

MAGARENG LOCAL MUNICIPALITY

MAGARENG



MUNICIPALITY

**QUARTELY BUDGET STATEMENT
REPORT**

JANUARY – MARCH 2023/24

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1.1 PURPOSE

To submit a report to council within 30 days of the end of each quarter on implementation of the Budget and Financial state of the Municipality as required by Section 52 of the Municipal Finance Management Act

1.2 Discussion

The report will be discussed under the following broad heading:

- 1) Financial management

1.3 Financial Management Review

This section has been split into two parts in terms of reporting method as required by Treasury as follows:

Part 1 – Quarterly Report

- i) Mayor's Report
- ii) Executive Summary
- iii) In year budget tables

Part 2 – Quarterly Report

- i) Material variance explanation
- ii) Performance indicators
- iii) Debtors' analysis
- iv) Creditors analysis
- v) Investment portfolio analysis
- vi) Allocation and grant receipts and expenditure
- vii) Council and employee benefits
- viii) Capital Expenditure trend.

Municipal Managers quality certificate

I. Mayors Report

The municipality's budget is being implemented in line with service delivery budget implementation plan. The municipality however still faces key financial risks that threaten the sustainability of the institution. The following are some of the key risks identified:

- Low Collection rate is affecting the cash flow of the municipality.
- Outstanding creditors especially Eskom and Vaalharts water,
- The municipality will be embarking on a Credit Control and Indigent Assistance

Awareness Campaign. Through this campaign we seek to educate Consumers on the importance of the payment of accounts and the detrimental effect non-payment has on service delivery. We aim to have our customers (from all our Customer Groups) that are in arrears and are able to pay their accounts, to make payment or make a payment arrangement on their account. The campaign will also inform and create awareness to Customers as to the assistance provided by the Municipality in relation to the payment of accounts (our social package, discounts and incentives)

Highlight of financial performance, Challenges and Risks for the month

- After the third quarter (January-March 2024), the total operating revenue has been calculated to be R33,8 million. Additionally, the actual year-to-date revenue amounts to R117.5 million. Notably, it is important to recognize that the revenue has exceeded the projected budget of R114.8 million by 2%.
- Operational transfers and subsidies are major attributes for variance between the projected revenue and actual year to date revenue which amounts to R 52.3 million and R 63.4 million represented respectively.
- Therefore, effective measures and implementation of the financial recovery and funding plan need to be prioritized to address the shortfall in Services Charges and Other Revenue. The Municipality also needs to strengthen the Revenue Enhancement Policies.

Below is a table that summarizes the municipal finance performance

	Budget Year 2023/24							
	Original Budget	Adjusted Budget	Q1	Q2	Q3	YearTD actual	YearTD budget	YTD variance
Total Revenue (excluding capital transfers and contributions)	162,061,667.00	153,012,657.00	47,148,857.61	36,501,455.42	33,820,851.54	117,471,164.57	114,759,492.75	2,711,671.82
Total Expenditure	177,673,719.00	193,919,975.00	39,507,066.96	42,666,306.42	42,237,932.33	124,411,305.71	145,439,981.25	- 21,028,675.54
Surplus/(Deficit)	- 15,612,052.00	- 40,907,318.00	7,641,790.65	- 6,164,851.00	- 8,417,080.79	- 6,940,141.14	- 30,680,488.50	23,740,347.36
Transfers and subsidies - capital (monetary allocations)	51,967,000.00	62,279,000.00	16,319,703.20	9,307,000.00	13,069,000.00	43,840,703.20	46,709,250.00	- 2,868,546.80
Transfers and subsidies - capital (in-kind)	3,000,000.00	4,745,000.00	-	1,135,468.13	-	1,135,468.13	3,558,750.00	- 2,423,281.87
Surplus/(Deficit) after capital transfers & contributions	39,354,948.00	26,116,682.00	23,961,493.85	4,277,617.13	4,651,919.21	38,036,030.19	19,587,511.50	18,448,518.69
Capital expenditure	55,257,000.00	67,024,000.00	10,007,901.22	13,716,737.07	4,655,540.62	28,380,178.88	45,249,559.00	- 16,869,380.12

Table 1: Income for the third quarter 2024

NC093 Magareng - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - Q3 Third Quarter

Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Q3	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue										
Exchange Revenue										
Service charges - Electricity		13,907	33,713	16,192	5,162	11,788	12,144	(357)	-3%	16,192
Service charges - Water		6,010	9,156	3,492	730	2,222	2,619	(397)	-15%	3,492
Service charges - Waste Water Management		8,041	10,832	10,832	1,975	6,140	8,124	(1,984)	-24%	10,832
Service charges - Waste management		4,509	6,683	6,716	1,483	4,603	5,037	(434)	-9%	6,716
Sale of Goods and Rendering of Services		517	624	737	166	368	553	(185)	-33%	737
Agency services		-	-	-	-	-	-	-	-	-
Interest		-	-	-	-	-	-	-	-	-
Interest earned from Receivables		6,048	13,632	23,250	4,845	14,463	17,437	(2,974)	-17%	23,250
Interest from Current and Non Current Assets		10,912	-	-	-	-	-	-	-	-
Dividends		-	-	-	-	-	-	-	-	-
Rent on Land		2	3	2	-	0	1	(1)	-68%	2
Rental from Fixed Assets		1	3	3	1	2	2	0	11%	3
Licence and permits		-	-	-	-	-	-	-	-	-
Operational Revenue		3,698	71	147	8	81	110	(30)	-27%	147
Non-Exchange Revenue										
Property rates		12,263	13,926	13,926	3,225	9,688	10,444	(757)	-7%	13,926
Surcharges and Taxes		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		586	135	124	5	124	93	31	33%	124
Licence and permits		(2,251)	-	-	-	-	-	-	-	-
Transfers and subsidies - Operational		69,502	68,488	69,743	14,648	63,368	52,307	11,061	21%	69,743
Interest		-	4,798	7,849	1,573	4,624	5,887	(1,263)	-21%	7,849
Fuel Levy		-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		382	-	-	-	-	-	-	-	-
Other Gains		-	-	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		134,129	162,062	153,013	33,821	117,471	114,759	2,712	2%	153,013

Operating Revenue

The summary of the operating revenue reflected in the above table has been extracted from C4 table of the C Schedule attached. During the 3rd quarter, the municipality generated total operating revenue that amounts to R33.8 million of which R 14.6 million from the total operating revenue is for operational grants. The year-to-date actual revenue amounts to R 117.5 million and the year-to-date budget amounts to R114.8million, which reflects a positive variance of 2%.

Detailed explanation on revenue by source items.

Property rates.

The municipality has billed revenue of R3.3 million for the quarter. However, the actual year-to-date revenue amounts to R 9.7 million, which is 7% lower than the budgeted revenue of R10.4 million for the period under review. This shortfall can be attributed to objections related to the valuation roll and a low payment rate.

Service charges – Electricity.

The municipality has billed revenue of R 5.2 million from Sales of Electricity. However, the year-to-date revenue amounts to R 11.8 million, which reflected a negative variance amounting to R357 thousand when compared to the year-to-date budget that amounts to R12.1 million for the period under review. The variance in Electricity Revenue is attributed to a low payment rate and distribution losses, which have impacted the overall revenue generation. The municipality must address these issues by implementing strategies to increase payment rates and reduce distribution losses, which will ultimately lead to improved financial performance.

Service charges – water.

The municipality generated total revenue of R730 thousand from Water Services, meanwhile the year-to-date actual amounts to R 2.2 million which is 15% less than the year-to-date budget of R 2.6 million for the period under review. The low-billing in-water service charges are attributed to a combination of factors.

This under billing in Water is caused by the breakdown of the water supply pipes, which are currently under construction, and has further aggravated the situation. Additionally, some areas are not metered, which makes it difficult for municipality to account for the actual amount of water consumed. Lastly, some consumers are unwilling to settle their account, which also contributes to the low billing in-water service charges.

In conclusion, these factors have resulted in a significant decrease in water service charges, affecting the municipality's revenue. It is essential to address these issues promptly to ensure the provision of efficient water services and to maintain the municipality's financial viability.

Service charges – sanitation.

For the quarter under review, the municipality has generated revenue of R1.9 million. The year-to-date actual amounts to R 6.1 million, which is 24% less than the year-to-date budget of R 8.1 million for the quarter. Notably, the collection on this service can be enhanced if the municipality enforces its approved credit control and debt collection policies.

Service charges – refuse.

The municipality generated R1.4 million and actual year to date amounts to R 4.6 million which is 9% less than year to date budget that amounts to R5 million during the period under review. Due to challenges and breakdowns with the refuse removal trucks, hampers the municipality's efforts to raise much needed revenue.

Rent from fixed assets.

The municipality generated total revenue of R758 hundred from fixed assets for the quarter under review. The year-to-date actual amounts to R2.3 thousand and the year-to-date budget amounts to R 2 thousand for the month under review.

Interest earned – from receivables.

The municipality has generated revenue amounting to R 4.8 million, with the actual year-to-date revenue standing at R 14.5 million, which is 17% less than the year-to-date budget of R 17.4 million for the current month. The major attribute to this variance is the interest accrued on outstanding debts owed to the municipality. This shortfall has negative implications for the municipal debtor's book, as the accounts remain unpaid for a more extended period and continue to accrue interest.

Fines, penalties, and forfeits

The municipality generated total revenue of R5.2 thousand from fines for the quarter under review. The year-to-date actual amounts to R124 thousand and the year-to-date budget amounts to R 9.3 thousand for the month under review and these results in a positive variance of 33%.

Licenses and Permits

The municipality did not budget for this line item. The license testing yard is not operational renovation are required as per the Department of Traffic regulations.

Transfers recognized – operational.

Municipality received total operating grants that amounts to R14.6 million, of which R 13.7 million is from Equitable Share, R47 thousand is from EPWP and R130 thousands from Frances Baard for the month under review. Currently the year-to-date actual amounts to R 63.4 million, which is 21% higher than the actual year-to-date budget that amounts to R52.3 million. The municipality receives grants as per DoRA schedule and as per invoice claims submitted to Frances Baard.

Other revenue

The municipality generated total revenue of R7.7 thousand from other revenue for the quarter under review. The year-to-date budget amounts to and amounts to R81 thousand which is 27% less than the actual year to date budget amounting to R 110 thousand during the period under review.

Table 2: Expenditure for the third quarter 2024

NC093 Magareng - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - Q3 Third Quarter

Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Q3	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Expenditure By Type										
Employee related costs		48,606	53,709	53,709	10,097	33,546	40,282	(6,736)	-17%	53,709
Remuneration of councillors		4,673	4,807	5,612	1,668	4,008	4,209	(201)	-5%	5,612
Bulk purchases - electricity		23,257	25,000	23,850	3,898	7,853	17,888	(10,035)	-56%	23,850
Inventory consumed		16,644	12,920	15,715	3,199	8,366	11,786	(3,420)	-29%	15,715
Debt impairment		-	35,391	35,391	8,848	26,543	26,543	(0)	0%	35,391
Depreciation and amortisation		23,788	25,954	25,953	6,488	19,464	19,464	0	0%	25,953
Interest		7,549	-	-	-	-	-	-	-	-
Contracted services		5,922	9,594	10,929	2,670	6,609	8,197	(1,588)	-19%	10,929
Transfers and subsidies		-	-	-	-	-	-	-	-	-
Irrecoverable debts written off		17,960	-	5,172	-	5,172	3,879	1,293	33%	5,172
Operational costs		12,826	10,299	17,589	5,370	12,850	13,192	(342)	-3%	17,589
Losses on Disposal of Assets		4,503	-	-	-	-	-	-	-	-
Other Losses		-	-	-	-	-	-	-	-	-
Total Expenditure		165,728	177,674	193,920	42,238	124,411	145,440	(21,029)	-14%	193,920

The above table indicates expenditure items by type.

Operating Expenditure

Table 2 provides a comprehensive overview of the municipality's operating expenditure. These figures have been derived from C4 in the attached C-Schedule. During the quarter under

review, the municipality incurred a total operating expenditure of R42.2 million, the current year-to-date actual shows that the municipality has spent R124.4 million to date, which is 14% less than the project budget of R145.4million.

