



# *Msukaligwa Local Municipality*

SECTION 52 FOR THE QUARTER ENDING

31 DECEMBER 2023



## 1. PURPOSE

The purpose of this report is to present a Section 71-M06 read with Section 52 report of the MFMA by providing a monthly and quarterly statement on the implementation of the budget and the financial situation for the municipality for the Quarter ending **31 DECEMBER 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.

B) In terms of the Municipal Finance Management (Act 56 of 2003) Section 52.

## **CHAPTER 7**

### **RESPONSIBILITIES OF MAYORS**

52. General Responsibilities. —the mayor of a municipality—

- a) must provide general political guidance over the fiscal and financial affairs of the municipality.
- b) in providing such general political guidance, may monitor and, to the extent provided in this.  
Act, oversee the exercise of responsibilities assigned in terms of this Act to the accounting officer and the chief financial officer, but may not interfere in the exercise of those responsibilities.
- c) must take all reasonable steps to ensure that the municipality performs its constitutional and statutory functions within the limits of the municipality's approved budget.
  - (i) must, within 30 days of the end of each quarter, submit a report to the council on the implementation of the budget and the financial state of affairs of the municipality: and
  - (ii) must exercise the other powers and perform the other duties assigned to the mayor in terms of this Act or delegated by the council to the mayor.

### 3. DISCUSSION

#### 3.1 Executive summary: Outcome of the operational and capital budget ending 31 DECEMBER 2023

Section 71 and Section 52 of the Municipal Finance Management Act deals with requirements for a monthly and quarterly budget and performance assessment report distinctively, of which the objective is finally to report on the financial status of the municipality.

#### **Revenue performance**

For the period ending 31 December 2023 actual total revenue reflected at R555,2M from its budgeted amount of R535M which is equivalent to a favourable balance of 4% or R20M against the budgeted revenue. Revenue from Property Rates and Service Charges are main revenue sources for the municipality.

#### **Expenditure performance**

For the period ending 31 December 2023 actual total expenditure reflected at R587M against a budgeted amount of R528M with a favourable balance of 10% or R59M. The current trend for the period ending 31 December indicates a significant increase in cost items such as inventory consumed and operational costs to ensure provision of sustainable service delivery to the community.

#### **Capital performance**

The capital performance reports is mainly funded through grants and performance on all grants is above 50% except the RBIG which is implemented by the district. The municipality was able procure a Grader, TLB, four Sedan and Fire Engine from its own operational revenue.

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

Description	Ref	2022/23	Budget Year 2023/24					
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance
R thousands								
<b>Revenue</b>								
Total Revenue (excluding capital transfers and contributions)		1,035,997	1,070,078	1,070,078	144,280	555,279	535,039	20,241
<b>Expenditure By Type</b>								
Total Expenditure		1,231,130	1,161,047	1,173,652	96,849	528,203	586,934	(58,731)
Surplus/(Deficit)		(195,133)	(90,970)	(103,574)	47,430	27,076	(51,896)	78,972

The municipality's monthly budget statement for the period ending 31 DECEMBER 2023 is summarized in table C1 of the C schedule and is as follows:

**3.2 Table C 1- Quarterly Budget statement summary- Quarter 2:**

MP302 Msukaligwa - Table C1 Monthly Budget Statement Summary - M06 December

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
<b>R thousands</b>									
<u>Financial Performance</u>									
Property rates	202,863	242,332	242,332	17,405	102,366	121,166	(18,800)	-16%	242,332
Service charges	407,318	494,951	494,951	36,190	229,058	247,475	(18,417)	-7%	494,951
Investment revenue	-	1,500	1,500	508	3,229	750	2,479	330%	1,500
Transfers and subsidies - Operational	-	-	-	-	-	-	-	-	-
Other own revenue	425,815	331,295	331,296	90,176	220,627	165,648	54,979	33%	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>1,035,997</b>	<b>1,070,078</b>	<b>1,070,078</b>	<b>144,280</b>	<b>555,279</b>	<b>535,039</b>	<b>20,241</b>	<b>4%</b>	<b>1,070,078</b>
Employee costs	265,422	301,679	301,620	23,604	142,993	150,817	(7,824)	-5%	301,620
Remuneration of Councillors	17,362	19,494	19,494	993	5,680	9,747	(4,067)	-42%	19,494
Depreciation and amortisation	144,109	138,589	138,589	11,549	69,294	69,294	-	-	138,589
Interest	99,032	8,484	8,484	-	-	4,242	(4,242)	-100%	8,484
Inventory consumed and bulk purchases	407,789	423,852	426,292	35,227	183,527	213,042	(29,515)	-14%	426,292
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Other expenditure	297,415	268,950	279,174	25,477	126,709	139,791	(13,082)	-9%	279,174
<b>Total Expenditure</b>	<b>1,231,130</b>	<b>1,161,047</b>	<b>1,173,652</b>	<b>96,849</b>	<b>528,203</b>	<b>586,934</b>	<b>(58,732)</b>	<b>-10%</b>	<b>1,173,652</b>
<b>Surplus/(Deficit)</b>	<b>(195,133)</b>	<b>(90,970)</b>	<b>(103,574)</b>	<b>47,430</b>	<b>27,077</b>	<b>(51,896)</b>	<b>78,972</b>	<b>-152%</b>	<b>(103,574)</b>
Transfers and subsidies - capital (monetary allocations)	258,080	146,349	146,349	-	8,000	73,174	(65,174)	-89%	146,349
Transfers and subsidies - capital (in-kind)	238	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>63,185</b>	<b>55,379</b>	<b>42,775</b>	<b>47,430</b>	<b>35,077</b>	<b>21,279</b>	<b>13,798</b>	<b>65%</b>	<b>42,775</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>	<b>63,185</b>	<b>55,379</b>	<b>42,775</b>	<b>47,430</b>	<b>35,077</b>	<b>21,279</b>	<b>13,798</b>	<b>65%</b>	<b>42,775</b>
<u>Capital expenditure &amp; funds sources</u>									
<b>Capital expenditure</b>	<b>-</b>	<b>166,448</b>	<b>182,160</b>	<b>11,541</b>	<b>71,527</b>	<b>89,241</b>	<b>(17,715)</b>	<b>-20%</b>	<b>182,160</b>
Capital transfers recognised	-	146,348	152,734	9,914	61,087	75,983	(14,895)	-20%	152,734
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	-	20,100	29,426	1,627	10,439	13,258	(2,819)	-21%	29,426
<b>Total sources of capital funds</b>	<b>-</b>	<b>166,448</b>	<b>182,160</b>	<b>11,541</b>	<b>71,527</b>	<b>89,241</b>	<b>(17,715)</b>	<b>-20%</b>	<b>182,160</b>
<u>Financial position</u>									
Total current assets	848,862	511,224	511,224	-	995,820	-	-	-	511,224
Total non current assets	2,832,968	2,849,706	2,865,417	-	2,904,495	-	-	-	2,865,417
Total current liabilities	2,086,245	2,130,926	2,130,926	-	2,035,221	-	-	-	2,130,926
Total non current liabilities	105,005	155,178	155,178	-	105,005	-	-	-	155,178
Community wealth/Equity	1,632,673	1,834,962	1,834,962	-	1,760,088	-	-	-	1,834,962
<u>Cash flows</u>									
Net cash from (used) operating	1,149,681	-	-	90,096	79,347	-	(79,347)	-	-
Net cash from (used) investing	(173)	-	-	(11,478)	(70,944)	-	70,944	-	-
Net cash from (used) financing	1,500	-	-	-	338	-	(338)	-	-
<b>Cash/cash equivalents at the month/year end</b>	<b>1,160,682</b>	<b>1,200</b>	<b>1,200</b>	<b>-</b>	<b>87,446</b>	<b>-</b>	<b>(87,446)</b>	<b>#DIV/0!</b>	<b>78,705</b>
<u>Debtors &amp; creditors analysis</u>									
	<b>0-30 Days</b>	<b>31-60 Days</b>	<b>61-90 Days</b>	<b>91-120 Days</b>	<b>121-150 Dys</b>	<b>151-180 Dys</b>	<b>181 Dys-1 Yr</b>	<b>Over 1Yr</b>	<b>Total</b>
<u>Debtors Age Analysis</u>									
Total By Income Source	83,611	26,070	25,367	23,924	30,838	20,299	111,667	918,379	1,240,154
<u>Creditors Age Analysis</u>									
Total Creditors	105	39,912	1	1,423,386	120,403	-	-	-	1,583,806

