Msukaligwa Local Municipality

SECTION 71 MONTHLY REPORT

31 July 2026

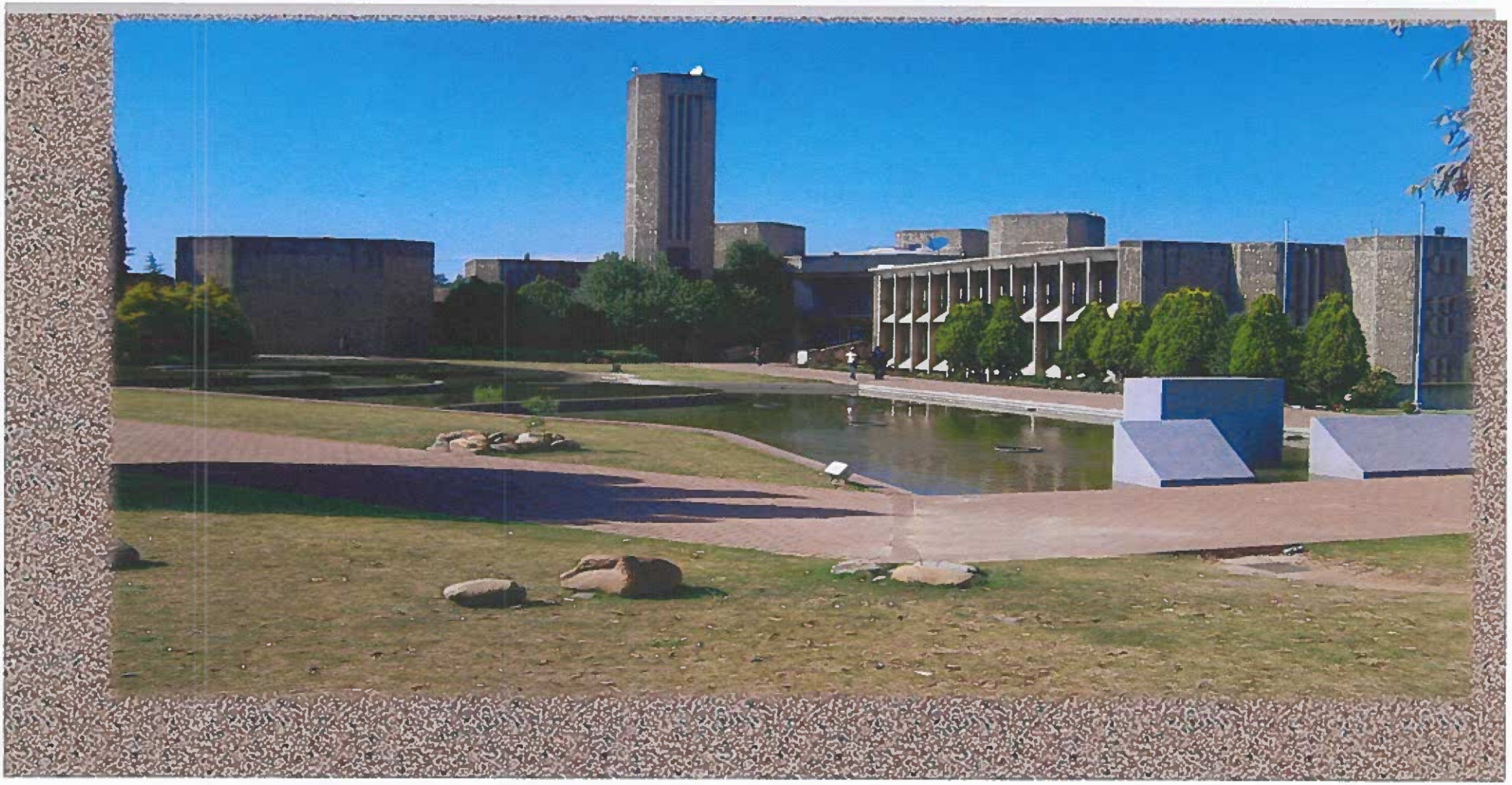


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List of Abbreviations and Acronyms used in the Monthly Budget Statement

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 31 JULY 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 30 July 2026.

1. PURPOSE

The purpose of this report is to present a Section 71 M01- July 2026 Monthly 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 **31 July 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/quarterly 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 remains in the **RESCUE Phase**, with **87 of 178 activities (49%) completed** and **91 (51%) still in progress**. Progress is evident across all four pillars, with **Financial Management (55%)** and **Service Delivery (56%)** showing the strongest completion rates. **Institutional Development** has achieved **44%**, while **Governance** stands at **22%**, indicating that it requires greater attention. Overall, implementation is progressing steadily, but continued focus is needed to complete the outstanding interventions and achieve the programme's objectives.

Description	2026/27	2026/27	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	1 358 711	1 358 711	113 226	211 520	(98 294)	-87%
Expenditure	(1 910 634)	(1 910 634)	(159 220)	(240 603)	81 383	51%
Total (Surplus/Deficit)	**3 269 346**	**3 269 346**	**(45 994)**	**(29 083)**	**(16 910)**	**-36%**

The 2026/27 year-to-date performance indicates that revenue is in excess of the budget whereas expenditure is also considerably above budget, leading to an overall deficit.

Revenue Performance

The revenue was R211,520 million as compared with a yearly-to-date budget of R113,226 million, which represents a favorable variance of R98,294 million; the amount of revenue achieved was 87% more than the projected budget.

Expenditure Performance

The amount spent was R240,603 million as against a budget of R159,220 million, which gives an adverse variance of R81,383 million; spending amounts to 51% more than the projected budget. The total deficit for the year to date is R29,083 million, as opposed to a budgeted deficit of R45,994 million; this shows an improvement of about R16,910 million on the budget.

General assessment:

Even though spending had been much higher than the budget, the excellent performance in terms of revenue had in part counteracted the over-spending and so the municipality ended up in a stronger position than the annual budget figure had expected. The main positive factor is revenue performance, but since there has been an overspend of 51% on expenditure, steps must be taken to make sure that the advantageous position regarding revenue is not undermined.

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:

Choose name from list - Table C1 Monthly Budget Statement Summary - M01 July									
Description	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								%	
Financial Performance									
Property rates	285 025	264 325	264 325	22 071	22 071	22 027	43	0%	264 325
Service charges	599 192	670 777	670 777	54 663	54 663	55 898	(1 236)	-2%	670 777
Investment revenue	6 167	6 681	6 681	346	346	557	(211)	-38%	6 681
Transfers and subsidies - Operational	296 609	309 427	309 427	124 669	124 669	25 786	98 883	383%	309 427
Other own revenue	83 904	107 501	107 501	9 772	9 772	8 958	813	9%	107 501
Total Revenue (excluding capital transfers and contributions)	**1 270 896**	**1 358 711**	**1 358 711**	**211 520**	**211 520**	**113 226**	**98 294**	**87%**	**1 358 711**
Employee costs	355 497	365 241	365 241	30 567	30 567	30 437	130	0%	365 241
Remuneration of Councillors	19 298	20 314	20 314	1 619	1 619	1 693	(74)	-4%	20 314
Depreciation and amortisation	13	132 744	132 744	–	–	11 062	(11 062)	-100%	132 744
Interest	97 032	173 201	173 201	50 836	50 836	14 433	36 402	252%	173 201
Inventory consumed and bulk purchases	603 208	818 885	818 885	145 976	145 976	68 240	77 735	114%	818 885
Transfers and subsidies	–	–	–	–	–	–	–		–
Other expenditure	201 277	400 250	400 250	11 605	11 605	33 354	(21 749)	-65%	400 250
Total Expenditure	**1 276 325**	**1 910 634**	**1 910 634**	**240 603**	**240 603**	**159 220**	**81 383**	**51%**	**1 910 634**
Surplus/(Deficit)	**(5 428)**	**(551 923)**	**(551 923)**	**(29 083)**	**(29 083)**	**(45 994)**	**16 911**	**-37%**	**(551 923)**
Transfers and subsidies - capital (monetary allocations)	223 173	427 952	–	–	–	35 663	(35 663)	-100%	427 952
Transfers and subsidies - capital (in-kind)	–	–	–	–	–	–	–		–
Surplus/(Deficit) after capital transfers & contributions	**217 745**	**(123 972)**	**(551 923)**	**(29 083)**	**(29 083)**	**(10 331)**	**(18 752)**	**182%**	**(123 972)**
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–		–
Surplus/ (Deficit) for the year	**217 745**	**(123 972)**	**(551 923)**	**(29 083)**	**(29 083)**	**(10 331)**	**(18 752)**	**182%**	**(123 972)**
Capital expenditure & funds sources									
Capital expenditure	**212 427**	**424 109**	**424 109**	**18 436**	**18 436**	**35 342**	**(16 907)**	**-48%**	**424 109**
Capital transfers recognised	196 938	427 952	427 952	18 840	18 840	35 663	(16 823)	-47%	427 952
Borrowing	–	–	–	–	–	–	–		–
Internally generated funds	**15 680**	**9 878**	**9 878**	**164**	**164**	**823**	**(660)**	**-80%**	**9 878**
Total sources of capital funds	**212 618**	**437 829**	**437 829**	**19 004**	**19 004**	**36 486**	**(17 482)**	**-48%**	**437 829**
Financial position									
Total current assets	3 710 376	1 359 001	1 359 001		3 817 986				1 359 001
Total non current assets	3 229 954	3 224 679	3 224 679		3 248 957				3 224 679
Total current liabilities	2 932 656	2 433 569	2 433 569		3 135 049				2 433 569
Total non current liabilities	133 586	1 432 727	1 432 727		133 586				1 432 727
Community wealth/Equity	**1 544 202**	**717 384**	**717 384**		**1 515 111**				**717 384**
Cash flows									
Net cash from (used) operating	560 896	449 514	449 514	136 314	136 314	227 520	91 207	40%	477 799
Net cash from (used) investing	(291 084)	(437 829)	(437 829)	(19 051)	(19 051)	36 486	55 537	152%	(437 829)
Net cash from (used) financing	–	–	–	–	–	–	–		–
Cash/cash equivalents at the month/year end	**(1 175 334)**	**54 775**	**54 775**	**121 836**	**23 598**	**307 096**	**283 498**	**92%**	**–**
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	86 010	57 233	57 418	45 626	32 624	32 283	208 427	1 321 515	1 841 134
Creditors Age Analysis									
Total Creditors	209 616	76 237	93 979	2 722	(32)	(10 170)	245 932	2 124 039	2 742 324

4. FINANCIAL PERFORMANCE OVERVIEW

4.1 The adjusted and YTD revenue budget amounted to **R 113 million**, while actual revenue collected was **R 211 million**. This represents a favourable variance of **R 98 million**, indicating that revenue collection exceeded the budget by approximately **87%**.