Employee related costs

The municipality incurred R 10.1 million on employee related costs and actual year to date amounts to R33.5 which reflects a negative variance of 17% that show that the municipality has spent less than the year-to-date budget which amounts to R 40.3 million. The cost drivers to this variance are caused by vacant positions which were budgeted for, but no appointments were made. Cost containment measures were taken on this item to ensure expenditure stays within the budget, especially on overtime and standby allowance.

Remuneration of councilors

Expenditure incurred in relation to councilor's remuneration amounts to R1.7 million and the year-to-date actual amounts to R 4 million which reflects a negative variance of 5% when compared to year-to-date budget that amounts to R4.2 million. The variance in Remuneration of councilors is immaterial.

Debt impairment

The municipality incurred R8.8 million on debt impairment and the actual year to date amounts to R26.5 million which reflects 0% variance when compared to actual year to date budget that amounts R26.5 million, it shows that both year to date actual and year to date budget are inline. This is because monthly journals are captured for the movement as per advice from Provincial Treasury and which is based on the current collection trends and the 2022/23 audited financial statements.

Depreciation

The municipality incurred R6.5 which is regarded as noncash item and actual year to date amounts to R 19.5 million which reflects 0% variance when compared to actual year to date budget that amounts to R19.5 million. These journals are being processed based on budgeted Depreciation amount as per 2022/23 Annual Financial Statement.

Bulk purchases

The actual expenditure incurred for bulk purchases– electricity amounted to R3.9 million for the current quarter and the actual year to date amounts to R 7.9 million which is 56%less the projected budget that amounts to R17.9million. This is because the municipality cannot honor its payment arrangement made with Eskom, due to financial constraints that the municipality is currently facing. Take note that this amount only relates to Eskom expenditure as water is classified under inventory items.

Inventory consumed.

The reclassification of MSCOA has resulted in water purchases being categorized under inventory consumed. The amount spent on this item was R3.2 million and the year-to-date expenditure stands at R 8.4 million. This reflects a variance of 29% less than the projected budget of R 11.8 million. The reason for this variance is that the municipality is unable to honor the payments towards Vaalharts, due to financial constraints.

Contracted Services.

Contracted services include Accountants and Auditors, Security service, professional consulting and other services related to maintenance of infrastructure as and when the need arises. The amount spent for Contracted Services amounts to R 2.7 million and the year-to-date actual amounts to R 6.6 million which reflects negative 19% variance when compared to the actual year to date budget that amounts to R8.2 million. The municipality is trying to maintain cost containment policy by reducing its expenditure in contracted services.

Other expenditure

This item has incurred expenditure amounting to R5.4 million and the actual year to dates amounts to R 12.9 million which reflected 16% variance when compared to the year-to-date budget that amounts to R 13.2 million. It includes items such as remuneration of ward committees, Assets consultants, insurance costs, external audit fees and other municipal running costs.

Table 3: Transfer and subsidies-capital and Surplus/(Deficit)

NC093 Magareng - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - Q3 Third Quarter

Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Q3	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Surplus/(Deficit)		(31,599)	(15,612)	(40,907)	(8,417)	(6,940)	(30,680)	23,740	(0)	(40,907)
Transfers and subsidies - capital (monetary allocations)		24,071	51,967	62,279	13,069	43,841	46,709	(2,869)	(0)	62,279
Transfers and subsidies - capital (in-kind)		1,725	3,000	4,745	-	1,135	3,559	(2,423)	(0)	4,745
Surplus/(Deficit) after capital transfers & contributions		(5,803)	39,355	26,117	4,652	38,036	19,588	18,449	0	26,117
Income Tax										
Surplus/(Deficit) after income tax		(5,803)	39,355	26,117	4,652	38,036	19,588			26,117
Share of Surplus/Deficit attributable to Joint Venture										
Share of Surplus/Deficit attributable to Minorities										
Surplus/(Deficit) attributable to municipality		(5,803)	39,355	26,117	4,652	38,036	19,588			26,117
Share of Surplus/Deficit attributable to Associate										
Intercompany/Parent subsidiary transactions										
Surplus/ (Deficit) for the year		(5,803)	39,355	26,117	4,652	38,036	19,588			26,117

Table C4 of the attached C Schedule of the MBRR excludes the capital transfers (capital grants) revenue from the operational revenue and calculates surplus or deficit before and after adding the capital transfers.

For this financial year, the municipality budgeted R54.9 million and adjusted its capital budget to R67 million on capital transfers. Municipal has received an additional R 6 million in the current financial year, in terms of Section 19 of Division of Revenue Act 2023. The additional fund can only be spent on projects under implementation and/ or registered under MIG projects which increased capital transfers to R67 million. As per Dora payment schedule, the municipality has received R13.1 million on capital grants for the reporting quarter, from the total capital grants received R9.2 million is from MIG, and R 3.9 is from WSIG. The actual year to date amounts to R 44.9million, which reflected a negative variance of R5.3 million when compared to year-to-date budget amounting to R50.3 million. This variance is mainly caused by invoices that still need to be submitted to RBIG and FBDM.

The year-to-date deficit before inclusion of capital transfers amounted to –R 8,4 million and after inclusion of capital budget there is a surplus for the quarter under review amounted to R 4,7million.

Statement of financial performance

The tables above highlight the financial performance of the municipality per revenue source and expenditure type.

II. Executive Summary

Introduction

Section 52 of the Municipal Finance Management Act deals with requirements for quarterly reporting and further states that the Mayor of the Municipality must within 30 days of the end of each quarter submit a report to council on implementation of the Budget and the financial state of the Municipality.

When necessary, an explanation of any material variances from the municipality's projected revenue by source, and from the municipality's expenditure projections per vote; any material variances from the service delivery and budget implementation plan; and any remedial or corrective steps taken or to be taken to ensure that projected revenue and expenditure remain within the municipalities approved budget.

The statement must include a projection of the relevant municipality's revenue and expenditure for the rest of the financial year, and any revisions from initial projections; and 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).

FINANCIAL PERFORMANCE vs. APPROVED BUDGET

III. INYEARBUDGETSTATEMENTTABLES

Table C1: Quarterly Budget Statement Summary

NC093 Magareng - Table C1 Monthly Budget Statement Summary - Q3 Third Quarter

Description	2022/23	Budget Year 2023/24							
	Audited Outcome	Original Budget	Adjusted Budget	Q3	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	12 263	13 926	13 926	3 225	9 688	10 444	(757)	-7%	13 926
Service charges	32 468	60 384	37 233	9 350	24 753	27 924	(3 171)	-11%	37 233
Investment revenue	10 912	-	-	-	-	-	-	-	-
Transfers and subsidies - Operational	69 502	68 488	69 743	14 648	63 368	52 307	11 061	0	69 743
Other own revenue	8 984	19 264	32 112	6 598	19 662	24 084	(4 421)	-18%	-
Total Revenue (excluding capital transfers and contributions)	134 129	162 062	153 013	33 821	117 471	114 759	2 712	2%	153 013
Employee costs	48 606	53 709	53 709	10 097	33 546	40 282	(6 736)	-17%	53 709
Remuneration of Councillors	4 673	4 807	5 612	1 668	4 008	4 209	(201)	-5%	5 612
Depreciation and amortisation	23 788	25 954	25 953	6 488	19 464	19 464	0	0%	25 953
Interest	7 549	-	-	-	-	-	-	-	-
Inventory consumed and bulk purchases	39 901	37 920	39 565	7 097	16 219	29 674	(13 455)	-45%	39 565
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Other expenditure	41 210	55 284	69 081	16 888	51 173	51 811	(637)	-1%	69 081
Total Expenditure	165 728	177 674	193 920	42 238	124 411	145 440	(21 029)	-14%	193 920
Surplus/(Deficit)	(31 599)	(15 612)	(40 907)	(8 417)	(6 940)	(30 680)	23 740	-77%	(40 907)
Transfers and subsidies - capital (monetary allocations)	24 071	51 967	62 279	13 069	43 841	46 709	(2 869)	-6%	62 279
Transfers and subsidies - capital (in-kind)	1 725	3 000	4 745	-	1 135	3 559	(2 423)	-68%	4 745
Surplus/(Deficit) after capital transfers & contributions	(5 803)	39 355	26 117	4 652	38 036	19 588	18 449	94%	26 117
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	(5 803)	39 355	26 117	4 652	38 036	19 588	18 449	94%	26 117
Capital expenditure & funds sources									
Capital expenditure	25 368	55 257	67 024	4 656	28 380	45 250	(16 869)	-37%	67 024
Capital transfers recognised	23 885	54 967	67 024	4 656	28 380	45 148	(16 768)	-37%	67 024
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	1 482	290	-	-	-	102	(102)	-100%	-
Total sources of capital funds	25 368	55 257	67 024	4 656	28 380	45 250	(16 869)	-37%	67 024
Financial position									
Total current assets	(18 059)	20 216	4 494	-	106 656	-	-	-	4 494
Total non current assets	453 767	306 151	342 374	-	462 297	-	-	-	342 374
Total current liabilities	445 056	356 086	383 878	-	351 916	-	-	-	383 878
Total non current liabilities	8 079	11 911	17 859	-	7 538	-	-	-	17 859
Community wealth/Equity	210 564	(41 630)	(60 868)	-	209 499	-	-	-	(60 868)
Cash flows									
Net cash from (used) operating	-	32 955	43 749	11 898	63 716	32 812	(30 904)	-94%	358 629
Net cash from (used) investing	-	(55 257)	(67 024)	(4 656)	(28 380)	(50 268)	(21 888)	44%	(62 279)
Net cash from (used) financing	-	-	-	(1)	13	-	(13)	#DIV/0!	-
Cash/cash equivalents at the month/year end	242	(22 061)	(22 541)	-	36 083	(16 723)	(52 806)	316%	297 083
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	5 303	5 212	5 069	4 813	4 846	4 966	26 162	357 060	413 431
Creditors Age Analysis									
Total Creditors	6 226	8 401	11 319	12 071	12 580	58 408	58 668	95 118	262 790

Revenue

For the third quarter January to March 2024, the municipality billed R33.8 million with the year-to-date actual amounting to R 117.5million and the year to date budget of R 114.8 million which shows a positive 2% year to date variance when comparing year to date actual with the year to date budget. This revenue is not actual cash as it includes billed and realized revenue.

Monthly income for the Nine months ended 31 March 2024

Description	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	FEBRUARY	MARCH	YearTD actual
Revenue										
Exchange Revenue										
Service charges - Electricity	1,271,747	1,163,399	1,006,419	2,218,814	- 588,229	1,553,191	1,721,063	946,917	2,494,326	11,787,647
Service charges - Water	200,074	316,135	176,616	558,508	- 69,453	310,277	135,801	293,518	301,007	2,222,483
Service charges - Waste Water Management	723,062	707,112	692,158	690,900	672,669	679,217	662,502	658,320	654,234	6,140,174
Service charges - Waste management	542,813	528,868	514,471	515,977	509,734	508,212	494,752	496,039	491,941	4,602,807
Sale of Goods and Rendering of Services	20,616	80,002	42,324	28,962	12,505	17,227	106,254	44,937	14,908	367,735
Agency services	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
Interest earned from Receivables	1,623,428	1,556,335	1,635,007	1,605,101	1,611,643	1,586,299	1,620,461	1,584,802	1,639,925	14,463,000
Interest from Current and Non Current Assets	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-
Rent on Land	-	-	-	-	455	-	-	-	-	455
Rental from Fixed Assets	758	-	-	-	-	758	-	758	-	2,274
Licence and permits	-	-	-	-	-	-	-	-	-	-
Operational Revenue	18,684	25,550	9,955	-	18,596	-	7,735	-	-	80,519
Non-Exchange Revenue										
Property rates	1,091,161	1,072,272	1,064,154	1,076,929	1,081,693	1,076,031	1,070,077	1,085,112	1,070,077	9,687,505
Surcharges and Taxes	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	37,650	9,950	35,100	4,450	31,500	-	5,150	-	-	123,800
Licence and permits	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - Operational	25,663,000	3,238,000	573,500	-	427,000	18,819,157	-	149,394	14,498,253	63,368,305
Interest	499,382	502,711	506,445	507,771	513,968	521,593	521,239	526,784	524,568	4,624,460
Fuel Levy	-	-	-	-	-	-	-	-	-	-
Operational Revenue	-	-	-	-	-	-	-	-	-	-
Gains on disposal of Assets	-	-	-	-	-	-	-	-	-	-
Other Gains	-	-	-	-	-	-	-	-	-	-
Discontinued Operations	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	31,692,376	9,200,334	6,256,148	7,207,412	4,222,080	25,071,963	6,345,034	5,786,578	21,689,240	117,471,165

Operating Expenditure

The operating expenditure for the third quarter amounts to R 42.2 million with the year-to-date actual amounting to R 124,4 million whilst the year to date budget is R 145,4 million, This results in a negative 14% year to date variance when comparing the year to date actual with the year to date budget.

