

**Chief Albert Luthuli Municipality**

The transparent, innovative and developmental municipality  
that improves the quality of life of its people



**S52 QUARTERLY BUDGET STATEMENT: SECOND QUARTER ENDED 31 DECEMBER 2023**

Contents

**PURPOSE** ..... 3

**BACKGROUND**..... 3

**STRATEGIC OBJECTIVE**..... 3

**IN- YEAR REPORTING SCHEDULES:** ..... 3

**FINANCIAL PERFORMANCE: INDICATES THE SUMMARY OF ALL MONTHLY BUDGET STATEMENTS AT THE END OF THE FOURTH QUARTER.** ..... 4

**OPERATING REVENUE: IS THE BUDGET STATEMENT WHICH REFLECTS FINANCIAL PERFORMANCE– REVENUE BY MUNICIPAL VOTE.** ..... 4

**OPERATING EXPENDITURE: IS THE BUDGET STATEMENT WHICH REFLECTS FINANCIAL PERFORMANCE– EXPENDITURE BY MUNICIPAL VOTE.** ..... Error! Bookmark not defined.

**PERFORMANCE RESULTS:**..... 5

**CASH FLOW BUDGET PERFORMANCE: INDICATES THE ACTUAL CASFLOW PERFORMANCE FOR THE QUARTER** ..... 5

**RECEIVABLES: DEBTORS AGE ANALYSIS AS AT THE END OF THE QUARTER** ..... 6

**PAYABLES: CREDITORS AGE ANALYSIS AS AT THE END OF THE QUARTER**..... 7

**GRANTS SPENDING: AS AT THE END OF THE QUARTER** ..... 8

**INVESTMENTS: AS AT THE END OF THE QUARTER**..... 9

**QUALITY CERTIFICATE: AUTHENTICATION BY THE ACCOUNTING OFFICER**..... 9

## PURPOSE

The purpose of this report is to comply with Section 52 (d) of the Municipal Finance Management Act (MFMA) and Section 28 of Municipal Budget and Reporting Regulations as promulgated in the Government Gazette No 32141 of 17 April 2009 which requires that specific financial particulars be reported on and in the prescribed formats.

In terms of Section 52(d) the Mayor of a municipality must, within 30 days of the end of each quarter, submit a report to council on the implementation of the budget and the financial state of the municipality.” The main purpose of this report therefore is to adhere to the legislation highlighted above and provide the feedback for the implementation of council approved budget relating to the Second Quarter to the Mayor and Council.

The report also provides a high-level overview of the Municipal financial viability and sustainability.

## BACKGROUND

### STRATEGIC OBJECTIVE

“To ensure good governance, financial viability and optimal institutional transformation with capacity to execute its mandate.”

Section 52 of the MFMA and in terms of Section 28 of the Government Notice 32141 dated 17 April 2009, regarding the “Local Government: Municipal Financial Management Act 2003, Municipal Budget and Reporting Regulations” necessitates that specific financial particulars be reported on and in the format prescribed, hence this report to meet legislative compliance.

The monthly budget statement of a municipality must be in the format specified in Schedule C and include all the required tables, charts and explanatory information, taking into account any guidelines issued by the Minister in terms of Section 168 (1) of the MFMA Act.

Further, Section 31(1) of the Government Gazette No. 32141 of 17 April 2009 prescribes that the Mayor’s quarterly report on the implementation of the budget and financial state of affairs of the municipality as required by Section 52(d) of the MFMA must be:

- In the format specified in Schedule C and include all the required tables, charts and explanatory information, taking into account any guidelines issued by the Minister in terms of Section 168(1) of the MFMA
- Consistent with the monthly budget statements for July, August and September as applicable
- Submitted to the National Treasury and the relevant Provincial Treasury within five days of tabling of the report in the council.

The Second Quarter report is therefore tabled for your consideration:

## IN YEAR REPORTING SCHEDULES:

**FINANCIAL PERFORMANCE: INDICATES THE SUMMARY OF ALL MONTHLY BUDGET STATEMENTS AT THE END OF THE SECOND QUARTER.**

MEDIUM TERM REVENUE AND EXPENDITURE (MTREF): BUDGET SUMMARY – SECTION 52 3<sup>rd</sup> QUARTER REPORT – 2023/24

R	Budget Year 2023/24	Second Quarter Actual Results December 2023	% Variance
Total Revenue	R1 245 863 847	R781 373 545	63%
Total Expenditure	R1 243 421 807	R 434 701 160	35%
<b>Surplus/(Deficit)</b>	<b>R2 442 040</b>	<b>R346 672 385</b>	

