Msukaligwa Local Municipality

Section 71 Monthly Financial Report

28 FEBRUARY 2026

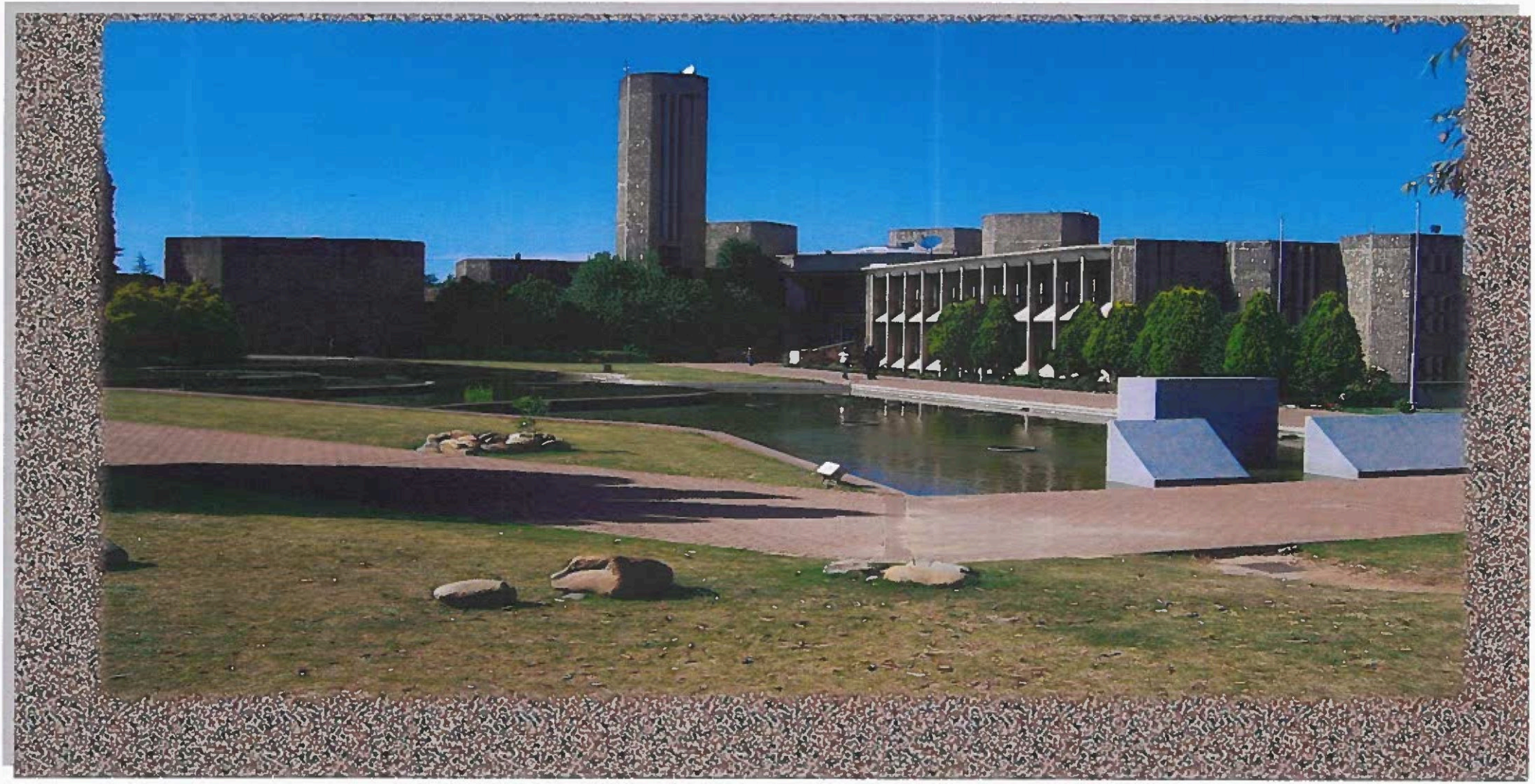


Table of Contents

1. Purpose	
2. Background	
3. Executive summary	
4. Budget performance overview	
4.1 Operating Revenue by Source	
4.2 Operating Expenditure by Type	
4.3 Capital expenditure	
4.4 Cash flows	
5. Debtors' Analysis	
6. Creditors' Analysis	
7. Table C6 – Statement of Financial Position	
8. Investment Portfolio analysis	
9. Allocation and grant receipts and expenditure	
10.Councillor and board member allowances and employee benefits	
11. Overtime schedule	
12. Material variances to the service delivery and budget implementation plan	
13. Capital programme performance	
14. Other Supporting Docuements	
15. Annexure B: Compliance with the conditions for Municipal Debt Relief	
15.1 MFMA Circular 124 – Condition 6.3 (Maintaining the Eskom bulk current account) and Condition 6.12 (Proper Management of Resources	
15.2 MFMA Circular 124 – Condition 6.4 Compliance with a unfunded MTREF Budget	
15.3 MFMA Circular 124 – Condition 6.5 – Cost Reflective Tariffs	
15.4 MFMA Circular 124 – Condition 6.6 - Electricity and Water as collection tool	
15.5 MFMA Circular 124 – Condition 6.7 Average Quarterly collection rate	
15.6 MFMA Circular 124 - Condition 6.8 Completeness of the Revenue Base	
15.7 MFMA Circular 124 – Condition 6.10 Provincial Treasury certification of Municipalities	
15.8 MFMA Circular 124 – Condition 6.11Limitation on Municipality borrowing	
15.9 MFMA Circular 124 – Municipality Compliance Self- A ssessment	
15.10 Municipal Debt Relief Performance across the period of debt relief participation	
16. Water Debt Relief Conditions 7.1- 7.3	
16.1 Condition 7.1 - "Maintaining the bulk water current account – (current account for the purpose of this exercise means the account for a single month's consumption that was due and payable during the month being assessed):"	
16.2 Condition 7.2 - Accounting Treatment and mSCOA Reporting	
16.3 Condition 7.3 - Monitor and report on implementation – Section 71 monthly Reporting and FRP	
17. Municipal Manager's quality certification	
18. Recommendations	

List of Tables

Consolidated summary: Statement of Financial Performance: YTD Budget .....
Consolidated summary: Statement of Financial Performance: Adjusted Budget .....
C4 Financial Performance (Revenue) .....
Table C4 Financial Performance (Expenditure) .....
Summary of YTD Bulk Electricity expenditure .....
Summary of YTD Bulk Water expenditure .....
Summary of outstanding ESKOM debt .....
Summary of outstanding DWS debt .....
Summary of payments per payment date .....
High level summary: Capital Expenditure .....
Supporting Table SC3: Aged Debtors .....
Monthly collection rate .....
Supporting Table SC4: Aged Creditors .....
Supporting Table SC5: Investment portfolio .....
Supporting Table SC6: Transfers and grant receipts .....
Supporting Table SC7(1): Transfers and grant expenditure .....
Summary of expenditure per grant .....
Supporting Table SC7(2) - Expenditure against approved rollovers .....
Supporting Table SC8: Councillor and staff benefits .....
Current YTD Overtime expenditure excl Night-shift allowance .....
Table 19: Detailed capital expenditure report .....

List of Abbreviations and Acronyms used in the Monthly Budget Statement

AFS – Annual Financial Statements
AGSA - Auditor-General of South Africa
BTO - Budget and Treasury Office
CAPEX – Capital Expenditure
CFO - Chief Financial Officer

PART 1: IN-YEAR REPORT FOR THE PERIOD ENDING 28 FEBRUARY 2026
TO: THE EXECUTIVE MAYOR
FROM: THE DIRECTORATE: FINANCIAL SERVICES: BUDGET & TREASURY OFFICE

MUNICIPAL FINANCE MANAGEMENT ACT (MFMA): SECTION 71: IN-YEAR MONTHLY BUDGET STATEMENT FOR THE PERIOD ENDING 28 FEBRUARY 2026.

1. PURPOSE

The purpose of this report is to present a Section 71 – M08 report of the MFMA by providing a monthly statement on the implementation of the budget and the financial situation for the municipality for the Month ending **28 February 2026** for consideration and noting.

2. BACKGROUND

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. EXECUTIVE SUMMARY

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

Condition 7.3 - Monitor and report on implementation – Section 71 Monthly Reporting and FRP

The municipality assessed the Financial Recovery Plan as at 28 February 2026 and updated progress for each pillar. See below narrative summary.

The municipality is still on the **RESCUE** Phase with a total of 178 key intervention activities were planned across four strategic pillars. As of the latest progress update, 87 activities have been completed, representing 49% of the overall targets, while 91 activities (51%) remain in progress.

Pillar 1: Governance shows steady advancement, with 5 of 23 activities completed and 18 underway, indicating significant ongoing work to strengthen oversight, leadership, and accountability mechanisms.

Pillar 2: Institutional Development has achieved 14 of 32 planned activities, with an equal number (18) still in progress. This demonstrates balanced effort toward capacity building and structural reforms within institutions.

Pillar 3: Financial Management reflects notable progress, having completed 29 of 53 activities, while 24 activities are still being implemented. This suggests active work toward improving financial systems, transparency, and resource management.

Pillar 4: Service Delivery, the largest component, leads in total outputs, with 39 of 70 activities completed and 27 in progress. This highlights significant improvement efforts in frontline services, though substantial work remains to reach full implementation.

Overall, the data indicates that the RESCUE Phase is progressing steadily, with nearly half of the planned interventions already achieved and the remainder at various stages of implementation. Continued focus across all pillars will be essential to sustain momentum and ensure full delivery of the program's objectives.

Description	2025/26	2025/26	YTD Budget	YTD Actual	Difference Month to date	
	Original	Adjustment budget	Budget	Actual	Actual versus budget	Achieved
	R million	R million	R million	R million	R million	%
Revenue	1 326 753	1 326 753	884 502	801 126	(83 376)	-9%
Expenditure	1 382 469	1 385 436	(923 624)	831 110	92 514	-10%
Total (Surplus/Deficit)	**(55 716)**	**(58 683)**	**(39 122)**	**(29 984)**	**9 138**	**-23.4%**

Revenue Performance

The year-to-date operating revenue reached **R 801,126 million**, which is **9%**, below the approved budget of R 884,5 million. Lower revenue performance is linked to slower collection rates and timing variances in specific revenue sources. Management has taken steps to enhance revenue collection and will monitor performance monthly to ensure targets are met.

Expenditure Performance

The year-to-date operating expenditure was **R 831,1 million**, compared to a budget of **R 923,6 million**, resulting in underspending **of R 92,5 million, or -10%**. This underspending is primarily due to the phased implementation of planned programs and cost-control measures established by the municipality.

Surplus / (Deficit) Position

As a result of this, the year-to-date operating deficit sits at **R 29 million** which is **23%** below the budgeted operating deficit of **R 39 million** for the same period.

While there is still an operating deficit, the municipality has a positive overall financial performance against the approved budget mainly as a result of effective control of expenditure.

The municipality will continue to implement expenditure controls and improve its revenue management in order to ensure that it is in line with the approved budget, SDBIP and maintains a solid financial position for the remaining financial year 2025/26.

In- year Reporting tables

Below is the summary of financial performance, financial position as well as cash and cash equivalent represented by Table C1 below:

MP302 Msukaligwa - Table C1 Monthly Budget Statement Summary - M08 February									
Description	2024/25	Budget Year 2025/26							
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	212 918	258 951	258 951	21 338	167 130	172 634	(5 504)	-3%	258 951
Service charges	514 792	608 497	608 497	48 751	380 061	405 664	(25 603)	-6%	608 497
Investment revenue	5 888	5 471	5 471	426	4 195	3 647	548	15%	5 471
Transfers and subsidies - Operational	282 515	294 895	294 895	-	214 490	196 597	17 893	0	294 895
Other own revenue	114 536	158 940	158 940	4 645	35 249	105 960	(70 711)	-67%	158 940
Total Revenue (excluding capital transfers and contributions)	1 130 649	1 326 753	1 326 753	75 160	801 126	884 502	(83 376)	-9%	1 326 753
Employee costs	316 301	332 538	332 204	29 916	230 775	221 470	9 306	4%	332 204
Remuneration of Councillors	19 019	20 559	20 559	1 469	10 723	13 706	(2 983)	-22%	20 559
Depreciation and amortisation	135 560	128 379	128 379	-	29	85 586	(85 557)	-100%	128 379
Interest	116 791	22 041	22 041	-	-	14 694	(14 694)	-100%	22 041
Inventory consumed and bulk purchases	700 497	577 253	569 935	50 049	476 789	379 957	96 832	25%	569 935
Transfers and subsidies	-	-	-	-	-	-	-		-
Other expenditure	342 919	301 698	312 318	38 213	112 793	208 212	(95 419)	-46%	312 318
Total Expenditure	1 631 087	1 382 469	1 385 436	119 649	831 110	923 624	(92 514)	-10%	1 385 436
Surplus/(Deficit)	(500 438)	(55 716)	(58 683)	(44 488)	(29 984)	(39 122)	9 138	-23%	(58 683)
Transfers and subsidies - capital (monetary allocations)	241 561	162 093	162 093	-	-	108 062	(108 062)	-100%	162 093
Transfers and subsidies - capital (in-kind)	1 914	-	-	-	-	-	-		-
Surplus/(Deficit) after capital transfers & contributions	(256 963)	106 377	103 410	(44 488)	(29 984)	68 940	(98 924)	-143%	103 410
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-		-
Surplus/ (Deficit) for the year	(256 963)	106 377	103 410	(44 488)	(29 984)	68 940	(98 924)	-143%	103 410
Capital expenditure & funds sources									
Capital expenditure	78 872	162 093	247 320	4 042	110 296	160 843	(50 547)	-31%	247 320
Capital transfers recognised	84 766	162 093	232 382	3 385	98 393	152 223	(53 830)	-35%	232 382
Borrowing	-	-	-	-	-	-	-		-
Internally generated funds	(5 894)	-	14 938	657	11 903	8 620	3 283	38%	14 938
Total sources of capital funds	78 872	162 093	247 320	4 042	110 296	160 843	(50 547)	-31%	247 320
Financial position									
Total current assets	876 854	1 379 696	1 280 386		1 119 159				1 280 386
Total non current assets	2 922 517	2 967 413	3 052 640		3 032 813				3 052 640
Total current liabilities	2 906 820	2 588 560	2 574 243		3 359 775				2 574 243
Total non current liabilities	76 560	80 163	80 163		76 560				80 163
Community wealth/Equity	981 019	1 674 002	1 677 202		820 943				1 677 202
Cash flows									
Net cash from (used) operating	390 508	175 941	175 941	-	883 681	117 294	(766 387)	-653%	175 941
Net cash from (used) investing	51 160	(162 093)	(162 093)	-	(105 699)	(108 062)	(2 363)	2%	(162 093)
Net cash from (used) financing	449	-	-	-	8	-	(8)	#DIV/0!	-
Cash/cash equivalents at the month/year end	501 453	73 184	73 184	822 130	822 130	68 568	(753 562)	-1099%	57 989
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	107 307	32 375	33 755	30 276	30 565	29 047	145 770	1 282 131	1 691 226
Creditors Age Analysis									
Total Creditors	66 791	42 844	1 684	54 398	50 217	146 775	2 128 208	-	2 490 918

4. FINANCIAL PERFORMANCE OVERVIEW

The municipality recorded a deficit of **R 29 million** as at 28 February 2026 on revenue billed and collected.