A breakdown of the total operating expenditure per month:

Description	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	FEBRUARY	MARCH	YearTD actual
Expenditure By Type										
Employee related costs	3 518 456	3 415 930	3 616 151	3 408 141	6 067 050	3 422 814	3 285 369	3 436 970	3 375 146	33 546 027
Remuneration of councillors	390 115	390 115	390 115	390 115	390 115	390 115	390 115	861 111	416 308	4 008 225
Bulk purchases - electricity	-	-	869 565	-	-	3 084 809	152 488	1 826 087	1 919 730	7 852 679
Inventory consumed	483 167	689 289	1 891 775	380 317	1 080 665	642 512	1 658 629	835 945	704 199	8 366 497
Debt impairment	2 949 248	2 949 248	2 949 248	2 949 248	2 949 248	2 949 248	2 949 248	2 949 248	2 949 248	26 543 228
Depreciation and amortisation	2 162 796	2 162 796	2 162 796	2 162 796	2 162 796	2 162 796	2 162 796	12 196 865	7 872 023	19 464 416
Interest	-	-	-	-	-	-	-	-	-	-
Contracted services	65 505	367 982	939 451	500 641	863 839	1 201 462	156 283	197 866	2 315 929	6 608 958
Transfers and subsidies	-	-	-	-	-	-	-	-	-	-
Irrecoverable debts written off	5 171 767	-	-	-	-	-	-	-	-	5 171 767
Operational costs	455 874	835 102	680 576	910 789	2 585 256	2 011 535	1 842 834	421 034	3 106 509	12 849 509
Losses on Disposal of Assets	-	-	-	-	-	-	-	-	-	-
Other Losses	-	-	-	-	-	-	-	-	-	-
Total Expenditure	15 196 927	10 810 462	13 499 678	10 702 046	16 098 969	15 865 291	12 597 762	22 725 125	6 915 046	124 411 306

Capital Expenditure

The year-to-date actual capital expenditure as at end of third quarter amounts to R 4.6million and the year-to-date actual amounts to R 28.4 million and this deviates with negative variance of 37% when compared to year-to-date target of R45,1million. The under spending is caused by late approval of project business plans, community disruptions, and payments as per claim and other issues. This information is what is captured on the municipal financial system (which reflects payment without VAT and retention) and the grant register, which might differ with other technical reports as those reports include submitted invoices which include the vat and retention.

NC093 Magareng - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - Q3 Third Quarter

Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Capital expenditure of Transfers and Grants										
National Government:		23,885	31,967	42,279	4,656	25,277	27,200	(1,923)	-7.1%	42,279
Integrated National Electrification Programme Grant		-	-	-	-	-	-	-	-	-
Municipal Disaster Relief Grant		-	-	5,145	797	3,660	2,058	1,602	77.8%	5,145
Municipal Infrastructure Grant		12,531	12,452	17,619	1,334	9,971	10,506	(535)	-5.1%	17,619
Regional Bulk Infrastructure Grant		-	-	-	-	-	-	-	-	-
Water Services Infrastructure Grant		11,354	19,515	19,515	2,525	11,647	14,636	(2,990)	-20.4%	19,515
Provincial Government:		-	-	-	-	-	-	-	-	-
District Municipality:		-	3,000	4,745	-	1,745	2,948	(1,203)	-40.8%	4,745
FBDM (Capital)		-	3,000	4,745	-	1,745	2,948	(1,203)	-40.8%	4,745
Other grant providers:		-	20,000	20,000	-	1,358	15,000	(13,642)	-90.9%	20,000
Regional Bulk Infrastructure Grant		-	20,000	20,000	-	1,358	15,000	(13,642)	-90.9%	20,000
Total capital expenditure of Transfers and Grants		23,885	54,967	67,024	4,656	28,380	45,148	(16,768)	-37.1%	67,024

Surplus/Deficit after capital transfers and contributions

Taking the above into consideration, the net operating surplus as at the end of 31

March 2024 amounts to R 4,7million.

Debtors

Outstanding debtors' is comprised of consumer and sundry debtors. The total outstanding debtors as at end of March amounts to R 413.4 million and this shows an increase of R4.4 million as compared to R 409 million as at end of February 2024. Current cash flow and very low cashier collection at points, disconnection and blocking of institutions, businesses, and Government Departments without valid arrangements with the municipality, should be done with immediate effect. The largest outstanding amount owed to the municipality comes from households; this category owes R379million, which incurs interest each month. The long outstanding consumer debts may negatively affect the sustainability of the municipality. The average collection rate is reported to beat 12%for the month of March. The effective implementation of the debt collection and credit control is critically essential to ensure the sustainability of the municipality; this figure is due to old debts. The municipality needs to work harder on collecting old debts.

The biggest concern regarding debt collection in the municipality is its inability to collect service charges in areas (mainly Ikhutseng) where electricity is not supplied by the municipality.

Creditors

The municipality is currently striving to pay its creditors within 30 days of receipt of invoice as required by MFMA. However, the municipality has instances where the cash flow position was quite unfavorable, and it was then unable to service certain creditors as and when they became due. This resulted in the municipality incurring penalties and/or fruitless and wasteful expenditure due to late payment.

As of31 March 2024, the municipality had an outstanding creditors amounting to R262.8 million and the bulk of this amount is made up by Bulk water: R 129.4 million and bulk electricity: R 110.7 million.

TOP 10 CREDITORS

CREDITORS	BALANCE
VAALHARTS WATER	-R 129 440 554,87
BULK ELECTRICITY	-R 110 723 639,85
SMEC	-R 5 285 859,59
DWAFF	-R 3 257 781,71
AUDITOR GENERAL	-R 2 210 638,60
COMPENSATION COMM	-R 1 659 067,31
BUSINESS CONNEXION	-R 1 440 846,58
DIRECT PRECISION MANAGEMENT287120	-R 879 907,44
MEGA WATER CHEM	-R 447 207,64
ELB HOLDING EQUIPMENT	-R 161 406,55

Table C2 – Quarterly Financial Performance (Standard Classification)

NC093 Magareng - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - Q3 Third Quarter

Description	Ref	Budget Year 2023/24								
		2022/23 Audited Outcome	Original Budget	Adjusted Budget	Q3	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Revenue - Functional										
Governance and administration		89,770	84,422	88,039	18,592	75,913	66,030	9,883	15%	88,039
Executive and council		59,064	62,541	62,541	13,795	58,762	46,906	11,856	25%	62,541
Finance and administration		30,705	21,881	25,498	4,797	17,151	19,124	(1,973)	-10%	25,498
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		1,844	1,393	1,470	609	1,429	1,102	327	30%	1,470
Community and social services		855	1,264	1,264	596	1,225	948	277	29%	1,264
Sport and recreation		35	-	-	-	-	-	-	-	-
Public safety		954	130	206	13	204	155	50	32%	206
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		6,671	450	450	-	134	338	(204)	-60%	450
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		6,671	450	450	-	134	338	(204)	-60%	450
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		61,640	130,764	130,077	27,689	84,972	97,558	(12,586)	-13%	130,077
Energy sources		13,907	35,848	19,180	5,546	13,025	14,385	(1,361)	-9%	19,180
Water management		31,806	50,145	61,032	11,811	33,190	45,774	(12,584)	-27%	61,032
Waste water management		8,390	35,402	38,610	7,701	30,796	28,957	1,839	6%	38,610
Waste management		7,537	9,368	11,256	2,630	7,961	8,442	(481)	-6%	11,256
Other	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	159,925	217,029	220,037	46,890	162,447	165,027	(2,580)	-2%	220,037
Expenditure - Functional										
Governance and administration		59,659	57,910	72,695	15,412	49,370	54,521	(5,151)	-9%	72,695
Executive and council		15,645	13,006	13,795	3,202	9,286	10,346	(1,060)	-10%	13,795
Finance and administration		44,014	44,904	58,900	12,211	40,084	44,175	(4,091)	-9%	58,900
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		18,576	12,754	15,709	4,319	9,933	11,781	(1,848)	-16%	15,709
Community and social services		6,737	2,571	2,546	541	1,866	1,909	(44)	-2%	2,546
Sport and recreation		3,475	5,218	4,641	677	2,653	3,481	(828)	-24%	4,641
Public safety		4,383	3,747	3,842	670	2,364	2,882	(518)	-18%	3,842
Housing		3,983	1,219	4,680	2,431	3,051	3,510	(459)	-13%	4,680
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		6,005	24,739	7,746	(7,003)	4,269	5,810	(1,541)	-27%	7,746
Planning and development		4,325	6,164	6,260	952	3,237	4,695	(1,458)	-31%	6,260
Road transport		1,680	18,575	1,486	(7,955)	1,032	1,115	(83)	-7%	1,486
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		81,488	82,271	97,770	29,510	60,839	73,328	(12,489)	-17%	97,770
Energy sources		23,342	35,688	39,072	9,220	19,195	29,304	(10,109)	-34%	39,072
Water management		27,556	24,970	31,300	10,849	21,152	23,475	(2,323)	-10%	31,300
Waste water management		23,711	17,115	23,443	8,661	17,493	17,582	(90)	-1%	23,443
Waste management		6,878	4,498	3,955	779	2,999	2,967	33	1%	3,955
Other		-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	165,728	177,674	193,920	42,238	124,411	145,440	(21,029)	-14%	193,920
Surplus/ (Deficit) for the year		(5,803)	39,355	26,117	4,652	38,036	19,588	18,449	94%	26,117

Table C3 – Quarterly Fin’ Performance (Revenue and Expenditure by vote)

NC093 Magareng - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - Q3 Third Quarter

Vote Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Q3	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue by Vote	1									
Vote 01 - Executive & Council		59,064	62,541	62,541	13,795	58,762	46,906	11,856	25.3%	62,541
Vote 02 - Office Of The Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 03 - Corporate Services		382	-	-	-	-	-	-	-	-
Vote 04 - Financial Services		30,323	21,881	25,498	4,797	17,151	19,124	(1,973)	-10.3%	25,498
Vote 05 - Municipal Infrastructure		68,311	131,214	130,527	27,689	85,106	97,895	(12,790)	-13.1%	130,527
Vote 06 - Community Services		-	-	-	-	-	-	-	-	-
Vote 07 - Public Safety & Transport		1,844	1,393	1,470	609	1,429	1,102	327	29.6%	1,470
Vote 08 - Sports, Arts, Parks, Culture		-	-	-	-	-	-	-	-	-
Vote 09 - Planning & Development		-	-	-	-	-	-	-	-	-
Vote 10 - Hunan Settlements		-	-	-	-	-	-	-	-	-
Vote 11 - Idp, Pms Department		-	-	-	-	-	-	-	-	-
Vote 12 - Spatial Development, Planning & Traditional Affairs		-	-	-	-	-	-	-	-	-
Vote 13 - Electricity Department		-	-	-	-	-	-	-	-	-
Vote 14 - Maluti Water		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	159,925	217,029	220,037	46,890	162,447	165,027	(2,580)	-1.6%	220,037
Expenditure by Vote	1									
Vote 01 - Executive & Council		12,418	10,836	11,166	3,038	8,734	8,374	360	4.3%	11,166
Vote 02 - Office Of The Municipal Manager		658	2,169	2,217	164	552	1,663	(1,111)	-66.8%	2,217
Vote 03 - Corporate Services		15,075	15,806	18,650	3,425	11,917	13,988	(2,071)	-14.8%	18,650
Vote 04 - Financial Services		29,007	29,098	40,309	8,785	28,167	30,232	(2,065)	-6.8%	40,309
Vote 05 - Municipal Infrastructure		87,116	104,180	102,613	22,083	63,739	76,960	(13,221)	-17.2%	102,613
Vote 06 - Community Services		-	-	-	-	-	-	-	-	-
Vote 07 - Public Safety & Transport		14,468	11,535	11,029	1,888	6,882	8,272	(1,389)	-16.8%	11,029
Vote 08 - Sports, Arts, Parks, Culture		-	-	-	-	-	-	-	-	-
Vote 09 - Planning & Development		6,986	4,048	7,936	2,854	4,420	5,952	(1,532)	-25.7%	7,936
Vote 10 - Hunan Settlements		-	-	-	-	-	-	-	-	-
Vote 11 - Idp, Pms Department		-	-	-	-	-	-	-	-	-
Vote 12 - Spatial Development, Planning & Traditional Affairs		-	-	-	-	-	-	-	-	-
Vote 13 - Electricity Department		-	-	-	-	-	-	-	-	-
Vote 14 - Maluti Water		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	165,728	177,674	193,920	42,238	124,411	145,440	(21,029)	-14.5%	193,920
Surplus/ (Deficit) for the year	2	(5,803)	39,355	26,117	4,652	38,036	19,588	18,449	94.2%	26,117

Table C2 and C3 measure the quarterly actual against the year-to-date performance targets which is realized by vote and standard classification. The variances are all reflected in the year-to-date variance column.