Operating Revenue by Source

MP302 Msukaligwa LM - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M01 July										
Description	Ref	2025/26	Budget Year 2026/27							
R thousands		Audited	Original	Adjusted	Monthly	YearTD	YearTD	YTD	YTD %	Full Year
Revenue										
Exchange Revenue										
Service charges - Electricity		325 975	378 955	378 955	30 102	30 102	31 580	(1 477)	-5%	378 955
Service charges - Water		143 172	152 133	152 133	13 684	13 684	12 678	1 006	8%	152 133
Service charges - Waste Water Management		71 480	67 493	67 493	5 785	5 785	5 624	161	3%	67 493
Service charges - Waste management		58 565	72 197	72 197	5 091	5 091	6 016	(925)	-15%	72 197
Sale of Goods and Rendering of Services		1 386	4 589	4 589	854	854	382	471	123%	4 589
Agency services		–	–	–	–	–	–	–		–
Interest		–	–	–	–	–	–	–		–
Interest earned from Receivables		57 821	22 337	22 337	4 542	4 542	1 861	2 681	144%	22 337
Interest from Current and Non Current Assets		6 167	6 681	6 681	346	346	557			6 681
Dividends		–	–	–	–	–	–	–		–
Rent on Land		0	–	–	–	–	–	–		–
Rental from Fixed Assets		4 035	9 425	9 425	403	403	785	(382)	-49%	9 425
Licence and permits		25	97	97	4	4	8	(4)	-46%	97
Special rating levies		–	–	–	–	–	–	–		–
Operational Revenue		363	3 415	3 415	125	125	285	(160)	-56%	3 415
Non-Exchange Revenue		–	–	–	–	–	–	–		–
Property rates		285 025	264 325	264 325	22 071	22 071	22 027	43	0%	264 325
Surcharges and Taxes		–	–	–	–	–	–	–		–
Fines, penalties and forfeits		4 079	67 237	67 237	401	401	5 603	(5 202)	-93%	67 237
Licence and permits		8	68	68	4	4	6	(2)	-36%	68
Transfers and subsidies - Operational		296 609	309 427	309 427	124 669	124 669	25 786	98 883	79%	309 427
Interest		16 187	333	333	3 439	3 439	28	3 411	99%	333
Fuel Levy		–	–	–	–	–	–	–	0%	–
Operational Revenue		–	–	–	–	–	–	–	0%	–
Gains on disposal of Assets		–	–	–	–	–	–	–	0%	–
Other Gains		–	–	–	–	–	–	–	0%	–
Discontinued Operations		–	–	–	–	–	–	–	0%	–
Total Revenue (excluding capital transfers and		**1 270 896**	**1 358 711**	**1 358 711**	**211 520**	**211 520**	**113 226**	**98 294**	**87%**	**1 358 711**

Property Rates

- The Property Rates Reconciliation for the quarter ending 31 July 2026 indicates that the General Valuation Roll and the Municipal Financial System are fully aligned in terms of property numbers and market values, with no variances recorded.

Property Rates Reconciliation

Province	MP
District	Gert Sibande District
Type	LM
Municipal Name	Msukaligwa
GV Period	01/07/2026-31/07/2026
Financial Year	2026/2027
Reconciliation Period	Jul-26

Reconciliation Overview

High Level Reconciliation

Propety Categories	# of Properties			Market Values		
Propety Categories	GV	MFS	Variance	GV Market Values	MFS Market Values	Variance
Residential	26 255	26 255	-	11 275 384 801.00	11 275 384 801.00	-
Industrial	106	106	-	335 790 300.00	335 790 300.00	-
Business and Comm	840	840	-	3 291 813 200.00	3 291 813 200.00	-
Agricultural	2 246	2 246	-	11 693 259 600.00	11 693 259 600.00	-
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	128	128	-	328 921 300.00	328 921 300.00	-
Multi Use	-	-	-	-	-	-
Vacant	3 327	3 327	-	524 591 020.00	524 591 020.00	-
POW	2	2	-	94 700 000.00	94 700 000.00	-
Municipal	-	-	-	-	-	-
Other	-	-	-	-	-	-
	33 831	33 831	-	29 043 103 821.00	29 043 103 821.00	-

Detailed Reconciliation

Propety Categories	Monthly Billing			Quarterly		
Propety Categories	GV	MFS	Variance	GV	MFS	Variance
Residential	7 070 968	7 070 972	- 4	21 212 904.29	21 212 915.42	- 11.13
Industrial	763 439	763 439	-	2 290 316.58	2 290 316.58	-
Business and Comm	7 513 635	7 513 647	- 13	22 540 903.88	22 540 942.32	- 38.44
Agricultural	2 404 206	2 404 223	- 17	7 212 617.34	7 212 669.38	- 52.05
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	3 945	3 945	-	11 834.46	11 834.46	-
Multi Use	-	-	-	-	-	-
Vacant	701 416	701 416	-	2 104 247.52	2 104 247.52	-
POW	9 669	9 669	0	29 006.99	29 006.99	0.00
Municipal	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	R21 300 147.40	R21 300 181.27	-R33.87	63 900 442.19	63 900 543.80	- 101.61

Prepared By	Nomusa Zulu	Date	2026/08/03
	Contatct Details		
Signature			
Reviewed By	GT MAHLANGU	Date	2026/08/03
	Contatct Details		
Signature			

- **Electricity**

Description	Original Budget 2026/27	Monthly Budget	Actual billed or received M01 (JULY)	Difference (Budget vs Actual)	Variance based on pro rata budget
	R	R	R	R	%
Conventional	265 268 547.60	22 105 712.30	21 071 553.30	1 034 159.00	5%
Prepaid sales	113 686 520.40	9 473 876.70	9 030 665.70	443 211.00	5%
Total	**378 955 068.00**	**31 579 589.00**	**30 102 219.00**	**1 477 370.00**	**5%**

- **Total revenue** for July 2026 amounted to **R 30 million**, compared to a pro-rata budget of **R 31 million**, resulting in an **underperformance of R 1.4 million (5%)**.
- **Conventional electricity sales** are the primary contributor to the shortfall, generating **R 21 million** against a budget of **R 22 million**, a negative variance of **R 1,034 million (5%)**.
- **Prepaid electricity sales** performed close to budget, with revenue of **R 9 million** against a budget of **R 9,4 million**, reflecting a marginal shortfall of **R 443 thousand (5%)**.
- **Water revenue** performed positively, exceeding budget by R1.006 million (8%).
- **Wastewater Management** also exceeded budget by R161,000 (3%), indicating broadly satisfactory collection/billing performance for the month.
- **Waste Management** recorded the largest percentage shortfall, at R925,000 (15%) below budget. This warrants investigation into billing, collection rates, or the timing of revenue recognition.
- Across these four revenue streams combined, actual revenue was approximately **R54,662 million**, against a combined budget of **R55,898 million**, resulting in an overall shortfall of approximately **R1,236 million (2.2%).**
- Overall, three of the four revenue categories are within or above budget, but the electricity and waste-management shortfalls result in aggregate revenue underperformance of about **2.2%** for July.
- **Transfers and subsidies -** The municipality received **R124,669 million** against a budget of **R25,786 million**, resulting in a favourable variance of **R98,883 million**. This is the main reason for the strong revenue performance.
- **Interest revenue -** Interest earned from receivables was **R4,542 million**, which was **R2,681 million above the budget**. Other interest income was also higher than expected by **R3,411 million**. These amounts should be checked to confirm whether they are due to timing or once-off transactions.
- **Fines and penalties were significantly below budget -** Only **R401,000** was collected against a budget of **R5,603 million**, resulting in a shortfall of **R5,202 million**. This requires management attention.
- **Overall performance should be monitored -** Although revenue was well above the July budget, the favourable result was mainly due to **transfers and subsidies and higher interest income**. The municipality should therefore continue monitoring revenue performance to ensure that the favourable position is sustainable.

4.2 Operating Expenditure by Source

The year-to-date Total expenditure amounts to **R240 million** which is **51%** more than the projected budget.

MP302 Msukaligwa LM - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M01 July										
Description	Ref	2025/26	Budget Year 2026/27							
R thousands		Audited	Original	Adjusted	Monthly	YearTD	YearTD	YTD	YTD %	Full Year
Expenditure By Type										
Employee related costs		355 497	365 241	365 241	30 567	30 567	30 437	130	0%	365 241
Remuneration of councillors		19 298	20 314	20 314	1 619	1 619	1 693	(74)	-4%	20 314
Bulk purchases - electricity		548 029	635 254	635 254	72 826	72 826	52 938	19 888	38%	635 254
Inventory consumed		55 179	183 631	183 631	73 150	73 150	15 303	57 847	378%	183 631
Debt impairment		–	167 177	167 177	–	–	13 931	(13 931)	-100%	167 177
Depreciation and amortisation		13	132 744	132 744	–	–	11 062	(11 062)	-100%	132 744
Interest		97 032	173 201	173 201	50 836	50 836	14 433	36 402	252%	173 201
Contracted services		105 749	137 212	137 212	4 858	4 858	11 434	(6 577)	-58%	137 212
Transfers and subsidies		–	–	–	–	–	–	–	0%	–
Irrecoverable debts written off		870	–	–	–	–	–	–	0%	–
Operational costs		94 657	95 860	95 860	6 747	6 747	7 988	(1 241)	-16%	95 860
Losses on Disposal of Assets		–	–	–	–	–	–	–	0%	–
Other Losses		–	–	–	–	–	–	–	0%	–
Total Expenditure		**1 276 325**	**1 910 634**	**1 910 634**	**240 603**	**240 603**	**159 220**	**81 383**	**51%**	**1 910 634**

- **Bulk electricity purchases were above budget** - Expenditure was **R72,826 million** compared with a budget of **R52,938 million**, resulting in an overspending of **R19,888 million**.
- **Inventory costs were above budget** - Inventory consumed amounted to **R73,150 million** against a budget of **R15,303 million**, resulting in an unfavourable variance of **R57,847 million**.
- **Interest expenditure was significantly above budget** - Interest costs amounted to **R50,836 million**, compared with a budget of **R14,433 million**, resulting in an overspending of **R36,402 million (252%)**. This requires management attention.
- **Employee costs were largely in line with budget** - Employee-related costs were **R30,567 million** against a budget of **R30,437 million**, showing only a small overspending of **R130,000**.
- **Some expenditure items were below budget** - Contracted services were **R6,577 million below budget**, while operational costs were **R1,241 million below budget**. Debt impairment and depreciation had no expenditure recorded in July, resulting in variances of **R13,931 million and R11.062 million**, respectively.