4.1 Operating Revenue by Source

MP302 Msukaligwa - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M08 February										
Description	Ref	2024/25	Budget Year 2025/26							
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		309 951	391 236	391 236	29 280	223 905	260 824	(36 919)	-14%	391 236
Service charges - Water		91 447	90 618	90 618	9 303	81 274	60 412	20 862	35%	90 618
Service charges - Waste Water Management		60 383	67 901	67 901	5 442	44 416	45 267	(851)	-2%	67 901
Service charges - Waste management		53 011	58 742	58 742	4 725	37 833	39 161	(1 328)	-3%	58 742
Sale of Goods and Rendering of Services		6 354	11 224	11 224	164	2 588	7 483	(4 894)	-65%	11 224
Agency services		–	–	–	–	–	–	–		–
rest					–		–	–		
erest earned from Receivables		31 069	38 133	38 133	2 655	19 650	25 422	(5 772)	-23%	38 133
Interest from Current and Non Current Assets		5 888	5 471	5 471	426	4 195	3 647	548	15%	5 471
Dividends					–		–	–		
Rent on Land		2	2	2	0	1	1	(0)	-28%	2
Rental from Fixed Assets		3 462	3 453	3 453	291	2 478	2 302	176	8%	3 453
Licence and permits		48	98	98	5	59	65	(6)	-10%	98
Special rating levies					396		–	–		
Operational Revenue		3 242	44 333	44 333	177	1 101	29 555	(28 454)	-96%	44 333
Non-Exchange Revenue							–	–		
Property rates		212 918	258 951	258 951	21 338	167 130	172 634	(5 504)	-3%	258 951
Surcharges and Taxes							–	–		
Fines, penalties and forfeits		56 029	49 231	49 231	2	108	32 821	(32 713)	-100%	49 231
Licence and permits		51	–	–	3	39	–	39	#DIV/0!	–
Transfers and subsidies - Operational		282 515	294 895	294 895	–	214 490	196 597	17 893	9%	294 895
Interest		8 855	12 466	12 466	843	6 128	8 311	(2 183)	-26%	12 466
Fuel Levy					–		–	–		
Operational Revenue		1 347	–	–	109	788	–	788	#DIV/0!	–
Gains on disposal of Assets		2 590	–	–	–	124	–	124	#DIV/0!	–
Other Gains		1 487	–	–	–	27	–	27	#DIV/0!	–
Discontinued Operations					–			–		
Revenue (excluding capital transfers and contributions)		**1 130 649**	**1 326 753**	**1 326 753**	**75 160**	**806 335**	**884 502**	**(78 167)**	**-9%**	**1 326 753**

Property Rates

- Property numbers and market values are completely reconciled between the Municipal Financial System (MFS) and the General Valuation Roll (GV).
- The municipality has **33,828** properties totaling **R29,03 billion** in market value are registered without any variation.
- There is a small difference of **R 7,61** between the monthly billing totals of **R 21,341,532.18 (GV)** and **R 21,341,524.56 (MFS)**, primarily because of rounding.
- There is a little difference of **R 22,84** between the year-to-date billing totals of **R 64,024,596.53 (GV)** and **R 64,024,573.68 (MFS)**. The reconciliation verifies that the data from the valuation roll is consistent with the financial system, and the little deviations are due to rounding errors.

Property Rates Reconciliation	
Province	MP
District	Gert Sibande District
Type	LM
Municipal Name	Msukaligwa
GV Period	01/02/2026-28/02/2026
Financial Year	2025-2026
Reconciliation Period	February

Reconciliation Overview

High Level Reconciliation

Propety Categories	# of Properties			Market Values		
Propety Categories	GV	MFS	Variance	GV Market Values	MFS Market Values	Variance
Residential	26 227	26 227	-	11 249 144 801.00	11 249 144 801.00	-
Industrial	106	106	-	335 790 300.00	335 790 300.00	-
Business and Comm	835	835	-	3 291 653 200.00	3 291 653 200.00	-
Agricultural	2 246	2 246	-	11 694 019 600.00	11 694 019 600.00	-
Mining	92	92	-	67 270 000.00	67 270 000.00	-
State Owned for Pub	147	147	-	1 307 549 100.00	1 307 549 100.00	-
PSI	688	688	-	123 824 500.00	123 824 500.00	-
PBO	131	131	-	332 211 300.00	332 211 300.00	-
Multi Use	-	-	-	-	-	-
Vacant	3 354	3 354	-	534 126 020.00	534 126 020.00	-
POW	2	2	-	94 700 000.00	94 700 000.00	-
Municipal	-	-	-	-	-	-
Other	-	-	-	-	-	-
	33 828	33 828	-	29 030 288 821.00	29 030 288 821.00	-

Detailed Reconciliation

ropety Categories	Monthly Billing			Quarterly		
Propety Categories	GV	MFS	Variance	GV	MFS	Variance
Residential	7 111 519	7 111 511	7	21 334 555.62	21 334 534.01	21.61
Industrial	763 439	763 439	-	2 290 316.58	2 290 316.58	-
Business and Comm	7 513 280	7 513 280	-	22 539 840.51	22 539 840.51	-
Agricultural	2 404 381	2 404 380	0	7 213 141.52	7 213 140.28	1.24
Mining	153 725	153 725	-	461 175.51	461 175.51	-
State Owned for Pub	2 664 205	2 664 205	-	7 992 614.39	7 992 614.39	-
PSI	14 940	14 940	-	44 821.23	44 821.23	-
PBO	4 171	4 171	0	12 513.96	12 513.96	0.00
Multi Use	-	-	-	-	-	-
Vacant	702 203	702 203	-	2 106 610.21	2 106 610.21	-
POW	9 669	9 669	- 0	29 006.99	29 007.00	- 0.01
Municipal	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	R21 341 532.18	R21 341 524.56	R7.61	64 024 596.53	64 024 573.68	22.84

Prepared By	Nomusa Zulu	Date	2026/02/26
	Contatct Details		
Signature			
Reviewed By	Ntombifuthi Mkhaliphi	Date	2026/02/27
	Contatct Details		
Signature			

Electricity

Description	Original Budget 2025/26	Monthly Budget	Actual billed or received M07 (January)	Actual billed or received M08 (February)	Movement	Difference (Budget vs Actual)	Variance based on pro rata budget
	R	R	R	R	R	R	%
Conventional	273 865 007.50	22 822 083.96	17 929 070.15	20 495 995.35	- 2 566 925.21	2 326 088.61	10%
Prepaid sales	117 370 717.50	9 780 893.13	7 683 887.21	8 783 998.01	- 1 100 110.80	996 895.12	10%
Total	**391 235 725.00**	**32 602 977.08**	**25 612 957.35**	**29 279 993.36**	**-3 667 036.01**	**3 322 983.72**	**10%**

During the reviewed period, total electricity revenue billed or received for February 2026 (M08) was **R 29,279 million**, compared to a pro-rata monthly budget of R 32,6 million, resulting in a negative variance of **R 2,3 million (10%).**

Conventional electricity revenue amounted to **R 20,495 million**, which is **R 4,9 million** below the monthly budget. This represents an increase of **R2,566 million** compared to January 2025 (M07), primarily due to consumption patterns, payment behaviour, and timing differences in billing and collections.

Prepaid electricity sales for February 2026 were **R 8,7 million**, the increase in sales amounts to **R 1,1 million** when compared with January 2026. This variance is influenced by seasonal consumption trends and limited customer purchasing behaviour.

Overall electricity revenue performance for M08 shows continued under-collection against the pro-rata budget, contributing to the broader trading services revenue shortfall noted in the Section 71 statement.

Water Management

- Year-to-date revenue from service charges for water reached **R 81,2 million**, surpassing the year-to-date budget of **R 60,612 million**, resulting in a positive variance of **R20,8 million (35%).**

- This over-performance is largely due to greater-than-expected billing and collections during the reported period, in addition to timing discrepancies between actual consumption, billing cycles, and the pro-rata budget. The municipality reported monthly actual revenue of **R 9,3 million** for February 2026, which is generally consistent with the annual budget projection.

Waste water Management

- Year-to-date revenue from service charges for wastewater management has amounted to **R 44,416 million**, compared to the year-to-date budget of **R 45,267 million**. This results in an unfavorable variance of **R 851 thousand, or -2%.**

- As at 38 February 2026, the municipality reported actual revenue of **R 5,4 million**, which is **2%** below the projected budget for that month. This underperformance is mainly due to timing differences between billing cycles and collections, as well as fluctuations in consumption and payment behaviors during the review period.

Waste Management

- Waste Collections for the month amounted to **R 4,7 million**. YTD collection is **3%** below budget. The variance thereof amounts to **R1,328 million**. The variance is not considered material at this stage and reflects marginal under-collection.

Rental of Facilities

- The year to date revenue amounted to **R 2,748 million** which is **8%** less than the budget projection of **R 2,302 million.**

- **Total Interest earned on Positive bank balances amounts to R 426,208.96 made up of the following banks;**

FEBRUARY BANK BALANCE AND INTEREST	
BANK ACCOUNT TYPE	INTEREST
CALL ACCOUNT	351 499.94
LICENSING ACCOUNT	19 204.16
PRIMARY ACCOUNT	43 400.64
TRADING SERVICES ACCOUNT	12 104.22
	426 208.96

Interest earned - outstanding debtors

- Interest from outstanding debtors as of February has shown a significat increase to **R 2,655 miliion** from an amount of **R2,572 million** that was reported in January 2026, the increase results from the increased debtor's book due to non-payment.

Fines, Penalties and Forfeits

Year to date cash generated from traffic fines issued amounted to **R 108 thousand**.

Licence and permits

Revenue generated for licenses and permits amounted to **R1 thousand** as at 28 February 2026.

4.2 Operating Expenditure by Source

The year-to-date Total expenditure amounts to **R831,110 million** which is **10%** more than the projected budget.

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

Description	Ref	2024/25	Budget Year 2025/26							
R thousands		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Expenditure By Type										
Employee related costs		316 301	332 538	332 204	29 916	230 775	221 467	9 308	4%	332 204
Remuneration of councillors		19 019	20 559	20 559	1 469	10 723	13 706	(2 983)	-22%	20 559
Bulk purchases - electricity		486 097	460 250	460 250	42 844	389 972	306 833	83 139	27%	460 250
Inventory consumed		214 399	117 003	109 685	7 205	86 817	74 357	12 460	17%	109 685
Debt impairment		146 681	94 135	94 135	(0)	6 295	62 757	(56 461)	-90%	94 135
Depreciation and amortisation		135 560	128 379	128 379	–	29	85 586	(85 557)	-100%	128 379
Interest		116 791	22 041	22 041	–	–	14 694	(14 694)	-100%	22 041
Contracted services		119 103	124 809	127 992	176	60 311	84 745	(24 434)	-29%	127 992
Transfers and subsidies		–	–	–	–	–	–	–		–
Irrecoverable debts written off		11	552	552	–	28	368	(341)	-93%	552
Operational costs		72 011	82 202	89 638	4 218	46 155	58 302	(12 148)	-21%	89 638
Losses on Disposal of Assets		4 875	–	–	–	–	–	–		–
Other Losses		238	–	–	–	4	–	4	#DIV/0!	–
Total Expenditure		**1 631 087**	**1 382 469**	**1 385 436**	**85 829**	**831 110**	**922 816**	**(91 706)**	**-10%**	**1 385 436**

Employee related costs and Councillors Allowances

- As of February 2026 (M08), Msukaligwa Municipality's employee-related costs reached **R 230 million**, exceeding the year-to-date budget of **R 221,467 million or 4%.** The February expenditure was **R 31, 386** million which includes councillors remuneration.

- However, the full-year forecast remains on track with the adjusted budget of **R 332,204 million** indicating overall spending is controlled. Ongoing monitoring of monthly payroll expenses is advised to prevent further overspending and ensure compliance with the approved budget for the rest of the financial year.

Debt impairment

- Actual expenditures are consistent with the anticipated collection rate of 75%. Furthermore, the municipality is implementing revenue enhancement strategies to recover outstanding receivables..
- Debt impairment is recognized when and if it is anticipated that cash flows generated by those assets will be insufficient to enable adherence to the financial commitment associated with debt issuance.
- Such determination is made on the basis of three aspects: whether cash flow from operations is projected to be fully applied to servicing debt and whether the commencement of that cash flow is appropriately timed; the timing of maturing principal repayments; and the funding sources (if any) that are being considered to address liquidity shortfalls as they arise.

Depreciation & asset impairment

The actuals expenditure is as per the projected estimate.

Finance charges

Interest is accruing on both Eskom and DWS debts. Nevertheless, the municipality is actively engaging in debt relief initiatives related to these entities to help reduce the overall debt burden.

Bulk purchases – electricity

The Eskom invoices reflect a billed amount of **R 41 267 459.81** for February; payments made towards the Ermelo account amounted to **R 9 million** and R **5,741 million** was paid towards the resale accounts.

Below is the summary of the outstanding amount on Eskom account.

RESALE ACCOUNT FOR JAN 2026 PAID IN FEBRUARY 2026

ACCOUNT NAME	ACCOUNT NUMBER	TOTAL BILLING	VAT AMOUNT	INTEREST	TOTAL DUE	TOTAL AMOUN	PAYMENT DATE	DUE DATE
BREYTEN KWAZANENELE	8341001579	1 968 281.30	295 242.20		2 263 523.50	2 263 523.50	2026/02/13	2026/02/20
LOTHAIR	7296044246	947 627.19	142 144.08		1 089 771.27	1 089 771.27	2026/02/13	2026/02/20
DAVEL KWADELA	9657898907	744 661.43	111 699.21		856 360.64	856 360.64	2026/02/13	2026/02/20
BREYTEN TOWN	9010981110	1 331 723.71	199 758.56		1 531 482.27	1 531 482.27	2026/02/13	2026/02/20
TOTAL AMOUNT PAID					5 741 137.68			

PAYMENT MADE TO ERMELO ACCOUNT

ACCOUNT NAME	ACCOUNT NUMBER	AMOUNT PAID	PAYMENT DATE
ESKOM NEW	6486432681	9 000 000.00	2026/02/05
TOTAL AMOUNT PAID		9 000 000.00	