### 3.2.1

### Operational revenue

MP302 Msukaligwa - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December

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
<b>R thousands</b>										
<b>Revenue</b>										
<b>Exchange Revenue</b>										
Service charges - Electricity		226,104	300,969	300,969	20,714	131,062	150,484	(19,422)	-13%	300,969
Service charges - Water		74,237	79,532	79,532	6,119	41,156	39,766	1,390	3%	79,532
Service charges - Waste Water Management		57,677	61,650	61,650	5,052	30,600	30,825	(225)	-1%	61,650
Service charges - Waste management		49,300	52,800	52,800	4,305	26,240	26,400	(160)	-1%	52,800
Sale of Goods and Rendering of Services		-	-	-	-	-	-	-	-	-
Agency services		6,886	8,940	8,940	-	-	4,470	(4,470)	-100%	8,940
Interest		4,854	1,500	1,500	508	3,229	750	2,479	330%	1,500
Interest earned from Receivables		-	-	-	-	-	-	-	-	-
Interest from Current and Non Current Assets		-	-	-	-	-	-	-	-	-
Dividends		-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		2,920	2,741	2,741	29	1,348	1,371	(23)	-2%	2,741
Licence and permits		-	-	-	-	-	-	-	-	-
Operational Revenue		117,616	12,896	12,896	483	5,056	6,448	(1,391)	-22%	12,896
<b>Non-Exchange Revenue</b>										
Property rates		202,863	242,332	242,332	17,405	102,366	121,166	(18,800)	-16%	242,332
Surcharges and Taxes		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		5,704	5,448	5,448	10	85	2,724	(2,639)	-97%	5,448
Licence and permits		3,488	3,829	3,829	2	45	1,914	(1,870)	-98%	3,829
Transfers and subsidies - Operational		242,386	260,523	260,524	85,634	191,164	130,262	60,902	47%	260,524
Interest		37,111	36,918	36,918	3,955	22,832	18,459	4,373	24%	36,918
Fuel Levy		-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		4,850	-	-	63	97	-	97	#DIV/0!	-
Other Gains		-	-	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>1,035,997</b>	<b>1,070,078</b>	<b>1,070,078</b>	<b>144,280</b>	<b>555,279</b>	<b>535,039</b>	<b>20,241</b>	<b>4%</b>	<b>1,070,078</b>

**Property Rates** - Unfavourable variance of R 18 800 million due to the performance of property rates below by 16% against the estimated revenue of R121M whilst the municipality continue to valuate properties as and when required to increase revenue base. The under collection on rates is under investigation and the municipality will continue to reconcile the Valuation Roll and Supplementary valuations on a monthly basis. omission during budget to consider additional rebates offered by the Municipality, this would be corrected during adjustment budget.

**Electricity** – Unfavourable variance of R 19 422 million for the quarter 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. decrease on pre-paid purchases caused by the increase loadshedding and in some instances illegal connections.

**Water revenue** – Favourable variance of R 1 390 million for the quarter due to the Water revenue is above by 3%, however the municipality targeting to change Bulk water meters to increase its water revenue monitoring of increase water usage in the month of December 2023.

**Sanitation revenue** - Unfavourable variance of R 225 thousand for the quarter as per revenue projection.

**Refuse revenue** –Unfavourable variance of R 160 thousand for the quarter as per revenue projection.

**Agency Services-** The municipality was receiving commission on 80/20 basis on the amount collected on behalf of the Mpumalanga Department of Community Safety Security and Liaison, the function has since been transferred back to the Department effective from the 01st July 2023 and all its associated costs.

**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 4 373 million (24%) for the quarter due to increasing of the debtor's book due to non-payment of debtors.

**Fines, Penalties and Forfeits** – 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 R 1 870 million (-98%) for the quarter 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

**Transfers and subsidies - Operating:** Grants were paid as per the National Treasury approved payment schedules, also the municipality received extra funding from Provincial Treasury to improve its data integrity on revenue.