Bulk purchases – electricity Payments

Below is the summary of the Eskom accounts that were paid in July 2026. Amount paid for the Ermelo account amounted to R 40 million, and for the Resale accounts amounted to R 10 million and were paid in July 2026.

ESKOM ACCOUNT FOR JUNE 2026 PAID IN JULY 2026

ACCOUNT NAME	ACCOUNT NUMBER	TOTAL BILLING	VAT AMOUNT	INTEREST	TOTAL DUE	TOTAL AMOUNT	PAYMENT DATE	DUE DATE
BREYTEN KWAZANELE	8341001579	3 550 970.35	532 645.55		4 083 615.90	4 083 615.90	2026/07/08	2026/07/22
DAVEL KWADELA	9657898907	1 565 886.57	234 882.99		1 800 769.56	1 800 769.56	2026/07/08	2026/07/22
LOTHAIR	7296044246	1 652 250.07	247 837.51		1 900 087.58	1 900 087.58	2026/07/08	2026/07/22
BREYTEN TOWN	9010981110	2 158 027.25	323 704.09		2 481 731.34	2 481 731.34	2026/07/08	2026/07/22
ERMELO ACCOUNT	6486432681					40 825 995.77	2026/07/10	
TOTAL AMOUNT PAID					10 266 204.38	51 092 200.15		

4.3 Capital Expenditure

MP302 Msukaligwa LM - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M01 July

Vote Description	Ref	2025/26	Budget Year 2026/27							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Capital Expenditure - Functional Classification										
Governance and administration		1 532	–	–	164	164	–	164	#DIV/0!	–
Executive and council		–	–	–	–	–	–	–		–
Finance and administration		1 532	–	–	164	164	–	164	#DIV/0!	–
Internal audit		–	–	–	–	–	–	–		–
Community and public safety		–	9 318	–	568	568	777	(208)	-27%	9 318
Community and social services		–	9 318	–	568	568	777	(208)	-27%	9 318
Sport and recreation		–	–	–	–	–	–	–		–
Public safety		–	–	–	–	–	–	–		–
Housing		–	–	–	–	–	–	–		–
Health		–	–	–	–	–	–	–		–
Economic and environmental services		25 701	14 715	–	6 184	6 184	1 226	4 958	404%	14 715
Planning and development		–	–	–	–	–	–	–		–
Road transport		25 701	14 715	–	6 184	6 184	1 226	4 958	404%	14 715
Environmental protection		–	–	–	–	–	–	–		–
Trading services		185 385	413 796	–	12 087	12 087	34 483	(22 396)	-65%	413 796
Energy sources		7 597	18 100	–	–	–	1 508	(1 508)	-100%	18 100
Water management		40 245	161 081	–	7 876	7 876	13 423	(5 547)	-41%	161 081
Waste water management		135 362	232 060	–	4 211	4 211	19 338	(15 127)	-78%	232 060
Waste management		2 181	2 555	–	–	–	213	(213)	-100%	2 555
Other		–	–	–	–	–	–	–		–
Total Capital Expenditure - Functional Classification	3	212 618	437 829	–	19 004	19 004	36 486	(17 482)	-48%	437 829
Funded by:										
National Government		196 938	427 952	–	18 840	18 840	35 663	(16 823)	-47%	427 952
Provincial Government		–	–	–	–	–	–	–		–
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		196 938	427 952	–	18 840	18 840	35 663	(16 823)	-47%	427 952
Borrowing	6	–	–	–	–	–	–	–		–
Internally generated funds		15 680	9 878	–	164	164	823	(660)	-80%	9 878
Total Capital Funding		212 618	437 829	–	19 004	19 004	36 486	(17 482)	-48%	437 829

Below is the summary DORA allocation and spending per grant(s), as at 31 July 2026.

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 73 686 000.00	R 0.00	R 0.00	R 73 686 000.00	R 18 097 000.00	R 8 247 698.38	R 65 438 301.63	R 9 849 301.63	11%	46%
EEDSM	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	0%	0%
WSIG	R 59 850 000.00	R 0.00	R 0.00	R 59 850 000.00	R 40 000 000.00	R 5 381 135.01	R 54 468 864.99	R 34 618 864.99	9%	13%
RBIG	R 280 000 000.00	R 0.00	R 0.00	R 280 000 000.00	R 0.00	R 9 842 959.60	R 270 157 040.40	-R 9 842 959.60	4%	0%
INEP	R 18 100 000.00	R 0.00	R 0.00	R 18 100 000.00	R 0.00	R 0.00	R 18 100 000.00	R 0.00	0%	0%
MDRG	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	#DIV/0!	#DIV/0!
	R 431 636 000.00	R 0.00	R 0.00	R 431 636 000.00	R 58 097 000.00	R 23 471 792.98	R 408 164 207.02	R 34 625 207.02	5.44%	40.40%

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 0.00	R 3 800 000.00	R 0.00	R 42 513.36	R 3 757 486.64	-R 42 513.36	1%	#DIV/0!
EPWP			R 0.00		R 0.00	R 0.00	R 0.00	R 0.00	#DIV/0!	#DIV/0!
	R 3 800 000.00	R 0.00	R 0.00	R 3 800 000.00	R 0.00	R 42 513.36	R 3 757 486.64	-R 42 513.36	1.12%	#DIV/0!

Unspent Capital 2025/26	R 34 625 207.02
Unspent Operational grants 2025/26	-R 42 513.36
	R 34 582 693.66

4.4 Cash Flows

Bank Balances as at 31 July 2026

JULY BANK BALANCE AND INTEREST		
BANK ACCOUNT TYPE	BALANCE	INTEREST
CALL ACCOUNT	59 671 538.37	157 209.54
LICENSING ACCOUNT	8 175 180.39	28 965.17
PRIMARY ACCOUNT	42 193 075.71	103 832.21
TRADING SERVICES ACCOUNT	17 958 516.86	55 895.45
	127 998 311.33	**345 902.37**

- Cash and Cash Equivalents for the month ending 31 July 2026 amounted to a total of **R 127,998,538.33** see the above breakdown.

5. Debtors age analysis

02 Maukaligwa LM - Supporting Table SC1 Monthly Budget Statement - aged debtors - M01 July

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 Debtors	Impairment - Bad Debts i.t.o Council Policy
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200	18 579	13 740	19 336	9 327	9 317	8 941	54 342	342 737	476 318	424 663	–	–
Trade and Other Receivables from Exchange Transactions - Electricity	1300	23 784	7 645	5 241	5 135	5 330	4 584	29 296	224 572	305 587	268 917	–	–
Receivables from Non-exchange Transactions - Property Rates	1400	21 003	11 649	9 453	8 424	8 795	8 349	51 773	236 804	356 252	314 146	–	–
Receivables from Exchange Transactions - Waste Water Management	1500	7 071	4 677	4 018	3 777	4 281	3 983	26 752	232 765	287 323	271 557	–	–
Receivables from Exchange Transactions - Waste Management	1600	6 393	4 244	3 646	3 472	3 943	3 662	24 396	233 957	283 713	269 430	–	–
Receivables from Exchange Transactions - Property Rental Debtors	1700	350	254	207	183	144	–	–	–	1 138	327	–	–
Interest on Arrear Debtor Accounts	1810	9 565	16 743	16 384	16 136	4 123	3 854	26 160	–	92 964	50 273	–	–
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	–	–	–	–	–	–	–	–	–	–	–	–
Other	1900	(736)	(1 719)	(887)	(828)	(3 309)	(1 090)	(4 292)	50 680	37 840	41 161	–	–
Total By Income Source	2000	86 010	57 233	57 418	45 626	32 624	32 283	208 427	1 321 515	1 841 134	1 640 474	–	–
2024/25 - totals only										–	–		
Debtors Age Analysis By Customer Group													
Organs of State	2200	3 670	2 827	2 359	2 266	1 862	1 847	12 767	23 201	50 798	41 943	–	–
Commercial	2300	32 936	14 334	10 490	9 488	7 181	7 763	41 609	185 743	309 545	251 785	–	–
Households	2400	49 286	40 071	44 569	33 872	23 581	22 673	154 050	1 112 570	1 480 673	1 346 746	–	–
Other	2500	118	–	–	–	–	–	–	–	118	–	–	–
Total By Customer Group	2600	86 010	57 233	57 418	45 626	32 624	32 283	208 427	1 321 515	1 841 134	1 640 474	–	–

- The Municipal Debt book as at 31 July 2026 amounted to R 1,841 billion

6. Creditors age analysis

MP302 Msukaligwa LM - Supporting Table SC2 Monthly Budget Statement - aged creditors - M01 July											
Description	NT Code	Budget Year 2026/27									Prior year totals for chart (same period)
R thousands		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days -	Over 1 Year	Total	
Creditors Age Analysis By Customer Type											
Bulk Electricity	0100	93 849	66 774	94 461	–	157	(9 000)	304 265	823 770	1 374 275	1 374 275
Bulk Water	0200	115 138	4 431	–	–	–	–	(55 382)	1 299 898	1 364 085	1 364 085
PAYE deductions	0300	–	–	–	–	–	–	–	–	–	–
VAT (output less input)	0400	–	–	–	–	–	–	–	–	–	–
Pensions / Retirement deductions	0500	–	–	–	–	–	–	–	–	–	–
Loan repayments	0600	–	–	–	–	–	–	–	–	–	–
Trade Creditors	0700	629	5 033	(481)	2 722	(189)	(1 170)	(2 950)	371	3 964	3 964
Auditor General	0800	–	–	–	–	–	–	–	–	–	–
Other	0900	–	–	–	–	–	–	–	–	–	–
Medical Aid deductions	0950	–	–	–	–	–	–	–	–	–	–
Total By Customer Type	1000	209 616	76 237	93 979	2 722	(32)	(10 170)	245 932	2 124 039	2 742 324	2 742 324

- The total amount owed to creditors as per the age analysis at 31 July 2026 amounts to **R2,742 billion** with top creditors being DWS, Eskom.