Month	Opening balance	Ermelo 648643281	Davel 9657898907	Breyten 9010981110	KwaZanele 8341001579	Silindile 7296044246	TOTAL
Jul-25	**Opening balance**	**886 281 031.40**	**1 907 339.28**	**2 414 701.51**	**3 562 637.65**	**1 666 304.01**	**895 832 013.85**
	Billing	58 775 637.94	1 936 192.33	2 719 399.08	3 580 576.55	1 821 559.88	68 833 365.78
	Vat	8 816 345.70	290 428.85	407 909.86	537 086.48	273 233.98	10 325 004.87
	Interest	6 309 512.41	-				6 309 512.41
	Payment	- 62 498 119.48	- 1 907 339.28	- 2 414 701.51	- 3 562 637.65	- 1 666 304.01	- 72 049 101.93
	Adjustment						-
Aug-25	**Opening/Closing balance**	**897 684 407.97**	**2 226 621.18**	**3 127 308.94**	**4 117 663.03**	**2 094 793.86**	**909 250 794.98**
	Billing	58 495 352.54	1 781 100.49	2 778 302.28	3 753 303.62	1 826 081.05	68 634 139.98
	Vat	8 410 499.13	267 165.07	416 745.34	562 995.54	273 912.16	9 931 317.24
	Interest	6 865 858.27					6 865 858.27
	Payment	- 5 773 327.46	- 2 226 620.88	- 3 127 308.16	- 4 117 663.03	- 2 094 793.86	- 17 339 713.39
	Adjustment	- 2 425 358.32					- 2 425 358.32
Sept-25	**Opening/Closing balance**	**963 257 432.13**	**2 048 265.86**	**3 195 048.40**	**4 316 299.16**	**2 099 993.21**	**974 917 038.76**
	Billing	41 257 502.72	1 206 291.08	1 991 311.10	2 654 932.50	1 302 937.16	48 412 974.56
	Vat	6 188 625.41	180 943.66	298 696.67	398 239.88	195 440.57	7 261 946.19
	Interest	5 940 009.50					5 940 009.50
	Payment		- 2 048 265.56	- 3 195 048.40	- 4 316 299.16	- 2 099 993.21	- 11 659 606.33
	Adjustment	-					-
Oct-25	**Opening/Closing balance**	**1 016 643 569.76**	**1 387 235.04**	**2 290 007.77**	**3 053 172.38**	**1 498 377.73**	**1 024 872 362.68**
	Billing	32 701 259.21	961 270.11	1 593 061.03	2 304 280.07	1 045 793.30	38 605 663.72
	Vat	4 912 861.38	144 190.52	238 959.15	345 642.01	156 869.00	5 798 522.06
	Interest	8 588 144.42					8 588 144.42
	Payment	- 10 056 245.56	- 1 387 235.04	- 2 290 007.77	- 3 053 172.38	- 1 498 377.13	- 18 285 037.88
	Adjustment	51 150.00					51 150.00
Nov-25	**Opening/Closing balance**	**1 052 840 739.21**	**1 105 460.63**	**1 832 020.18**	**2 649 922.08**	**1 202 662.90**	**1 059 630 805.00**
	Billing	31 416 563.62	902 236.42	1 620 015.71	2 372 260.52	1 016 685.41	37 327 761.68
	Vat	4 712 484.54	159 218.19	285 885.13	418 634.21	179 415.07	5 755 637.14
	Interest	6 715 444.73					6 715 444.73
	Payment	-	- 1 105 460.63	- 1 832 020.18	- 2 649 922.08	- 1 202 662.90	- 6 790 065.79
	Adjustment	-	-	-	-	-	-
Dec-25	**Opening/Closing balance**	**1 095 685 232.10**	**1 061 454.61**	**1 905 900.84**	**2 790 894.73**	**1 196 100.48**	**1 102 639 582.76**
	Billing	32 050 652.43	854 566.59	1 454 932.73	2 225 146.49	992 661.55	37 577 959.79
	Vat	4 807 597.87	128 184.99	218 239.91	333 771.97	148 899.23	5 636 693.97
	Interest	7 787 684.68	-	-	-	-	7 787 684.68
	Payment	- 41 027 246.47	- 1 061 454.61	- 1 905 900.84	- 2 790 894.73	- 1 196 100.48	- 47 981 597.13
	Adjustment	-	-	-	-	-	-
Jan-26	**Opening/Closing balance**	**1 099 303 920.61**	**982 751.58**	**1 673 172.64**	**2 558 918.46**	**1 141 560.78**	**1 105 660 324.07**
	Billing	28 457 013.74	744 661.43	1 331 723.71	1 968 281.30	947 627.19	33 449 307.37
	Vat	4 268 552.06	111 699.21	199 758.56	295 242.20	142 144.08	5 017 396.11
	Interest	9 394 998.43	-	-	-	-	9 394 998.43
	Payment	- 12 249 521.91	- 982 751.58	- 1 673 172.64	- 2 558 918.46	- 1 141 560.78	- 18 605 925.37
	Adjustment	-	-	-	-	-	-
Feb-26	**Opening/Closing balance**	**1 129 174 962.93**	**856 360.64**	**1 531 482.27**	**2 263 523.50**	**1 089 771.27**	**1 134 916 100.61**
	Billing	29 446 878.33	732 359.31	1 228 470.33	1 863 005.19	974 822.80	34 245 535.96
	Vat	4 417 031.75	109 853.90	496 783.85	580 901.28	146 223.42	5 750 794.20
	Interest	7 403 549.73	-	-	-	-	7 403 549.73
	Payment	- 9 000 000.00	- 856 360.64	- 1 531 482.27	- 2 263 523.50	- 1 089 771.27	- 14 741 137.68
	Adjustment	-	-	-	-	-	-
	Opening/Closing balance	**1 161 442 422.74**	**842 213.21**	**1 725 254.18**	**2 443 906.47**	**1 121 046.22**	**1 167 574 842.82**

Bulk Purchases Water

Total debt in Month ending February 2026 amount to **R 1,288 331 961.16**

DWS ACCOUNTS MOVEMENTS FOR THE YEAR AS PER INVOICES								
ACCOUNTS	Opening Balance	Amount Excl	VAT Amount	Interest	Payments	Adjustment	Creditors	Statement Balance
20029265 NRWI	496 490 053.53	-	-	-	-	-	496 490 053.53	496 490 053.53
20029265 CMA	-	-	-	-	-	-	-	-
20028765 NRWI	198 876.96	-	-	-	-	-	198 876.96	198 876.96
20028765 CMA	100 885.98	38 875.00	-	8 020.75	-	-	147 781.73	147 781.73
20031984 NRWI	41 908 198.74	- 54 593 275.93	-	-	-	-	- 12 685 077.19	- 12 685 077.19
20031984 CMA	-	-	-	-	-	-	-	-
20033982 NRWI	336 243 385.67	-	-	-	-	-	336 243 385.67	336 243 385.67
20033982CMA	-	-	-	-	-	-	-	-
20037906 NWRI	111 607.71	5 162.40	-	8 010.85	-	-	124 780.96	124 780.96
20037906 CMA	-	-	-	-	-	-	-	-
21070010 NWRI	1 554 885.56	-	-	-	-	-	1 554 885.56	1 554 885.56
21070010 CMA	726.35	279.90	-	34.96	-	-	1 041.21	1 041.21
20014912 NRWI	139 334 230.26	-	-	-	-	-	139 334 230.26	136 334 230.26
20014912 CMA	24 356.99	- 3 343.25	-	1 536.55	-	-	22 550.29	22 550.29
20056412 NWRI	18 558 912.46	1 761 108.00	262 711.80	-	-	-	20 582 732.26	20 582 732.26
20056412 CMA	3 732.00	3 732.00	-	325.49	-	-	7 789.49	7 789.49
20059491 NRWI	104 074 973.83	15 986 124.00	2 362 882.10	12 225 190.47	-	- 4 768 367.65	129 880 802.75	129 880 802.75
20059491 CMA	233 313.02	89 903.88	-	29 755.64	-	- 11 206.74	341 765.80	341 765.80
20059482 NRWI	141 998 117.60	23 135 565.73	3 451 228.50	16 887 435.83	-	- 6 572 360.14	178 899 987.52	178 899 987.52
20059482 CMA	127 232.05	49 027.05	-	16 226.64	-	- 6 111.41	186 374.33	186 374.36
TOTAL DWS	1 280 963 488.71	- 13 526 841.22	6 076 822.40	29 176 537.18	-	- 11 358 045.94	1 291 331 961.13	1 288 331 961.16

Inventory consumed

- Actuals expenditure is equal to the projected budget amount as at 28 February 2026.

Contracted services

- Payments to contracted services are within normal limits and are **50% lower** than the budgeted amount. The municipality has enhanced its internal systems by insourcing various activities, including the preparation of Annual Financial Statements.

Other expenditures

- Payments made on other expenditures are within the budgeted projection for the month ending 28 February 2026

4.3 Capital Expenditure

MP302 Msukaligwa - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M07 January										
Vote Description	Ref	2024/25	Budget Year 2025/26							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Capital Expenditure - Functional Classification										
Governance and administration		–	–	14 938	–	11 246	7 041	4 205	60%	14 938
Executive and council		–	–	–	–	–	–	–		–
Finance and administration		–	–	14 938	–	11 246	7 041	4 205	60%	14 938
Internal audit								–		
Community and public safety		(6 411)	–	–	–	–	–	–		–
Community and social services		(6 411)	–	–	–	–	–	–		–
Sport and recreation		–	–	–	–	–	–	–		–
Public safety		–	–	–	–	–	–	–		–
Housing								–		
Health		–	–	–	–	–	–	–		–
Economic and environmental services		20 534	22 270	31 410	388	17 866	17 977	(110)	-1%	31 410
Planning and development		20 534	22 270	31 410	388	17 866	17 977	(110)	-1%	31 410
Road transport		–	–	–	–	–	–	–		–
Environmental protection								–		
Trading services		64 750	139 823	200 971	3 049	77 142	114 207	(37 065)	-32%	200 971
Energy sources		647	6 691	10 691	–	4 983	5 903	(920)	-16%	10 691
Water management		22 425	16 976	69 976	2 621	37 643	39 361	(1 718)	-4%	69 976
Waste water management		41 677	114 239	118 387	429	34 516	67 824	(33 309)	-49%	118 387
Waste management		–	1 917	1 917	–	–	1 118	(1 118)	-100%	1 917
Other								–		
Total Capital Expenditure - Functional Classi	3	78 872	162 093	247 320	3 437	106 254	139 224	(32 970)	-24%	247 320
Funded by:										
National Government		80 106	162 093	223 241	3 437	89 160	127 198	(38 038)	-30%	223 241
Provincial Government		4 660	–	9 141	–	5 848	4 986	862	17%	9 141
District Municipality								–		
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educ Institutions)		–	–	–	–	–	–	–		–
Transfers recognised - capital		84 766	162 093	232 382	3 437	95 008	132 183	(37 175)	-28%	232 382
Borrowing	6							–		
Internally generated funds		(5 894)	–	14 938	–	11 246	7 041	4 205	60%	14 938
Total Capital Funding		78 872	162 093	247 320	3 437	106 254	139 224	(32 970)	-24%	247 320

The municipality did not incur any Capital expenditure incurred through internally funded for the month ending 28 February 2026.

4.4 Cash Flows

Bank Balances as at 28 February 2026

MP302 Msukaligwa - Table C7 Monthly Budget Statement - Cash Flow - M08 February										
Description	Ref	2024/25	Budget Year 2025/26							
		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		63 803	201 982	201 982	–	99 079	134 655	(35 576)	-26%	201 982
Service charges		145 751	550 876	550 876	–	274 935	367 250	(92 316)	-25%	550 876
Other revenue		209 402	118 896	118 896	–	451 493	79 264	372 229	470%	118 896
Transfers and Subsidies - Operational		113 854	297 769	297 769	–	268 056	198 513	69 544	35%	297 769
Transfers and Subsidies - Capital		32 381	162 093	162 093	–	94 539	108 062	(13 523)	-13%	162 093
Interest		4 393	34 103	34 103	–	7 546	22 735	(15 189)	-67%	34 103
Dividends								–		
Payments										
Suppliers and employees		(179 077)	(1 159 402)	(1 159 402)	–	(311 967)	(772 934)	(460 967)	60%	(1 159 402)
Interest		–	(30 376)	(30 376)	–	–	(20 251)	(20 251)	100%	(30 376)
ransfers and Subsidies								–		
NET CASH FROM/(USED) OPERATING ACTIVITIE		390 508	175 941	175 941	–	883 681	117 294	(766 387)	-653%	175 941
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		2 472	0	0	–	124	0	124	6224519%	0
Decrease (increase) in non-current receivables		–	–	–	–	–	–	–		–
Decrease (increase) in non-current investments		–	–	–	–	–	–	–		–
Payments										
Capital assets		48 688	(162 093)	(162 093)	–	(105 824)	(108 062)	(2 238)	2%	(162 093)
NET CASH FROM/(USED) INVESTING ACTIVITIES		51 160	(162 093)	(162 093)	–	(105 699)	(108 062)	(2 363)	2%	(162 093)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans								–		
Borrowing long term/refinancing		450	–	–	–	–	–	–		–
Increase (decrease) in consumer deposits		(1)	–	–	–	8	–	8	#DIV/0!	–
Payments										
Repayment of borrowing								–		
NET CASH FROM/(USED) FINANCING ACTIVITIES		449	–	–	–	8	–	(8)	#DIV/0!	–
NET INCREASE/ (DECREASE) IN CASH HELD		442 117	13 848	13 848	–	777 990	9 232			13 848
ash/cash equivalents at beginning:		59 336	59 336	59 336	822 130	44 141	59 336			44 141
ash/cash equivalents at month/year end:		501 453	73 184	73 184	822 130	822 130	68 568			57 989

- Cash and Cash Equivalents for the month ending 28 February 2026 amounted to a total of **R 98,446 million**, see the above breakdown.

FEBRUARY BANK BALANCE AND INTEREST	
BANK ACCOUNT TYPE	BALANCE
CALL ACCOUNT	70 159 613.11
LICENSING ACCOUNT	5 159 354.71
PRIMARY ACCOUNT	22 073 200.38
TRADING SERVICES ACCOUNT	1 054 084.91
	98 446 253.11

5. Debtors age analysis

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

Description	NT Code	Budget Year 2025/26											
R thousands		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	Impairment - Bad Debts i.t.o Council Policy
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200	23 149	8 126	9 101	7 901	8 340	7 150	33 279	241 655	338 702	298 326	-	-
Trade and Other Receivables from Exchange Transactions - Electr	1300	27 552	4 967	4 976	4 136	4 196	3 839	22 590	158 978	231 235	193 739	-	-
Receivables from Non-exchange Transactions - Property Rates	1400	29 245	8 315	7 866	7 987	7 431	7 395	32 126	178 040	278 404	232 979	-	-
Receivables from Exchange Transactions - Waste Water Managem	1500	10 030	3 727	3 770	3 548	3 476	3 414	18 094	164 776	210 835	193 308	-	-
Receivables from Exchange Transactions - Waste Management	1600	8 919	3 376	3 353	3 188	3 155	3 085	17 556	164 147	206 779	191 132	-	-
Receivables from Exchange Transactions - Property Rental Debtor	1700	-	-	-	-	-	-	-	-	-	-	-	-
Interest on Arrear Debtor Accounts	1810	7 054	3 455	3 596	3 305	3 229	3 131	19 949	310 735	354 453	340 349	-	-
Recoverable unauthorised, irregular, fruitless and wasteful expendit	1820									-	-		
Other	1900	1 358	409	1 093	210	738	1 033	2 176	63 800	70 817	67 957	-	-
Total By Income Source	2000	107 307	32 375	33 755	30 276	30 565	29 047	145 770	1 282 131	1 691 226	1 517 788	-	-
2024/25 - totals only		93 983	27 927	27 540	25 947	27 965	25 816	131 428	1 114 471	1 475 077	1 325 628	0	0
Debtors Age Analysis By Customer Group													
Organs of State	2200	13 206	4 172	3 992	3 878	3 987	3 831	17 649	62 198	112 913	91 543	-	-
Commercial	2300	34 572	6 390	6 409	5 733	5 314	5 184	24 922	217 457	305 981	258 610	-	-
Households	2400	57 177	20 953	22 506	19 921	20 507	19 243	99 277	969 110	1 228 694	1 128 058	-	-
Other	2500	2 352	860	849	744	757	788	3 923	33 365	43 638	39 577	-	-
Total By Customer Group	2600	107 307	32 375	33 755	30 276	30 565	29 047	145 770	1 282 131	1 691 226	1 517 788	-	-

- The Municipal Debt book has slightly increased from **R 1,671 billion** in January to **R 1,691 billion** in February 2026.
- The municipality has implemented Credit Control report on electricity cut-off for the month ending 28 February 2026 in terms of Section 64 of the Municipal Finance Management Act, Act 56 of 2003 read with Section 95 of the Municipal Systems Act of 2000;
- The collection rate on the cut-off percentage for February 2026.
- The municipality has implemented the BLOCKED METERS. Indigent and non-indigent consumers in this category are slow payers hence their consumer accounts have reached an unacceptable level inconsistent with the new Credit Control and Debt Collection Policy.
- On prepaid electricity sales the Municipality has realized an amount of R 3,155 million on the 75/25% principle

5.1 Conventional Meters

5.1.1 Cut-Offs

Towns	Number of Consumers	Cut-Off Amount	Payments	Payment %
Ermelo	76	R 1 397 602.47	R 1 032 229.47	73%
Wesselton	7	R 44 878.73	R 19 362.05	43%
Breyten/Kwazanele	5	R 78 833.54	R 60 632.23	76%
TOTAL	**88**	**R 1 521 314.74**	**R 1 112 223.75**	**73%**

A total of **88 customers** were affected by service cut-offs during the reporting period. The **total cut-off amount** was **R 1 521 314.74**, with **payments received** amounting to **R1 112 223.75**, representing an **overall recovery rate of 73%**.