**Other revenue** - Operational revenue is below by 22%.

### 3.2.2 Operational expenditure:

MP302 Msukaligwa - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December										
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										
<b>Expenditure By Type</b>										
Employee related costs		265,422	301,679	301,620	23,604	142,993	150,817	(7,824)	-5%	301,620
Remuneration of councillors		17,362	19,494	19,494	993	5,680	9,747	(4,067)	-42%	19,494
Bulk purchases - electricity		297,904	336,039	336,039	33,804	161,619	168,020	(6,401)	-4%	336,039
Inventory consumed		109,886	87,812	90,252	1,424	21,908	45,023	(23,114)	-51%	90,252
Debt impairment		148,238	114,044	114,044	9,504	57,022	57,022	(0)	0%	114,044
Depreciation and amortisation		144,109	138,589	138,589	11,549	69,294	69,294	(0)	0%	138,589
Interest		99,032	8,484	8,484	-	-	4,242	(4,242)	-100%	8,484
Contracted services		80,144	84,368	85,328	12,466	37,608	42,679	(5,071)	-12%	85,328
Transfers and subsidies		-	-	-	-	-	-	-	-	-
Irrecoverable debts written off		-	-	-	-	-	-	-	-	-
Operational costs		57,068	70,538	79,802	3,507	32,079	40,091	(8,012)	-20%	79,802
Losses on Disposal of Assets		11,965	-	-	-	0	-	0	#DIV/0!	-
Other Losses		-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>1,231,130</b>	<b>1,161,047</b>	<b>1,173,652</b>	<b>96,849</b>	<b>528,203</b>	<b>586,934</b>	<b>(58,731)</b>	<b>-10%</b>	<b>1,173,652</b>

**Employee related costs** – The year-to-date actual expenditure is below by 5% to the budgeted amount due unfilled budgeted position and saving on employee related costs transferred to the Department of Community Safety Security and Liaison. The actuals employee related costs including Councillor Allowances represent 28% of the operating expenditure.

**Remuneration of councillors** - The year to date actual expenditure spending is below by 42%, the municipality made over provision in terms of payment of Councillors Allowances.

**Debt impairment** - The 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** - The actuals expenditure is as per the projected.

**Finance charges** – The municipality applied for the Eskom Debt Relief in terms of Circular 124 of the MFMA issued by National Treasury, the Municipality was approved by National Treasury on the 29 September 2023 all interest charged since April 2023 to 31st December 2023 will be written-off.

**Bulk purchases – electricity** - The year-to-date actual is less than the budgeted amount by 4%, the municipality entered into a repayment plan with Eskom in terms of outstanding and part payment in terms of Eskom Current Accounts since April 2023.

**Inventory consumed** – Actuals expenditure is more than 51% of the budgeted amount due core funding for the resealing of three main roads in Ermelo and to ensure stock is available for the provision of basic service delivery.

**Contracted services** - The quarterly performance is at 12% above budgeted amount, the municipality has strengthened its internal systems by insourcing most of its activities including the preparation of Annual Financial Statements internally.

**Other expenditures** - Operational costs is more than by 20% of the budgeted amount.

### 3.2.3 Capital budget

Operational Grants									
DESCRIPTION	Opening balance 01/07/2023	DoRA Allocation	Adjustment	Revised Allocation	Receipts to date	Expenditure to date	Amount remaining	% Spending against receipts	% Spending against allocations
Equitable share		252,878,000.00		252,878,000.00	105,365,000.00	105,365,000.00	147,513,000.00	100%	42%
EPWP	-	1,511,000.00		1,511,000.00	1,057,000.00	919,372.91	591,627.09	87%	61%
FMG		3,000,000.00		3,000,000.00	3,000,000.00	106,152.25	2,893,847.75	4%	4%
Provincial Grants	1,213,240.00	10,000,000.00		10,000,000.00	-	-	10,000,000.00	0%	0%
	<b>1,213,240.00</b>	<b>267,389,000.00</b>	<b>-</b>	<b>267,389,000.00</b>	<b>109,422,000.00</b>	<b>106,390,525.16</b>	<b>160,998,474.84</b>	<b>97%</b>	<b>106%</b>