Eskom Debt

An amount owed in a Month ending **31 July 2026** amounted to **R 1,359 billion.**

PERIOD	BALANCE	CURRENT BILLING	ADJUSTMENT	PAYAMENT	TOTAL OUTSTANDING
OPENING BALANCE	R 1 319 953 852				
Jul-26	R 1 319 953 851	80 594 214.00	-	40 825 995.77	1 359 722 069.23
TOTAL		80 594 214.00	-	40 825 995.77	

DWS Debt

As at **31 July 2026**, the municipality owes Department of Water and Sanitation an amount of **R 1,321 billion.**

	Client:	Mnquma Local Municipality	Prepared by:	Nompumelelo Mashaja
	Year end:	30 June 2027	Date:	06-Jul-26
	Subject:	Bulk Purchases - Water	Reviewed by:	S Nkosi
	Period ending	01 July 2026	Date:	30-Jul-26
			Final Review by:	
			Date:	

DWAF 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	-	-	-	(9 592 335.99)	(1 100 572.73)	485 797 144.81	485 797 144.81
20029265 CMA	-	-	-	-	-	-	-	-
20028765 NRWI	198 876.96	-	-	-	-	-	198 876.96	198 876.96
20028765 CMA	100 885.98	77 750.00	-	11 970.44	-	198 876.96	389 483.38	389 483.42
20031984 NRWI	41 908 198.74	16 945 191.54	5 647 212.65	21 119.94	-	-	64 521 722.88	845 313.27
20031984 CMA	-	-	-	-	-	-	-	-
20033982 NRWI	336 243 385.67	-	-	-	-	(3 555 304.41)	332 688 081.26	332 688 081.26
20033982 CMA	-	-	-	-	-	3 555 304.41	3 555 304.41	3 555 304.41
20037906 NWRI	111 607.71	10 324.80	-	11 017.79	-	-	132 950.30	132 949.40
20037906 CMA	-	4 762.80	-	714.42	-	-	5 477.22	-
21070010 NWRI	1 554 885.56	-	-	-	-	-	1 554 885.56	1 554 885.56
21070010 CMA	726.35	559.80	-	83.74	-	-	1 369.89	1 556 208.80
20014912 NRWI	139 334 230.26	3 713 913.57	553 832.03	-	-	-	143 601 975.86	141 702 116.79
20014912 CMA	24 356.99	- 3 343.25	-	1 536.55	-	-	22 550.29	281 645.87
20056412 NWRI	18 558 912.46	3 594 360.00	536 245.20	-	-	- 35 802.01	22 653 715.65	22 653 715.65
20056412 CMA	3 732.00	7 464.00	-	561.23	-	-	11 757.23	47 559.24
20059491 NRWI	104 074 973.83	18 650 478.00	2 756 695.79	17 951 083.37	-	- 365 228.27	143 068 002.72	137 317 230.81
20059491 CMA	233 313.02	134 855.82	-	38 889.76	-	- 11 205.74	395 851.86	761 080.13
20059482 NRWI	141 998 117.60	26 991 493.35	4 026 433.25	22 181 957.73	- 9 605 868.96	- 6 572 360.14	179 019 772.83	191 144 144.62
20059482 CMA	127 232.05	73 540.58	-	21 207.85	- 199 168.77	-	22 811.71	415 037.88
TOTAL DWS	1 280 963 488.71	70 201 351.01	13 520 418.93	40 240 142.82	- 19 397 373.72	- 7 886 292.93	1 377 641 734.82	1 321 040 778.88

7. Table C6 – Statement of Financial Position

MP302 Msukaligwa LM - Table C6 Monthly Budget Statement - Financial Position - M01 July

Description	Ref	2025/26	Budget Year 2026/27			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash and cash equivalents		2 434 883	83 059	83 059	2 503 056	83 059
Trade and other receivables from exchange transactions		460 678	333 632	333 632	489 014	333 632
Receivables from non-exchange transactions		371 701	197 507	197 507	382 335	197 507
Current portion of non-current receivables		–	–	–	–	–
Inventory		88 163	19 310	19 310	90 198	19 310
VAT		352 839	725 493	725 493	352 839	725 493
Other current assets		2 112	–	–	543	–
Total current assets		**3 710 376**	**1 359 001**	**1 359 001**	**3 817 986**	**1 359 001**
Non current assets						
Investments		–	–	–	–	–
Investment property		172 104	172 104	172 104	172 104	172 104
Property, plant and equipment		3 060 743	3 052 394	3 052 394	3 079 747	3 052 394
Biological assets		–	–	–	–	–
Living and non-living resources		–	–	–	–	–
Heritage assets		175	175	175	175	175
Intangible assets		5	5	5	5	5
Trade and other receivables from exchange transactions		(3 074)	–	–	(3 074)	–
Non-current receivables from non-exchange transactions		–	–	–	–	–
Other non-current assets		–	–	–	–	–
Total non current assets		**3 229 954**	**3 224 679**	**3 224 679**	**3 248 957**	**3 224 679**
TOTAL ASSETS		**6 940 330**	**4 583 680**	**4 583 680**	**7 066 943**	**4 583 680**
LIABILITIES						
Current liabilities						
Bank overdraft		–	–	–	–	–
Financial liabilities		–	–	–	–	–
Consumer deposits		26 557	24 401	24 401	26 555	24 401
Trade and other payables from exchange transactions		2 760 940	1 638 641	1 638 641	2 896 899	1 638 641
Trade and other payables from non-exchange transactions		760	–	–	58 865	–
Provision		–	–	–	–	–
VAT		144 398	770 528	770 528	152 729	770 528
Other current liabilities		–	–	–	–	–
Total current liabilities		**2 932 656**	**2 433 569**	**2 433 569**	**3 135 049**	**2 433 569**
Non current liabilities						
Financial liabilities		3 017	3 206	3 206	3 017	3 206
Provision		62 292	62 292	62 292	62 292	62 292
Long term portion of trade payables		–	1 288 332	1 288 332	–	1 288 332
Other non-current liabilities		68 277	78 897	78 897	68 277	78 897
Total non current liabilities		**133 586**	**1 432 727**	**1 432 727**	**133 586**	**1 432 727**
TOTAL LIABILITIES		**3 066 241**	**3 866 296**	**3 866 296**	**3 268 634**	**3 866 296**
NET ASSETS	2	**3 874 089**	**717 384**	**717 384**	**3 798 309**	**717 384**
COMMUNITY WEALTH/EQUITY						
Accumulated surplus/(deficit)		1 636 265	717 384	717 384	1 607 174	717 384
Reserves and funds		(92 063)	–	–	(92 063)	–
Other						
TOTAL COMMUNITY WEALTH/EQUITY	2	**1 544 202**	**717 384**	**717 384**	**1 515 111**	**717 384**

8. Investment Portfolio analysis

MP302 Msukaligwa LM - Supporting Monthly Budget Statement - investment portfolio - M01 July

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 grants reflected on the table below as at 31 July 2026

Grants received 2026-27			
	Votes	**Jul-26**	**Received to date**
MIG	D0001/IL07048/F0791/X146/R0290/001/CONTRA	18 097 000.00	18 097 000.00
RBIG	D0001/IL07076/F0798/X141/R0291/001/CONTRA		-
EEDSM	D0001/IL08797/F09682/X032/R0291/001/CONTRA		-
MDRG	D0001/IL103463/F09679/X045/R0291/001/CONTRA		-
WSIG	D0001/IL07096/F0803/X141/R0291/001/CONTRA	40 000 000.00	40 000 000.00
INEP	D0001/IL07028/F0786/X032/R0291/001/CONTRA		-
TOTAL CAPITAL		**58 097 000.00**	**58 097 000.00**
SETA	D0001/IL16416/F2706/X051/R0291/001/CONTRA	7 905.27	7 905.27
EPWP	D0001/IL08801/F1169/X096/R0291/001/CONTRA		-
Equitable share	D0001/IR02344/F0041/X044/R0290/001/3606	124 669 000.00	124 669 000.00
FMG	D0001/IL08833/F1177/X049/R0291/001/CONTRA		-
Total Operational		**124 676 905.27**	**124 676 905.27**
Total grant receipts		**182 773 905.27**	**182 773 905.27**

10. Remuneration of Councilor section 56/57 and Officials

EMPLOYEE COST FINANCIAL IMPLICATION

- The year-to-date expense in salaries amounts to **R 32 million** for the month ending 31 July 2026,
- Total salary cost in respect of the month ending 31 July 2026 is summarized per salary company as in the table below:

MP302 Msukaligwa LM - Supporting Table Monthly Budget Statement - councillor and staff benefits - M01 July										
Summary of Employee and Councillor remuneration	Ref	2025/26	Budget Year 2026/27							
R thousands		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
	1	A	B	C						D
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		12 682	13 242	13 242	1 065	1 065	1 104	(39)	-3%	13 242
Pension and UIF Contributions		1 819	1 907	1 907	159	159	159	0	0%	1 907
Medical Aid Contributions		223	330	330	18	18	27	(10)	-36%	330
Motor Vehicle Allowance		2 324	2 730	2 730	196	196	227	(31)	-14%	2 730
Cellphone Allowance		1 613	1 629	1 629	137	137	136	1	1%	1 629
Housing Allowances		–	–	–	–	–	–	–		–
Other benefits and allowances		637	477	477	45	45	40	5	13%	477
Sub Total - Councillors		19 298	20 314	20 314	1 619	1 619	1 693	(74)	-4%	20 314
% increase	4		5.3%							5.3%
Senior Managers of the Municipality	3									
Basic Salaries and Wages		8 128	4 973	4 973	824	824	414	410	99%	4 973
Pension and UIF Contributions		712	798	798	96	96	66	29	44%	798
Medical Aid Contributions		237	281	281	23	23	23	(0)	-1%	281
Overtime		–	–	–	–	–	–	–		–
Performance Bonus		–	–	–	–	–	–	–		–
Motor Vehicle Allowance		1 330	1 498	1 498	120	120	125	(5)	-4%	1 498
Cellphone Allowance		162	157	157	15	15	13	2	15%	157
Housing Allowances		–	–	–	–	–	–	–		–
Other benefits and allowances		–	–	–	–	–	–	–		–
Payments in lieu of leave		–	–	–	–	–	–	–		–
Long service awards		–	–	–	–	–	–	–		–
Post-retirement benefit obligations	2	–	–	–	–	–	–	–		–
Entertainment		–	–	–	–	–	–	–		–
Scarcity		–	–	–	–	–	–	–		–
Acting and post related allowance		730	–	–	43	43	–	43	#DIV/0!	–
In kind benefits		88	–	–	–	–	–	–		–
Sub Total - Senior Managers of Municipality		11 386	7 707	7 707	1 121	1 121	642	479	75%	7 707
% increase	4		-32.3%							-32.3%
Other Municipal Staff										
Basic Salaries and Wages		203 353	218 244	218 244	18 115	18 115	18 187	(72)	0%	218 244
Pension and UIF Contributions		44 584	47 231	47 231	3 937	3 937	3 936	1	0%	47 231
Medical Aid Contributions		15 880	17 667	17 667	1 419	1 419	1 472	(53)	-4%	17 667
Overtime		27 796	28 366	28 366	2 200	2 200	2 364	(164)	-7%	28 366
Performance Bonus		16 842	14 723	14 723	1 273	1 273	1 227	46	4%	14 723
Motor Vehicle Allowance		10 619	12 898	12 898	986	986	1 075	(89)	-8%	12 898
Cellphone Allowance		1 235	1 354	1 354	109	109	113	(4)	-4%	1 354
Housing Allowances		662	731	731	60	60	61	(1)	-2%	731
Other benefits and allowances		13 024	12 889	12 889	1 071	1 071	1 074	(3)	0%	12 889
Payments in lieu of leave		3 103	648	648	104	104	54	50	92%	648
Long service awards		5 056	1 584	1 584	221	221	132	89	67%	1 584
Post-retirement benefit obligations	2	726	–	–	(102)	(102)	–	(102)	#DIV/0!	–
Entertainment		–	–	–	–	–	–	–		–
Scarcity		–	–	–	–	–	–	–		–
Acting and post related allowance		1 231	1 199	1 199	54	54	100	(46)	-46%	1 199
In kind benefits		–	–	–	–	–	–	–		–
Sub Total - Other Municipal Staff		344 110	357 534	357 534	29 446	29 446	29 794	(349)	-1%	357 534
% increase	4		3.9%							3.9%
Total Parent Municipality		374 795	385 555	385 555	32 186	32 186	32 130	57	0%	385 555

11. Municipal ratios

MP302 Msukaligwa LM - Supporting Table Monthly Budget Statement - performance indicators - M01 July							
Description of financial indicator	Basis of calculation	Ref	2025/26	Budget Year 2026/27			
			Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
Borrowing Management							
Capital Charges to Operating Expenditure	Interest & principal paid/Operating Expenditure		7.6%	16.0%	0.0%	21.1%	10.1%
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		183.5%	239.9%	0.0%	199.8%	239.9%
Gearing	Long Term Borrowing/ Funds & Reserves		0.0%	0.0%	0.0%	0.0%	0.0%
Liquidity							
Current Ratio	Current assets/current liabilities	1	126.5%	55.8%	0.0%	121.8%	55.8%
Liquidity Ratio	Monetary Assets/Current Liabilities		83.0%	3.4%	0.0%	79.8%	3.4%
Revenue Management							
nnual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/ Last 12 Mths Billing						
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue		65.4%	0.0%	0.0%	0.0%	0.0%
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					
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%	26.9%	0.0%	14.5%	26.9%
Repairs & Maintenance	R&M/Total Revenue - capital revenue		0.1%	0.5%	0.0%	0.0%	0.5%
Interest & Depreciation	I&D/Total Revenue - capital revenue		7.6%	22.5%	0.0%	24.0%	14.2%
IDP regulation financial viability indicators							
i. 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 55%** and a **liquidity ratio of 3.4%.**

- 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.

- The municipality has just met its short-term obligations, by showing an improvement on paying its creditors within prescribe time current liabilities.

- Outstanding Debtors are higher than annual revenue, which is concerning of non-payment of municipal accounts and has a negative impact which affects cashflows and service delivery.

12. Capital Programme Performance

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 73 686 000.00	R 0.00	R 0.00	R 73 686 000.00	R 18 097 000.00	R 8 247 698.38	R 65 438 301.63	R 9 849 301.63	11%	46%
EEDSM	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	0%	0%
WSIG	R 59 850 000.00	R 0.00	R 0.00	R 59 850 000.00	R 40 000 000.00	R 5 381 135.01	R 54 468 864.99	R 34 618 864.99	9%	13%
RBIG	R 280 000 000.00	R 0.00	R 0.00	R 280 000 000.00	R 0.00	R 9 842 959.60	R 270 157 040.40	-R 9 842 959.60	4%	0%
INEP	R 18 100 000.00	R 0.00	R 0.00	R 18 100 000.00	R 0.00	R 0.00	R 18 100 000.00	R 0.00	0%	0%
MDRG	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	R 0.00	#DIV/0!	#DIV/0!
	R 431 636 000.00	**R 0.00**	**R 0.00**	**R 431 636 000.00**	**R 58 097 000.00**	**R 23 471 792.98**	**R 408 164 207.02**	**R 34 625 207.02**	**5.44%**	**40.40%**

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 0.00	R 3 800 000.00	R 0.00	R 42 513.36	R 3 757 486.64	-R 42 513.36	1%	#DIV/0!
EPWP			R 0.00		R 0.00	R 0.00	R 0.00	R 0.00	#DIV/0!	#DIV/0!
	R 3 800 000.00	**R 0.00**	**R 0.00**	**R 3 800 000.00**	**R 0.00**	**R 42 513.36**	R 3 757 486.64	-R 42 513.36	**1.12%**	#DIV/0!

Unspent Capital	2025/26	R 34 625 207.02
Unspent Operational grants	2025/26	-R 42 513.36
		R 34 582 693.66

Above is a list of grants received and spending on grants as at 31 July 2026

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 6.5))
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	3 456	3 340	3 369	
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	3 456	3 340	3 369	-
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	3 456	3 340	3 369	-
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	3 456	3 340	3 369	-
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	3 456	3 340	3 369	-
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 kl/litres 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 kl/litres	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	3 456	3 340	3 369	-
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	3 456	3 340	3 369	-
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	3 456	3 340	3 369	-
Electricity/other energy (50kwh per household per month)						3 052	3 370	3 392	3 351	3 473	3 390	3 410	3 361	3 456	3 340	3 369	-
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	73	73	73	
Electricity/other energy (50kwh per household per month)						88	88	88	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	8	-	-	-	-	161	161	161	161	161	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	73	73	73	
Sanitation (kilolitres per household per month)			3 220 611			80	80	80	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	97	97	97	
Electricity (kwh per household per month)			5 460			88	88	88	88	88	88	88	88	88	88	88	
Refuse (average litres per week)			3 426 737			162	162	162	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)																
PBI 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 within their allocated budgets as at 31 July 2026.

MP302 Msukaligwa LM - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M01 July											
Vote Description	Ref	2025/26	Budget Year 2026/27								
R thousands		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast	
Expenditure by Vote	1										
Vote 1 - Executive and Council		67 052	90 754	90 754	6 883	6 883	7 563	(680)	-9.0%	90 754	Saving
Vote 2 - Finance & Administration		164 211	184 594	184 594	9 550	9 550	15 383	(5 833)	-37.9%	184 594	Saving
Vote 3 - [NAME OF VOTE 3]		–	–	–	–	–	–	–		–	
Vote 4 - Sports and Recreation		2 750	12 546	12 546	190	190	1 045	(856)	-81.8%	12 546	Saving
Vote 5 - Public Safety		33 723	35 700	35 700	2 638	2 638	2 975	(337)	-11.3%	35 700	Saving
Vote 6 - Housing		5 386	5 487	5 487	542	542	457	85	18.5%	5 487	Saving
Vote 7 - Health		–	13	13	–	–	1	(1)	-100.0%	13	Saving
Vote 8 - Planning and Economic Development		16 293	20 234	20 234	1 366	1 366	1 686	(321)	-19.0%	20 234	Saving
Vote 9 - Community and Social Services		92 766	108 995	108 995	4 453	4 453	9 083	(4 630)	-51.0%	108 995	Saving
Vote 10 - Electricity		725 125	874 095	874 095	91 300	91 300	72 841	18 458	25.3%	874 095	Saving
Vote 11 - Water Management		45 842	340 424	340 424	114 659	114 659	28 369	86 291	304.2%	340 424	Saving
Vote 12 - Waste Water Management		40 563	89 266	89 266	2 653	2 653	7 439	(4 785)	-64.3%	89 266	Saving
Vote 13 - Waste Management		36 388	57 092	57 092	2 829	2 829	4 758	(1 929)	-40.5%	57 092	Saving
Vote 14 - Road Transport		36 341	81 665	81 665	2 815	2 815	6 805	(3 991)	-58.6%	81 665	Saving
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–		–	
Total Expenditure by Vote	2	**1 266 440**	**1 900 864**	**1 900 864**	**239 877**	**239 877**	**158 405**	**81 472**	**51.4%**	**1 900 864**	
Surplus/ (Deficit) for the year	2	**226 269**	**(114 388)**	**(114 388)**	**(28 357)**	**(28 357)**	**(9 532)**	**(18 825)**	**197.5%**	**(114 388)**	**Saving**

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)

- The Municipality paid an amount of **R 40 million** for July 2026 towards the Ermelo acoount and R10 million towards the Resale accounts.
- The year to date debt aounts to **R 1,359 billion.**

ESKOM ACCOUNT FOR JUNE 2026 PAID IN JULY 2026

ACCOUNT NAME	ACCOUNT NUMBER	TOTAL BILLING	VAT AMOUNT	INTEREST	TOTAL DUE	TOTAL AMOUNT	PAYMENT DATE	DUE DATE
BREYTEN KWAZANELE	8341001579	3 550 970.35	532 645.55		4 083 615.90	4 083 615.90	2026/07/08	2026/07/22
DAVEL KWADELA	9657898907	1 565 886.57	234 882.99		1 800 769.56	1 800 769.56	2026/07/08	2026/07/22
LOTHAIR	7296044246	1 652 250.07	247 837.51		1 900 087.58	1 900 087.58	2026/07/08	2026/07/22
BREYTEN TOWN	9010981110	2 158 027.25	323 704.09		2 481 731.34	2 481 731.34	2026/07/08	2026/07/22
ERMELO ACCOUNT	6486432681					40 825 995.77	2026/07/10	
TOTAL AMOUNT PAID					10 266 204.38	51 092 200.15		

