 764	(89 596)	231 361	(0)	(190 908)

The municipality's monthly budget statement for the period ending 29 FEBRUARY 2024 is summarized in table C1 of the C schedule and is as follows:

3.2 Table C 1- Monthly Budget statement summary- Month 08:

MP302 Msukaligwa - Table C1 Monthly Budget Statement Summary - M08 February

Description	2022/23	Budget Year 2023/24							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	202 863	242 332	206 332	16 966	136 376	154 354	(17 978)	-12%	206 332
Service charges	407 318	494 951	510 314	36 730	300 127	333 040	(32 912)	-10%	510 314
Investment revenue	-	-	-	-	-	-	-	-	-
Transfers and subsidies - Operational	242 386	260 523	273 535	66	191 421	176 285	15 137		273 535
Other own revenue	183 429	72 272	104 682	(6 688)	42 698	54 663	(11 965)	-22%	-
	1 035 997	1 070 078	1 094 863	47 075	670 624	718 342	(47 718)	-7%	1 094 863
Total Revenue (excluding capital transfers and contributions)									
Employee costs	265 422	301 679	301 680	24 617	193 798	201 041	(7 242)		301 680
Remuneration of Councillors	17 362	19 494	19 494	993	7 665	12 996	(5 331)		19 494
Depreciation and amortisation	144 109	138 589	138 589	-	-	92 392	(92 392)		138 589
Interest	99 032	8 484	27 684	-	-	9 496	(9 496)		27 684
Inventory consumed and bulk purchases	427 665	423 852	488 996	5 631	242 413	297 834	(55 421)		488 996
Transfers and subsidies	-	-	12 450	-	-	2 490	(2 490)	-100%	12 450
Other expenditure	296 587	268 950	296 877	3 318	84 983	191 688	(106 706)	-56%	296 877
Total Expenditure	1 250 177	1 161 047	1 285 770	34 559	528 859	807 938	(279 079)	-35%	1 285 770
Surplus/(Deficit)	(214 181)	(90 970)	(190 908)	12 515	141 764	(89 596)	231 361	-258%	(190 908)
Transfers and subsidies - capital (monetary allocations)	258 080	146 349	146 349	-	8 000	97 566	(89 566)	-92%	146 349
Transfers and subsidies - capital (in-kind)	238	-	-	-	-	-	-		-
Surplus/(Deficit) after capital transfers & contributions	44 137	55 379	(44 559)	12 515	149 764	7 969	141 795	1779%	(44 559)
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-		-
Surplus/ (Deficit) for the year	44 137	55 379	(44 559)	12 515	149 764	7 969	141 795	1779%	(44 559)
Capital expenditure & funds sources									
Capital expenditure									
Capital transfers recognised	-	166 448	168 659	9 726	87 388	117 392	(30 004)	-26%	168 659
Borrowing	-	146 348	137 915	9 122	75 769	98 603	(22 834)	-23%	137 915
Internally generated funds	-	-	-	-	-	-	-		-
Total sources of capital funds	-	166 448	168 659	9 726	87 388	117 392	(30 004)	-26%	168 659
Financial position									
Total current assets	848 404	512 724	553 532	-	1 013 747	-	-		553 532
Total non current assets	2 832 968	2 849 706	2 851 917	-	2 920 356	-	-		2 851 917
Total current liabilities	2 082 093	1 372 290	539 915	-	2 076 943	-	-		539 915
Total non current liabilities	105 005	155 178	155 178	-	105 005	-	-		155 178
Community wealth/Equity	1 655 415	1 834 962	2 710 356	-	1 752 155	-	-		2 710 356
Cash flows									
Net cash from (used) operating	1 149 681	169 663	149 140	(131 099)	347 370	99 427	(247 944)	-249%	149 140
Net cash from (used) investing	(173)	(166 448)	(164 990)	(9 726)	(86 440)	(109 993)	(23 554)	21%	(164 990)
Net cash from (used) financing	1 500	-	-	173	511	-	(511)	#DIV/0!	-
Cash/cash equivalents at the month/year end	1 160 682	4 415	60 504	-	340 147	65 787	(274 360)	-417%	62 855
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	90 368	25 401	24 610	23 936	23 873	22 907	114 571	946 653	1 272 318
Creditors Age Analysis									
Total Creditors	114 398	335	-	1 582 144	-	-	-	-	1 696 876