The financial results portrayed in the two tables are the same as those in other tables (i.e. it is only the description or basis of reporting that is based on financial or budget performance by vote or department, and National Treasury’s standard classification.

Table C4: Quarterly Financial performance by Revenue Source and Expenditure Type

NC093 Magareng - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - Q3 Third Quarter

Description	Ref	Budget Year 2023/24								
		2022/23 Audited Outcome	Original Budget	Adjusted Budget	Q3	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue										
Exchange Revenue										
Service charges - Electricity		13,907	33,713	16,192	5,162	11,788	12,144	(357)	-3%	16,192
Service charges - Water		6,010	9,156	3,492	730	2,222	2,619	(397)	-15%	3,492
Service charges - Waste Water Management		8,041	10,832	10,832	1,975	6,140	8,124	(1,984)	-24%	10,832
Service charges - Waste management		4,509	6,683	6,716	1,483	4,603	5,037	(434)	-9%	6,716
Sale of Goods and Rendering of Services		517	624	737	166	368	553	(185)	-33%	737
Agency services		-	-	-	-	-	-	-	-	-
Interest		-	-	-	-	-	-	-	-	-
Interest earned from Receivables		6,048	13,632	23,250	4,845	14,463	17,437	(2,974)	-17%	23,250
Interest from Current and Non Current Assets		10,912	-	-	-	-	-	-	-	-
Dividends		-	-	-	-	-	-	-	-	-
Rent on Land	2	3	2	-	0	1	(1)	-68%	2	
Rental from Fixed Assets	1	3	3	1	2	2	0	11%	3	
Licence and permits		-	-	-	-	-	-	-	-	-
Operational Revenue		3,698	71	147	8	81	110	(30)	-27%	147
Non-Exchange Revenue										
Property rates		12,263	13,926	13,926	3,225	9,688	10,444	(757)	-7%	13,926
Surcharges and Taxes		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		586	135	124	5	124	93	31	33%	124
Licence and permits		(2,251)	-	-	-	-	-	-	-	-
Transfers and subsidies - Operational		69,502	68,488	69,743	14,648	63,368	52,307	11,061	21%	69,743
Interest		-	4,798	7,849	1,573	4,624	5,887	(1,263)	-21%	7,849
Fuel Levy		-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		382	-	-	-	-	-	-	-	-
Other Gains		-	-	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		134,129	162,062	153,013	33,821	117,471	114,759	2,712	2%	153,013
Expenditure By Type										
Employee related costs		48,606	53,709	53,709	10,097	33,546	40,282	(6,736)	-17%	53,709
Remuneration of councillors		4,673	4,807	5,612	1,668	4,008	4,209	(201)	-5%	5,612
Bulk purchases - electricity		23,257	25,000	23,850	3,898	7,853	17,888	(10,035)	-56%	23,850
Inventory consumed		16,644	12,920	15,715	3,199	8,366	11,786	(3,420)	-29%	15,715
Debt impairment		-	35,391	35,391	8,848	26,543	26,543	(0)	0%	35,391
Depreciation and amortisation		23,788	25,954	25,953	6,488	19,464	19,464	0	0%	25,953
Interest		7,549	-	-	-	-	-	-	-	-
Contracted services		5,922	9,594	10,929	2,670	6,609	8,197	(1,588)	-19%	10,929
Transfers and subsidies		-	-	-	-	-	-	-	-	-
Irrecoverable debts written off		17,960	-	5,172	-	5,172	3,879	1,293	33%	5,172
Operational costs		12,826	10,299	17,589	5,370	12,850	13,192	(342)	-3%	17,589
Losses on Disposal of Assets		4,503	-	-	-	-	-	-	-	-
Other Losses		-	-	-	-	-	-	-	-	-
Total Expenditure		165,728	177,674	193,920	42,238	124,411	145,440	(21,029)	-14%	193,920
Surplus/(Deficit)		(31,599)	(15,612)	(40,907)	(8,417)	(6,940)	(30,680)	23,740	(0)	(40,907)
Transfers and subsidies - capital (monetary allocations)		24,071	51,967	62,279	13,069	43,841	46,709	(2,869)	(0)	62,279
Transfers and subsidies - capital (in-kind)		1,725	3,000	4,745	-	1,135	3,559	(2,423)	(0)	4,745
Surplus/(Deficit) after capital transfers & contributions		(5,803)	39,355	26,117	4,652	38,036	19,588	18,449	0	26,117
Income Tax		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after income tax		(5,803)	39,355	26,117	4,652	38,036	19,588			26,117
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		(5,803)	39,355	26,117	4,652	38,036	19,588			26,117
Share of Surplus/Deficit attributable to Associate		-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year		(5,803)	39,355	26,117	4,652	38,036	19,588			26,117

Table C4 provides budget performance details for revenue by source and expenditure by type. For revenue, the main deviations from budget projections are on property rates, service charges, electricity, refuse, rental of facilities and equipment, interest earned, external investments, interest on outstanding debtors, fines, penalties and

forfeits, licenses and permits and other revenue.

In the case of expenditure, the following line items reflect material variance, Remuneration of councilors, Bulk purchases, other expenditure, debt impairment ,depreciation and asset impairment, finance charges, employee related costs, other materials, and transfer and subsidies.

Reasons for deviations will only be provided for material variances and a variance is deemed tobematerial if it is 10%ormore. Refer to table SC1.

Table C5 Capex: Quarterly Capital Expenditure by Standard Classification and Funding

NC093 Magareng - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - Q3 Third Quarter

Vote Description	Ref	2022/23		Budget Year 2023/24						
		Audited Outcome	Original Budget	Adjusted Budget	Q3	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Single Year expenditure appropriation	2									
Vote 01 - Executive & Council		-	-	-	-	-	-	-	-	-
Vote 02 - Office Of The Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 03 - Corporate Services		-	290	-	-	-	102	(102)	-100%	-
Vote 04 - Financial Services		-	-	-	-	-	-	-	-	-
Vote 05 - Municipal Infrastructure		25,368	54,967	67,024	4,656	28,380	45,148	(16,768)	-37%	67,024
Total Capital single-year expenditure	4	25,368	55,257	67,024	4,656	28,380	45,250	(16,869)	-37%	67,024
Total Capital Expenditure		25,368	55,257	67,024	4,656	28,380	45,250	(16,869)	-37%	67,024
Capital Expenditure - Functional Classification										
Governance and administration			290	-	-	-	102	(102)	-100%	-
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		-	290	-	-	-	102	(102)	-100%	-
Trading services		25,368	54,967	67,024	4,656	28,380	45,148	(16,768)	-37%	67,024
Energy sources		-	-	-	-	-	-	-	-	-
Water management		23,885	35,452	47,509	2,525	16,734	30,512	(13,778)	-45%	47,509
Waste water management		1,482	19,515	19,515	2,131	11,647	14,636	(2,990)	-20%	19,515
Waste management		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	3	25,368	55,257	67,024	4,656	28,380	45,250	(16,869)	-37%	67,024
Funded by:										
National Government		23,885	31,967	42,279	4,656	25,277	27,200	(1,923)	-7%	42,279
Provincial Government		-	-	-	-	-	-	-	-	-
District Municipality		-	3,000	4,745	-	1,745	2,948	(1,203)	-41%	4,745
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educ Institutions)		-	20,000	20,000	-	1,358	15,000	(13,642)	-91%	20,000
Transfers recognised - capital		23,885	54,967	67,024	4,656	28,380	45,148	(16,768)	-37%	67,024
Borrowing	6	-	-	-	-	-	-	-	-	-
Internally generated funds		1,482	290	-	-	-	102	(102)	-100%	-
Total Capital Funding		25,368	55,257	67,024	4,656	28,380	45,250	(16,869)	-37%	67,024

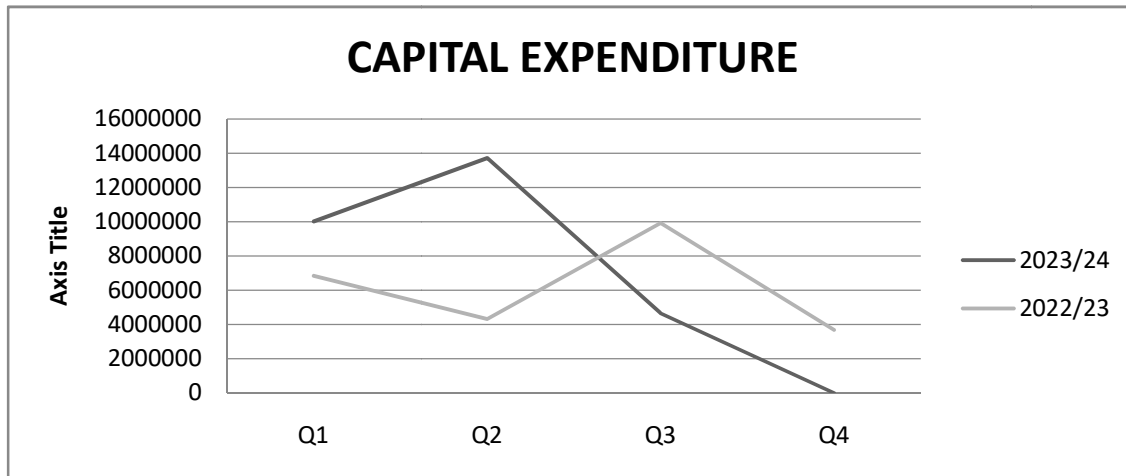
Table C5C: Quarterly Capital Expenditure by Vote

NC093 Magareng - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - A - Q3 Third Quarter

Vote Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Q3	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Capital expenditure - Municipal Vote										
Expenditure of single-year capital appropriation										
Vote 01 - Executive & Council	1	-	-	-	-	-	-	-	-	-
01.1 - Council & Executive Administration		-	-	-	-	-	-	-	-	-
Vote 02 - Office Of The Municipal Manager		-	-	-	-	-	-	-	-	-
02.1 - Office Of The Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 03 - Corporate Services		-	290	-	-	-	102	(102)	-100%	-
03.1 - Administration And Legal		-	-	-	-	-	-	-	-	-
03.2 - Corporate Admin		-	290	-	-	-	102	(102)	-100%	-
03.3 - Human Resources		-	-	-	-	-	-	-	-	-
Vote 04 - Financial Services		-	-	-	-	-	-	-	-	-
04.1 - Finance Admin		-	-	-	-	-	-	-	-	-
Vote 05 - Municipal Infrastructure		25,368	54,967	67,024	4,656	28,380	45,148	(16,768)	-37%	67,024
05.1 - Technical Admin		-	-	-	-	-	-	-	-	-
05.2 - Roads And Stormwater		-	-	-	-	-	-	-	-	-
05.3 - Solid Waste Management		-	-	-	-	-	-	-	-	-
05.4 - Sanitation		1,482	19,515	19,515	2,525	11,647	14,636	(2,990)	-20%	19,515
05.5 - Water		23,885	35,452	47,509	2,131	16,734	30,512	(13,778)	-45%	47,509
05.6 - Electricity		-	-	-	-	-	-	-	-	-
Vote 06 - Community Services		-	-	-	-	-	-	-	-	-
Vote 07 - Public Safety & Transport		-	-	-	-	-	-	-	-	-
07.1 - Cemetary		-	-	-	-	-	-	-	-	-
07.2 - Library		-	-	-	-	-	-	-	-	-
07.3 - Library		-	-	-	-	-	-	-	-	-
07.4 - Traffic		-	-	-	-	-	-	-	-	-
07.5 - Traffic		-	-	-	-	-	-	-	-	-
07.6 - Parks And Recreation		-	-	-	-	-	-	-	-	-
07.7 - Safety		-	-	-	-	-	-	-	-	-
Vote 08 - Sports, Arts, Parks, Culture		-	-	-	-	-	-	-	-	-
Vote 09 - Planning & Development		-	-	-	-	-	-	-	-	-
09.1 - Planning And Development		-	-	-	-	-	-	-	-	-
09.2 - Led		-	-	-	-	-	-	-	-	-
09.3 - Idp		-	-	-	-	-	-	-	-	-
09.4 - Land Use		-	-	-	-	-	-	-	-	-
Vote 10 - Human Settlements		-	-	-	-	-	-	-	-	-
Vote 11 - Idp, Pms Department		-	-	-	-	-	-	-	-	-
Vote 12 - Spatial Development, Planning & Traditional Affa		-	-	-	-	-	-	-	-	-
Vote 13 - Electricity Department		-	-	-	-	-	-	-	-	-
Vote 14 - Maluti Water		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
Total single-year capital expenditure		25,368	55,257	67,024	4,656	28,380	45,250	(16,869)	(0)	67,024
Total Capital Expenditure		25,368	55,257	67,024	4,656	28,380	45,250	(16,869)	(0)	67,024