5.1.2. Pre-Paid Meters

Towns	Number of Consumers	Cut-Off Amount	Payments	Payment %
Ermelo Ext 18	101	R 11 248 308.88	R 2 153 425.26	19%
Flats	136	R 19 590 512.13	R 4 279 459.31	22%
Business's	54	R 14 863 710.94	R 1 594 656.35	11%
Nederland Park	234	R 19 827 120.31	R 1 350 316.03	7%
De Bruin Park	68	R 6 439 853.87	R 1 762 384.26	27%
Ermelo Ext 17	28	R 3 684 015.00	R 370 033.72	10%
Cassim Park	81	R 4 855 250.42	R 344 337.35	11%
TOTAL	**702**	**R 80 508 771.55**	**R 11 854 612.28**	**15%**

- **90 Days Zero Sale**

This category comprises **indigent and non-indigent consumers** who have **not made any electricity purchases**—either through the **internet, third-party vendors, or municipal offices**—for a **consecutive period of three (3) months**.

The **total number of debtors** in this category is **7,088.**

This trend indicates a potential **non-usage or bypassing of the prepaid electricity system**, which warrants further investigation to determine whether meters are faulty, tampered with, or if consumers are accessing alternative electricity sources.

- **Zero Sale since connection**

This category includes indigent and non-indigent consumers who have never made any electricity purchases—neither online, through third-party vendors, nor at municipal offices—since the installation of their prepaid meters. The period exceeds three (3) consecutive months, extending up to the date of data extraction from the attached report.

The total number of debtors in this category is **98.**

This situation highlights a serious concern regarding non-activation of newly installed prepaid meters, which may stem from technical faults, illegal connections, or lack of consumer registration. Urgent verification of these connections is recommended.

- **Blocked pre-paid meters for tempering or amounts in excess of R3000.00**

This category refers to indigent and non-indigent consumers who are slow payers, purchasing electricity through online platforms, third-party vendors, or municipal offices, but whose accounts have accumulated arrears exceeding R3,000.00. These accounts have been blocked due to tampering or because their debt levels contravene the provisions of the new Credit Control and Debt Collection Policy.

The total number of debtors in this category is **6.**

This category requires targeted follow-up and enforcement, including physical verification of meters, debt recovery actions, and possible legal intervention where tampering is confirmed.

5.1.3 Tempers

Towns	Number of Debtors	Amount Levied for Tempers	Payments	Payment %
Ermelo	1	R 12 277.40	R 12 277.40	100%
Wesselton	3	R 49 108.45	R 0.00	0%
Breyten/Kwazanele	0	R 0.00	R 0.00	0%
Davel/Kwadela	0	R 0.00	R 0.00	0%
Lothair/Silindile	0	R 0.00	R 0.00	0%
TOTAL	**4**	**R 61 385.85**	**R 12 277.40**	**25%**

5.1.4 The below attached shows the summary of collection by the debt collectors since inception, this amounts to **R 132 774 543,58.**

	Quantity	Amount
Whole Book	17645	R1 109 452 519,34
Collected	6496	R132 774 543,58
Percentage of Debt Collected		11,97%
	By Category	
Residential	4262	R34 175 068,50
Commercial	1859	R69 968 465,41
Other	153	R17 782 140,31
Government Associated Entity	222	R10 848 869,35
	6496	**R132 774 543,58**

6. Creditors age analysis

MP302 Msukaligwa - Supporting Table SC4 Monthly Budget Statement - aged creditors - M08 February											
Description	NT Code	Budget Year 2025/26									Prior year totals for chart (same
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											
Electricity	0100	44 646	42 844	–	46 195	47 446	74 149	919 118	–	**1 174 398**	712 604
Bulk Water	0200	19 050	–	–	6 793	–	71 868	1 209 089	–	**1 306 801**	1 120 975
PAYE deductions	0300									–	
VAT (output less input)	0400									–	
Pensions / Retirement deductions	0500									–	
Loan repayments	0600									–	
Trade Creditors	0700	3 095	–	1 684	1 411	2 771	758	–	–	**9 719**	10 550
Auditor General	0800									–	
Other	0900									–	
Medical Aid deductions	0950									–	
Total By Customer Type	**1000**	**66 791**	**42 844**	**1 684**	**54 398**	**50 217**	**146 775**	**2 128 208**	**–**	**2 490 918**	1 844 129

- The total amount owed to creditors as per the age analysis at 28 February 2026 amounts to **R2,490 billion** with top creditors being DWS, Eskom.

Eskom Debt

An amount owed in a Month ending **February 2026** amounted to **R 1 167 billion.**

Month	Opening balance	Ermelo 648643281	Davel 9657896907	Breyten 9010961110	KwaZanele 8341001579	Silindile 7296044246	TOTAL
Jul-25	**Opening balance**	**886 281 031.40**	**1 907 339.28**	**2 414 701.51**	**3 562 637.65**	**1 666 304.01**	**896 832 013.85**
	Billing	58 775 637.94	1 936 192.33	2 719 399.08	3 580 576.55	1 821 559.88	68 833 365.78
	Vat	8 816 345.70	290 428.85	407 909.86	537 086.48	273 233.98	10 325 004.87
	Interest	6 309 512.41	-				6 309 512.41
	Payment	- 62 498 119.48	- 1 907 339.28	- 2 414 701.51	- 3 562 637.65	- 1 666 304.01	- 72 049 101.93
	Adjustment	-					-
Aug-25	**Opening/Closing balance**	**897 684 407.87**	**2 226 621.18**	**3 127 308.94**	**4 117 663.03**	**2 094 793.86**	**909 250 794.98**
	Billing	58 495 352.54	1 781 100.49	2 778 302.28	3 753 303.62	1 826 081.05	68 634 139.98
	Vat	8 410 499.13	267 165.07	416 745.34	562 995.54	273 912.16	9 931 317.24
	Interest	6 865 858.27					6 865 858.27
	Payment	- 5 773 327.46	- 2 226 620.88	- 3 127 308.16	- 4 117 663.03	- 2 094 793.86	- 17 339 713.39
	Adjustment	- 2 425 358.32					- 2 425 358.32
Sept-25	**Opening/Closing balance**	**963 257 432.13**	**2 048 265.86**	**3 195 048.40**	**4 316 299.16**	**2 099 993.21**	**974 917 038.76**
	Billing	41 257 502.72	1 206 291.08	1 991 311.10	2 654 932.50	1 302 937.16	48 412 974.56
	Vat	6 188 625.41	180 943.66	298 696.67	398 239.88	195 440.57	7 261 946.19
	Interest	5 940 009.50					5 940 009.50
	Payment		- 2 048 265.86	- 3 195 048.40	- 4 316 299.16	- 2 099 993.21	- 11 659 606.33
	Adjustment	-					-
Oct-25	**Opening/Closing balance**	**1 016 643 588.76**	**1 387 235.04**	**2 290 007.77**	**3 053 172.38**	**1 498 377.73**	**1 024 872 362.68**
	Billing	32 701 259.21	961 270.11	1 593 061.03	2 304 280.07	1 045 793.30	38 605 663.72
	Vat	4 912 861.38	144 190.52	238 959.15	345 642.01	156 869.00	5 798 522.06
	Interest	8 588 144.42					8 588 144.42
	Payment	- 10 056 245.56	- 1 387 235.04	- 2 290 007.77	- 3 053 172.38	- 1 498 377.13	- 18 285 037.88
	Adjustment	51 150.00					51 150.00
Nov-25	**Opening/Closing balance**	**1 052 840 739.21**	**1 105 460.63**	**1 832 020.18**	**2 649 922.08**	**1 202 662.90**	**1 059 630 805.00**
	Billing	31 416 563.62	902 236.42	1 620 015.71	2 372 260.52	1 016 685.41	37 327 761.68
	Vat	4 712 484.54	159 218.19	285 885.13	418 634.21	179 415.07	5 755 637.14
	Interest	6 715 444.73					6 715 444.73
	Payment	-	- 1 105 460.63	- 1 832 020.18	- 2 649 922.08	- 1 202 662.90	- 6 790 065.79
	Adjustment	-	-	-	-	-	-
Dec-25	**Opening/Closing balance**	**1 086 685 232.10**	**1 061 454.61**	**1 905 900.84**	**2 790 894.73**	**1 196 100.48**	**1 102 639 582.76**
	Billing	32 050 652.43	854 566.59	1 454 932.73	2 225 146.49	992 661.55	37 577 959.79
	Vat	4 807 597.87	128 184.99	218 239.91	333 771.97	148 899.23	5 636 693.97
	Interest	7 787 684.68	-	-	-	-	7 787 684.68
	Payment	- 41 027 246.47	- 1 061 454.61	- 1 905 900.84	- 2 790 894.73	- 1 196 100.48	- 47 981 597.13
	Adjustment	-	-	-	-	-	-
Jan-26	**Opening/Closing balance**	**1 099 303 920.61**	**982 751.58**	**1 673 172.64**	**2 558 918.46**	**1 141 560.78**	**1 105 660 324.07**
	Billing	28 457 013.74	744 661.43	1 331 723.71	1 968 281.30	947 627.19	33 449 307.37
	Vat	4 268 552.06	111 699.21	199 758.56	295 242.20	142 144.08	5 017 396.11
	Interest	9 394 998.43	-	-	-	-	9 394 998.43
	Payment	- 12 249 521.91	- 982 751.58	- 1 673 172.64	- 2 558 918.46	- 1 141 560.78	- 18 605 925.37
	Adjustment	-	-	-	-	-	-
Feb-26	**Opening/Closing balance**	**1 129 174 962.93**	**856 360.64**	**1 531 482.27**	**2 263 523.50**	**1 089 771.27**	**1 134 916 100.61**
	Billing	29 446 878.33	732 359.31	1 228 470.33	1 863 005.19	974 822.80	34 245 535.96
	Vat	4 417 031.75	109 853.90	496 783.85	580 901.28	146 223.42	5 750 794.20
	Interest	7 403 549.73	-	-	-	-	7 403 549.73
	Payment	- 9 000 000.00	- 856 360.64	- 1 531 482.27	- 2 263 523.50	- 1 089 771.27	- 14 741 137.68
	Adjustment	-	-	-	-	-	-
	Opening/Closing balance	**1 161 442 422.74**	**842 213.21**	**1 725 254.18**	**2 443 906.47**	**1 121 046.22**	**1 167 574 842.82**

DWS Debt

As at 28 February 2026, the municipality owes Department of Water and Sanitation an amount of **R 1,288 billion.**

DWS ACCOUNTS MOVEMENTS FOR THE YEAR AS PER INVOICES								
ACCOUNTS	Opening Balance	Amount Excl	VAT Amount	Interest	Payments	Adjustment	Creditors	Statement Balance
20029265 NRWI	496 490 053.53	-	-	-	-	-	496 490 053.53	496 490 053.53
20029265 CMA	-	-	-	-	-	-	-	-
20028765 NRWI	198 876.96	-	-	-	-	-	198 876.96	198 876.96
20028765 CMA	100 885.98	38 875.00	-	8 020.75	-	-	147 781.73	147 781.73
20031984 NRWI	41 908 198.74	- 54 593 275.93	-	-	-	-	- 12 685 077.19	- 12 685 077.19
20031984 CMA	-	-	-	-	-	-	-	-
20033982 NRWI	336 243 385.67	-	-	-	-	-	336 243 385.67	336 243 385.67
20033982CMA	-	-	-	-	-	-	-	-
20037906 NWRI	111 607.71	5 162.40	-	8 010.85	-	-	124 780.96	124 780.96
20037906 CMA	-	-	-	-	-	-	-	-
21070010 NWRI	1 554 885.56	-	-	-	-	-	1 554 885.56	1 554 885.56
21070010 CMA	726.35	279.90	-	34.96	-	-	1 041.21	1 041.21
20014912 NRWI	139 334 230.26	-	-	-	-	-	139 334 230.26	136 334 230.26
20014912 CMA	24 356.99	- 3 343.25	-	1 536.55	-	-	22 550.29	22 550.29
20056412 NWRI	18 558 912.46	1 761 108.00	262 711.80	-	-	-	20 582 732.26	20 582 732.26
20056412 CMA	3 732.00	3 732.00	-	325.49	-	-	7 789.49	7 789.49
20059491 NRWI	104 074 973.83	15 986 124.00	2 362 882.10	12 225 190.47	-	- 4 768 367.65	129 880 802.75	129 880 802.75
20059491 CMA	233 313.02	89 903.88	-	29 755.64	-	- 11 206.74	341 765.80	341 765.80
20059482 NRWI	141 998 117.60	23 135 565.73	3 451 228.50	16 887 435.83	-	- 6 572 360.14	178 899 987.52	178 899 987.52
20059482 CMA	127 232.05	49 027.05	-	16 226.64	-	- 6 111.41	186 374.33	186 374.36
TOTAL DWS	1 280 963 488.71	- 13 526 841.22	6 076 822.40	29 176 537.18	-	- 11 358 045.94	1 291 331 961.13	1 288 331 961.16

7. Table C6 – Statement of Financial Position

MP302 Msukaligwa - Table C6 Monthly Budget Statement - Financial Position - M07 January						
Description	Ref	2024/25	Budget Year 2025/26			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash and cash equivalents		44 141	64 812	(34 498)	103 180	(34 498)
Trade and other receivables from exchange transactions		318 067	434 583	434 583	423 365	434 583
Receivables from non-exchange transactions		111 154	113 341	113 341	144 393	113 341
Current portion of non-current receivables		–	–	–	–	–
Inventory		19 334	31 775	31 775	25 052	31 775
VAT		377 017	726 743	726 743	441 402	726 743
Other current assets		7 142	8 442	8 442	11 829	8 442
Total current assets		**876 854**	**1 379 696**	**1 280 386**	**1 149 220**	**1 280 386**
Non current assets						
Investments		–	–	–	–	–
Investment property		171 759	164 639	164 639	171 759	164 639
Property, plant and equipment		2 750 578	2 802 589	2 887 816	2 856 832	2 887 816
Biological assets						
Living and non-living resources						
Heritage assets		175	175	175	175	175
Intangible assets		5	11	11	5	11
Trade and other receivables from exchange transactions		–	–	–	–	–
Non-current receivables from non-exchange transactions		–	–	–	–	–
Other non-current assets						
Total non current assets		**2 922 517**	**2 967 413**	**3 052 640**	**3 028 771**	**3 052 640**
TOTAL ASSETS		**3 799 371**	**4 347 110**	**4 333 026**	**4 177 991**	**4 333 026**
LIABILITIES						
Current liabilities						
Bank overdraft		–	–	–	–	–
Financial liabilities		–	–	–	–	–
Consumer deposits		23 883	21 660	21 660	24 401	21 660
Trade and other payables from exchange transactions		2 312 231	1 909 497	1 895 180	2 505 287	1 895 180
Trade and other payables from non-exchange transactions		10 914	159 832	159 832	159 019	159 832
Provision		75 611	70 946	70 946	76 362	70 946
VAT		484 181	426 625	426 625	534 925	426 625
Other current liabilities		–	–	–	–	–
Total current liabilities		**2 906 820**	**2 588 560**	**2 574 243**	**3 299 993**	**2 574 243**
Non current liabilities						
Financial liabilities		4 523	2 646	2 646	4 523	2 646
Provision		72 037	77 518	77 518	72 037	77 518
Long term portion of trade payables		–	–	–	–	–
Other non-current liabilities		–	–	–	–	–
Total non current liabilities		**76 560**	**80 163**	**80 163**	**76 560**	**80 163**
TOTAL LIABILITIES		**2 983 380**	**2 668 723**	**2 654 407**	**3 376 553**	**2 654 407**
NET ASSETS	2	**815 991**	**1 678 387**	**1 678 620**	**801 438**	**1 678 620**
COMMUNITY WEALTH/EQUITY						
Accumulated surplus/(deficit)		981 019	1 674 002	1 677 002	820 943	1 677 002
Reserves and funds		–	–	–	–	–
Other		–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2	**981 019**	**1 674 002**	**1 677 002**	**820 943**	**1 677 002**