PERIOD	BALANCE	CURRENT BILLING	ADJUSTMENT	PAYAMENT	TOTAL OUTSTANDING
OPENING BALANCE	R 1 319 953 852				
Jul-26	R 1 319 953 851	80 594 214.00	-	40 825 995.77	1 359 722 069.23
TOTAL		80 594 214.00	-	40 825 995.77	

The total amount owed to DWS as at 30 July 2026 is **R 1,321 million.**

Client:	Msukaligwa Local Municipality	Prepared by:	Nompumelelo Mashaja
Year end:	30 June 2027	Date:	06-Jul-26
Subject:	Bulk Purchases - Water	Reviewed by:	S Nkosi
Period ending	01 July 2026	Date:	30-Jul-26
		Final Review by:	
		Date:	

DWAF 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	-	-	-	(9 592 335.99)	(1 100 572.73)	**485 797 144.81**	485 797 144.81
20029265 CMA	-	-	-	-	-	-	**-**	-
20028765 NRWI	198 876.96	-	-	-	-	-	**198 876.96**	198 876.96
20028765 CMA	100 885.98	77 750.00	-	11 970.44	-	198 876.96	**389 483.38**	389 483.42
20031984 NRWI	41 908 198.74	16 945 191.54	5 647 212.66	21 119.94	-	-	**64 521 722.88**	845 313.27
20031984 CMA	-	-	-	-	-	-	**-**	-
20033982 NRWI	336 243 385.67	-	-	-	-	(3 555 304.41)	**332 688 081.26**	332 688 081.26
20033982 CMA	-	-	-	-	-	3 555 304.41	**3 555 304.41**	3 555 304.41
20037906 NWRI	111 607.71	10 324.80	-	11 017.79	-	-	**132 950.30**	132 949.40
20037906 CMA	-	4 762.80	-	714.42	-	-	**5 477.22**	-
21070010 NWRI	1 554 885.56	-	-	-	-	-	**1 554 885.56**	1 554 885.56
21070010 CMA	726.35	559.80	-	83.74	-	-	**1 369.89**	1 556 208.80
20014912 NRWI	139 334 230.26	3 713 913.57	553 832.03	-	-	-	**143 601 975.86**	141 702 116.79
20014912 CMA	24 356.99	- 3 343.25	-	1 536.55	-	-	**22 550.29**	281 645.87
20056412 NWRI	18 558 912.46	3 594 360.00	536 245.20	-	-	- 35 802.01	**22 653 715.65**	22 653 715.65
20056412 CMA	3 732.00	7 464.00	-	561.23	-	-	**11 757.23**	47 559.24
20059491 NRWI	104 074 973.83	18 650 478.00	2 756 695.79	17 951 083.37	-	- 365 228.27	**143 068 002.72**	137 317 230.81
20059491 CMA	233 313.02	134 855.82	-	38 889.76	-	- 11 206.74	**395 851.86**	761 080.13
20059482 NRWI	141 998 117.60	26 991 493.35	4 026 433.25	22 181 957.73	- 9 605 868.96	- 6 572 360.14	**178 019 772.83**	191 144 144.62
20059482 CMA	127 232.05	73 540.58	-	21 207.85	- 199 168.77	-	**22 811.71**	415 037.88
TOTAL DWS	**1 280 963 488.71**	**70 201 351.01**	**13 520 418.93**	**40 240 142.82**	**- 19 397 373.72**	**- 7 886 292.93**	**1 377 641 734.82**	**1 321 040 778.89**

The statement below reflect a balance of R 17,958,516.66 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 Martinis
(087) 345-0950

085715 528370
*MSUKALIGWA LOCAL MUNICIPALITY
90 KERK AND TAUTE ST
ERMELO
2351

Customer VAT Registration Number Not Provided
Bank VAT Registration Number 4210103051

Public Sector Cheque Account : 63143819413
Tax Invoice/Statement Number : 15
Statement Period : 30 June 2025 to 31 July 2025
Statement Date : 31 July 2025

Statement Balances		Bank Charges		Interest Rate	
Opening Balance	10,202,741.41 Cr	Service Fees	120.00 Dr	Credit Rate**	4.73%
Closing Balance	17,958,516.66 Cr	Cash Deposit Fees	0.00	Debit Rate (Non-NCA)	12.50%
Total VAT @ 15.00%	15.65 Dr	Cash Handling Fees	0.00		
Total VAT (ZAR)	15.65 Dr	Other Fees	0.00		

Transactions in RAND (ZAR)

Date	Description	Amount	Balance	Accrued Bank Charges
30 Jul	Credit rate 4.72000	0.00	10,202,741.41 Cr	
17 Jul	FNB OB TF FNB OB TF T2 From Primlic	7,700,000.000Cr	17,902,741.41 Cr	
31 Jul	Int On Credit Balance	55,895.45Cr	17,958,636.86Cr	
30 Jul	Service Fees	120.00	17,958,516.86Cr	

Closing Balance 17,958,516.66Cr

Turnover for Statement Period

No Credit Transactions 2	7,755,915.45Cr
No Debit Transactions 1	120.00Dr

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 29 May 2025, the Prime Lending Rate changed to 10.50%. This may impact the rate on any of your credit facilities.

Delivery Method: FTP
NS4EMWVCDA DB
8358

1230234

Branch Number	Account Number	Date	CDA DB SN AV 22 CLIENT REF	FN
8358	63143819413	20250731	PUBLIC SECTOR CHEQUE ACCOUNT	

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

The municipality has approved an unfunded Budget of R 1,7 billion deficit for the 2026/27 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

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

- The Property Rates Reconciliation for July 2026 indicates that the General Valuation Roll and the Municipal Financial System are fully aligned in terms of property numbers and market values, with no variances recorded.

Property Rates Reconciliation						
Province	MP					
District	Gert Sibande District					
Type	LM					
Municipal Name	Msukaligwa					
GV Period	01/07/2026-31/07/2026					
Financial Year	2026/2027					
Reconciliation Period	Jul-26					
Reconciliation Overview						
High Level Reconciliation						
Propety Categories	# of Properties			Market Values		
Propety Categories	GV	MFS	Variance	GV Market Values	MFS Market Values	Variance
Residential	26 255	26 255	-	11 275 384 801.00	11 275 384 801.00	-
Industrial	106	106	-	335 790 300.00	335 790 300.00	-
Business and Comm	840	840	-	3 291 813 200.00	3 291 813 200.00	-
Agricultural	2 246	2 246	-	11 693 259 600.00	11 693 259 600.00	-
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	128	128	-	328 921 300.00	328 921 300.00	-
Multi Use	-	-	-	-	-	-
Vacant	3 327	3 327	-	524 591 020.00	524 591 020.00	-
POW	2	2	-	94 700 000.00	94 700 000.00	-
Municipal	-	-	-	-	-	-
Other	-	-	-	-	-	-
	33 831	33 831	-	29 043 103 821.00	29 043 103 821.00	-
Detailed Reconciliation						
Propety Categories	Monthly Billing			Quarterly		
Propety Categories	GV	MFS	Variance	GV	MFS	Variance
Residential	7 070 968	7 070 972	- 4	21 212 904.29	21 212 915.42	- 11.13
Industrial	763 439	763 439	-	2 290 316.58	2 290 316.58	-
Business and Comm	7 513 635	7 513 647	- 13	22 540 903.88	22 540 942.32	- 38.44
Agricultural	2 404 206	2 404 223	- 17	7 212 617.34	7 212 669.38	- 52.05
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	3 945	3 945	-	11 834.46	11 834.46	-
Multi Use	-	-	-	-	-	-
Vacant	701 416	701 416	-	2 104 247.52	2 104 247.52	-
POW	9 669	9 669	0	29 006.99	29 006.99	0.00
Municipal	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	R21 300 147.40	R21 300 181.27	-R33.87	63 900 442.19	63 900 543.80	- 101.61

Prepared By	Nomusa Zulu	Date	2026/08/03
	Contatct Details		
Signature			
Reviewed By	GT MAHLANGU	Date	2026/08/03
	Contatct Details		
Signature			

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 July 2026 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 31 July 2026

15.9 MFMA Circular 124 – Municipal Compliance Self-Assessment

- See the table below for self-assessment report

Annexure A2 - Monthly

National Treasury

Municipal Debt Relief

MFMA Circular No. 124

Municipal Finance Management Act No. 56 of 2003

Select Assessor

Certificate of Compliance: Municipal Debt Relief Conditions for Application

Period	Jul'25
National Financial Year	2026/27
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)