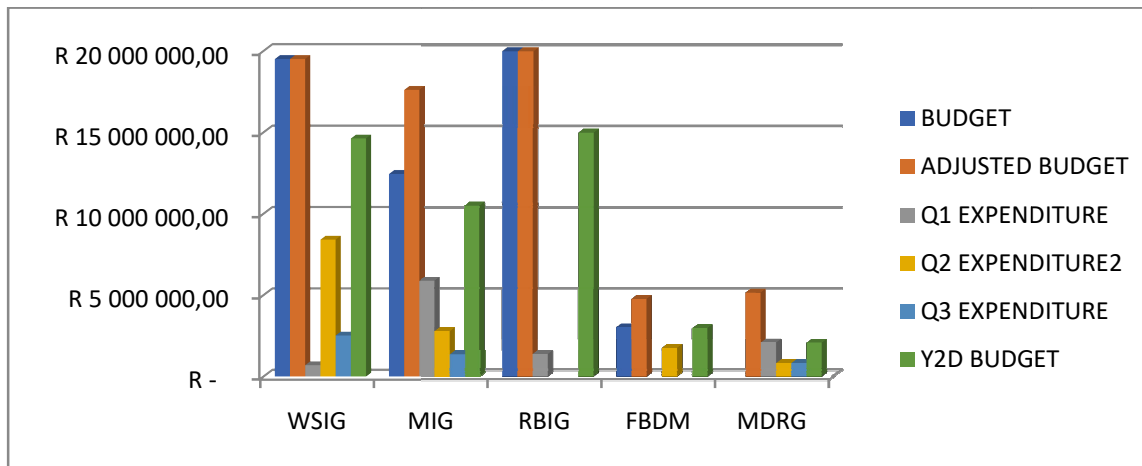
Table C5 Capex and C5C present capital expenditure performance for all votes, standardclassificationandthefundingthereofandmeasurestheyear-to-dateperformancetargetsagainst the actual capital expenditure figures. R 28.4 million spending was incurred on the capital budget, year to date budget is R 45.3 million, and this gave an under-performance variance of R16.9million that translates a negative variance of 37%.It is crucial to address this significant shortfall and take immediate corrective action to ensure that we meet our budget targets.

FIGURE 1: QUARTELY CAPITAL EXPENDITURE PERFORMANCE



The above graph compares the 2023/24 and 2022/23 quarterly capital expenditure performance.

FIGURE 2: CAPITAL EXPENDITURE BY SOURCE OF FINANCE



The bar chart above clearly illustrates the various sources of finance for the capital budget, totaling R67 million. The Municipal Infrastructure Grant accounts for R17.6 million, the Water Services Infrastructure Grant for R19.5 million, the Regional Bulk Infrastructure Grant for R20 million and Municipal Disaster Relief Grant. Furthermore, R4.7 million of the budget is funded by the Frances Baard District. The graph above presents the expenditure per source of finance with utmost clarity.

Table C6: Quarterly Budget Statement Financial Position

NC093 Magareng - Table C6 Monthly Budget Statement - Financial Position - Q3 Third Quarter

Description	Ref	2022/23	Budget Year 2023/24			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash and cash equivalents		(108,668)	(138,558)	(164,734)	8,339	(164,734)
Trade and other receivables from exchange transactions		23,459	90,110	104,223	21,582	104,223
Receivables from non-exchange transactions		8,952	15,690	11,835	16,395	11,835
Current portion of non-current receivables						
Inventory		116	(136)	(84)	116	(84)
VAT		59,352	54,920	54,016	61,498	54,016
Other current assets		(1,270)	(1,810)	(762)	(1,274)	(762)
Total current assets		(18,059)	20,216	4,494	106,656	4,494
Non current assets						
Investments						
Investment property		24,867	23,831	23,468	24,867	23,468
Property, plant and equipment		428,519	281,929	318,515	437,048	318,515
Biological assets						
Living and non-living resources						
Heritage assets		371	371	371	371	371
Intangible assets		10	20	20	10	20
Trade and other receivables from exchange transactions		0	-	0	0	0
Non-current receivables from non-exchange transactions						
Other non-current assets						
Total non current assets		453,767	306,151	342,374	462,297	342,374
TOTAL ASSETS		435,708	326,367	346,869	568,953	346,869
LIABILITIES						
Current liabilities						
Bank overdraft		-	-	-	-	-
Financial liabilities		(319)	165	165	-	165
Consumer deposits		1,309	611	611	1,322	611
Trade and other payables from exchange transactions		398,882	320,290	348,718	272,727	348,718
Trade and other payables from non-exchange transactions		14,222	(264)	(1,164)	43,462	(1,164)
Provision		7,219	11,275	11,275	8,676	11,275
VAT		23,743	24,009	24,273	25,729	24,273
Other current liabilities		-	-	-	-	-
Total current liabilities		445,056	356,086	383,878	351,916	383,878
Non current liabilities						
Financial liabilities		794	-	-	794	-
Provision		7,285	11,911	17,859	6,744	17,859
Long term portion of trade payables		-	-	-	-	-
Other non-current liabilities		-	-	-	-	-
Total non current liabilities		8,079	11,911	17,859	7,538	17,859
TOTAL LIABILITIES		453,135	367,997	401,737	359,454	401,737
NET ASSETS	2	(17,427)	(41,630)	(54,868)	209,499	(54,868)
COMMUNITY WEALTH/EQUITY						
Accumulated surplus/(deficit)		210,564	(41,630)	(60,868)	209,499	(60,868)
Reserves and funds		-	-	-	-	-
Other		-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	210,564	(41,630)	(60,868)	209,499	(60,868)

Total Assets

Variances were noted between the budgeted values of assets and the actual recorded at the end of the review period. As at the end of March 2024, the municipality recorded total assets of R568.9 million which includes R 106.7 million and R462.3 million for both current assets and non-current assets respectively. Current assets are those assets that are likely to be converted into cash within twelve months; while non-current assets are likely to be converted into cash over a longer-term.

Trade and other received from exchange transactions/ non-exchange transactions.

As at the end of March 2024, the municipality recorded consumer debtors (Exchange and non-exchange transactions) of R37.9 million, representing about 38% of the total assets. Looking at the annual budgeted trade and other receivables of R105.8 million which is adjusted to R116,1 million, consumer debtors appear to be understated as compared to the debtor's age analysis. This is due to the failure of customers paying their debt as well as the impact of debt impairment which will be fully affected at the end of the financial year. This is also an indication of the rate at which consumer debtors are escalating. It will be important that the council fast-track implementation of its credit control and debt collection strategies (revenue enhancement) to collect the outstanding debtors. The municipality will need to estimate the projected annual debtors and the provision for debt impairment to accurately budget for the consumer debtors projected at the end of the financial year.

Property Plant and Equipment (PPE)

As of 31 March 2024, the municipality recorded R 437 million for Property Plant and Equipment, which represents 77% of the total assets. These assets comprise of roads and storm water, water and infrastructure, electricity infrastructure, community assets, and other plants and equipment which the municipality has acquired mainly for service delivery and for its own use. Service delivery of the municipal is majored by its ability to provide these services to communities.

This R437 million is more than the projected amount of R319 million for the financial year ending 2023/24. PPE needs to be relooked in line with the projected CAPEX and depreciation during the next financial year budget.

Total Liabilities

Variances were noted between the budgeted values of liabilities and the actual recorded at the end of March 2024. As at the end March 2024, the municipality recorded total liabilities of R359.5 million whichentails R 351.9 million and R7.5 million for both current liabilities and non-current liabilities respectively. Current liabilities are those liabilities that are payable by the municipality within the twelve months, while non-current liabilities are those liabilities that are payable over a period beyond twelve months.

The current ratio of the municipal's financial position equals to 0.30, which is current assets divided by current liabilities (106 656/ 351 916). According to the acceptable norms, a current ratio which is less than 1 shows that the municipality is unable to pay its shorts term debts (current liabilities) using its cash on hand (Current assets). This also shows that institution is not

liquid enough and it is financial unstable. The municipality needs to improve on its abilities to raise current assets so that it can be in a better position to pay off debts when they become due.

A detailed breakdown of the individual items is attached on the above table C6– monthly budget statement.

Table C7: Quarterly Budgeted Statement Cash Flow

NC093 Magareng - Table C7 Monthly Budget Statement - Cash Flow - Q3 Third Quarter

Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Q3	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		-	4,874	7,855	1,434	5,074	5,891	(817)	-14%	7,855
Service charges		-	20,261	19,374	6,572	16,911	14,531	2,380	16%	19,374
Other revenue		-	694	7,147	3,077	6,619	5,360	1,258	23%	12,564
Transfers and Subsidies - Operational		-	68,488	69,743	14,648	63,368	52,307	11,061	21%	69,743
Transfers and Subsidies - Capital		-	54,967	67,024	13,069	44,976	50,268	(5,292)	-11%	67,024
Interest		-	-	11	-	-	8	(8)	-100%	11
Dividends		-	-	-	-	-	-	-	-	-
Payments										
Suppliers and employees		-	(116,329)	(127,405)	(26,903)	(73,232)	(95,554)	(22,322)	23%	182,058
Interest		-	-	-	-	-	-	-	-	-
Transfers and Subsidies		-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		-	32,955	43,749	11,898	63,716	32,812	(30,904)	-94%	358,629
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-
Payments										
Capital assets		-	(55,257)	(67,024)	(4,656)	(28,380)	(50,268)	(21,888)	44%	(62,279)
NET CASH FROM/(USED) INVESTING ACTIVITIES		-	(55,257)	(67,024)	(4,656)	(28,380)	(50,268)	(21,888)	44%	(62,279)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	(1)	13	-	13	#DIV/0!	-
Payments										
Repayment of borrowing		-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	(1)	13	-	(13)	#DIV/0!	-
NET INCREASE/ (DECREASE) IN CASH HELD		-	(22,302)	(23,275)	7,242	35,350	(17,456)			296,350
Cash/cash equivalents at beginning:		242	242	734	40,093	734	734			734
Cash/cash equivalents at month/year end:		242	(22,061)	(22,541)		36,083	(16,723)			297,083

Table C7 provides details of the quarterly cash in and outflow. For the period ending 31 March 2023 the net cash from operating activities is R63.7 million whilst cash used for investing activities is R28.4 million and the net cash from financing activities is R13 thousand. The cash and cash equivalent held at end of the financial year amounted to R 36.1million.

PART 2: SUPPORTING TABLES

Table SC3: Debtors Analysis

The outstanding debtors as at 31st March 2024 amounts to R 413.4 million which shows increase of R4.4 million in debtors' book when compared to February 2024 outstanding debtors that amounts to R409 million. The largest outstanding amount owed to the municipality comes from households; this category owes R379million, which incurs interest each month. The long outstanding consumer debts may negatively affect the sustainability of the municipality. The average collection rate is reported to beat 12% for the month of March. The effective implementation of the debt collection and credit control is critically essential to ensure the sustainability of the municipality; this figure is due to old debts. The Municipality needs to work harder on collecting old debts.