3.2.1

Operational revenue

MP302 Msukaligwa - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M08 February

Description	Ref	Budget Year 2023/24								
		2022/23 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue										
Exchange Revenue										
Service charges - Electricity		226 104	300 969	311 792	20 977	177 441	202 810	(25 370)	-13%	311 792
Service charges - Water		74 237	79 532	82 824	6 433	47 209	53 680	(6 471)	-12%	82 824
Service charges - Waste Water Management		57 677	61 650	62 061	5 025	40 673	41 182	(509)	-1%	62 061
Service charges - Waste management		49 300	52 800	53 638	4 294	34 805	35 368	(563)	-2%	53 638
Sale of Goods and Rendering of Services		-	-	-	-	-	-	-	-	-
Agency services		6 886	8 940	-	-	-	4 172	(4 172)	-100%	-
Interest		4 854	1 500	5 000	349	4 012	1 700	2 312	136%	5 000
Interest earned from Receivables		-	-	-	-	-	-	-	-	-
Interest from Current and Non Current Assets		-	-	-	-	-	-	-	-	-
Dividends		-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		2 920	2 741	3 155	235	1 862	1 910	(48)	-3%	3 155
Licence and permits		-	-	-	-	-	-	-	-	-
Operational Revenue		117 616	12 896	45 316	(11 287)	5 925	15 081	(9 156)	-61%	45 316
Non-Exchange Revenue										
Property rates		202 863	242 332	206 332	16 966	136 376	154 354	(17 978)	-12%	206 332
Surcharges and Taxes		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		5 704	5 448	5 457	14	116	3 634	(3 518)	-97%	5 457
Licence and permits		3 488	3 829	89	10	60	1 805	(1 745)	-97%	89
Transfers and subsidies - Operational		242 386	260 523	273 535	66	191 421	176 285	15 137	9%	273 535
Interest		37 111	36 918	45 665	3 992	30 627	26 361	4 265	16%	45 665
Fuel Levy		-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		4 850	-	-	-	97	-	97	#DIV/0!	-
Other Gains		-	-	-	-	-	-	-	-	-
Discontinued Operations										
Total Revenue (excluding capital transfers and contributions)		1 035 997	1 070 078	1 094 863	47 075	670 624	718 342	(47 718)	-7%	1 094 863

Property Rates - Unfavourable variance of (R 17 978) million (-12%) due to the adjustment and additional rebates offered by the Municipality.

Electricity – Unfavourable variance of (R 25 470) million (-13%) due to the actual revenue generation is 13% below the anticipated revenue, the municipality is in a process to installed new prepaid & conventional meters to Bulk Consumers to increase electricity revenue. An decrease on pre-paid purchases caused by the increase loadshedding and in some instances illegal connections.

Water – Unfavourable variance of R 6 471 million (-12%) due to the Water revenue is below by 12%, however the municipality targeting to change Bulk water meters to increase its water revenue monitoring of increase water usage in the month of February 2024.

Sanitation - Unfavourable variance of (R 509) thousands (-1%) for the month as per revenue projection.

Refuse – Unfavourable variance of (R 563) thousands (-2%) for the month as per revenue projection.

Rental of Facilities - Rental of facilities and equipment is as per the projected amount.

Interest earned - external investments - Funds that are not needed immediately and capital grants are invested in short term investments.

Interest earned - outstanding debtors - Favourable variance of R 4 265 million (16%) for the month due to increasing of the debtor's book due to non-payment of debtors.