Capital Grants									
DESCRIPTION	Opening balance 01/07/2023	DoRA Allocation	Adjustment	Revised Allocation	Receipts to date	Expenditure to date	Amount remaining	% Spending against receipts	% Spending against allocations
MIG		62,683,000.00	-4,192,000.00	58,491,000.00	48,232,000.00	33,894,999.69	24,596,000.31	70%	58%
WSIG		30,000,000.00		30,000,000.00	20,000,000.00	19,362,754.43	10,637,245.57	97%	65%
RBIG	40,073,191.00	50,000,000.00	-7,000,000.00	43,000,000.00	15,000,000.00	2,415,901.07	40,584,098.93	16%	6%
EESDM		5,000,000.00		5,000,000.00	3,000,000.00	4,558,506.38	441,493.62	152%	91%
INEP		1,800,000.00		1,800,000.00	1,800,000.00	1,258,654.26	541,345.74	70%	70%
Disaster Relief Grant	1,500,000.00	-	-	1,500,000.00	-	1,496,283.73	3,716.27	100%	100%
	<b>41,573,191.00</b>	<b>148,483,000.00</b>	<b>-11,192,000.00</b>	<b>139,791,000.00</b>	<b>88,032,000.00</b>	<b>62,987,099.56</b>	<b>76,803,900.44</b>	<b>72%</b>	<b>45%</b>

**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 88 032 million (72%) for the year ending 31 December 2023 against the year-to-date budgeted target (DORA) of R88 032 million (72%)

**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 62 987 million (45%), on the year-to-date budgeted target of R 88 032 million (72%). Remaining on budget of R 76 804 million against the spending to date of R 62 987 million.

### 3.2.4 Debtors

MP 302 Msukaligwa - Supporting Table SC3 Monthly Budget Statement - aged debtors - M06 December

Description	NT Code	Budget Year 2023/24								Total
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	
<b>Debtors Age Analysis By Income Source</b>										
Trade and Other Receivables from Exchange Transactions - Water	1200	11,265	3,423	3,433	3,128	11,133	2,849	17,880	175,580	228,671
Trade and Other Receivables from Exchange Transactions - Electricity	1300	21,783	4,919	4,436	4,072	4,055	3,214	15,772	105,785	164,034
Receivables from Non-exchange Transactions - Property Rates	1400	23,010	6,283	5,875	5,606	5,309	5,242	26,659	123,584	201,568
Receivables from Exchange Transactions - Waste Water Management	1500	9,016	3,518	3,284	3,167	3,019	2,786	15,700	111,964	152,434
Receivables from Exchange Transactions - Waste Management	1600	8,034	3,132	3,064	2,959	2,809	2,621	15,079	109,485	147,182
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	-	-	-
Interest on Arrear Debtor Accounts	1810	7,977	3,944	3,756	3,621	3,571	3,355	18,612	236,465	281,302
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-
Other	1900	2,525	851	1,519	1,372	941	253	1,985	55,516	64,962
<b>Total By Income Source</b>	<b>2000</b>	<b>83,611</b>	<b>26,070</b>	<b>25,367</b>	<b>23,924</b>	<b>30,838</b>	<b>20,299</b>	<b>111,667</b>	<b>918,379</b>	<b>1,240,154</b>
<b>Debtors Age Analysis By Customer Group</b>										
Organs of State	2200	8,581	2,496	2,895	2,653	2,338	1,786	7,329	38,724	66,802
Commercial	2300	28,650	6,219	5,260	4,827	4,967	4,096	20,866	164,728	239,613
Households	2400	43,539	16,373	16,013	15,711	22,831	13,850	79,891	683,966	892,173
Other	2500	2,841	983	1,198	732	703	588	3,581	30,961	41,566
<b>Total By Customer Group</b>	<b>2600</b>	<b>83,611</b>	<b>26,070</b>	<b>25,367</b>	<b>23,924</b>	<b>30,838</b>	<b>20,299</b>	<b>111,667</b>	<b>918,379</b>	<b>1,240,154</b>



The total outstanding debtors, as of 31 December 2023, is reported as R 1 240 154 billion. In the first quarter of the current financial year, the debtors amounted to R 1 206 153 billion. An increase of 2.77% or R 33 373 million.

### 3.2.5 Creditors

- The total outstanding creditors as of 31 December 2023 amounts to R 1 583 806 billion.