NC093 Magareng - Supporting Table SC3 Monthly Budget Statement - aged debtors - Q3 Third Quarter

Description	NT Code	Budget Year 2023/24										Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.to Council Policy
		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		
R thousands													
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200	320	328	404	311	324	339	1,761	66,739	70,524	69,473		
Trade and Other Receivables from Exchange Transactions - Electricity	1300	448	396	341	167	268	375	805	26,293	29,093	27,908		
Receivables from Non-exchange Transactions - Property Rates	1400	1,018	875	784	807	759	747	4,446	46,621	56,057	53,380		
Receivables from Exchange Transactions - Waste Water Management	1500	755	772	745	761	760	772	4,596	55,753	64,915	62,643		
Receivables from Exchange Transactions - Waste Management	1600	556	557	539	547	544	549	3,233	38,788	45,312	43,660		
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	-	-	-	-		
Interest on Arrear Debtor Accounts	1810	2,167	2,245	2,220	2,183	2,155	2,144	11,020	119,358	143,492	136,861		
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-		
Other	1900	41	38	37	37	37	39	301	3,508	4,038	3,922		
Total By Income Source	2000	5,303	5,212	5,069	4,813	4,846	4,966	26,162	357,060	413,431	397,847	-	-
Total February 2023/24		5,510	5,134	4,848	4,867	5,011	4,793	25,762	353,099	409,024	393,532		
Debtors Age Analysis By Customer Group													
Organs of State	2200	268	259	229	180	195	195	835	4,728	6,890	6,134		
Commercial	2300	572	486	450	312	349	303	1,673	20,905	25,050	23,541		
Households	2400	4,432	4,435	4,358	4,290	4,272	4,437	23,476	329,635	379,335	366,110		
Other	2500	32	32	31	31	31	31	178	1,791	2,156	2,062		
Total By Customer Group	2600	5,303	5,212	5,069	4,813	4,846	4,966	26,162	357,060	413,431	397,847	-	-

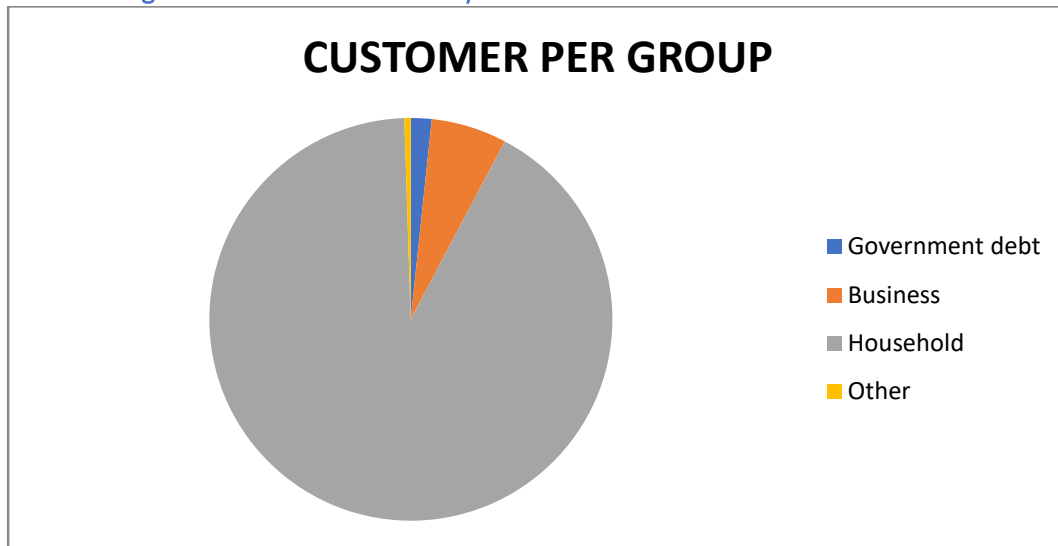
Supporting table SC3 provides a breakdown of the debtors. The outstanding debtors as at the end of June amount to R 413.4 million. The debtors' bookismadeup of the following: Indicated in the table above, is the total outstanding debt per Income Source. The highest percentage weighting of debt owed is attributable to:

- Rates 14%
- Electricity 7%
- Water 17%
- Waste water management 16%
- Waste management 11%
- Interest on Debtors 35%
- Other 0%

Weighting per Customer Group

- Government debt constitutes 1.67%, Businesses 6.06%, Households 91.75% and other 0.52% of the total outstanding debt.

FIGURE 3: Aged Consumer Debtors analysis



From the above graph it can be depicted that the highest debt is attributed to the Household.

The debtors' age analysis is graphically presented below.

FIGURE 4: Aged Consumer Debtors analysis

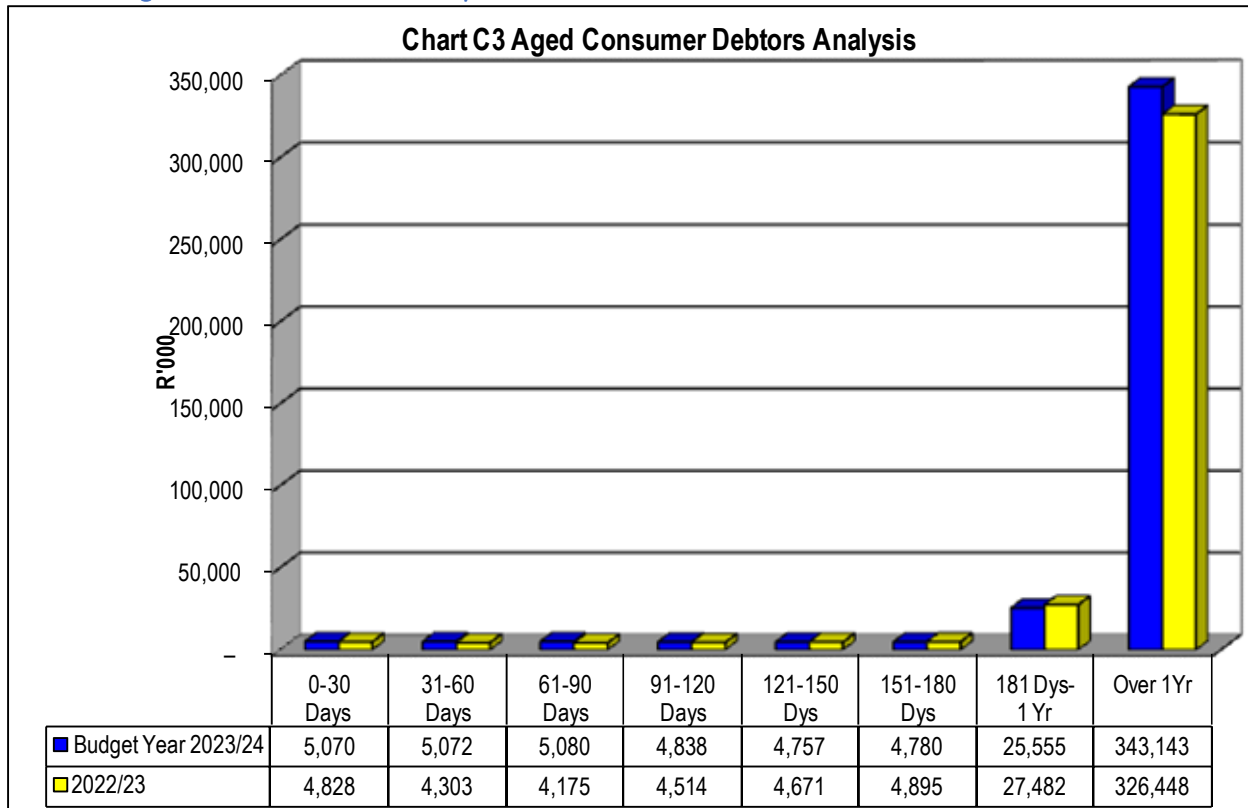


FIGURE 5: Consumer Debtors (Total by Debtor Consumer Category)

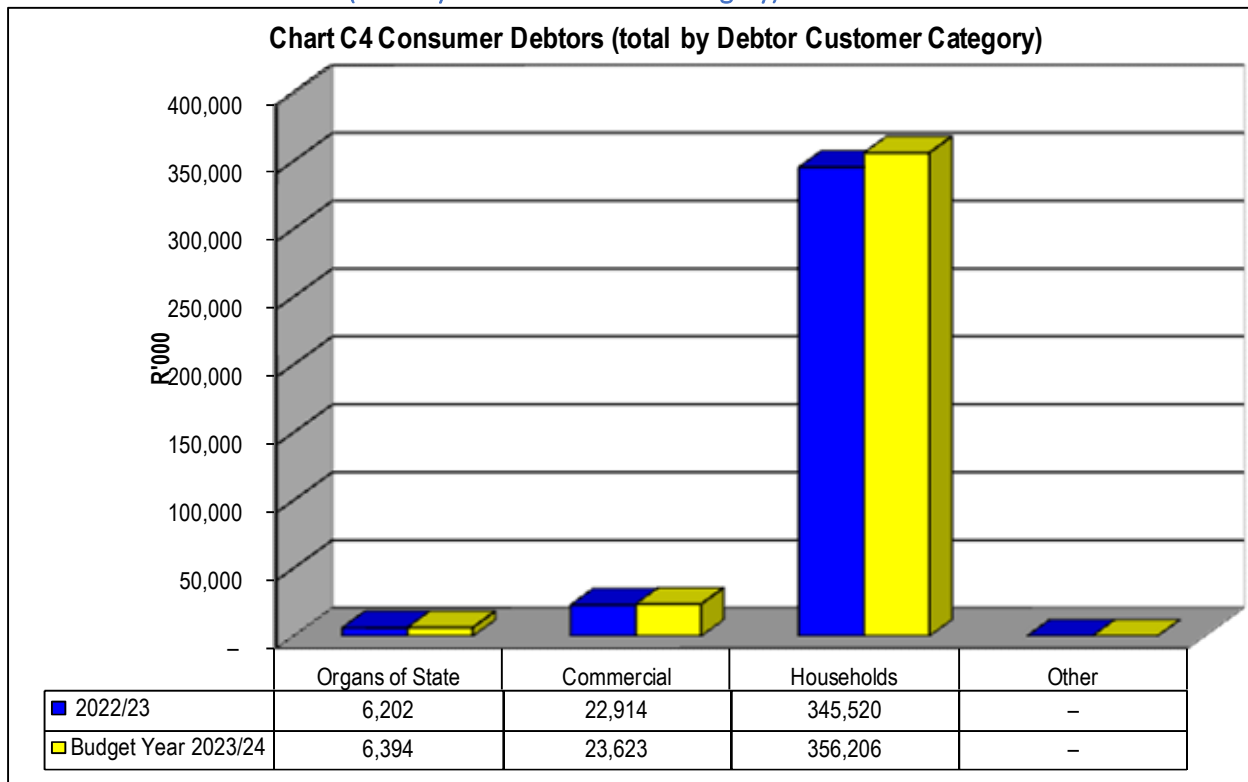


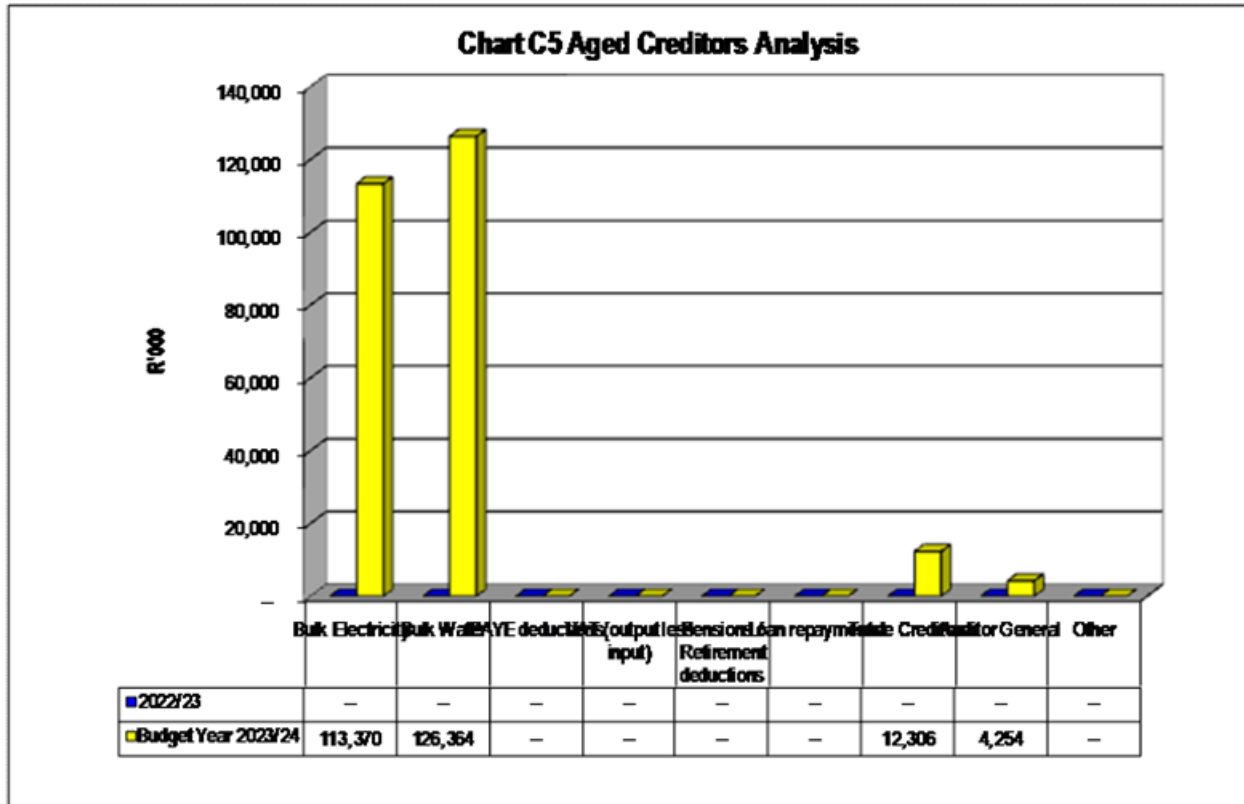
Table SC4: Creditors Analysis

NC093 Magareng - Supporting Table SC4 Monthly Budget Statement - aged creditors - Q3 Third Quarter