**OPERATING REVENUE: IS THE BUDGET STATEMENT WHICH REFLECTS FINANCIAL PERFORMANCE– REVENUE BY MUNICIPAL VOTE.**

MEDIUM TERM REVENUE AND EXPENDITURE (MTREF): BUDGET SUMMARY – SECTION 52 3<sup>RD</sup> QUARTER REPORT – 2023/24

DETAILS	Budget Year 2023/24	Second Quarter Results December 2023	% Performance December 2023
Property rates	R124 725 921.96	R 39 491 951	32%
Service charges: electricity revenue	R 52 356 299.35	R17 365 477	33%
Service charges: water revenue	R55 151 246.71	R 2 804 287	5%
Service charges: sanitation revenue	R 15 037 936.17	R 2 509 439	17%
Service charges: refuse revenue	R 12 854 282.69	R 1 488 488	12%
Rental of facilities and equipment	R1 137 240.25	R 39 590.65	3%
Interest earned – external investments	R2 512 975.82	R 6 802 980.67	270%
Interest earned – outstanding debtors	R35 121 740.94	R 10 905 800	31%
Fines	R751 456.60	R94 807	13%
Transfers recognized	R944 527 000	R 655 998 000	69%
Other own revenue	R1 687 746.51	R 43 872 725.35	2599%
<b>Total Revenue</b>	<b>R1 245 863 847</b>	<b>R781 373 545</b>	<b>63%</b>

**OPERATING EXPENDITURE: IS THE BUDGET STATEMENT WHICH REFLECTS FINANCIAL PERFORMANCE- EXPENDITURE BY MUNICIPAL VOTE.****MEDIUM TERM REVENUE AND EXPENDITURE (MTREF): BUDGET SUMMARY – SECTION 52 2<sup>nd</sup> QUARTER REPORT – 2023/24**

DETAILS	Budget Year 2023/24	Mid-Term Results December 2023	% Performance December 2023
Employee Related Costs	260 000 000.00	96 505 800.00	37%
Remuneration of Councilors	26 325 000.00	14 131 576.00	54%
Debt impairment	18 902 260.85	13 367 620.00	71%
Depreciation	53 453 016.00	27 953 625.50	52%
Finance charges	1 889 510.57	1 016 000.00	54%
Bulk purchases	120 272 715.00	59 926 566.00	50%
Repairs and maintenance	46 430 800.00	25 038 514.00	54%
Contracted services	122 597 500.00	36 923 858.00	30%
General expenses	50 119 005.00	42 396 005.00	85%
Indigent Relief	22 000 000.00	8 111 079.00	37%
Capital projects	521 432 000.00	184 898 762.00	35%
<b>Total Revenue</b>	<b>1 243 421 807.42</b>	<b>510 269 405.50</b>	<b>35%</b>

**PERFORMANCE RESULTS:**

Total Budgeted Revenue amounted to **R1 245 863 847**. The Municipality has realized **63%** of the projected revenue budget.

Total Budgeted Expenditure amounted to **R1 243 421 807**. The Municipality has spent **35%** of the projected expenditure budget.

**CASH FLOW BUDGET PERFORMANCE: INDICATES THE ACTUAL CASFLOW PERFORMANCE FOR THE QUARTER**

The cash flow budget performance statement reflects a favorable net cash and cash equivalents balance of **R 261 069 272.44** for the SECOND QUARTER period ended **31 DECEMBER 2023**.