Condition			Choose from drop down list	Notes/Comments
	6.1 - 6.12	**Maintaining the Eskom and bulk water current account –** (current account for the purpose of this exercise means the account for a single month's consumption)		
1	6.12.2	- Has the municipality paid its *bulk water current account* within 30 days of receiving the relevant invoice (this applies to all municipalities, including metros)? *Note - refer condition 6.12.2*	Yes	
2	6.12.2	- Has the municipality submitted the supporting evidence of the bulk water current account payment to the National Treasury, the Water Board and/ or Water Trading Entity within 1 day of making any such payment (in PDF format) via the GoMuni Upload Portal https://fguploadportal.treasury.gov.za?	Yes	
3	6.12.2	- Does the amount of the bulk water current account payment as per the proof of payment reconcile to the amount recorded on the financial system as per the mSCOA data string and the section 41(2) MFMA statement of the Water Board and/ or Water Trading Entity?	Yes	
4	6.3.1	- Has the municipality paid its *Eskom bulk current account* within 30 days of receiving the relevant invoice (this applies to all municipalities, including metros)? *Note - current account in terms of municipal debt relief approval means the total Eskom charges for the billing period plus VAT plus any component that may be due in terms of a payment arrangement of "New arrears" (March 2023 and / or subsequent current account(s) up to the date of NT approval of the application.*	Yes	
5	6.3.2 6.3.3	- Has the municipality submitted the supporting evidence of the bulk Eskom current account payment to the National Treasury and Eskom within 1 day of making any such payment (in PDF format) via the GoMuni Upload Portal https://fguploadportal.treasury.gov.za?	Yes	
6	6.3.4	- Does the amount as per the proof of payment reconcile to the amount recorded on the financial system as per the mSCOA data string and the section 41(2) MFMA statement of Eskom?	Yes	
	6.4	Compliance with a funded MTREF – *(choose from drop down list the MTREF assessed)*	2026/27 Adopted MTREF	
7	6.4.1	- Is the municipality's MTREF funded and aligning to the National Treasury's Budget Funding Guidelines - http://mfma.treasury.gov.za/Guidelines/Pages/Funding.aspx?	Yes	
8	6.4.1	- Has the municipality budgeted for any operating surplus on the A1 Schedule (Table A4 – Budgeted Financial Performance) of the Municipal Budget- and Reporting Regulations?	Yes	
9	6.4.1	- Has the municipality made adequate provision for debt impairment *(considering the actual collection of revenue and property rates during the 12 months immediately preceding the tabling of the budget)* on the A1 Schedule (Table A4 - Budgeted Financial Performance) of the Municipal Budget-and Reporting Regulations?	Yes	
		Note - for example, if the municipality during the preceding 12 months only managed to collect 60 per cent of its revenue (eho property rates), the provision for debt impairment aligning with the historic collection trend should align to 40 per cent of the 2023/24 MTREF revenue projections (eho property rates). If the municipality merely used the debt impairment to 'balance' the budget and there is no real alignment between the provision for such with the actual collection of revenue, the Provincial Treasury must respond to this item as "no".		
10	6.4.1	- Has the municipality made adequate provision for depreciation and asset impairment *(considering its asset register and physical state of assets)* on the A1 Schedule) Table A4 - Budgeted Financial Performance) of the Municipal Budget-and Reporting Regulations?	Yes	
		Note - if the municipality merely used the depreciation and asset impairment to 'balance' the budget and there is no real alignment between the provision for such with the state of asset/asset register, the Provincial Treasury must respond to this item as "no".		
11	6.4.2	- ***If the municipality's MTREF is not funded***, has it tabled and adopted a credible Budget Funding Plan as part of the MTREF budget (refer item 9.3 of MFMA Budget Circular no. 122, 09 December 2022)?	Yes	
		Note - if the municipality has an FRP, a separate budget funding plan is not necessary. However, the PT / NT must assesses whether the existing FRP incorporates / will give effect to a funded MTREF. If not, the FRP requires strengthening.		
12	6.4.2	- ***If the municipality's MTREF is not funded and it has an FRP per the legislative framework***, does the existing FRP incorporate a credible Budget Funding Plan (will the FRP give effect to a funded MTREF over the period of the FRP) - aligning with the principles of a budget funding plan as envisaged in item 9.3 of MFMA Budget Circular no. 122, 09 December 2022)? *Note - only if the municipality does not have an FRP may "N/A" be selected from the dropdown list.*	Yes	
13	6.4.2	- Does the municipality's annual and monthly cashflow projections included on the A1 Schedule (Table A7 - Budgeted Cash Flows and Supporting Table SA 30 – Budgeted Monthly Cash Flows) of the Municipal Budget and Reporting Regulations aligns with and gives effect to the municipality's Budget Funding Plan strategy (or the FRP strategy) and related seasonal trends *(For example higher winter Eskom tariffs, lower January collection rates, etc.?)*	Yes	
14	6.5	**Cost reflective tariffs** – (excluding metros) has the municipality included its completed tariff tool (refer MFMA Circular no. 98 and item 5.2 of MFMA Budget Circular no. 122) as part of the municipality's annual tabled and adopted MTREF submissions with effect the tabling of the 2023/24 MTREF?	Yes	
	6.6	**Electricity and water as collection tools** – has the municipality, with effect from the tabling of the 2023/24 MTREF, *demonstrated, through its by-laws and budget related policies that:*		
15	6.6.1	- the municipality issues a consolidated monthly bill to all consumers/property owners in terms of which all partial payments received are allocated in the following order of priority: firstly, to property rates, thereafter to water, wastewater, refuse removal and lastly to electricity?	Yes	
16	6.6.2	- the municipality disconnects electricity services and/or block the purchasing of pre-paid electricity of any defaulting consumer/property owner unless the defaulter already registered as an indigent consumer with the municipality?	Yes	
17	6.6.3	- the municipality is restricting and/or interrupting the supply of water of any defaulting consumer/ property owner unless the defaulter already registered as an indigent consumer with the municipality? *Note: In terms of this condition the municipality must undertake such restriction/ interruption of water together with the municipal engineer(s) to ensure a minimum supply of waste water.*	No	
18	6.6.4	- If the defaulting consumer/property owner is registered as an indigent consumer with the municipality, is the monthly supply of electricity and water to that consumer/property owner physically restricted to the monthly national basic free electricity- and water limits of 50 Kilowatt electricity and 6 Kilolitres water, respectively? *Note – the municipality's monthly MFMA s.71 statement must include as part of the narratives the indigent information in the required NT format.*	Yes	
	6.6	*Supporting evidence - the National Treasury and/ or provincial treasury's related budget assessment confirms the municipality's relevant MTREF's related budget policies and by-laws demonstrate compliance with paragraph 6.6.*		

	6.7	Maintain a minimum average quarterly collection of property rates and services charges –		
19	6.7.1	- Has the municipality achieved a minimum of *80 per cent average quarterly collection* of property rates and service charges with effect from 01 April 2023 and *85 per cent average quarterly collection* with effect from 01 April 2024 during any quarter - demonstrated in the MFMA s.71 monthly and quarterly statement(s) and mSCOA data strings uploaded via the GoMuni Upload Portal?	Yes	
		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 for 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 the National Treasury that –		
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;	6.7.1 = Yes	
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)?	6.7.1 = 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?	No	
24	6.7.4	- Has the municipality adopted a policy to install any new electricity connection in the demarcated area with effect the 2023/24 MTREF with a smart pre-paid meter?	Yes	
25	6.7.5	- Has the municipality's 2023/24, 2024/25 and 2025/26 tabled and adopted capital budgets and MFMA section 71 statements reflected the approach set-out in 6.7.3 and 6.7.4?	Yes	
	6.8	Municipality's Completeness of the revenue base –		
26	6.8.1	- Has the municipality demonstrated through the National Treasury property rates reconciliation tool that the municipality's billing system perfectly aligns to its Council approved General Valuation Roll (GVR) and/ or any subsequent supplementary GVR compiled by the registered municipal valuer?	Yes	
27	6.8.1	- If the response in 6.8.1 is "No", has the municipality demonstrated the steps taken to correct the variances identified? *Note - monthly progress against the action plan to address variances to be included as part of the municipality's debt relief compliance reporting in the MFMA s.71 statement*	N/a	
28	6.8.2	- For the latest ending Quarter -Has the municipality submitted its completed billing system, GVR and/or interim GVR reconciliations required in terms of paragraph 6.8.1 to the National Treasury quarterly (refer MFMA Circulars no. 93, 98, 107 and 108) to the upload portal on https://fguploadportal.treasury.gov.za?	Yes	
	6.9	Monitor and report on implementation –		
29	6.9.1	- MFMA section 71 reporting – has the municipal council and senior management team instituted processes to monitor and enforce accountability for the implementation of the municipality's funded budget and Budget Funding Plan where relevant?	Yes	
30	6.9.2	- If progress is slow in terms of paragraph 6.9.1, is the active intervention evident from the narratives supporting the municipality's monthly MFMA section 71 reporting and recorded on the financial system as per the mSCOA data string? *Note - condition 6.9.2 has a typing error and must refer to 6.9.1.*	No	
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://fguploadportal.treasury.gov.za?	Yes	
		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:*		
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://fguploadportal.treasury.gov.za? *Note - In the case of a non-delegated municipality the National Treasury to issue the compliance certificate.*	Yes	
35	6.10.3	- has the Provincial Treasury failed to rectify any provincial treasury non-compliance with any of the conditions for provincial treasuries (refer paragraph 4.1.1 to 4.1.6 of MFMA Circular no. 124) within one month of the non-compliance occurring?	No	
		Note - if the PT failed to address its failure such non-compliance will be considered as non-compliance by the municipality in terms of paragraph 6.1.1		
36	6.11	**Limitation on municipality borrowing powers - has the municipality borrowed since its initial or any subsequent benefit in terms of this municipal debt support programme?**	No	
		Note - there is a prohibition on municipal borrowing for three consecutive municipal financial years from the date of the municipality's initial or any subsequent benefit in terms of the municipal debt support programme. It confirms that MFMA Circular No. 124 condition 6.11 (Limitation on municipality borrowing powers) will only be enforced in relation to new long term loans (entered into after the effective date of debt relief approval) as envisaged in MFMA section 46. Short term borrowing, including making use of an overdraft for cash bridging purposes are not considered within the ambit of this condition		
	6.12	For the duration of the Municipal Debt Relief (to ensure proper management of resources):		
37	6.12.1	- has the municipality apportioned and ring-fenced in a sub-account to its primary bank account – (a) all electricity, water and sanitation revenue the municipality collects in any month; and (b) the component of the Local Government Equitable Share (LGES) the municipality earmarked to provide free basic electricity, water and sanitation?	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?	No	
		Note: Only if relevant in the specific circumstances, will a request be made to the Minister of Finance upon the municipality's request to exempt the municipality from MFMA s 8(3)		

39		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.		
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		Debt relief still in progress
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 that during the duration of the Municipal Debt Relief programme fails to comply with any condition of the Relief, agrees to apply to NERSA to revoke the		

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

Signature of HOD/ NT/ MM:

Date: 14-Aug-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.*

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 E														Scoring and Rating	
			Eskom And Bulk water current account						Compliance with a funded MTREF				FRP/DFP & Tariff Assessment			Electricity and water as collection tools			Quarterly collection of property rates and services charges						Maximization of Revenue Base			Oversight								
Month	Code Desc	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
1.July	Msukaligwa	MP302	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	NA	NA	No	Yes	Yes	Yes	Yes	NA	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	No	Yes	80%	Above Moderate
2.August	Msukaligwa	MP302																																									0%	
3.September	Msukaligwa	MP302																																									0%	
4.October	Msukaligwa	MP302																																									0%	
5.November	Msukaligwa	MP302																																									0%	
6.December	Msukaligwa	MP302																																									0%	
7.January	Msukaligwa	MP302																																									0%	
8.February	Msukaligwa	MP302																																									0%	
9.March	Msukaligwa	MP302																																									0%	
10.April	Msukaligwa	MP302																																									0%	
11.May	Msukaligwa	MP302																																									0%	
12.June	Msukaligwa	MP302																																									0%	