8. Investment Portfolio analysis

MP302 Msukaligwa - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M08 February														
Investments by maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
R thousands		Yrs/Months												
Municipality														
														-
Municipality sub-total										-	-	-	-	-
Entities														
														-
														-
														-
														-
														-
														-
Entities sub-total										-	-	-	-	-
TOTAL INVESTMENTS AND INTEREST	2									-	-	-	-	-

The municipality does not have long-term investments

9. Allocation and Grant Receipts

The Municipality received the following grants during the month ending 28 February 2026; EEDSM

Grants received 2025-26										
	Votes	Jul-25	Aug-25	Sept-25	Oct-24	Nov-25	Dec-25	Jan-26	Feb-26	Received to date
MIG	3704761022OZZZZZZ	35 451 000.00			14 340 000.00		8 000 000.00			57 791 000.00
RBIG	3104763072OZZZZZZZWM		15 000 000.00			30 000 000.00	-			45 000 000.00
EEDSM	3201763012OZZZZZZZWM		1 600 000.00			800 000.00	-		1 600 000.00	4 000 000.00
MDRG	3501761132OZZZZZZZWM						-			-
WSIG	3112761092OZZZZZZ	15 000 000.00			20 000 000.00		-			35 000 000.00
INEP	3201761012OZZZZZZ	1 210 000.00					538 000.00			1 748 000.00
TOTAL CAPITAL		51 661 000.00	16 600 000.00	-	34 340 000.00	30 800 000.00	8 538 000.00	-	1 600 000.00	143 539 000.00
LGSETA	3704763092OZZZZZZ	740 519.72			137 029.26			136 587.22		1 014 136.20
EPWP	3606763022OZZZZZZZWM		483 000.00				869 000.00			1 352 000.00
Equitable share	36061179100EQZZZZ	119 161 000.00					95 329 000.00			214 490 000.00
	3704763042OZZZZZZZWM		3 800 000.00				-			3 800 000.00
Total Operational		119 901 519.72	4 283 000.00	-	-	-	96 198 000.00	-	-	220 382 519.72
Total grant receipts		171 562 519.72	20 883 000.00	-	34 340 000.00	30 800 000.00	104 736 000.00	-	1 600 000.00	363 921 519.72

10. Remuneration of Councilor section 56/57 and Officials

EMPLOYEE COST FINANCIAL IMPLICATION

- The expense in salaries amounts to **R 31,896 million** for the month ending 28 February 2026,
- Total salary cost in respect of the month ending 28 February 2026 is summarized per salary company as in the table below:

MP302 Msukaligwa - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M08 February										
		2024/25	Budget Year 2025/26							
mmary of Employee and Councillor remunerat	Ref	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
	1	A	B	C						D
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		4 414	4 122	4 122	307	1 352	2 748	(1 397)	-51%	4 122
Pension and UIF Contributions		1 914	1 915	1 915	145	1 196	1 277	(81)	-6%	1 915
Medical Aid Contributions		178	346	346	17	154	231	(77)	-33%	346
Motor Vehicle Allowance		–	–	–	–	–	–	–		–
Cellphone Allowance		1 607	2 019	2 019	130	1 080	1 346	(266)	-20%	2 019
Housing Allowances		–	–	–	–	–	–	–		–
Other benefits and allowances		10 905	12 157	12 157	871	6 942	8 104	(1 163)	-14%	12 157
Sub Total - Councillors		**19 019**	**20 559**	**20 559**	**1 469**	**10 723**	**13 706**	**(2 983)**	**-22%**	**20 559**
% increase	4		8.1%	8.1%						8.1%
Senior Managers of the Municipality	3									
Basic Salaries and Wages		6 131	6 828	6 828	396	2 815	4 552	(1 737)	-38%	6 828
Pension and UIF Contributions		1 016	1 154	1 154	62	435	770	(334)	-43%	1 154
Medical Aid Contributions		304	153	153	22	142	102	40	39%	153
Overtime		–	–	–	–	–	–	–		–
Performance Bonus		–	43	43	–	143	29	114	396%	43
Motor Vehicle Allowance		1 515	964	964	119	818	643	175	27%	964
Cellphone Allowance		201	36	36	16	109	24	85	354%	36
Housing Allowances		–	–	–	–	–	–	–		–
Other benefits and allowances		68	–	–	–	76	–	76	#DIV/0!	–
Payments in lieu of leave		121	–	–	–	–	–	–		–
Long service awards		13	–	–	–	–	–	–		–
Post-retirement benefit obligations	2							–		
Entertainment		–	–	–	–	–	–	–		–
Scarcity		–	–	–	–	–	–	–		–
Acting and post related allowance		76	25	25	–	–	17	(17)	-100%	25
In kind benefits		10	–	–	–	–	–	–		–
Sub Total - Senior Managers of Municipality		**9 455**	**9 204**	**9 204**	**615**	**4 537**	**6 136**	**(1 599)**	**-26%**	**9 204**
% increase	4		-2.7%	-2.7%						-2.7%
Other Municipal Staff										
Basic Salaries and Wages		174 701	203 408	203 072	16 963	136 664	135 378	1 286	1%	203 072
Pension and UIF Contributions		38 400	39 204	39 206	3 717	29 556	26 137	3 418	13%	39 206
Medical Aid Contributions		14 476	15 840	15 840	1 400	10 239	10 560	(321)	-3%	15 840
Overtime		30 553	17 511	17 511	3 371	18 501	11 674	6 827	58%	17 511
Performance Bonus		14 321	14 581	14 581	1 071	9 168	9 721	(553)	-6%	14 581
Motor Vehicle Allowance		11 230	13 803	13 803	989	7 767	9 202	(1 435)	-16%	13 803
Cellphone Allowance		1 129	846	846	109	813	564	249	44%	846
Housing Allowances		579	988	988	56	429	659	(230)	-35%	988
Other benefits and allowances		14 019	7 039	7 039	1 197	9 036	4 693	4 343	93%	7 039
Payments in lieu of leave		1 313	1 259	1 259	–	445	840	(395)	-47%	1 259
Long service awards		2 382	3 513	3 513	227	1 591	2 342	(752)	-32%	3 513
Post-retirement benefit obligations	2	2 581	3 081	3 081	–	1 196	2 054	(858)	-42%	3 081
Entertainment								–		
Scarcity								–		
Acting and post related allowance		1 160	2 259	2 259	202	833	1 506	(674)	-45%	2 259
In kind benefits								–		
Sub Total - Other Municipal Staff		**306 844**	**323 334**	**323 000**	**29 301**	**226 238**	**215 331**	**10 908**	**5%**	**323 000**
% increase	4		5.4%	5.3%						5.3%
Total Parent Municipality		**335 317**	**353 096**	**352 762**	**31 386**	**241 499**	**235 172**	**6 326**	**3%**	**352 762**
			5.3%	5.2%						5.2%

11. Municipal ratios

MP302 Msukaligwa - Supporting Table SC2 Monthly Budget Statement - performance indicators - M08 February							
Description of financial indicator	Basis of calculation	Ref	2024/25	Budget Year 2025/26			
			Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
Borrowing Management							
Capital Charges to Operating Expenditure	Interest & principal paid/Operating Expenditure		7.2%	10.9%	10.9%	0.0%	3.1%
Borrowed funding of 'own' capital expenditure	Borrowings/Capital expenditure excl. transfers and grants		0.0%	0.0%	0.0%	0.0%	0.0%
Safety of Capital							
Debt to Equity	Loans, Accounts Payable, Overdraft & Tax Provision/ Funds & Reserves		237.3%	123.8%	122.7%	332.4%	122.7%
Gearing	Long Term Borrowing/ Funds & Reserves		0.0%	0.0%	0.0%	0.0%	0.0%
Liquidity							
Current Ratio	Current assets/current liabilities	1	30.2%	53.3%	49.7%	33.3%	49.7%
Liquidity Ratio	Monetary Assets/Current Liabilities		1.5%	2.5%	-1.3%	2.1%	-1.3%
Revenue Management							
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/ Last 12 Mths Billing						
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue		38.6%	41.9%	41.9%	79.3%	41.9%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old		0.0%	0.0%	0.0%	0.0%	0.0%
Creditors Management							
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA s 65(e))						
Funding of Provisions							
Percentage Of Provisions Not Funded	Unfunded Provisions/Total Provisions						
Other Indicators							
Electricity Distribution Losses	% Volume (units purchased and generated less units sold)/units purchased and generated	2	0.0%	0.0%	0.0%	0.0%	0.0%
Water Distribution Losses	% Volume (units purchased and own source less units sold)/Total units purchased and own source	2					
Employee costs	Employee costs/Total Revenue - capital revenue		28.0%	25.1%	25.0%	31.6%	25.0%
Repairs & Maintenance	R&M/Total Revenue - capital revenue		7.5%	5.8%	5.3%	6.4%	5.3%
Interest & Depreciation	I&D/Total Revenue - capital revenue		22.3%	11.3%	11.3%	0.0%	3.2%
IDP regulation financial viability indicators							
Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)						
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services						
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure						

- The municipality is experiencing significant liquidity challenges, evidenced by a **current ratio of 0.35** and a **liquidity ratio of 0.03.**
- The proportion of **outstanding debtors has escalated to 79.3%** of annual revenue, underscoring ongoing deficiencies in revenue collection and credit management.
- While employee-related expenses remain largely within acceptable parameters, the municipality's dependence on short-term creditors and inadequately backed cash reserves poses a substantial risk to its financial sustainability. Therefore, management actions aimed at enhancing cash flow, improving debtor recovery, and ensuring compliance with MFMA payment obligations are essential.

12. Capital Programme Performance

Overview

- The **total revised grant allocation** is **R 174,41 million**, of which **R 152,68** million has been received to date.
- **Total expenditure** amounts to **R 126,12 million**, representing **72.31%** spending against the total allocation and 82.60% against funds received. See table below:

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 amount received	Spending% Against allocation	spending% against Receipts
MIG	R 63 581 000.00	R 0.00	R 0.00	R 63 581 000.00	R 57 791 000.00	R 43 966 366.71	R 19 614 633.29	R 13 824 633.29	69%	76%
EEDSM	R 4 000 000.00	R 0.00	R 0.00	R 4 000 000.00	R 4 000 000.00	R 3 558 742.46	R 441 257.54	R 441 257.54	89%	89%
WSIG	R 45 000 000.00	R 0.00	R 0.00	R 45 000 000.00	R 35 000 000.00	R 26 751 993.48	R 18 248 006.52	R 8 248 006.52	59%	76%
RBIG	R 50 000 000.00	R 0.00	R 0.00	R 50 000 000.00	R 45 000 000.00	R 41 052 413.46	R 8 947 586.54	R 3 947 586.54	82%	91%
INEP	R 2 691 000.00	R 0.00	R 0.00	R 2 691 000.00	R 1 748 000.00	R 2 691 000.00	R 0.00	-R 943 000.00	100%	154%
MDRG	R 0.00	R 9 140 508.65	R 0.00	R 9 140 508.65	R 9 140 508.65	R 8 105 957.79	R 1 034 550.86	R 1 034 550.86	89%	89%
	R 165 272 000.00	R 9 140 508.65	R 0.00	R 174 412 508.65	R 152 679 508.65	R 126 126 473.89	R 48 286 034.76	R 26 553 034.76	72.32%	82.61%

OPERATIONAL GRANTS SPENDING

TYPE of GRANTS	Original allocation	Roll Over	Adjustment	Revised Allocation	Received to date	Spent to date	Remaining on budget	Remaining on amount received	Spending% Against allocation	spending% against Receipts
FMG	R 3 800 000.00	R 828 203.33	R 0.00	R 4 628 203.33	R 3 800 000.00	R 2 643 622.19	R 1 984 581.14	R 1 156 377.81	57%	70%
EPWP	R 1 930 000.00	R 0.00	R 0.00	R 1 930 000.00	R 1 352 000.00	R 1 860 994.48	R 69 005.52	-R 508 994.48	96%	138%
	R 5 730 000.00	R 828 203.33	R 0.00	R 6 558 203.33	R 5 152 000.00	R 4 504 616.67	R 2 053 586.66	R 647 383.33	68.69%	87%

Unspent Capital 2025/26	R 26 553 034.76
Unspent Operational grants 2025/26	R 647 383.33
	R 27 200 418.09

Performance per Grant

Capital grants

- **RBIG, EEDSM, and MDRG** grants show strong spending performance, each above **80%** of their allocations.
- **MIG spending** stands at **69%**, indicating moderate progress but requiring continued monitoring to ensure full utilization by year-end.
- **WSIG** has the lowest spending performance at **59%**, which may present a risk of under-expenditure if implementation is not accelerated.
- **INEP** expenditure is currently at **100%** of the receipts to date.

Operational Grants

- The **total revised allocation for operational grants** is **R 6,56 million**, which includes a **roll-over of R828,203.33**.
- **R 5,15 million has been received** to date, and **R 4,51 million has been spent**.

Grant Performance

- **Financial Management Grant (FMG):** Spending stands at **57% of the allocation** and **70% of funds received**, indicating moderate progress with **R1.98 million remaining in the budget**.
- **Expanded Public Works Programme (EPWP):** Spending is **96% of the allocation** and **138% of funds received**, indicating **overspending of approximately R513,356 beyond funds received**, which requires reconciliation or confirmation of additional funding.