CFA : CASH FLOW STATEMENT ACTUALS / FORECASTS (All values in Rand)(Payments= +)										
Save File as : Muncde_CFA_ccyy_Mnn.XLS (e.g.: GT411_CFA_2005_M10)										
Change Muncde to your own municipal code (e.g.: GT411) and Year End (ccyy) to Financial Year End (e.g.: 2005 for year 2004/2005)										
Change Month End (Mnn) to Active Month (M01=July...M12=June)(e.g.: M10) (Enter Actuals up to Active Month included and Forecast figures for months after Active Month)										
To Save File press the following keys at the same time with Caps Lock off: Ctrl Shift S										
Year End	Month End	Mun	Item	Detail	Month 1 July	Month 2 Aug	Month 3 Sept	Month 4 Oct	Month 5 Nov	Month 6 Dec
	M03	MP301	3000	Cash Receipts by Source						
			3010	Property rates	3 379 329	1 580 374	2 840 878	21 101 001	7 276 144	3 314 225
			3020	Property rates - penalties & collection charges		0	0	0	0	0
			3030	Service charges - electricity revenue	2 298 268	2 435 099	1 000 932	4 970 738	3 670 091	2 330 349
			3040	Service charges - water revenue	163 010	309 653	385 385	889 147	713 155	343 936
			3050	Service charges - sanitation revenue	395 665	334 706	279 161	427 461	717 539	354 907
			3060	Service charges - refuse revenue	139 605	183 638	140 534	340 733	374 011	309 907
			3070	Service charges - other	131 013	56 430	48 255	48 259	106 099	60 659
			3080	Rental of facilities and equipment	0	0	0	0	0	0
			3090	Interest earned - external investments	0	0	0	0	0	0
			3100	Interest earned - outstanding debtors	0	0	0	0	0	0
			3110	Dividends received	0	0	0	0	0	0
			3120	Fines	13 489	14 450	14 970	18 670	14 770	18 458
			3130	Licences and permits	0	0	0	0	0	0
			3140	Agency services	0	0	0	0	0	0
			3150	Transfer receipts - operational	174 210 000	2 751 000	0	0	0	139 363 000
			3160	Other revenue	11 311 626	471 764	4 668 067	21 563 620	5 538 529	298 710
			3170	Cash Receipts by Source	192 042 005	8 197 174	9 378 182	49 359 629	18 470 338	146 994 152
			3180	Other Cash Flows/Receipts by Source						
			3190	Transfer receipts - capital	63 275 000	100 160 000	29 592 000	32 700 000	123 822 338	23 953 000
			3200	Contributions recognized - capital & Contributed	0	0	0	0	0	0
			3210	Proceeds on disposal of PPE	0	0	0	0	0	0
			3220	Short term loans	0	0	0	0	0	0
			3230	Borrowing long term/refinancing	0	0	0	0	0	0
			3240	Increase (decrease) in consumer deposits	0	0	0	0	0	0
			3250	Decrease (increase) in non-current debtors	0	0	0	0	0	0
			3260	Decrease (increase) other non-current receivables	0	0	0	0	0	0
			3270	Decrease (increase) in non-current investments	0	0	0	0	0	0
			3280	Total Cash Receipts by Source	255 317 005	108 357 174	38 970 182	82 059 629	142 292 676	170 947 152
			4000	Cash Payments by Type						
			4010	Employee related costs	20 636 088	20 200 089	20 528 538	21 194 929	19 334 888	20 520 386
			4020	Remuneration of councillors	1 779 058	1 779 058	1 779 058	1 779 058	1 779 058	1 779 058
			4030	Collection costs	0	0	0	0	0	0
			4040	Interest paid	35 677	0	124 234	132 641	51 753	52 456
			4050	Bulk purchases - Electricity	15 083 452	15 861 050	1 156 236	9 460 186	9 062 886	9 296 756
			4060	Bulk purchases - Water & Sewer	0	0	0	0	0	0
			4070	Other materials	1 234	4 362	155 366	439 456	456 754	14 876 536
			4080	Contracted services	134 681	7 111 254	1 235 623	1 373 314	12 713 624	14 355 362
			4090	Grants and subsidies paid - other municipalities	0	0	0	0	0	0
			4100	Grants and subsidies paid - other	0	0	0	0	0	0
			4110	General expenses	10 083 746	11 721 312	37 658 786	9 407 751	30 756 836	26 326 635
			4120	Cash Payments by Type	47 819 936	56 677 125	62 637 841	43 787 335	74 755 799	87 207 189
			4130	Other Cash Flows/Payments by Type						
			4140	Capital assets	8 522 596	41 701 841	14 342 177	12 970 456	45 287 672	45 247 698
			4150	Repayment of borrowing	0	0	0	0	0	0
			4160	Other Cash Flows/Payments	0	0	0	0	0	0
			4170	Total Cash Payments by Type	56 342 532	98 378 966	76 980 018	56 757 791	120 043 471	132 454 887
			4180	Net Increase/(Decrease) in Cash Held	198 974 473	9 978 208	-38 009 836	25 301 838	22 249 205	38 492 265
			4190	Cash/cash equivalents at the month/year begin:	4 083 119	203 057 592	213 035 800	175 025 964	200 327 802	222 577 007
			4200	Cash/cash equivalents at the month/year end:	203 057 592	213 035 800	175 025 964	200 327 802	222 577 007	261 069 272

**RECEIVABLES: DEBTORS AGE ANALYSIS AS AT THE END OF THE QUARTER**

The outstanding debtors or receivables for the SECOND QUARTER ending **31 DECEMBER 2023** amounted to **R512 610 422.18**

The Municipality is strictly implementing its credit control and debt management policy and has appointed two debt collectors to speedily collect all monies owed to the Municipality. The Municipality has also endorsed the participation on the National Treasury MFIP program wherein we will be receiving Revenue Management Support through the allocation of an Advisor.