Fines, Penalties and Forfeits - Unfavourable variance of (R 3 518) million (-97%) The performance is below by 97%, this is a result of ineffective fines collection system, the municipality appointed a service provider for the enforcement of all fines.

Licence and permits – Unfavourable variance of (R1 745) million (%) due to the non-enforcement of Municipal policy for trading licences and permits. The municipality collect revenue on behalf of the Department of Community Safety Liaison and Security on the 80: 20, the revenue to be generated from

this source could not be realised for the month (-97%) due to the non-enforcement of Municipal policy for trading licences and permits.

Transfers and subsidies - Operating: Favourable variance of (R 15 137) million (9%) for the month due to none received of the anticipated DORA allocation.

Other revenue - Unfavourable variance of (R 9 156) million (-61%) for the month due to non-collection of service rendered against the anticipated budget.

3.2.2 Operational expenditure:

MP302 Msukaligwa - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M08 February

Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Expenditure By Type										
Employee related costs		265 422	301 679	301 680	24 617	193 798	201 041	(7 242)	-4%	301 680
Remuneration of councillors		17 362	19 494	19 494	993	7 665	12 996	(5 331)	-41%	19 494
Bulk purchases - electricity		317 779	336 039	336 039	1 159	210 462	224 026	(13 564)	-6%	336 039
Inventory consumed		109 886	87 812	152 957	4 472	31 951	73 808	(41 857)	-57%	152 957
Debt impairment		148 238	114 044	114 044	9 504	66 526	76 029	(9 504)	-13%	114 044
Depreciation and amortisation		144 109	138 589	138 589	11 549	80 843	92 392	(11 549)	-13%	138 589
Interest		99 032	8 484	27 684	707	4 949	9 496	(4 547)	-48%	27 684
Contracted services		79 261	84 368	103 818	1 931	45 506	61 102	(15 596)	-26%	103 818
Transfers and subsidies		-	-	12 450	-	-	2 490	(2 490)	-100%	12 450
Irrecoverable debts written off		-	-	-	-	-	-	-	-	-
Operational costs		57 123	70 538	79 015	1 386	39 475	54 557	(15 081)	-28%	79 015
Losses on Disposal of Assets		11 965	-	-	-	0	-	0	#DIV/0!	-
Other Losses		-	-	-	-	-	-	-	-	-
Total Expenditure		1 250 177	1 161 047	1 285 770	56 319	681 176	807 938	(126 762)	-16%	1 285 770

Employee related costs – Favourable variance of (R7 242) million (-4%) The year-to-date actual expenditure is below by 4% to the budgeted amount due unfilled budgeted position.

Remuneration of councillors - Favourable variance of (R5 331) million (-41%), The year to date actual expenditure spending is below by 41%, the municipality made over provision in terms of payment of Councillors Allowances.

Debt impairment - Favourable variance of (R9 504) million (-13%) actuals expenditure is as per the projected collection rate of 75%, however municipality is implementing Revenue Enhancement strategies to ensure collection on outstanding debtors.

Depreciation & asset impairment - Favourable variance of (R11 549) million (-13%) the municipality has anticipated an depreciation or amortisation expense for the month due to depleted assets.

Finance charges – Favourable variance of (R4 547) million (-48%) due to the interest charged incurred for the month for the outstanding amounts of ESKOM.

Bulk purchases – electricity - Favourable variance of R13 564 million (-6%). The year-to-date actual is more than the budgeted amount by 6%, due to the repayment amount and current account for the month.

Inventory consumed – Favourable variance of (R41 857) million (-57%) due to the maintained needs of materials and supplies by the departments, and also limit the overspending by implementing cost containment measures, and also to ensure stock is available for the provision of basic service delivery.

Contracted services - Favourable variance of (R15 596) million (-26%), the municipality has strengthened its internal systems by insourcing most of its activities including the preparation of Annual Financial Statements internally and implementation of cost containment measures for the utilisation of other contracted services.

Other expenditures - Favourable variance of (R15 081) million (-28%) due to cost containment measures eliminate overspending in general expenses against the approved budget.