13. Other supporting documents
Indigent Household Information

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

Municipal Debt Relief - Monthly Reporting - Indigent Households Information (MFMA Circular 124 (Condition 6.6))
Instruction - complete only with information of the current households registered as indigent with the municipality (Do NOT include the information of all households unless explicitly stated otherwise)

Description	Ref	As Per Debt Relief Application	Current Year - 2025/2026			2025/2026 - Monthly Monitoring											
		Baseline	Adopted Budget	Adjusted Budget	Full Year Forecast	M01	M02	M03	M04	M05	M06	M07	M08	M09	M10	M11	M12
Indigent Household service targets	1																
Water: *(Include All Indigent households also in Eskom supplied areas)*																	
Indigent HH's with piped water inside dwelling			11 000		11 000	3 052	3 370	3 392	3 351	3 473	3 390	3410	3 361				
Indigent HH's with piped water inside yard (but not in dwelling)																	
Indigent HH's using public tap (at least min service level)	2																
Indigent HH's with other water supply (at least min service level)	4																
Total no. of Indigent HH's receiving Minimum Service Level and Above sub-total		-	11 000	-	11 000	3 052	3 370	3 392	3 351	3 473	3 390	3 410	3 361	-	-	-	-
Indigent HH's using public tap (< min service level)	3																
Indigent HH's with other water supply (< min service level)	4																
Indigent HH's with No water supply																	
Total no. of Indigent HH's receiving - Below Minimum Service Level sub-total		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total number of registered indigent households	5	-	11 000	-	11 000	3 052	3 370	3 392	3 351	3 473	3 390	3 410	3 361	-	-	-	-
Status of Water meters :																	
Number of Indigent HH's with prepaid Water						-	-	-	-	-	-	-	-	-	-	-	-
Number of Indigent HH's with conventional metered Water						3 052	3 370	3 392	3 351	3 473	3 390	3 410	3 361	-	-	-	-
Number of Indigent HH's NOT metered currently - Water						-	-	-	-	-	-	-	-	-	-	-	-
Number of Indigent HH's with NO Water supply - No metering						-	-	-	-	-	-	-	-	-	-	-	-
Total number of registered indigent households	10	-	-	-	-	3 052	3 370	3 392	3 351	3 473	3 390	3 410	3 361	-	-	-	-
Status of unlimited supply of Water :																	
Number of Indigent HH's with conventional metered Water - where the municipality is *NOT physically restricting Water to the national free basic limit of 6 kilolitres per household per month*																	
Number of Indigent HH's NOT metered currently receiving unlimited supply - Water		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total number of registered indigent households receiving unlimited supply - Water		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Of the Total Number of registered indigent households receiving unlimited supply - State the Number of HH's billed for consumption above the 6 kilolitres	11																
Energy : (Include All Indigent households also in Eskom supplied areas)																	
Indigent HH's with Electricity (at least min service level)																	
Indigent HH's with Electricity - prepaid (min service level)																	
Total no. of Indigent HH's receiving Minimum Service Level and Above sub-total		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Indigent HH's with Electricity (< min service level)																	
Indigent HH's with Electricity - prepaid (< min service level)																	
Indigent HH's with other energy sources																	
Total no. of Indigent HH's receiving - Below Minimum Service Level sub-total		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total number of registered indigent households	5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Status of Electricity meters :																	
Number of Indigent HH's with prepaid Electricity			5 460			3 052	3 370	3 392	3 351	3 473	3 390	3 410	3 361	-	-	-	-
Number of Indigent HH's with conventional metered Electricity						-	-	-	-	-	-	-	-	-	-	-	-
Number of Indigent HH's NOT metered currently - Electricity																	
Number of indigent HH's with other energy sources - No metering		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total number of registered indigent households	12	-	5 460	-	-	3 052	3 370	3 392	3 351	3 473	3 390	3 410	3 361	-	-	-	-
Status of unlimited supply of Electricity :																	
Number of Indigent HH's with conventional metered Electricity - where the municipality is *NOT physically restricting Electricity to the national free basic limit of 50kwh per household per month*																	
Number of Indigent HH's NOT metered currently receiving unlimited supply - Electricity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total number of registered indigent households receiving unlimited supply - Electricity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Of the Total Number of registered indigent households receiving unlimited supply of Electricity - State the Number of HH's billed for consumption above the 50 kwh	13																
Number of ALL Households receiving Free Basic Service (including registered Indigent Households)	7																
Water (6 kilolitres per household per month)						3 052	3 370	3 392	3 351	3 473	3 390	3 410	3 361	-	-	-	-
Electricity/other energy (50kwh per household per month)						3 052	3 370	3 392	3 351	3 473	3 390	3 410	3 361	-	-	-	-
Cost of Free Basic Services provided to ALL Households in - Formal Settlements (R'000)																	
Water (6 kilolitres per household per month)						73	73	73	73	73	73	73	73				
Electricity/other energy (50kwh per household per month)						88	88	88	88	88	88	88	88				
Cost of Free Basic Services provided to ALL Households in - Informal Formal Settlements (R'000)																	
Water (6 kilolitres per household per month)																	
Electricity/other energy (50kwh per household per month)																	
Total cost of FBS Water and Electricity provided to ALL Households	ii	-	-	-	-	161	164	161	161	161	161	161	161	-	-	-	-
Highest level of free service provided per household (ALL Households)																	
Property rates (R value threshold)																	
Water (kilolitres per household per month)			1 407 057			73	73	73	73	73	73	73	73				
Sanitation (kilolitres per household per month)			3 220 611			80	80	80	80	80	80	80	80				
Sanitation (Rand per household per month)			3 220 611			97	97	97	97	97	97	97	97				
Electricity (kwh per household per month)			5 460			88	88	88	88	88	88	88	88				
Refuse (average litres per week)			3 426 737			162	162	162	162	162	162	162	162				
Revenue cost of subsidised services provided for ALL Households (R'000)	9																
Residential Category - Property rates (tariff adjustment) (Impermissable values per section 17 of MPRA)	14(a)																
PSI Category - Property rates (tariff adjustment) (Impermissable values per section 17 of MPRA)	14(b)																
Additional Subsidies Property rates exemptions, reductions and rebates in excess of section 17 of MPRA)																	
Water (in excess of 6 kilolitres per indigent household per month)	15																
Sanitation (in excess of free sanitation service to indigent households)	16																
Electricity/other energy (in excess of 50 kwh per indigent household per month)																	
Refuse (in excess of one removal a week for indigent households)																	
Municipal Housing - rental rebates																	
Housing - top structure subsidies	6																
Other																	
Total revenue cost of subsidised services provided		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Annexure A: C-schedules

Table C3 – Unauthorized Expenditure

The table below depicts all departments spent withing their allocated budgets as at 28 February 2026.

MP302 Msukaligwa - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M08 February

Vote Description	Ref	2024/25	Budget Year 2025/26								
R thousands		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast	
Expenditure by Vote	1										
Vote 01 - Executive & Council		74 301	83 488	85 097	5 038	47 233	56 630	(9 396)	-16.6%	85 097	Saving
Vote 02 - Finance & Administration		184 471	178 671	185 923	9 734	103 528	122 342	(18 814)	-15.4%	185 923	Saving
Vote 03 -		–	–	–	–	–	–	–		–	
Vote 04 - Sport And Recreation		4 712	13 326	13 326	214	2 023	8 884	(6 861)	-77.2%	13 326	Saving
Vote 05 - Public Safety		75 970	33 418	33 418	2 383	21 784	22 279	(495)	-2.2%	33 418	Saving
Vote 06 - Housing		–	–	–	–	–	–	–		–	
Vote 07 - Health		–	–	–	–	–	–	–		–	
Vote 08 - Planning And Development		14 672	21 883	21 983	1 676	10 908	14 622	(3 714)	-25.4%	21 983	Saving
Vote 09 - Community & Social Services		92 794	99 073	99 088	3 483	49 976	66 057	(16 081)	-24.3%	99 088	Saving
Vote 10 - Electricity		685 774	565 506	563 374	51 207	449 565	375 905	73 660	19.6%	563 374	Overspending
Vote 11 - Water Management		292 848	122 367	117 490	4 151	71 967	79 049	(7 082)	-9.0%	117 490	Saving
Vote 12 - Waste Water Management		29 747	129 610	129 610	2 792	20 619	86 407	(65 788)	-76.1%	129 610	Saving
Vote 13 - Waste Management		63 248	41 085	42 085	2 466	23 964	27 946	(3 982)	-14.2%	42 085	Saving
Vote 14 - Road Transport		100 288	81 478	81 478	2 685	29 340	54 319	(24 979)	-46.0%	81 478	Saving
Vote 15 - Other		12 262	12 563	12 563	–	201	8 375	(8 174)	-97.6%	12 563	Saving
Total Expenditure by Vote	2	1 631 087	1 382 469	1 385 436	85 829	831 110	922 816	(91 706)	-9.9%	1 385 436	Saving
Surplus/ (Deficit) for the year	2	(256 963)	106 377	103 410	(85 800)	(100 482)	69 748	(170 230)	-244.1%	103 410	

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

15.1 MFMA Circular 124 – Condition 6.3 (Maintaining the Eskom bulk current account) and Condition 6.12 (Proper Management of Resources)

Below is a list of eskom accounts paid in February 2026. An amount of **R 41 627 million** billed in February 2025, amount of **R 9 million** was paid towards Ermelo account on the 5th of February 2026. **R 5,741 million was paid towards the resale accounts.**

Below is the summary of the outstanding amount on Eskom account.

RESALE ACCOUNT FOR JAN 2026 PAID IN FEBRUARY 2026

ACCOUNT NAME	ACCOUNT NUMBER	TOTAL BILLING	VAT AMOUNT	INTEREST	TOTAL DUE	TOTAL AMOUNT	PAYMENT DATE	DUE DATE
BREYTEN KWAZANENELE	8341001579	1 968 281.30	295 242.20		2 263 523.50	2 263 523.50	2026/02/13	2026/02/20
LOTHAIR	7296044246	947 627.19	142 144.08		1 089 771.27	1 089 771.27	2026/02/13	2026/02/20
DAVEL KWADELA	9657898907	744 661.43	111 699.21		856 360.64	856 360.64	2026/02/13	2026/02/20
BREYTEN TOWN	9010981110	1 331 723.71	199 758.56		1 531 482.27	1 531 482.27	2026/02/13	2026/02/20
TOTAL AMOUNT PAID					5 741 137.68			

PAYMENT MADE TO ERMELO ACCOUNT

ACCOUNT NAME	ACCOUNT NUMBER	AMOUNT PAID	PAYMENT DATE
ESKOM NEW	6486432681	9 000 000.00	2026/02/05
TOTAL AMOUNT PAID		9 000 000.00	

Month	Opening balance	Ermelo 648643281	Davel 9657898907	Breyten 9010981110	KwaZanele 8341001579	Silindile 7296044246	TOTAL
Jul-25	Opening balance	886 281 031.40	1 907 339.28	2 414 701.51	3 562 637.65	1 666 304.01	895 832 013.85
	Billing	58 775 637.94	1 936 192.33	2 719 399.08	3 580 576.55	1 821 559.88	68 833 365.78
	Vat	8 816 345.70	290 428.85	407 909.86	537 086.48	273 233.98	10 325 004.87
	Interest	6 309 512.41	-				6 309 512.41
	Payment	- 62 498 119.48	- 1 907 339.28	- 2 414 701.51	- 3 562 637.65	- 1 666 304.01	- 72 049 101.93
	Adjustment						-
Aug-25	Opening/Closing balance	897 684 407.97	2 226 621.18	3 127 308.94	4 117 663.03	2 094 793.88	909 250 794.98
	Billing	58 495 352.54	1 781 100.49	2 778 302.28	3 753 303.62	1 826 081.05	68 634 139.98
	Vat	8 410 499.13	267 165.07	416 745.34	562 995.54	273 912.16	9 931 317.24
	Interest	6 865 858.27					6 865 858.27
	Payment	- 5 773 327.46	- 2 226 620.88	- 3 127 308.16	- 4 117 663.03	- 2 094 793.86	- 17 339 713.39
	Adjustment	- 2 425 358.32					- 2 425 358.32
Sept-25	Opening/Closing balance	963 257 432.13	2 048 285.86	3 196 048.40	4 316 299.16	2 099 993.21	974 917 038.76
	Billing	41 257 502.72	1 206 291.08	1 991 311.10	2 654 932.50	1 302 937.16	48 412 974.56
	Vat	6 188 625.41	180 943.66	298 696.67	398 239.88	195 440.57	7 261 946.19
	Interest	5 940 009.50					5 940 009.50
	Payment		- 2 048 285.56	- 3 195 048.40	- 4 316 299.16	- 2 099 993.21	- 11 659 606.33
	Adjustment	-					-
Oct-25	Opening/Closing balance	1 016 643 569.76	1 387 235.04	2 290 007.77	3 053 172.38	1 498 377.73	1 024 872 382.68
	Billing	32 701 259.21	961 270.11	1 593 061.03	2 304 280.07	1 045 793.30	38 605 663.72
	Vat	4 912 861.38	144 190.52	238 959.15	345 642.01	156 869.00	5 798 522.06
	Interest	8 588 144.42					8 588 144.42
	Payment	- 10 056 245.56	- 1 387 235.04	- 2 290 007.77	- 3 053 172.38	- 1 498 377.13	- 18 285 037.88
	Adjustment	51 150.00					51 150.00
Nov-25	Opening/Closing balance	1 052 840 739.21	1 105 460.63	1 832 020.18	2 649 922.08	1 202 662.90	1 059 630 805.00
	Billing	31 416 563.62	902 236.42	1 620 015.71	2 372 260.52	1 016 685.41	37 327 761.68
	Vat	4 712 484.54	159 218.19	285 885.13	418 634.21	179 415.07	5 755 637.14
	Interest	6 715 444.73					6 715 444.73
	Payment	-	- 1 105 460.63	- 1 832 020.18	- 2 649 922.08	- 1 202 662.90	- 6 790 065.79
	Adjustment	-	-	-	-	-	-
Dec-25	Opening/Closing balance	1 095 685 232.10	1 061 454.61	1 905 900.84	2 790 894.73	1 196 100.48	1 102 639 582.76
	Billing	32 050 652.43	854 566.59	1 454 932.73	2 225 146.49	992 661.55	37 577 959.79
	Vat	4 807 597.87	128 184.99	218 239.91	333 771.97	148 899.23	5 636 693.97
	Interest	7 787 684.68	-	-	-	-	7 787 684.68
	Payment	- 41 027 246.47	- 1 061 454.61	- 1 905 900.84	- 2 790 894.73	- 1 196 100.48	- 47 981 597.13
	Adjustment	-	-	-	-	-	-
Jan-26	Opening/Closing balance	1 099 303 920.61	982 751.58	1 673 172.64	2 558 918.46	1 141 560.78	1 105 660 324.07
	Billing	28 457 013.74	744 661.43	1 331 723.71	1 968 281.30	947 627.19	33 449 307.37
	Vat	4 268 552.06	111 699.21	199 758.56	295 242.20	142 144.08	5 017 396.11
	Interest	9 394 998.43	-	-	-	-	9 394 998.43
	Payment	- 12 249 521.91	- 982 751.58	- 1 673 172.64	- 2 558 918.46	- 1 141 560.78	- 18 605 925.37
	Adjustment	-	-	-	-	-	-
Feb-26	Opening/Closing balance	1 129 174 962.93	856 360.64	1 531 482.27	2 263 523.50	1 089 771.27	1 134 916 100.61
	Billing	29 446 878.33	732 359.31	1 228 470.33	1 863 005.19	974 822.80	34 245 535.96
	Vat	4 417 031.75	109 853.90	496 783.85	580 901.28	146 223.42	5 750 794.20
	Interest	7 403 549.73	-	-	-	-	7 403 549.73
	Payment	- 9 000 000.00	- 856 360.64	- 1 531 482.27	- 2 263 523.50	- 1 089 771.27	- 14 741 137.68
	Adjustment	-	-	-	-	-	-
	Opening/Closing balance	1 161 442 422.74	842 213.21	1 725 254.18	2 443 906.47	1 121 048.22	1 167 574 842.82

The total amount woed to DWS as at 28 February 2026 is **R 1,288 billion.**

DWS ACCOUNTS MOVEMENTS FOR THE YEAR AS PER INVOICES								
ACCOUNTS	Opening Balance	Amount Excl	VAT Amount	Interest	Payments	Adjustment	Creditors	Statement Balance
20029265 NRWI	496 490 053.53	-	-	-	-	-	496 490 053.53	496 490 053.53
20029265 CMA	-	-	-	-	-	-	-	-
20028765 NRWI	198 876.96	-	-	-	-	-	198 876.96	198 876.96
20028765 CMA	100 885.98	38 875.00	-	8 020.75	-	-	147 781.73	147 781.73
20031984 NRWI	41 908 198.74	- 54 593 275.93	-	-	-	-	- 12 685 077.19	- 12 685 077.19
20031984 CMA	-	-	-	-	-	-	-	-
20033982 NRWI	336 243 385.67	-	-	-	-	-	336 243 385.67	336 243 385.67
20033982CMA	-	-	-	-	-	-	-	-
20037906 NWRI	111 607.71	5 162.40	-	8 010.85	-	-	124 780.96	124 780.96
20037906 CMA	-	-	-	-	-	-	-	-
21070010 NWRI	1 554 885.56	-	-	-	-	-	1 554 885.56	1 554 885.56
21070010 CMA	726.35	279.90	-	34.96	-	-	1 041.21	1 041.21
20014912 NRWI	139 334 230.26	-	-	-	-	-	139 334 230.26	136 334 230.26
20014912 CMA	24 356.99	- 3 343.25	-	1 536.55	-	-	22 550.29	22 550.29
20056412 NWRI	18 558 912.46	1 761 108.00	262 711.80	-	-	-	20 582 732.26	20 582 732.26
20056412 CMA	3 732.00	3 732.00	-	325.49	-	-	7 789.49	7 789.49
20059491 NRWI	104 074 973.83	15 986 124.00	2 362 882.10	12 225 190.47	-	- 4 768 367.65	129 880 802.75	129 880 802.75
20059491 CMA	233 313.02	89 903.88	-	29 755.64	-	- 11 206.74	341 765.80	341 765.80
20059482 NRWI	141 998 117.60	23 135 565.73	3 451 228.50	16 887 435.83	-	- 6 572 360.14	178 899 987.52	178 899 987.52
20059482 CMA	127 232.05	49 027.05	-	16 226.64	-	- 6 111.41	186 374.33	186 374.36
TOTAL DWS	1 280 963 488.71	- 13 526 841.22	6 076 822.40	29 176 537.18	-	- 11 358 045.94	1 291 331 961.13	1 288 331 961.16