An extensive Phase 2 of data cleansing process is also underway. The plan is to exterminate all contaminated data.

Financial Year: 2023/2024	Group Code: All												
MuniCode1	FinYear1	FinMonth	IncomeCode	Days0	Days30	Days60	Days90	Days120	Days150	Days180	Days210_P	TotalAmount1	
MP301	2024	M05	DEBTOR AGE ANALYSIS BY INCOME SOURCE	-	-	-	-	-	-	-	-	-	-
MP301	2024	M05	Trade and Other Receivables from Exchange Transactions - Water	4 267 878.75	2 930 060.75	3 047 276.75	2 661 687.75	2 750 617.75	2 657 950.75	1 861 544.82	27 040 907.88	47 217 925.20	-
MP301	2024	M05	Trade and Other Receivables from Exchange Transactions - Electricity	2 941 116.00	597 680.00	1 489 082.25	1 375 932.25	1 188 693.25	1 171 911.25	251 105.00	13 096 596.12	22 112 116.12	-
MP301	2024	M05	Receivables from Non-exchange Transactions - Property Rates	3 967 519.00	11 896 862.00	12 609 525.00	12 692 777.00	5 594 128.00	5 288 539.00	5 121 197.00	248 787 368.06	231 559 587.06	-
MP301	2024	M05	Receivables from Exchange Transactions - Waste Water Management	1 987 310.00	540 279.00	432 592.00	411 012.00	4 889 137.00	1 079 396.00	2 744 105.00	76 043 696.13	82 639 317.13	-
MP301	2024	M05	Receivables from Exchange Transactions - Waste Management	2 649 224.00	1 190 702.00	1 153 286.00	1 111 109.00	4 864 221.00	4 803 635.00	4 778 002.00	73 785 188.88	94 335 367.88	-
MP301	2024	M05	Interest on Arrear Debtor Accounts	-	-	-	-	-	-	-	-	-	-
MP301	2024	M05	Recoverable unauthorised, irregular or fruitless and wasteful Expenditure	-	-	-	-	-	-	-	-	-	-
MP301	2024	M05	Other	-	5 776.00	19 799.00	5 482.00	1 661.00	1 342.00	82.00	29 296 268.26	29 330 410.26	-
<b>MP301</b>	2024	M05	<b>Total For Income Source</b>	<b>15 813 047.75</b>	<b>6 632 364.25</b>	<b>6 467 489.00</b>	<b>7 127 554.00</b>	<b>19 288 458.00</b>	<b>15 002 774.00</b>	<b>9 267 825.82</b>	<b>468 050 025.33</b>	<b>512 610 422.18</b>	-
MP301	2024	M05	DEBTOR AGE ANALYSIS BY CUSTOMER GROUP	-	-	-	-	-	-	-	-	-	-
MP301	2024	M05	Organs of the State (Government)	2 565 482.72	3 640 869.00	3 135 577.00	3 031 627.00	3 003 950.00	2 872 262.00	2 786 353.00	118 972 873.00	140 008 993.72	-
MP301	2024	M05	Commercial	3 014 210.00	1 020 250.00	1 266 213.00	1 031 224.00	811 502.00	735 899.00	650 880.00	40 660 616.49	49 190 794.49	-
MP301	2024	M05	Households	16 088 522.00	6 207 822.00	5 994 107.00	5 475 585.00	5 457 014.00	5 166 939.00	4 789 439.00	268 815 507.44	317 994 935.44	-
MP301	2024	M05	Other	-	-	-	-	-	-	-	-	-	-
<b>MP301</b>	2024	M05	<b>Total For Customer Group Code</b>	<b>21 668 214.72</b>	<b>10 868 941.00</b>	<b>10 395 897.00</b>	<b>9 538 436.00</b>	<b>9 272 466.00</b>	<b>8 775 100.00</b>	<b>8 226 672.00</b>	<b>428 448 996.93</b>	<b>512 610 422.18</b>	-

**PAYABLES: CREDITORS AGE ANALYSIS AS AT THE END OF THE QUARTER**

The Creditors balance as per creditors age analysis as at **31 DECEMBER 2023** amounted to **R 10 328 026.39** of which R 9 296 756.39 Relates to ESKOM current account. The top creditor is ESKOM, and the account is serviced timeously.

The municipality services all its creditors within 30 days.

**GRANTS SPENDING: AS AT THE END OF THE QUARTER**

Grants were transferred in terms of Division of Revenue Act and were utilized for intended purpose.