3.2.3 Capital budget

CAPITAL GRANTS SPENDING											
TYPE OF GRANTS	Original allocation	Adjusted allocation /Roll Over	Adjustment	Revised Allocation	Received to date	Spent to date	Remaining on budget	Remaining on Receipts	% received to date against original allocation	% against allocation	% against Receipts
MIG	R 62 683 000,00	R 0,00	-R 4 192 000,00	R 58 491 000,00	R 48 282 000,00	R 41 147 266,84	R 21 535 733,16	R 7 134 733,16	77,03%	70,35%	85,22%
EEDSM	R 5 000 000,00	R 0,00	R 0,00	R 5 000 000,00	R 5 000 000,00	R 4 568 506,38	R 441 493,62	R 441 493,62	100,00%	91,17%	91,17%
WSIG	R 30 000 000,00	R 0,00	R 0,00	R 30 000 000,00	R 20 000 000,00	R 22 430 574,26	R 7 569 425,74	-R 2 430 574,26	66,67%	74,77%	112,15%
RBIG	R 50 000 000,00	R 40 073 191,00	-R 7 000 000,00	R 43 000 000,00	R 15 000 000,00	R 11 372 401,21	R 38 627 598,79	R 3 627 598,79	30,00%	26,45%	75,82%
INEP	R 1 800 000,00	R 0,00	R 0,00	R 1 800 000,00	R 600 000,00	R 1 198 869,35	R 601 130,65	-R 398 869,35	44,44%	66,60%	149,88%
MDCR	R 1 500 000,00	R 1 500 000,00	R 0,00	R 1 500 000,00	R 1 500 000,00	R 1 496 283,74	R 3 716,26	R 3 716,26	100,00%	99,75%	99,75%
	R 160 983 000,00	R 41 573 191,00	-R 11 192 000,00	R 139 791 000,00	R 88 282 000,00	R 80 707 618,04	R 68 775 381,86	R 8 773 251,31	58,47%	57,73%	91,42%

OPERATIONAL GRANTS SPENDING											
TYPE OF GRANTS	Original allocation	Roll Over	Adjustment	Revised Allocation	Received to date	Spent to date	Remaining on budget	Remaining on Receipts	% received to date against original allocation	% against allocation	% against Receipts
FMG	R 3 000 000,00	R 0,00	R 0,00	R 3 000 000,00	R 3 000 000,00	R 207 267,17	R 2 792 732,83	R 2 792 732,83	100,00%	77%	77%
EPWP	R 1 511 000,00	R 0,00	R 0,00	R 1 511 000,00	R 1 511 000,00	R 1 161 518,40	R 349 481,60	R 349 481,60	100,00%	77%	77%
Provincial Grant	R 10 000 000,00	R 1 213 240,00	R 0,00	R 11 213 240,00	R 10 000 000,00	R 1 418 943,60	R 8 581 056,40	R 8 581 056,40	100,00%	13%	14%
	R 14 511 000,00	R 0,00	R 0,00	R 15 724 240,00	R 14 511 000,00	R 2 787 729,17	R 11 723 270,83	R 11 723 270,83	100,00%	17,73%	19,21%

Grants receipt – The report for grant receipts shown in the table above has been prepared based on the Division of Revenue Act (DORA) allocation, the year-to-date actuals receipt of R 88 282 million (91,42%) for the month ending 29 February 2024 against the year-to-date budgeted target (DORA) of R 88 282 million (91,42%).

Grants expenditure – The capital expenditure has been prepared based on the actual spending vs original allocation. The capital expenditure year-to-date spending for the period is R 80 708 million (57,73%), on the year-to-date budgeted target of R 88 282 million (91,42%). Remaining on budget of R 68 775 million against the spending to date of R 80 708 million.