The statement below reflect a balance of R 1 054 084.91 million in the Trading services account (Account opened for ring-fencing fund for the debt relief)

P O Box 1153
Johannesburg 2000
Street Address Commercial Account Services Customers
4 First Place, 6th Floor, Bankcity
Universal Branch Code 250655
fnb.co.za
Lost Cards 087-575-9406
Account Enquiries 087-736-2247
Fraud 087-575-9444
Relationship Manager Geoffrey Mavhivha
(087) 345-0990

BBBT10 612106
*MSUKALIGWA LOCAL MUNICIPALITY
90 KERK AND TAUTE ST
ERMELO
2351

Customer VAT Registration Number Not Provided
Bank VAT Registration Number 4210102051

Public Sector Cheque Account : 63143810413
Tax Invoice/Statement Number : 10
Statement Period : 31 January 2026 to 28 February 2026
Statement Date : 28 February 2026

Statement Balances	
Opening Balance	4,042,095.69 Cr
Closing Balance	1,054,084.91 Cr
# Inclusive of VAT @ 15.00%	15.00 Dr
Total VAT (ZAR)	15.00 Dr

Bank Charges	
Service Fees	115.00 Dr
Cash Deposit Fees	0.00
Cash Handling Fees	0.00
Other Fees	0.00

Interest Rate	
Credit Rate**	4.50%
Debit Rate (Non-NCA)	12.25%

Transactions in RAND (ZAR)

Date	Description	Amount	Balance	Accrued Bank Charges
24 Feb	FNB OB Trf FNB OB Trf 000000007 Trf To Primary Bc	3,000,000.00	1,042,095.69Cr	
28 Feb	Int On Credit Balance	12,104.22Cr	1,054,199.91Cr	
28 Feb	#Service Fees	115.00	1,054,084.91Cr	
	Closing Balance		**1,054,084.91 Cr**	

Turnover for Statement Period

No. Credit Transactions 1	12,104.22Cr
No. Debit Transactions 2	3,000,115.00Dr

Please contact us within 30 days from your statement date, should you wish to query an entry on this statement (incl. card transactions done during this statement period, but not yet reflecting). Should we not hear from you, we will assume that you have received the statement and that it is correct.

For more information on your Pricing Option, please contact us or visit our website.
**For the latest Credit Rates on product, please go to fnb.co.za

First National Bank - a division of FirstRand Bank Limited. Registration Number 1929/001225/06. An Authorised Financial Services and Credit Provider (NCRCP20).

On 21 November 2025, the Prime Lending Rate changed to 10.25%. This may impact the rate on any of your credit facilities.

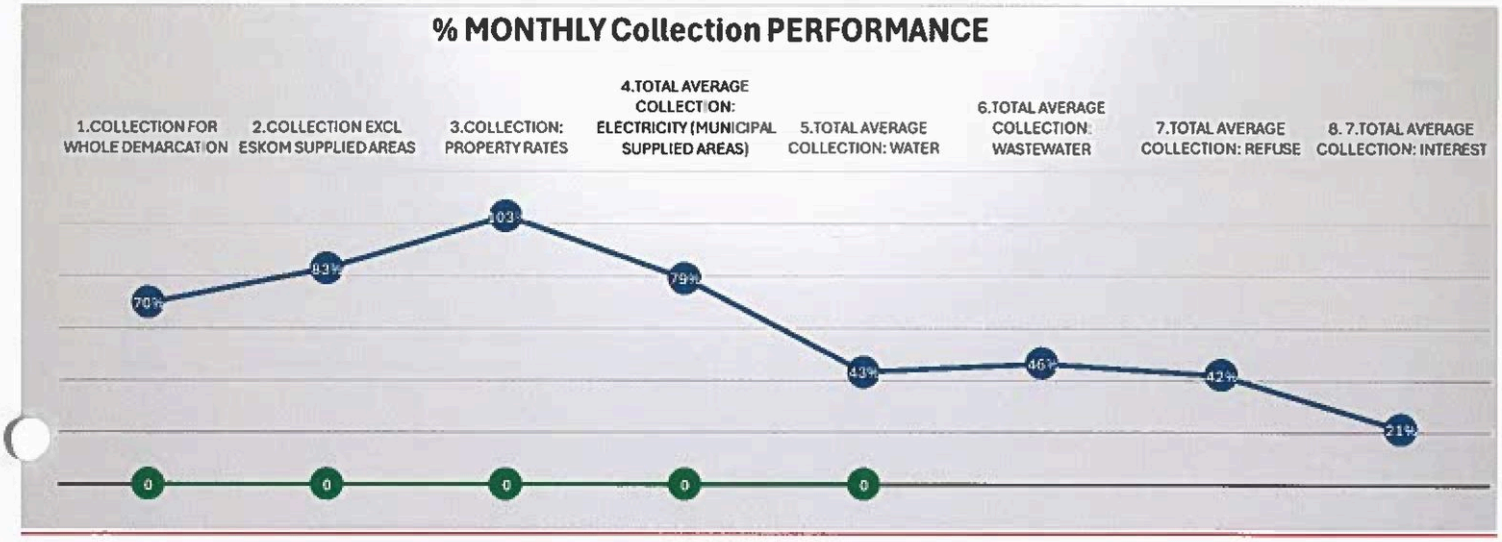
15.2 MFMA Circular 124 – Condition 6.4 Compliance with a unfunded MTREF Budget.

The municipality has approved an unfunded Budget of R 1,284 billion deficit for the 2025-26 Financial year.

15.3 MFMA Circula 124 – Condition 6.5 – Cost Reflective Tariffs

The municipality has submitted cost of supply to NERSA for approval, in order to implement the cost reflective tariffs.

15.4 MFMA Circular 124 – Condition 6.6 - Electricity and Water as collection tool



- Collection rate for Electricity for the month ending 28 February 2026 is 83%
- Colectrin rate for Water for the month ending 28 February 2026 is 43%

15.5 MFMA Circular 124 – Condition 6.7 Average Quarterly collection rate

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

Municipal Details

Province	District	Municipality	Audit Period	Audit Wards
Mpumalanga				
MP302	Gert Sibande	Msukaligwa	Feb-26	18

Collection Rate Assessment

Aggregate Collection	Summary - Quarter 1 Billing	Collection	R - Billing not collected	% Collection	Q1	Summary - Quarter 2 Billing	Collection	R - Billing not collected	% Collection	Q2	Summary - Quarter 3 Billing	Collection	R - Billing not collected	% Collection	Q1	Summary - Quarter 4 Billing	Collection	R - Billing not collected	% Collection	Q1
1.Collection for whole demarcation	208 726 723	150 152 790	58 573 933	72%		213 436 990	154 655 979	58 781 011	72%		137 403 763	92 914 373	44 489 389	68%		-	-	-	#DIV/0!	
2.Collection excl Eskom supplied areas	46 082 870	39 323 785	6 759 086	85%		42 645 668	39 312 453	3 333 215	92%		28 379 892	23 813 061	4 566 831	84%		-	-	-	#DIV/0!	
3.Collection: Property Rates	57 380 219	53 493 179	3 887 040	93%		60 681 183	56 961 770	3 719 413	94%		39 084 249	34 966 209	4 118 040	89%		-	-	-	#DIV/0!	
4.Total average collection: Electricity	68 999 075	57 825 361	11 164 714	84%		69 660 817	59 672 797	9 988 020	86%		42 724 417	34 961 216	7 763 201	82%		-	-	-	#DIV/0!	
5.Total average collection: Water	32 605 029	17 722 084	14 882 945	54%		35 696 588	17 913 299	17 783 289	50%		22 912 292	10 784 123	12 128 169	47%		-	-	-	#DIV/0!	
6.Total average collection: Wastewater	18 720 614	9 385 698	9 334 916	50%		18 476 677	9 888 287	8 588 390	54%		12 604 659	5 960 426	6 644 232	47%		-	-	-	#DIV/0!	
7.Total average collection: Refuse	16 071 844	7 199 732	8 872 112	45%		15 942 912	7 473 750	8 469 162	47%		10 868 579	4 392 836	6 475 742	40%		-	-	-	#DIV/0!	
8.Total average collection: Interest	14 958 941	4 526 735	10 432 206	30%		13 578 813	3 346 077	10 232 736	25%		9 209 567	1 849 562	7 360 005	20%		-	-	-	#DIV/0!	

1.Collection for whole demarcation	66%
2.Collection excl Eskom supplied areas	84%
3.Collection: Property Rates	89%
4.Total average collection: Electricity (Municipal supplied areas)	82%
5.Total average collection: Water	47%
6.Total average collection: Wastewater	47%
7.Total average collection: Refuse	40%
8.Total average collection: Interest	20%

15.6 MFMA Circular 124 - Condition 6.8 Completeness of the Revenue Base

- Property numbers and market values are completely reconciled between the Municipal Financial System (MFS) and the General Valuation Roll (GV).
- In all systems, 33,828 properties totaling R29.03 billion in market value are registered without any variation.
- There is a small difference of R7.61 between the monthly billing totals of R21,341,532.18 (GV) and R21,341,524.56 (MFS), primarily because of rounding.
- There is a little difference of R22.84 between the quarterly billing totals of R64,024,596.53 (GV) and R64,024,573.68 (MFS). The reconciliation verifies that the data from the valuation roll is consistent with the financial system, and the little deviations are due to rounding errors.

Property Rates Reconciliation

Province	MP
District	Gert Sibande District
Type	LM
Municipal Name	Msukaligwa
GV Period	01/02/2026-28/02/2026
Financial Year	2026-2026
Reconciliation Period	February

Reconciliation Overview

High Level Reconciliation

Propety Categories	# of Properties			Market Values		
Propety Categories	GV	MFS	Variance	GV Market Values	MFS Market Values	Variance
Residential	26 227	26 227	-	11 249 144 801.00	11 249 144 801.00	-
Industrial	106	106	-	335 790 300.00	335 790 300.00	-
Business and Comm	835	835	-	3 291 653 200.00	3 291 653 200.00	-
Agricultural	2 246	2 246	-	11 694 019 600.00	11 694 019 600.00	-
Mining	92	92	-	67 270 000.00	67 270 000.00	-
State Owned for Put	147	147	-	1 307 549 100.00	1 307 549 100.00	-
PSI	688	688	-	123 824 500.00	123 824 500.00	-
PBO	131	131	-	332 211 300.00	332 211 300.00	-
Multi Use	-	-	-	-	-	-
Vacant	3 354	3 354	-	534 126 020.00	534 126 020.00	-
POW	2	2	-	94 700 000.00	94 700 000.00	-
Municipal	-	-	-	-	-	-
Other	-	-	-	-	-	-
	33 828	33 828	-	29 030 288 821.00	29 030 288 821.00	-

Detailed Reconciliation

Propety Categories	Monthly Billing			Quarterly		
Propety Categories	GV	MFS	Variance	GV	MFS	Variance
Residential	7 111 519	7 111 511	7	21 334 555.62	21 334 534.01	21.61
Industrial	763 439	763 439	-	2 290 316.58	2 290 316.58	-
Business and Comm	7 513 280	7 513 280	-	22 539 840.51	22 539 840.51	-
Agricultural	2 404 381	2 404 380	0	7 213 141.52	7 213 140.28	1.24
Mining	153 725	153 725	-	461 175.51	461 175.51	-
State Owned for Put	2 664 205	2 664 205	-	7 992 614.39	7 992 614.39	-
PSI	14 940	14 940	-	44 821.23	44 821.23	-
PBO	4 171	4 171	0	12 513.96	12 513.96	0.00
Multi Use	-	-	-	-	-	-
Vacant	702 203	702 203	-	2 106 610.21	2 106 610.21	-
POW	9 669	9 669	- 0	29 006.99	29 007.00	- 0.01
Municipal	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	R21 341 532.18	R21 341 524.56	R7.61	64 024 596.53	64 024 573.68	22.84

Prepared By	Nomusa Zulu	Date	2026/02/26
Signature	Contatct Details		
Reviewed By	Ntombifuthi Mkhatjhi	Date	2026/02/27
Signature	Contatct Details		

15.7 MFMA Circular 124 – Condition 6.10 Provincial Treasury certification of Municipalities

- Municipality receives the Condition of Compliance certificate monthly, with the condition of non-compliance.
- The municipality has actioned and consider all non-compliance findings for the month of February 2025 with the intention to improve the compliance percentage.

15.8 MFMA Circular 124 – Condition 6.11 Limitation on Municipality borrowing

- The Municipality does not have any borrowings as at 28 February 2026

15.9 MFMA Circular 124 – Municipal Compliance Self-Assessment

- See the table below for self-assessment report

Annexure A2 - Monthly

tional Treasury

unicipal Debt Relief

FMA Circular No. 124

nicipal Finance Management Act No. 56 of 2003

Select Assessor

Certificate of Compliance: Municipal Debt Relief Conditions for Application

		Notes/Comments
Period	Feb'26	
National Financial Year	2025/26	
Demarcation Code of Municipality being assessed	MP302	
District	Gert Sibande	
Demarcation Description	Msukaligwa	

I, name and surname of HOD , 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	6.1 + 6.12	**Maintaining the Eskom and bulk water current accounts –** (select 'Yes' in the applicable drop down list if the municipality is compliant)		
2	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*	No	The municipality was unable to gain access to the DWS invoices portal to retrieve the invoice.
3	6.12.2	- Has the municipality submitted the supporting evidence of the bulk water current account payment to the National Treasury, the Water Board and/ or Water Trading Entity within 1 day of making any such payment (in PDF format) via the GoMuni Upload Portal https://guploadportal.treasury.gov.za?	No	The municipality was unable to gain access to the DWS invoices portal to retrieve the invoice.
4	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	The municipality was unable to gain access to the DWS invoices portal to retrieve the invoice.
5	6.3.1	- Has the municipality paid its *Eskom bulk current account* within 30 days of receiving the relevant invoice (this applies to all municipalities, including metros)? *Note - current account in terms of municipal debt relief approval means the total Eskom charges for the billing period plus VAT plus any component that may be due in terms of a payment arrangement of "New arrears" (March 2023 and / or subsequent current account(s) up to the date of NT approval of the application.*	No	The municipality managed to pay R9 million towards the Ermelo account in February 2026, however all resale accounts have been paid in full.
6	6.3.2 6.3.3	- Has the municipality submitted the supporting evidence of the bulk Eskom current account payment to the National Treasury and Eskom within 1 day of making any such payment (in PDF format) via the GoMuni Upload Portal https://guploadportal.treasury.gov.za?	Yes Yes	The municipality managed to pay R9 million towards the Ermelo account in February 2026, however all resale accounts have been paid in full. The proof of payment will be submitted before the end of the 10 Working days prescribed for reporting.
7	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?	2025/26 Main Adjustment MTREF Yes	
8	6.4	**Compliance with a funded MTREF –** (choose from drop down list the MTREF assessed)		
9	6.4.1	- Is the municipality's MTREF funded and aligning to the National Treasury's Budget Funding Guidelines - https://mfma.treasury.gov.za/Guidelines/Pages/Funding.aspx?	Yes	
10	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	
11	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 (at per cent) of its revenue (like property rates), the provision for debt impairment aligning with the historic collection trend should also be 12 per cent of the 2025/26 MTREF revenue projections (also property rates). If the municipality, however, used the debt impairment to balance the budget and there is no relationship between the provision for such with the actual collections of revenue, the Provincial Treasury must respond to this item as "No"	Yes	
12	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?		
		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"	Yes	
13	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)?		The byudget Funding plan is in place and is bein updated on a monthly basis
		Note - If the municipality has at least a reputable budget funding plan in the pipeline, however, the MTREF is not funded or further the municipality will have effect to a funded MTREF (then, the self-assessment is incomplete)	Yes	
14	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.*		The finacial recovery plan is in place and is being updated on a monthly basis
			Yes	
15	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	
16	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?		