Description	NT Code	Budget Year 2023/24									Prior year totals for chart (same period)
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total	
R thousands											
Creditors Age Analysis By Customer Type											
Bulk Electricity	0100	3,900	4,960	6,110	5,837	6,894	42,377	40,646	-	110,724	
Bulk Water	0200	1,956	1,936	2,241	2,191	2,081	12,406	14,231	92,398	129,441	
PAYE deductions	0300	-	-	-	-	-	-	-	-	-	
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-	
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-	
Loan repayments	0600	-	-	-	-	-	-	-	-	-	
Trade Creditors	0700	-	1,122	2,949	3,793	3,097	3,308	3,750	2,397	20,415	
Auditor General	0800	370	383	19	250	508	317	41	323	2,211	
Other	0900	-	-	-	-	-	-	-	-	-	
Total By Customer Type	1000	6,226	8,401	11,319	12,071	12,580	58,408	58,668	95,118	262,790	-

It is imperative to note that Table SC4 provides a crucial age analysis of the municipality's creditors. It is mandatory, as per section 65 of the MFMA that all creditors get paid within 30 days of receiving an invoice. The municipality's creditors as of March 31st, 2024, amount to R 262.8 million, including Eskom with R 110.7 million and Vaalharts Water with R 129.4 million, among others. However, despite this obligation, the municipality is currently unable to pay its creditors within the required 30 days due to low revenue collection.

FIGURE 7: Aged Creditors Analysis



The above graph compares the 2021/2022 and the 2022/2023 financial year monthly aged creditors.

Table SC5: Investment Portfolio Analysis

NC093 Magareng - Supporting Table SC5 Monthly Budget Statement - investment portfolio - Q3 Third Quarter

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 ³	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
		Yrs/Months												
R thousands														
Municipality														
Magareng Local Municipality														-
Municipality sub-total										-		-	-	-
Entities														
ABSA 9351945669		3 MONTHS	7 DAYS	YES					3/31/2024	-	-	-	-	-
ABSA 9355869912		3 MONTHS	7 DAYS	YES					3/31/2024	3,529	55	(3,500)	-	85
ABSA 9355871747		3 MONTHS	7 DAYS	YES					3/31/2024	20	0	-	-	20
														-
														-
														-
														-
Entities sub-total										3,550	56	(3,500)	-	105
TOTAL INVESTMENTS AND INTEREST	2									3,550		(3,500)	-	105

Supporting Table SC5 displays the council’s investments portfolio and indicates that the municipality had an opening balance of R 3,6 million, earned interest of R56 thousand ,with R3,5 million withdrawals for the third quarter and the municipality had a closing amount of R 105 thousand.

Table SC6- Allocation and grant receipts

NC093 Magareng - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - Q3 Third Quarter

Description	Ref	Budget Year 2023/24								
		2022/23 Audited Outcome	Original Budget	Adjusted Budget	Q3	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
RECEIPTS:										
Operating Transfers and Grants										
National Government:		65,086	65,541	65,541	13,795	61,762	49,156	12,606	25.6%	65,541
Equitable Share		57,991	61,591	61,591	13,748	58,050	46,193	11,857	25.7%	61,591
Expanded Public Works Programme Integrated Grant		1,073	950	950	47	712	713	(1)	-0.1%	950
Local Government Financial Management Grant		3,000	3,000	3,000	-	3,000	2,250	750	33.3%	3,000
Municipal Disaster Relief Grant		3,021	-	-	-	-	-	-	-	-
Other transfers and grants [insert description]		-	-	-	-	-	-	-	-	-
Provincial Government:		-	-	-	-	-	-	-	-	-
Other transfers and grants [insert description]		-	-	-	-	-	-	-	-	-
District Municipality:		3,650	1,800	3,055	279	459	1,852	(1,393)	-75.2%	3,055
<i>FBDM(Operational)</i>		3,650	1,800	3,055	279	459	1,852	(1,393)	-75.2%	3,055
Other grant providers:		767	1,147	1,147	574	1,147	860	287	33.3%	1,147
<i>Education Training and Development Practices SETA</i>		-	-	-	-	-	-	-	-	-
<i>National Library South Africa</i>		767	1,147	1,147	574	1,147	860	287	33.3%	1,147
<i>Northern Cape Arts and Cultural</i>		-	-	-	-	-	-	-	-	-
<i>Post Retirement Benefit</i>		-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	5	69,502	68,488	69,743	14,648	63,368	51,868	11,500	22.2%	69,743
Capital Transfers and Grants										
National Government:		24,071	51,967	62,279	13,069	43,841	42,200	1,641	3.9%	62,279
Integrated National Electrification Programme Grant		-	-	-	-	-	-	-	-	-
Municipal Disaster Relief Grant		-	-	5,145	-	5,145	2,058	3,087	150.0%	5,145
Municipal Infrastructure Grant		16,962	12,452	17,619	9,167	17,619	10,506	7,113	67.7%	17,619
Regional Bulk Infrastructure Grant		-	20,000	20,000	-	1,562	15,000	(13,438)	-89.6%	20,000
Water Services Infrastructure Grant		7,109	19,515	19,515	3,902	19,515	14,636	4,879	33.3%	19,515
Provincial Government:		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>		-	-	-	-	-	-	-	-	-
District Municipality:		1,725	3,000	4,745	-	1,135	2,948	(1,813)	-61.5%	4,745
<i>Specify (Add grant description)</i>		1,725	3,000	4,745	-	1,135	2,948	(1,813)	-61.5%	4,745
Other grant providers:		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	5	25,796	54,967	67,024	13,069	44,976	45,148	(172)	-0.4%	67,024
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	95,298	123,455	136,767	27,717	108,344	97,016	11,328	11.7%	136,767

In Supporting Tables SC6, you can find all the details of the grants that were received. During the third period, the municipality received R27.7 million, of which the major portion is attributed to equitable share. The municipality has received a total of R108.3 million, taking into consideration both operational and capital grants, year to date. In the reporting period, all the grants that were gazetted were received according to the National Treasury's grants payment schedule.

Table SC7: Transfers and Grant Expenditure

NC093 Magareng - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - Q3 Third Quarter

Description	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Q3	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
EXPENDITURE										
Operating expenditure of Transfers and Grants										
National Government:		39,342	65,541	65,541	14,338	60,498	26,407	34,091	129.1%	39,208
Equitable Share		31,387	61,591	61,591	13,748	58,050	23,445	34,605	147.6%	35,258
Expanded Public Works Programme Integrated Grant		1,261	950	950	374	1,208	713	495	69.5%	950
Local Government Financial Management Grant		6,695	3,000	3,000	216	1,240	2,250	(1,010)	-44.9%	3,000
Municipal Disaster Relief Grant		-	-	-	-	-	-	-	-	-
Provincial Government:		-	-	-	-	-	-	-	-	-
District Municipality:		1,210	1,800	3,055	1,649	4,007	1,852	2,155	116.4%	3,055
FBDM (Operational)		1,210	1,800	3,055	1,649	4,007	1,852	2,155	116.4%	3,055
Other grant providers:		858	1,147	1,147	285	904	860	44	5.1%	1,147
Education Training and Development Practices SETA		-	-	-	-	-	-	-	-	-
National Library South Africa		858	1,147	1,147	285	904	860	44	5.1%	1,147
Northern Cape Arts and Cultural		-	-	-	-	-	-	-	-	-
Total operating expenditure of Transfers and Grants:		41,411	68,488	69,743	16,272	65,409	29,119	36,289	124.6%	43,410
Capital expenditure of Transfers and Grants										
National Government:		23,885	31,967	42,279	4,656	25,277	27,200	(1,923)	-7.1%	42,279
Integrated National Electrification Programme Grant		-	-	-	-	-	-	-	-	-
Municipal Disaster Relief Grant		-	-	5,145	797	3,660	2,058	1,602	77.8%	5,145
Municipal Infrastructure Grant		12,531	12,452	17,619	1,334	9,971	10,506	(535)	-5.1%	17,619
Regional Bulk Infrastructure Grant		-	-	-	-	-	-	-	-	-
Water Services Infrastructure Grant		11,354	19,515	19,515	2,525	11,647	14,636	(2,990)	-20.4%	19,515
Provincial Government:		-	-	-	-	-	-	-	-	-
District Municipality:		-	3,000	4,745	-	1,745	2,948	(1,203)	-40.8%	4,745
FBDM (Capital)		-	3,000	4,745	-	1,745	2,948	(1,203)	-40.8%	4,745
Other grant providers:		-	20,000	20,000	-	1,358	15,000	(13,642)	-90.9%	20,000
Regional Bulk Infrastructure Grant		-	20,000	20,000	-	1,358	15,000	(13,642)	-90.9%	20,000
Total capital expenditure of Transfers and Grants		23,885	54,967	67,024	4,656	28,380	45,148	(16,768)	-37.1%	67,024
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		65,296	123,455	136,767	20,928	93,789	74,267	19,522	26.3%	110,434

A total of R20.9 million has been spent on grants during the third quarter of the financial year. The year-to-date spending currently stands at R93.8 million, while the year-to-date budget is R74.2 million. This has resulted in an overspending variance of R19.5 million, which translates to a positive 26.3%. Out of the total spending year-to-date, R65.4 million has been spent on operational grants, while R28.3 million has been spent on capital grants.

Description	Budget Year 2023/24					
	DORA Allocation	ADJUSTMENT	Funds Received to date	Spents to date	Unspent Balance	% Spent to date
Grants and Subsidies						
Operational						
Equitable Share	61 591 000,00	61 591 000,00	58 050 000,00	58 050 000,00	3 541 000,00	94%
Expanded Public Works Programme Integrated Grant	950 000,00	950 000,00	712 000,00	1 207 919,20	257 919,20	127%
Local Government Financial Management Grant	3 000 000,00	3 000 000,00	3 000 000,00	1 239 920,00	1 760 080,00	41%
FBDM (Operational)	1 800 000,00	3 055 000,00	459 304,51	4 006 843,25	951 843,25	131%
National Library South Africa	1 147 000,00	1 147 000,00	1 147 000,00	904 054,18	242 945,82	79%
Sub-Total	68 488 000,00	69 743 000,00	63 368 304,51	65 408 736,63	4 334 263,37	94%
Capital						
Municipal Infrastructure Grant	12 452 000,00	17 619 000,00	17 619 000,00	8 637 034,60	8 981 965,40	49%
Regional Bulk Infrastructure Grant	20 000 000,00	20 000 000,00	1 561 703,20	1 358 002,78	18 641 997,22	7%
Water Services Infrastructure Grant	19 515 000,00	19 515 000,00	19 515 000,00	11 646 644,10	7 868 355,90	60%
FBDM (Capital)	3 000 000,00	4 745 000,00	1 135 468,13	3 078 983,59	1 666 016,41	65%
Municipal Disaster Relief Grant	-	5 145 000,00	5 145 000,00	3 659 513,81	1 485 486,19	71%
Sub-Total	54 967 000,00	67 024 000,00	44 976 171,33	28 380 178,88	38 643 821,12	42%

The above table depicts the gazetted and budgeted amounts for all the grants and the performance thereof as at end of March 2024.