3.2.4 Debtors

MP302 Msukaligwa - Supporting Table SC3 Monthly Budget Statement - aged debtors - M08 February

Description	NT Code	Budget Year 2023/24								
		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 By Income Source										
Trade and Other Receivables from Exchange Transactions - Water	1200	13 044	3 529	3 321	3 214	3 292	3 024	16 605	181 314	227 343
Trade and Other Receivables from Exchange Transactions - Electricity	1300	26 811	4 338	3 771	4 171	3 927	3 824	17 138	110 290	174 270
Receivables from Non-exchange Transactions - Property Rates	1400	23 784	6 502	6 122	5 654	5 434	5 275	27 409	128 143	208 323
Receivables from Exchange Transactions - Waste Water Management	1500	9 078	3 401	3 250	3 318	3 174	3 072	16 056	116 220	157 569
Receivables from Exchange Transactions - Waste Management	1600	8 352	3 091	2 985	2 995	2 961	2 877	15 318	113 607	152 196
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	-	-	-
Interest on Arrear Debtor Accounts	1810	8 022	3 997	3 841	3 866	3 685	3 590	19 447	241 472	287 920
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-
Other	1900	1 277	543	1 310	717	1 401	1 246	2 598	55 608	64 698
Total By Income Source	2000	90 368	25 401	24 610	23 936	23 873	22 907	114 571	946 653	1 272 318
Debtors Age Analysis By Customer Group										
Organs of State	2200	11 521	2 759	2 754	2 446	2 799	2 633	9 394	45 532	79 839
Commercial	2300	32 263	5 680	5 180	5 352	4 703	4 534	21 957	169 589	249 257
Households	2400	44 447	16 251	15 568	15 373	15 303	15 205	80 314	705 820	908 280
Other	2500	2 137	710	1 109	765	1 069	535	2 906	25 712	34 943
Total By Customer Group	2600	90 368	25 401	24 610	23 936	23 873	22 907	114 571	946 653	1 272 318

The total outstanding debtors, as of 29 February 2024, is reported as R 1 272 318 billion. In the previous month the debtors amounted to R 1 255 915 billion. An increase of 1,29% or R 16 403 million.

The has been consistently implementing its Credit and Debt Collection policy through the implementation the following has been achieved:

- i. Cut-off on Residentials and Businesses amount of **R 1 643 195.72**, was pursued which resulted to a collection of **R 1 553 023.97 (95%)**.
- ii. Government is owing the Municipality an outstanding amount of **R 42 931 564** million collected amount of **R 2 109 795**, it should be noted that letters of demand was sent to the Department however the Departments are not responding to our demand. Department of Public Works requested interest waiver of it was approved by the Municipality, however the

Department never honored the approval. Department of Rural Development has been giving us challenges in resolving the dispute they have with the accounts.

- iii. On amnesty the Municipality has received 70 number of applications with the outstanding debt of

R 1 749 105.95 collected amount of **R 1 596 432.11** and written off amount of **R 713 011.28**. It should be noted that the amnesty will continue until the 31 March 2024.

3.2.5 Creditors

- The total outstanding creditors as of 29 February 2024 amounts to R 1 696 876 billion.

MP302 Msukaligwa - Supporting Table SC4 Monthly Budget Statement - aged creditors - M08 February

Description	NT Code	Budget Year 2023/24								Total
		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	
Creditors Age Analysis By Customer Type										
Bulk Electricity	0100	106 059	-	-	475 719	-	-	-	-	581 778
Bulk Water	0200	-	335	-	1 106 362	-	-	-	-	1 106 697
PAYE deductions	0300	-	-	-	-	-	-	-	-	-
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-
Loan repayments	0600	-	-	-	-	-	-	-	-	-
Trade Creditors	0700	8 339	-	-	63	-	-	-	-	8 401
Auditor General	0800	-	-	-	-	-	-	-	-	-
Other	0900	-	-	-	-	-	-	-	-	-
Total By Customer Type	1000	114 398	335	-	1 582 144	-	-	-	-	1 696 876