	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	Yes	
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	Consumer accounts are sent via sms on a monthly basis
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	Blockage summary is included in the S 71 report
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.	No	The municipality does not have a license to restrict watter supply to defaulting customers
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.*		The municipality does not have a license to restrict watter supply to defaulting customers
	6.6	*Supporting evidence : The National Treasury and/ or provincial treasury's related budget assessment confirms the municipality's relevant MTREF's related budget policies and by-laws demonstrate compliance with paragraph 6.6.*	No	
	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?		The municipality recorded a 69% colletion rate for February 2025
		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 :**	Select	
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	the GVR vs MFS recons are done on a monthly basis and no differences have been detected so far which means that they are balancing. The recon is also included in the S71 report
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	the GVR vs MFS recons are done on a monthly basis and no differences have been detected so far which means that they are balancing. The recon is also included in the S71 report
	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?	Yes	
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?		The municpality updates the FRP on a monthly basis with progress thereof
		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		

	6.10	*Provincial Treasury Note - Provincial Treasury certification of municipal compliance - in terms of section 5 and 74 of the MFMA, with effect from 01 April 2023, a delegated municipality may not benefit from Municipal Debt Relief, unless:*	Yes	
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://guploadportal.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?	Yes	
		Note - if the PT fails to correctly rectify such non-compliance it will be considered as non-compliance by the municipality in terms of paragraph 6.11		
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?		The municipality does not have any borrowings
		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 the municipal debt support programme. 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 (as envisaged in MFMA section 46). Short-term borrowing, refinancing or overdrafts for emergency purposes are not considered to be in the ambit of the condition		
	6.12	For the duration of the Municipal Debt Relief (to ensure proper management of resources):	Yes	
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?	Yes	
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?		Yes
		Note: Only if relevant in the case of circumstances where a request is made to the Minister of Finance upon the municipality's request to exempt the municipality from MFMA s.71(1).	Yes	
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?		
		Note: By applying for Municipal Debt Relief as set out in paragraph 3 of MFMA Circular no. 124 the council of a municipality must during the duration of the Municipal Debt Relief programme (a) take steps to comply with any condition of the Relief; agrees to apply to NERSA to renew the municipality's licence 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 approving an extension as envisaged in Chapter 8 of the Municipal Systems Act, 2000, including the relevant service delivery agreement aligning with the Municipal Systems Act, 2000 and Electricity Regulation Act, 2006. In terms of the conditions of government's grant support to Eskom, Eskom will once again have to enforce its credit control and debt collection policies and procedures to the municipality's bulk account in the event of non-payment.		

PT: HOD/ NT / MM Name: Mr. M KUNENE

Signature of HOD/ NT/ MM:

Date: 12-Mar-26

***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.*

***Note – The Signed Certificate to be uploaded on Gomuni must not include comments column - comments need to be incoporated into the related PT report*

National Treasury

Municipal Debt Relief

MFMA Circular No. 124

Municipal Finance Management Act No. 56 of 2003

Province				
MP				
Code		District		Code Description
MP302		Gert Sibande		Msukaligwa

Monthly Performance Report

Municipal Details			Part A						Part B					Part C			Part D		Part C									Part E												Part F	
			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									Oversight												Compliance Status	Month applicable
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	
1.July	Msukaligwa	MP302											N/A																													93%	Yes
2.August	Msukaligwa	MP302																																								93%	Yes
3.September	Msukaligwa	MP302																																								85%	Yes
4.October	Msukaligwa	MP302																																								90%	Yes
5.November	Msukaligwa	MP302																																								90%	Yes
6.December	Msukaligwa	MP302																																								90%	Yes
7.January	Msukaligwa	MP302																																								90%	Yes
8.February	Msukaligwa	MP302																												N/A												71%	Yes
9.March	Msukaligwa	MP302																																								0%	Yes
10.April	Msukaligwa	MP302																																								0%	Yes
11.May	Msukaligwa	MP302																																								0%	Yes
12.June	Msukaligwa	MP302																																								0%	Yes

	Comments/Motivation
HOD Name:	MR. M. KUNENE
Signature of HOD:	
Date:	12-Mar-26

** 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

15.10 Municipal Debt Relief Performance across the period of debt relief participation

National Treasury

Municipal Debt Relief

MFMA Circular No. 124

Municipal Finance Management Act No. 56 of 2003

Province				
MP				
Code		District		Code Description
MP302		Gert Sibande		Msukaligwa

Monthly Performance Report

Municipal Details			Part A						Part B					Part C			Part D		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									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	Msukaligwa	MP302																																								88%	Moderate compliance
26.August25	Msukaligwa	MP302																																								88%	Moderate compliance
27.September25	Msukaligwa	MP302																																								86%	Moderate compliance
28.October25	Msukaligwa	MP302																																								83%	Moderate compliance
29.November25	Msukaligwa	MP302																																								83%	Moderate compliance
30.December25	Msukaligwa	MP302																																								83%	Moderate compliance
31.January26	Msukaligwa	MP302																																								90%	Moderate compliance
32.February26	Msukaligwa	MP302																																								0%	Non compliance
33.March26	Msukaligwa	MP302																																								0%	Non compliance
34.April26	Msukaligwa	MP302																																								0%	Non compliance
35.May26	Msukaligwa	MP302																																								0%	Non compliance
36.June26	Msukaligwa	MP302																																								0%	Non compliance
37.July26	Msukaligwa	MP302																																								0%	Non compliance
38.August26	Msukaligwa	MP302																																								0%	Non compliance
39.September26	Msukaligwa	MP302																																								0%	Non compliance
40.October26	Msukaligwa	MP302																																								0%	Non compliance
41.November26	Msukaligwa	MP302																																								0%	Non compliance

	Comments/Motivation
HOD Name:	Ms Gugu Mashilane
Signature of HOD:	
Date:	26/02/2026

National Treasury

Water Debt Relief

Water Debt Relief Guideline

Municipal Finance Management Act No. 56 of 2003

Legend	
	Complied
60-99%	Moderate Compliance
	Not Compliant

Monthly Performance Report

Municipal Details			Part A: Bulk water current account				Part B: Accounting Treatment and mSCOA Reporting				Part C: Monitor and report on implementation							Part D: FRPs & Implementation progress			Scoring and Rating	
Month	Code Description	Code	C1	C2	C3	C4	C5	C6	C7	C8	C9	C10	C11	C12	C13	C14	C15	C16	C17	C18	Score	Rating
1.July 2025	Maukaligwa	MP302	No	No	No	No	N/A	N/A	No	No	No	Yes	No	No	No	No	No	No	Yes	Yes	28%	Not Compliant
2.August 2025	Maukaligwa	MP302	No	No	No	No	N/A	N/A	No	No	No	Yes	No	No	No	No	No	No	Yes	Yes	28%	Not Compliant
3.September 2025	Maukaligwa	MP302	No	No	No	No	N/A	N/A	Yes	Yes	No	Yes	No	No	No	No	No	No	Yes	Yes	39%	Not Compliant
4.October 2025	Maukaligwa	MP302	No	No	No	No	N/A	N/A	Yes	Yes	No	Yes	No	No	No	No	No	No	Yes	Yes	39%	Not Compliant
5.November 2025	Maukaligwa	MP302	No	No	No	No	N/A	N/A	Yes	Yes	Yes	Yes	No	No	No	No	No	Yes	Yes	Yes	50%	Not Compliant
6.December 2025	Maukaligwa	MP302	No	No	No	No	N/A	N/A	Yes	Yes	Yes	Yes	No	No	No	No	No	Yes	Yes	Yes	50%	Not Compliant
7.January 2026	Maukaligwa	MP302	No	No	No	No	N/A	N/A	Yes	Yes	No	No	No	No	No	No	No	No	No	Yes	28%	Not Compliant
8.February 2026	Complete demarcation Code ab	Search																			0%	Not Compliant
9.March 2026	Complete demarcation Code ab	Search																			0%	Not Compliant
10.April 2026	Complete demarcation Code ab	Search																			0%	Not Compliant
11. May 2026	Complete demarcation Code ab	Search																			0%	Not Compliant
12. June 2026	Complete demarcation Code ab	Search																			0%	Not Compliant
PT: HOD/ NT / MM Name:			Ms Gugu Mashiteng																			
Signature of PT: HOD/ NT/ MM:																						
Date:			24/02/2026																			

16. WATER DEBT RELIEF CONDITIONS

16.1 Condition 7.1 - "Maintaining the bulk water current account – (current account for the purpose of this exercise means the account for a single month's consumption that was due and payable during the month being assessed):"

The Municipality did not comply with this condition for the month ending 28 February 2026, however funds have been ring-fenced to assist in complying with the condition.

16.2 Condition 7.2 - Accounting Treatment and mSCOA Reporting

Due to advice from National Treasury, the Municipality has revised its budget funding plan and is in the process of updating the template recently provided by NT on a monthly basis.

16.3 Condition 7.3 - Monitor and report on implementation – Section 71 monthly Reporting and FRP

The municipality assessed the Financial Recovery Plan as at 28 February 2026 and updated progress for each pillar.

The municipality is still on the RESCUE Phase with a total of 178 key intervention activities planned across four strategic pillars. As of the latest progress update, 87 activities have been completed, representing 49% of the overall targets, while 91 activities (51%) remain in progress.

Pillar 1: Governance shows steady advancement, with 5 of 23 activities completed and 18 underway, indicating significant ongoing work to strengthen oversight, leadership, and accountability mechanisms.

Pillar 2: Institutional Development has achieved 14 of 32 planned activities, with an equal number (18) still in progress. This demonstrates balanced effort toward capacity building and structural reforms within institutions.

Pillar 3: Financial Management reflects notable progress, having completed 29 of 53 activities, while 24 activities are still being implemented. This suggests active work toward improving financial systems, transparency, and resource management.

Pillar 4: Service Delivery, the largest component, leads in total outputs, with 39 of 70 activities completed and 27 in progress. This highlights significant improvement efforts in frontline services, though substantial work remains to reach full implementation.

Overall, the data indicates that the RESCUE Phase is progressing steadily, with nearly half of the planned interventions already achieved and the remainder at various stages of implementation. Continued focus across all pillars will be essential to sustain momentum and ensure full delivery of the program's objectives.

16.4 Water Debt Relief Self-Assessment Checklist

Annexure 02 - Monthly

Department of Water and Sanition and National Treasury
Water Debt Relief
Water Debt Relief Guideline
Municipal Finance Management Act No. 56 of 2003

National Treasury

Certificate of Compliance: Water Debt Relief Conditions

Period	**Feb-26**
National Financial Year	**2025/26**
Demarcation Code of Municipality being assessed	**MP302**
District	**Gert Sibande**
Demarcation Description	**Msukaligwa**

I, name and surname of HOD , hereby certify that the provincial treasury monitored the municipality's compliance against the conditions of Municipal Debt Relief as set-out in the **Water Debt Relief Guideline** 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:

Water Debt Relief Conditions (Monthly reporting)

Choose from drop down list

	Condition			Notes/Comments
1	7.1	**Maintaining the bulk water current account –** *(Current account means the account of the municipality that is used for a single month's consumption that is due and payable during the month being assessed)*		
1	7.1.	- 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 7.1.*	No or only partial payment	No payment was made in the month edned 28 February 2026
2	7.1.1	- Has the municipality submitted the supporting evidence of the bulk water current account payment(s) to the relevant Water Board (WB) and/ or Water Trading Entity (WTE) and / or Water User Association (WUA)within 1 day of making any such payment (in PDF format)?	No	No payment was made in the month edned 28 February 2026
3	7.1.2	- Has the municipality submitted the consolidated proof of payments to the respective bulk suppliers to the National Treasury GoMuni Upload portal https://guploadportal.treasury.gov.za by the 10th working day of the month following the invoice date (in PDF format)?	Yes	
4	7.1.2	- 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 (WB) and/ or Water Trading Entity (WTE) and / or Water User Association (WUA)?	No	No payment was made in the month edned 28 February 2026
	7.2	**Accounting Treatment and mSCOA Reporting**		
5	7.2.1	**Accounting Treatment** - has the municipality fully accounted for and correctly reported on the write-off of its Water arrear debt (debt existing as on 30 September 2024) as per any written instruction of the National Treasury: Office of the Accountant General and NT: CD: Local Government Budget Analysis issued for Water Debt Relief to date?	Yes	
6	7.2.1	Did the municipality account for any related benefit (e.g. interest suppression, etc.) and does such align with mSCOA?	Yes	
	7.3	**Monitor and report on implementation –**		
7	7.3.1	**MFMA section 71 reporting – has the municipal council and senior management team instituted processes to monitor and enforce accountability for the implementation of the Water Debt Relief Conditions as part of the implementation of the municipality's funded budget (and Budget Funding Plan where relevant)?**	Yes	
8	7.3.1.1	Does the municipality's MFMA section 71 statement for the month being assessed include the municipality's water debt relief compliance self-assessment (signed by the Municipal Manager) - in the format of the Water Debt Relief compliance certificate (Annexure 02 of the Water Debt Relief Guideline)?	Yes	
	7.3.1	**Does the municipality's MFMA section 71 statement for the month being assessed -**		
9	7.3.1.2	Part A: include the municipality's progress against its approved funded budget?	Yes	
10	7.3.1.2	Part B: if the municipality's budget was assessed as unfunded by any of the Treasuries, the municipality include the progress against approved Budget Funding Plan?	Yes	
11	7.3.1.2	- Does the municipality's progress report envisaged in Part A and B above clearly demonstrate that the municipality is achieving the required Water Debt Relief compliance?	Yes	
12	7.3.1.3	- Include the municipality's water losses (both in Rand value and kilolitres) for the month being assessed? (MFMA Circular 71)	Yes	
13	7.3.1.3	- Include the municipality's energy losses (both in Rand value and kilowatt hours) for the month being assessed? (MFMA Circular 71)	Yes	
14	7.3.1.3	- If the municipality is unable to calculate and report on its water and/or energy losses, did the municipality make any progress in terms of its loss calculation/ reporting strategy towards *calculating and reporting on such losses?*	Yes	
15	7.3.1.3	- Include the *progress made to reduce* the municipality's reported water and/ or energy losses against its water-and energy losses reduction strategy?	Yes	
		Municipalities with financial recovery plans (FRP)		
16	7.3.1.2	- **Municipalities with financial recovery plans (FRP)** – If the municipality has a FRP as envisaged in the prevailing local government legislative framework: Did the municipality's FRP progress report during the month being assessed, explicitly include the municipality's progress against those components of the FRP aimed to achieve water debt relief compliance as part of achieving a funded budget?	Yes	
17	7.3.1.2	- **Municipalities with financial recovery plans (FRP)** – Was the municipality's FRP progress report during the month being assessed, submitted to the relevant Provincial Executive?	Yes	
18	7.3.2	- If progress is slow in terms of paragraph 7.3.1, is the municipal council and senior management team's 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?	Yes	

PT: HOD/ NT / MM Name: PIETIE KUHNE

Signature of PT: HOD/ NT/ MM:

Date: 12-Mar-26

*** 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 the Certificate of Compliance*

***Note – The Signed Certificate to be uploaded on Gomuni must not include comments column - comments need to be incoporated into the related PT report*

15. Municipal Managers Quality Certification

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 **M07 Section 71 Monthly Report** ending **28 February 2026,** 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: **12 March 2025**