	Comments/Motivation
HOD Name:	MR M. KUNENE
Signature of HOD:	
Date:	14-Aug-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 E											Scoring and Rating	
Month	Code Desc	Code	C1	C2	C3	C4	C5	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
1.July 25	Msukaligwa	MP302	No	No	No	No	N/A	N/A	No	No	No	Yes	No	No	No	No	No	Yes	Yes	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	28%	Not Compliant
2.August 25	Msukaligwa	MP302	No	No	No	No	N/A	N/A	No	No	No	Yes	No	No	No	No	No	Yes	Yes	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	28%	Not Compliant
3.September 25	Msukaligwa	MP302	No	No	No	No	N/A	N/A	Yes	Yes	No	Yes	No	No	No	No	No	Yes	Yes	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	39%	Not Compliant
4.October 25	Msukaligwa	MP302	No	No	No	No	N/A	N/A	Yes	Yes	No	Yes	No	No	No	No	No	Yes	Yes	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	39%	Not Compliant
5.November 25	Msukaligwa	MP302	No	No	No	No	N/A	N/A	Yes	Yes	Yes	Yes	No	No	No	No	Yes	Yes	Yes	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	50%	Not Compliant
6.December 25	Msukaligwa	MP302	No	No	No	No	N/A	N/A	Yes	Yes	Yes	Yes	No	No	No	No	Yes	Yes	Yes	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	50%	Not Compliant
7.January 26	Msukaligwa	MP302	No	No	No	No	N/A	N/A	Yes	Yes	No	No	No	No	No	No	No	No	Yes	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	28%	Not Compliant
8.February 26	Msukaligwa	MP302	No	Yes	Yes	No	N/A	N/A	No	Yes	No	No	No	No	No	No	Yes	Yes	Yes	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	44%	Not Compliant
[illegible]h 2026	Msukaligwa	MP302	No	No	No	No	N/A	N/A	Yes	Yes	Yes	Yes	No	No	No	No	Yes	Yes	Yes	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	50%	Not Compliant
10.April 2026	Msukaligwa	MP302	No	No	No	No	N/A	N/A	No	Yes	Yes	Yes	No	No	No	No	Yes	Yes	Yes	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	44%	Not Compliant
11. May 2026	Msukaligwa	MP302	No	No	No	No	N/A	N/A	No	Yes	Yes	Yes	No	No	No	No	No	Yes	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	33%	Not Compliant
12. June 2026	Msukaligwa	MP302	No	No	No	No	N/A	N/A	Yes	Yes	Yes	Yes	No	No	No	No	Yes	Yes	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	44%	Not Compliant

Comments/Motivation	
HOD Name:	Ms Gugu Mashiteng
Signature of HOD:	
Date:	23/07/2026

** 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

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

Legend	
	Complied
80-99%	Moderate Compliance
0-79%	Not Compliant

Monthly Performance Report

Municipal Details			Part A				Part B				Part C							Part D			Scoring and Rating	
			Bulk water current account				Accounting Treatment and mSCOA Reporting				Monitor and report on implementation							FRPs & Implementation progress				
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	Msukaligwa	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	Msukaligwa	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	Msukaligwa	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	Msukaligwa	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	Msukaligwa	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	Msukaligwa	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	Msukaligwa	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	Msukaligwa	MP302	No	Yes	Yes	No	N/A	N/A	No	Yes	No	No	No	No	No	No	No	Yes	Yes	Yes	44%	Not Compliant
[illegible]h 2026	Msukaligwa	MP302	No	No	No	No	N/A	N/A	Yes	Yes	Yes	Yes	No	No	No	No	No	Yes	Yes	Yes	50%	Not Compliant
10.April 2026	Msukaligwa	MP302	No	No	No	No	N/A	N/A	No	Yes	Yes	Yes	No	No	No	No	No	Yes	Yes	Yes	44%	Not Compliant
11. May 2026	Msukaligwa	MP302	No	No	No	No	N/A	N/A	No	Yes	Yes	Yes	No	No	No	No	No	No	Yes	No	33%	Not Compliant
12. June 2026	Msukaligwa	MP302	No	No	No	No	N/A	N/A	Yes	Yes	Yes	Yes	No	No	No	No	No	Yes	Yes	No	44%	Not Compliant

PT: HOD/ NT / MM Name:	Ms Gugu Mashiteng
Signature of PT: HOD/ NT/ MM:	
Date:	23/07/2026

** 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

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 paid **R9 million** towards the DWS accounts in July 2026

16.2 Condition 7.2 - Accounting Treatment and mSCOA Reporting

The municipality has approved the Budget Funding Plan for the 2027-26 financial year which will be updated on a monthly basis and progress thereof will be reported on.

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

The municipality remains in the **RESCUE Phase**, with **87 of 178 activities (49%) completed** and **91 (51%) still in progress**. Progress is evident across all four pillars, with **Financial Management (55%)** and **Service Delivery (56%)** showing the strongest completion rates. **Institutional Development** has achieved **44%**, while **Governance** stands at **22%**, indicating that it requires greater attention. Overall, implementation is progressing steadily, but continued focus is needed to complete the outstanding interventions and achieve the programme's objectives.

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	Jul-26
National Financial Year	2026/27
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
	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)		
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.*	Yes, fully paid	
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)?	Yes	
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://lguploadportal.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)?	Yes	
	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?	N/A (No write-off yet)	
6	7.2.1	Did the municipality account for any related benefit (e.g. interest suppression, etc.) and does such align with mSCOA?	N/A (No benefit yet)	
	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)	No	
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)	No	
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?*	No	
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?	No	
		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: MRM. KUNENE

Signature of PT: HOD/ NT/ MM:

Date: 14-Aug-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

Water Debt Relief

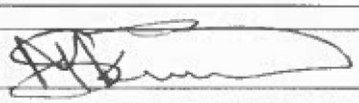
Water Debt Relief Guideline

Municipal Finance Management Act No. 56 of 2003

Legend	
	Compliant
80-99%	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	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	89%	Moderate compliance
2.August 2025	Maukaligwa	MP302	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	89%	Moderate compliance
3.September 2025	Maukaligwa	MP302	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	89%	Moderate compliance
4.October 2025	Maukaligwa	MP302	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	89%	Moderate compliance
5.November 2025	Maukaligwa	MP302	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	89%	Moderate compliance
6.December 2025	Maukaligwa	MP302	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	94%	Moderate compliance
7.January 2026	Maukaligwa	MP302	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	94%	Moderate compliance
8.February 2026	Maukaligwa	MP302	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	94%	Moderate compliance
9.March 2026	Maukaligwa	MP302	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	94%	Moderate compliance
10.April 2026	Maukaligwa	MP302	No	No	Yes	Yes	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	89%	Moderate compliance
11. May 2026	Maukaligwa	MP302	No	Yes	Yes	Yes	No	No	Yes	Yes	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	Yes	78%	Moderate compliance
12. June 2026	Maukaligwa	MP302	No	No	No	No	No	No	Yes	Yes	Yes	Yes	No	No	No	No	No	Yes	Yes	Yes	50%	Not Compliant
y 2026	Maukaligwa	MP302	Yes	Yes	Yes	Yes	No	No	Yes	Yes	Yes	Yes	Yes	No	No	No	No	Yes	Yes	Yes	78%	Moderate compliance
14.August 2026	Complete demarcation Code ab	Search																			0%	Not Compliant
15.September 2026	Complete demarcation Code ab	Search																			0%	Not Compliant
16.October 2026	Complete demarcation Code ab	Search																			0%	Not Compliant
17.November 2026	Complete demarcation Code ab	Search																			0%	Not Compliant
18.December 2026	Complete demarcation Code ab	Search																			0%	Not Compliant
19. January 2027	Complete demarcation Code ab	Search																			0%	Not Compliant
20.February 2027	Complete demarcation Code ab	Search																			0%	Not Compliant
21.March 2027	Complete demarcation Code ab	Search																			0%	Not Compliant
22.April 2027	Complete demarcation Code ab	Search																			0%	Not Compliant
23.May 2027	Complete demarcation Code ab	Search																			0%	Not Compliant
24.June 2027	Complete demarcation Code ab	Search																			0%	Not Compliant
25.July 2027	Complete demarcation Code ab	Search																			0%	Not Compliant
26.August 2027	Complete demarcation Code ab	Search																			0%	Not Compliant
27.September 2027	Complete demarcation Code ab	Search																			0%	Not Compliant
28.October 2027	Complete demarcation Code ab	Search																			0%	Not Compliant
29.November 2027	Complete demarcation Code ab	Search																			0%	Not Compliant
30.December 2027	Complete demarcation Code ab	Search																			0%	Not Compliant
31.January 2028	Complete demarcation Code ab	Search																			0%	Not Compliant
32.February 2028	Complete demarcation Code ab	Search																			0%	Not Compliant
arch 2028	Complete demarcation Code ab	Search																			0%	Not Compliant
April 2028	Complete demarcation Code ab	Search																			0%	Not Compliant
35.May 2028	Complete demarcation Code ab	Search																			0%	Not Compliant
36.June 2028	Complete demarcation Code ab	Search																			0%	Not Compliant
37.July 2028	Complete demarcation Code ab	Search																			0%	Not Compliant
38.August 2028	Complete demarcation Code ab	Search																			0%	Not Compliant
39.September 2028	Complete demarcation Code ab	Search																			0%	Not Compliant
40.October 2028	Complete demarcation Code ab	Search																			0%	Not Compliant
41.November 2028	Complete demarcation Code ab	Search																			0%	Not Compliant
42.December 2028	Complete demarcation Code ab	Search																			0%	Not Compliant
43.January 2029	Complete demarcation Code ab	Search																			0%	Not Compliant
44.February 2029	Complete demarcation Code ab	Search																			0%	Not Compliant
45.March 2029	Complete demarcation Code ab	Search																			0%	Not Compliant
46.April 2029	Complete demarcation Code ab	Search																			0%	Not Compliant
47.May 2029	Complete demarcation Code ab	Search																			0%	Not Compliant
48.June 2029	Complete demarcation Code ab	Search																			0%	Not Compliant

PT: HOD/ NT / MM Name:	MR M.KUNENE
Signature of PT: HOD/ NT/ MM:	
Date:	14-Aug-25

NOTE – The official signing on behalf of the Head of the Provincial Treasury (PT/D), the MFMA proclamation of the HOD must be attached as an Annexure to this Certificate of Compliance

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 budget statement report and supporting documentation for submission of the **Section 71 Monthly Report for July 2026 – M01** has been prepared in accordance with the Municipal management act and the regulations made under the Act.

Municipal Manager of Msukaligwa Local Municipality

Name: **MR. M. KUNENE**

Position: **Municipal Manager: MP 302 Msukaligwa local municipality**

Signature:

Date: **14/08/2026**