TOP TEN CREDITORS FOR FEBRUARY 2024

SUPPLIER NUMBER	SUPPLIER NAME	AMOUNT
ED251	DEPARTMENT OF WATER AND SANITATION	1 106 696 796,43
EE265	ESKOM NEW	581 778 352,72
EI166	IFA LETHU TECHNOLOGIES CC	1 984 480,02
EM348	MAXPROF	829 361,78
EB224	BE FOREVER TRADING AND PROJECTS	825 594,80
EI166	IFA LETHU TECHNOLOGIES CC	550 880,00
EL500	LUKHBROS	525 933,41
EM516	MMN ENGINEERING & PROJECTS	444 346,21
EG115	GRANT THORNTON	407 132,96
EE272	EMALANGENI TECHNOLOGIES PTY (LTD)	280 391,85
EE999	TRADE CREDITORS	2 553 123,95
TOTAL		1 696 876 394,13

As at 29 February 2024, the Municipality indebted to its creditors for an amount of R 1 696 876 billion as the result of the following two major creditors:

- None payment on Eskom account and repayment were made due to financial constrain.
- DWS account, the Municipality had a meeting with DWS to discuss matters relating to disputed accounts and possible repayment plan.

It should be noted that the Municipality still disputed account number 20033982 with an amount of R 355 699 155.78, it further requested DWS to confirm the distribution point at Davel before it enters to repayment plan.

To date the Municipality indebted to DWS an amount of **R 1 106 696 796,43**

- All other creditors amounting to **R 8 401** million, will be paid within 30 days subject to funds available.

3.2.6 Cash flow

The available cash flow at end of February 2024 amounted to R 63 718 796,03 million

MP302 Msukaligwa - Table C7 Monthly Budget Statement - Cash Flow - M08 February

Description	Ref	2022/23		Budget Year 2023/24						
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		155 331	181 749	154 748	12 768	99 448	103 166	(3 718)	-4%	154 748
Service charges		300 958	394 529	386 162	29 267	229 486	257 442	(27 955)	-11%	386 162
Other revenue		556 399	75 140	99 676	13 192	268 653	66 451	202 202	304%	99 676
Transfers and Subsidies - Operational		246 863	260 523	270 523	-	128 365	180 349	(51 984)	-29%	270 523
Transfers and Subsidies - Capital		128 055	146 349	146 349	-	80 082	97 566	(17 484)	-18%	146 349
Interest		-	20 305	41 781	349	1 553	27 854	(26 301)	-94%	41 781
Dividends		-	-	-	-	-	-	-	-	-
Payments										
Suppliers and employees		(237 926)	(900 447)	(921 224)	(186 675)	(736 645)	(614 149)	122 496	-20%	(921 224)
Interest		-	(8 484)	(29 484)	-	-	(19 656)	(19 656)	100%	(29 484)
Transfers and Subsidies		-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		1 149 681	169 663	148 532	(131 099)	70 942	99 022	28 080	28%	148 532
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		(173)	-	-	-	95	-	95	#DIV/0!	-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-
Payments										
Capital assets		-	(166 448)	(164 382)	(9 726)	(86 535)	(109 588)	(23 053)	21%	(164 382)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(173)	(166 448)	(164 382)	(9 726)	(86 440)	(109 588)	(23 148)	21%	(164 382)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		1 500	-	-	173	511	-	511	#DIV/0!	-
Payments										
Repayment of borrowing		-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		1 500	-	-	173	511	-	(511)	#DIV/0!	-
NET INCREASE/ (DECREASE) IN CASH HELD		1 151 008	3 215	(15 850)	(140 652)	(14 986)	(10 567)			(15 850)
Cash/cash equivalents at beginning:		9 674	1 200	76 353	480 799	78 705	76 353			78 705
Cash/cash equivalents at month/year end:		1 160 682	4 415	60 504		63 719	65 787			62 855

3.2.7 Monthly Budget Statement - Financial Position TABLE C6 – FEBRUARY 2024

				0,49
Current Ratio	Current Assets / Current Liabilities	1.5 - 2:1	Current Assets	1 013 747
			Current Liabilities	2 076 943