MP302 Msukaligwa - Supporting Table SC4 Monthly Budget Statement - aged creditors - M06 December

Description R thousands	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	
<b>Creditors Age Analysis By Customer Type</b>										
Bulk Electricity	0100	-	39,912	-	435,808	-	-	-	-	475,719
Bulk Water	0200	-	-	-	987,322	120,073	-	-	-	1,107,396
PAYE deductions	0300									-
VAT (output less input)	0400									-
Pensions / Retirement deductions	0500									-
Loan repayments	0600									-
Trade Creditors	0700	105	-	1	257	329	-	-	-	692
Auditor General	0800									-
Other	0900									-
<b>Total By Customer Type</b>	<b>1000</b>	<b>105</b>	<b>39,912</b>	<b>1</b>	<b>1,423,386</b>	<b>120,403</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,583,806</b>

The major two Creditors for the municipality are Department of Water and Sanitation and ESKOM. The municipality was approved for the ESKOM Debt Relief in terms of Circular 124 issued by National Treasury

#### TOP TEN CREDITORS FOR DECEMBER 2023

SUPPLIER NUMBER	SUPPLIER NAME	AMOUNT
ED251	DEPARTMENT OF WATER AND SANITATION	1,107,395,503.92
EE265	ESKOM NEW	475,719,196.66
EC247	CIGICELL PTY LTD	323,007.57
EE272	EMALANGENI TECHNOLOGIES PTY (LTD)	246,666.09
EG115	GRANT THORNTON	61,852.73
EM375	MABOPHI PTY LTD	23,500.00
ET325	TYS ABRAHAM LOGISTICS	20,000.00
EN167	NGWANA DYNAMICS PTY LTD	9,900.00
E0250	OLEGGLE TRAVEL	6,149.00
EV86	VODACOM	720.71
<b>TOTAL</b>		<b>1,583,806,496.68</b>

### 3.2.6 Cash flow

The available cash flow at end of the quarter 31 December 2023 amounted to R 87,445,945.95

MP302 Msukaligwa - Table C7 Monthly Budget Statement - Cash Flow - M06 December

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
<b>R thousands</b>	1									
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Property rates		155,331	-	-	13,057	75,733	-	75,733	#DIV/0!	-
Service charges		300,958	-	-	30,834	172,067	-	172,067	#DIV/0!	-
Other revenue		556,399	-	-	123,830	248,543	-	248,543	#DIV/0!	-
Transfers and Subsidies - Operational		246,863	-	-	2,000	126,365	-	126,365	#DIV/0!	-
Transfers and Subsidies - Capital		128,055	-	-	13,282	80,082	-	80,082	#DIV/0!	-
Interest		-	-	-	-	1,205	-	1,205	#DIV/0!	-
Dividends		-	-	-	-	-	-	-		-
<b>Payments</b>										
Suppliers and employees		(237,926)	-	-	(92,907)	(624,648)	-	624,648	#DIV/0!	-
Interest		-	-	-	-	-	-	-		-
Transfers and Subsidies		-	-	-	-	-	-	-		-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>1,149,681</b>	-	-	<b>90,096</b>	<b>79,347</b>	-	<b>(79,347)</b>	<b>#DIV/0!</b>	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Proceeds on disposal of PPE		(173)	-	-	63	95	-	95	#DIV/0!	-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-		-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-		-
<b>Payments</b>										
Capital assets		-	-	-	(11,541)	(71,039)	-	71,039	#DIV/0!	-
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(173)</b>	-	-	<b>(11,478)</b>	<b>(70,944)</b>	-	<b>70,944</b>	<b>#DIV/0!</b>	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Short term loans		-	-	-	-	-	-	-		-
Borrowing long term/refinancing		-	-	-	-	-	-	-		-
Increase (decrease) in consumer deposits		1,500	-	-	-	338	-	338	#DIV/0!	-
<b>Payments</b>										
Repayment of borrowing		-	-	-	-	-	-	-		-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>1,500</b>	-	-	-	<b>338</b>	-	<b>(338)</b>	<b>#DIV/0!</b>	-
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>1,151,008</b>	-	-	<b>78,618</b>	<b>8,741</b>	-			-
Cash/cash equivalents at beginning:		9,674	1,200	1,200	370,820	78,705	1,200			78,705
Cash/cash equivalents at month/year end:		1,160,682	1,200	1,200	449,438	87,446	1,200			78,705

### 3.2.7 Quarterly Budget Statement - Financial Position TABLE C6 – DECEMBER 2023

				0.49
Current Ratio	Current Assets / Current Liabilities	1.5 - 2:1	Current Assets	995,820
			Current Liabilities	2,035,221