**CONDITIONAL GRANTS REGISTER**

Details	Allocation 2023/24	Funds Withheld	Received	Expenditure	% Spending to amounts received to date	% Spending to overall allocation amount
Financial Management Grant	R 2 000 000.00	R0	R 2 000 000.00	R 967 554,00	48%	48%
Integrated National Electrification Program	R 6 460 000.00	R0	R 4 600 000	R 2 919 358.39	63%	45%
Water Services Infrastructure Grant	R104 937 000.00	R0	R 60 802 000	R 34 354 685.45	57%	33%
Expanded Public Works Program	R 3 004 000.00	R0	R 2 103 000	R 765 600	36%	26%
Regional Bulk Infrastructure Grant	R 305 793 000.00	R0	R 200 000 000	R 84 599 740.95	42%	30%
Municipal Infrastructure Grant	R 97 257 000.00	R0	R 64 765 000	R 54 874 977.41	85 %	56 %
Municipal Disaster Recovery Grant	R 8 150 000	R0	R 8 150 000	R 8 150 000	100%	100%
<b>TOTAL</b>	<b>R526 422 000.00</b>	<b>R0</b>	<b>R 342 420 000</b>	<b>R 186 631 916</b>	<b>55%</b>	<b>35%</b>

As at **31 DECEMBER 2023** all projects related to all conditional grants are currently under implementation

**Capital expenditure results:**

The overall capital expenditure to date amounts to **R 184 898 762** which reflects averagely **expenditure** for all conditional grants received:

- MDRG
- MIG
- WSIG
- INEP
- RBIG



INVESTMENTS: AS AT THE END OF THE QUARTER

<b>UNIT TRUSTS HELD BY THE MUNICIPALITY</b>											
<b>Account no</b>	<b>Description</b>		<b>Opening balance</b>	<b>Investe</b>	<b>Withdrawn</b>	<b>Charge</b>	<b>Divider</b>	<b>Interest</b>	<b>Fair value</b>	<b>Closing Balance</b>	<b>Re</b>
b	Sanlam Unit Trust		126 601.09					10 074.91		136 676.00	
28263	RMB Momentum		320 120.42					33 171.36	-	353 291.78	
IP0006247	Stanlib Extra Income Fund R		55 801.16					3 740.96	-	59 542.12	
IP0006247	Stanlib Flexible Income A		22 501.30					2 251.89	-	24 753.19	
IP0006247	Stanlib Income Fund R		49 240.94					3 486.66	-	52 727.60	
IP0006247	Coronation Strategic Income Fund D		331 150.02					25 895.31	-	357 045.33	
IP0006247	Ninety One Diversified income Fund H		76 542.21					5 776.17	-	82 318.38	
IP0006247	Nedgroup inv Flexible income Fund A		229 045.11					19 152.58	-	248 197.69	
552051643	Stanlib Extra Income ABIL retention fund		2 690 905.52					182 252.32	-	2 873 157.84	
	<b>Sub total</b>		<b>3 901 907.77</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>285 802.16</b>	<b>-</b>	<b>4 187 709.93</b>	
<b>SHARES HELD BY THE MUNICIPALITY</b>											
<b>Account no</b>	<b>Description</b>	<b>Number of shares</b>	<b>Opening balance</b>	<b>Share</b>	<b>Additions</b>	<b>Charge</b>	<b>Divider</b>	<b>Interest</b>	<b>Fair value adjust ment</b>	<b>Closing Balance</b>	<b>Re</b>
U0061096351		13242.00	700 104.54					202 337.76		902 442.30	
	<b>Sub total</b>		<b>700 104.54</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>202 337.76</b>	<b>-</b>	<b>902 442.30</b>	
	<b>Grand total</b>		<b>4 602 012.31</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>488 139.92</b>	<b>-</b>	<b>5 090 152.23</b>	

The Investment balance as at 31 DECEMBER 2023 amounted to R 5 090 152.23. The biggest contributor is the STANLIB INVESTMENT at an amount of R2 873 157.84. All municipal investments are held with accredited investment institutions with the appropriate financial services board accreditations.

QUALITY CERTIFICATE: AUTHENTICATION BY THE ACCOUNTING OFFICER



**QUALITY CERTIFICATE**

I, **Mgijima Ephraim Thabethe**, the Municipal Manager of Chief Albert Luthuli Municipality, hereby certify that the quarterly budget statement report and supporting documentation for the **SECOND QUARTER ENDED 31 DECEMBER 2023** has been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act.

\_\_\_\_\_  
**MUNICIPAL MANAGER**  
**MR M.E THABETHE (Pr. Tech. Eng)**

\_\_\_\_\_  
**DATE**

**Chief Albert Luthuli Municipality: MP 301**