- **Current- and liquidity ratio calculated as per the above-mentioned table;**
 - The current ratio (Current assets/ Current liabilities) for the quarter to date is 49% less than the municipal liability.
 - The ideal rate is a ratio of 2:1. The municipalities ratio is therefore 0,49:1

MP302 Msukaligwa - Table C6 Monthly Budget Statement - Financial Position - M08 February

Description	Ref	2022/23	Budget Year 2023/24			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash and cash equivalents		78 705	4 415	60 504	67 246	60 504
Trade and other receivables from exchange transactions		167 043	235 026	264 848	278 445	264 848
Receivables from non-exchange transactions		65 152	125 526	80 423	95 988	80 423
Current portion of non-current receivables		–	–	–	–	–
Inventory		23 589	32 295	32 295	40 350	32 295
VAT		502 821	115 462	115 462	519 951	115 462
Other current assets		11 094	–	–	11 767	–
Total current assets		848 404	512 724	553 532	1 013 747	553 532
Non current assets						
Investments		–	–	–	–	–
Investment property		181 143	189 659	189 659	181 143	189 659
Property, plant and equipment		2 651 634	2 659 807	2 661 410	2 739 022	2 661 410
Biological assets		–	–	–	–	–
Living and non-living resources		–	–	–	–	–
Heritage assets		175	175	175	175	175
Intangible assets		16	65	65	16	65
Trade and other receivables from exchange transactions		–	–	–	–	–
Non-current receivables from non-exchange transactions		–	–	–	–	–
Other non-current assets		–	–	–	–	–
Total non current assets		2 832 968	2 849 706	2 851 309	2 920 356	2 851 309
TOTAL ASSETS		3 681 372	3 362 429	3 404 841	3 934 103	3 404 841
LIABILITIES						
Current liabilities						
Bank overdraft		–	–	–	–	–
Financial liabilities		–	–	–	–	–
Consumer deposits		20 450	56 000	–	21 389	–
Trade and other payables from exchange transactions		1 578 463	1 181 695	366 020	1 421 710	366 020
Trade and other payables from non-exchange transactions		44 724	700	40 000	149 317	40 000
Provision		66 850	102 454	102 454	67 750	102 454
VAT		371 606	31 441	31 441	416 777	31 441
Other current liabilities		–	–	–	–	–
Total current liabilities		2 082 093	1 372 290	539 915	2 076 943	539 915
Non current liabilities						
Financial liabilities		43	–	–	43	–
Provision		104 962	155 178	155 178	104 962	155 178
Long term portion of trade payables		–	–	–	–	–
Other non-current liabilities		–	–	–	–	–
Total non current liabilities		105 005	155 178	155 178	105 005	155 178
TOTAL LIABILITIES		2 187 098	1 527 467	695 092	2 181 947	695 092
NET ASSETS	2	1 494 274	1 834 962	2 709 748	1 752 155	2 709 748
COMMUNITY WEALTH/EQUITY						
Accumulated surplus/(deficit)		1 655 415	1 834 962	2 709 748	1 752 155	2 709 748
Reserves and funds		–	–	–	–	–
Other		–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2	1 655 415	1 834 962	2 709 748	1 752 155	2 709 748

QUALITY CERTIFICATE

MP 302 MSUKALIGWA LOCAL MUNICIPALITY

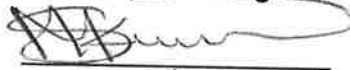
I, M. KUNENE, the Municipal Manager of Msukaligwa Local Municipality, hereby certify that the monthly budget statement report and supporting documentation for submission of the section 71 for the Month ending **29 February 2024**, has been prepared in accordance with the Municipal management act and the regulations made under the Act.

Municipal Manager of Msukaligwa Local Municipality

Name: MR. M. KUNENE

Position: Municipal Manager: MP 302 Msukaligwa local municipality

Signature:



Date:

14/03/24