- **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 - M06 December**

Description	Ref	Budget Year 2023/24				
		2022/23 Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
<b>R thousands</b>	1					
<b>ASSETS</b>						
<b>Current assets</b>						
Cash and cash equivalents		78,705	2,915	2,915	85,978	2,915
Trade and other receivables from exchange transactions		167,034	235,026	235,026	252,694	235,026
Receivables from non-exchange transactions		65,160	125,526	125,526	87,438	125,526
Current portion of non-current receivables		—	—	—	—	—
Inventory		23,589	32,295	32,295	37,549	32,295
VAT		503,279	115,462	115,462	520,396	115,462
Other current assets		11,094	—	—	11,765	—
<b>Total current assets</b>		<b>848,862</b>	<b>511,224</b>	<b>511,224</b>	<b>995,820</b>	<b>511,224</b>
<b>Non current assets</b>						
Investments		—	—	—	—	—
Investment property		181,143	189,659	189,659	181,143	189,659
Property, plant and equipment		2,651,634	2,659,807	2,675,518	2,723,161	2,675,518
<b>Biological assets</b>						
Living and non-living resources		—	—	—	—	—
<b>Heritage assets</b>						
Intangible assets		175	175	175	175	175
Trade and other receivables from exchange transactions		—	—	—	—	—
Non-current receivables from non-exchange transactions		—	—	—	—	—
Other non-current assets		—	—	—	—	—
<b>Total non current assets</b>		<b>2,832,968</b>	<b>2,849,706</b>	<b>2,865,417</b>	<b>2,904,495</b>	<b>2,865,417</b>
<b>TOTAL ASSETS</b>		<b>3,681,830</b>	<b>3,360,929</b>	<b>3,376,641</b>	<b>3,900,315</b>	<b>3,376,641</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Bank overdraft		—	—	—	—	—
Financial liabilities		—	—	—	—	—
Consumer deposits		20,450	112,000	112,000	21,178	112,000
Trade and other payables from exchange transactions		1,582,615	1,884,331	1,884,331	1,393,549	1,884,331
Trade and other payables from non-exchange transactions		44,724	700	700	146,863	700
Provision		5,492	102,454	102,454	5,492	102,454
VAT		371,606	31,441	31,441	406,113	31,441
Other current liabilities		61,359	—	—	62,027	—
<b>Total current liabilities</b>		<b>2,086,245</b>	<b>2,130,926</b>	<b>2,130,926</b>	<b>2,035,221</b>	<b>2,130,926</b>
<b>Non current liabilities</b>						
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		—	—	—	—	—
<b>Total non current liabilities</b>		<b>105,005</b>	<b>155,178</b>	<b>155,178</b>	<b>105,005</b>	<b>155,178</b>
<b>TOTAL LIABILITIES</b>		<b>2,191,250</b>	<b>2,286,103</b>	<b>2,286,103</b>	<b>2,140,226</b>	<b>2,286,103</b>
<b>NET ASSETS</b>	2	<b>1,490,580</b>	<b>1,074,826</b>	<b>1,090,538</b>	<b>1,760,088</b>	<b>1,090,538</b>
<b>COMMUNITY WEALTH/EQUITY</b>						
Accumulated surplus/(deficit)		1,632,673	1,834,962	1,834,962	1,760,088	1,834,962
Reserves and funds		—	—	—	—	—
Other		—	—	—	—	—
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	<b>1,632,673</b>	<b>1,834,962</b>	<b>1,834,962</b>	<b>1,760,088</b>	<b>1,834,962</b>

**QUALITY CERTIFICATE**

**MP 302 MSUKALIGWA LOCAL MUNICIPALITY**

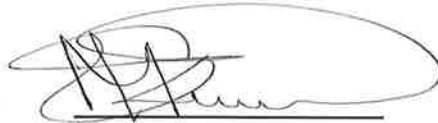
I, **M. KUNENE**, the Municipal Manager of Msukaligwa Local Municipality, hereby certify that the monthly budget statement report and supporting documentation for submission of the **SECOND QUARTER** section 52 quarterly report of 2023/2024, (inclusive of section 71 report for the month of **31 DECEMBER 2023**), 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:**

A handwritten signature in black ink, appearing to read 'M. Kunene', is written over a horizontal line. The signature is enclosed within a large, hand-drawn oval.

**Date:**

10 Jan 24