Financial Management grant

- The FMG grant is a crucial support for BTO program projects that are funded by the National Treasury. So far, R 3 million has been received, but only 41% of it has been spent as of the end of the 3rd quarter. This slow spending must be addressed immediately since it is due to the absence of an intern who was expected to occupy a vacant post. It's imperative to find a solution to this issue as soon as possible to ensure that the project runs smoothly and efficiently.
- The municipality has consistently fully spent this conditional grant, even in the current financial year this will be achieved as it is fully committed and a support plan was developed and approved by NT.

Expanded Public Work Programme

- EPWP grant is used to fund the expanded public works programs, and this is a National Department of Public Works initiative to curb the high unemployment rate.
- It is important to note that the municipality has already received both the first and second tranches of the allocation, totaling R712 thousand. The total allocation amounts to R950 thousand. As of the end of the third quarter, the municipality has already spent R 1.2 million, which is equal to 127% of the total allocation. It is worth noting that in most cases, the municipality uses its funds to pay employees who are funded by this grant after it has depleted.

Frances Baard District Municipality Grant

- FBDM grant is used to assist the municipality with Operations and Maintenance, this grant is funded by the district municipality.

- The municipality has received R459 thousand for the grant and to date it has spent R4 million it is also important to note some of the claims made to FBDM are paid direct to the contractor on behalf of the municipality, hence the difference between what the municipality has received and spend.

Library Grant

- It should be noted that the municipality received the first tranche of the grant in September, amounting to R574 thousand and the second trench has also been received which equates to R573.5 thousand. As per DoRA, the total allocation amounts to R1.1 million. It is important to highlight that the municipality has already spent R904 thousand, which equates to 79% of the grant allocation.

Municipal Infrastructure Grant

- The MIG expenditure as at 31 March 2024 is sitting at 57% of the total allocation of R17.6 million for the year. The municipality to date has received R17.6 million and out of that R8,9 million has been spent and that translates to 57% as the end of 3rd quarter.

Water Services Infrastructure Grant

- The WSIG expenditure as at 31 March 2024 is sitting at 60% of the total allocation of R19.5 million for the year. The municipality to date has received R19.5 million and out of that R11.6 million has been spent.

Regional Bulk Infrastructure Grant

- The RBIG expenditure as at 31 March 2024 is sitting at 7% of the total allocation of R20 million for the year. The municipality to date has received R1.6 million and out of that R1.4 million has been spent.

Frances Baard District Municipality Grant

- FBDM grant is used to assist the municipality with Capital Infrastructure Maintenance; this grant is funded by the district municipality.
- The FBDM capital expenditure to date is sitting at R3million, which translates to 65% of the total allocation to be received by the municipality of which amounts to R4.7 million. The municipality to date has received R1.1 million.

Municipal Disaster Relief Grant

- The municipality received the whole R5.1 million for this grant and the expenditure to date amounts to R3.7 million which translates to 71% of the total allocation received.

It can then be noted that a total of R108.3 million has been received to date for both operational and capital grants, total expenditure of R 93.8 million has been committed or spent to date which translates into 69% spent on grants and subsidies.

Table SC8: Councilors and Staff Benefits

NC093 Magareng - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - Q3 Third Quarter

Summary of Employee and Councillor remuneration	Ref	2022/23	Budget Year 2023/24							
		Audited Outcome	Original Budget	Adjusted Budget	Q3	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands		A	B	C						D
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		3,173	3,222	3,868	1,200	2,818	2,901	(83)	-3%	3,868
Pension and UIF Contributions		448	452	555	104	295	416	(122)	-29%	555
Medical Aid Contributions		115	123	128	18	65	96	(31)	-32%	128
Motor Vehicle Allowance		456	529	551	191	449	414	35	8%	
Cellphone Allowance		481	481	509	155	382	382	0	0%	509
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		-	-	-	-	-	-	-	-	551
Sub Total - Councillors		4,673	4,807	5,612	1,668	4,008	4,209	(201)	-5%	5,612
% increase	4		2.9%	20.1%						20.1%
Senior Managers of the Municipality										
Basic Salaries and Wages		1,040	2,829	2,985	358	916	2,239	(1,323)	-59%	2,985
Pension and UIF Contributions		125	314	227	30	88	170	(82)	-48%	227
Medical Aid Contributions		69	122	122	13	37	92	(54)	-59%	122
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		67	231	153	-	55	115	(60)	-52%	153
Motor Vehicle Allowance		820	1,500	1,392	-	13	1,044	(1,031)	-99%	1,392
Cellphone Allowance		-	-	-	-	-	-	-	-	-
Housing Allowances		-	154	232	-	-	174	(174)	-100%	232
Other benefits and allowances		0	1	1	0	0	0	(0)	-77%	1
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations		-	-	-	-	-	-	-	-	-
Entertainment		-	-	-	-	-	-	-	-	-
Scarcity		63	166	166	-	-	125	-	-	166
Acting and post related allowance		-	-	-	-	-	-	-	-	-
In kind benefits		-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality		2,185	5,317	5,278	402	1,110	3,958	(2,848)	-72%	5,278
% increase	4		143.4%	141.6%						141.6%
Other Municipal Staff										
Basic Salaries and Wages		31,226	34,670	33,875	7,547	23,327	25,406	(2,079)	-8%	33,875
Pension and UIF Contributions		6,067	6,428	7,535	1,364	4,190	5,651	(1,461)	-26%	7,535
Medical Aid Contributions		2,305	2,569	2,883	483	1,369	2,163	(793)	-37%	2,883
Overtime		2,327	1,000	644	168	386	483	(97)	-20%	644
Performance Bonus		2,948	2,829	2,776	12	2,748	2,082	666	32%	2,776
Motor Vehicle Allowance		62	53	54	-	25	41	(16)	-38%	54
Cellphone Allowance		74	66	68	11	33	51	(18)	-35%	68
Housing Allowances		70	77	90	10	35	67	(32)	-48%	90
Other benefits and allowances		456	491	392	85	249	294	(45)	-15%	392
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	110	14	-	-	10	(10)	-100%	14
Post-retirement benefit obligations		-	-	-	-	-	-	-	-	-
Entertainment		-	-	-	-	-	-	-	-	-
Scarcity		-	-	-	-	-	-	-	-	-
Acting and post related allowance		248	100	100	18	73	75	(2)	-3%	100
In kind benefits		638	-	-	-	-	-	-	-	-
Sub Total - Other Municipal Staff		46,422	48,392	48,431	9,696	32,436	36,323	(3,887)	-11%	48,431
% increase	4		4.2%	4.3%						4.3%
Total Parent Municipality		53,279	58,516	59,321	11,765	37,554	44,491	(6,937)	-16%	59,321
TOTAL SALARY, ALLOWANCES & BENEFITS		53,279	58,516	59,321	11,765	37,554	44,491	(6,937)	-16%	59,321
% increase	4		9.8%	11.3%						11.3%
TOTAL MANAGERS AND STAFF		48,606	53,709	53,709	10,097	33,546	40,282	(6,736)	-17%	53,709

The table above illustrates expenditure on councillor's remuneration and employees.

Section 66 of the MFMA requires that the accounting officer of a municipality must, in a format and for the periods as may be prescribed, report to the council on all expenditure incurred by the municipality on staff salaries, wages, allowances and benefits and in a manner that discloses such expenditure per type of expenditure, namely-

- I. Salaries and wages
- II. Contribution for pension and medical aid

- III. Travel, motor car, accommodation, subsistence and other allowances.
- IV. Housing benefits
- V. Overtime
- VI. Any other benefit or allowance related to staff.

For the quarter under review the municipality has incurred an expenditure amounting to R11.7 million on a total adjusted budget of R59.3 million. The expenditure seems to be slightly with in the budget projection, the actual year to date amounts to R 37.6 million which is 16% below the projected budget for this current month when compared to our year-to-date budget which amounts to R 44.5 million.

Cost containment measures still need to be exercised to ensure expenditure is kept at a minimum, especially on overtime and standby allowance.

PROGRESS ON THE BUDGET FUNDING PLAN

Pillar 1 - Positive Cash Flows

The municipality is required to maintain positive cash balances.

Opening cash balance as per bank statement = (R1 980 276)

Closing cash balance as per bank statement = R 5 231 509

Pillar 2 - Reduction in non-core expenditure

Overtime -The municipality has reduced the budget for overtime which was approved by council with the 2022/2023 budget from R2.3 million to R1 million for the approved 2023/2024 budget, was adjusted to R 643.9 thousand and the year-to-date actual amounts to R 386.3 thousand as at March 2024.

There are no Unauthorised Debit orders for the month of March, the municipality reverses these debit orders monthly.

The municipality was not charged penalties and interest for PAYE by SARS for late payment made for the March 2024 period.

Pillar 3 - Trade Payables

Trade payables has increased as compared to the previous month as indicated earlier in the report. February trade payables amounted to R 261.6 million which has increased by 1.1 million when compared to March creditors that amounts to R262.8 million, this increase is caused by late payments made to creditors due to financial constraints that the municipality is facing.

Pillar 4 - Cash and Short-term liquidity

The municipality's had a bank overdraft of R 2 million which was settled in March 2024. The opening balance for short-term investment for March is R 3,5 million with a closing balance of R 105 thousand

Pillar 5 - Collection Rate

The collection rate for February was 18,36% as compared to the month of March which is 12,48%.

Pillar 6 - Distribution losses

Electricity

Total electricity losses as at Quarter 3 (January – March) 2024 are an average of 39% or R 2,1million. The norm in terms of MFMA Circular 71 is 7% – 10%.

Water

Total water losses as at Quarter 3 (January – March) are an average of 99% or R 2,6 million which also puts a risk on the realization of the budget and the debt relief program approved by the National Treasury. The norm in terms of MFMA Circular 123 is 15% - 30%.

Pillar 7 - Ring fencing of conditional grants

Description	Budget Year 2023/24					
	DORA Allocation	ADJUSTMENT	Funds Received to date	Spents to date	Unspent Balance	% Spent to date
Municipal Infrastructure Grant	12 452 000,00	17 619 000,00	17 619 000,00	9 971 034,60	7 647 965,40	57%
Regional Bulk Infrastructure Grant	20 000 000,00	20 000 000,00	1 561 703,20	1 358 002,78	203 700,42	7%
Water Services Infrastructure Grant	19 515 000,00	19 515 000,00	19 515 000,00	11 646 644,10	7 868 355,90	60%
FBDM (Capital)	3 000 000,00	4 745 000,00	1 135 468,13	1 744 983,59	- 609 515,46	37%
Municipal Disaster Relief Grant	-	5 145 000,00	5 145 000,00	3 659 513,81	1 485 486,19	71%
Sub-Total	54 967 000,00	67 024 000,00	44 976 171,33	28 380 178,88	16 595 992,45	42%
TOTAL RECEIPTS OF TRANSFERS & GRANTS	123 455 000,00	136 767 000,00	108 344 474,84	93 788 915,51	20 930 255,82	69%

The above table is the ring fencing of the conditional capital grants, as per the Dora allocation the municipality's allocation is R 67 million, from the total allocation the municipality received R 44.9 which includes additional R6 million that was recently allocated to municipality by MIG and the total of R28.4 was spent. The grant expenditure is above 60% except for FBDM Capital and RBIG which are spent on a payment basis by submitting invoices to the funders for approval and payment.

PROGRESS ON THE FINANCIAL RECOVERY PLAN

Progress reports on the implementation of the Financial Recovery Plan will be submitted separately by the Office of the Municipal Manager to the Northern Cape Provincial Treasury and to the National Treasury.

Quality Certificate



I, Tumelo Thage the Municipal Manager of Magareng Local Municipality (NC093), hereby certify that—

- The monthly budget statements.
- Quarterly report on the implementation of the budget and financial state affairs of the municipality
- Mid-year budget and performance assessment

The report for the **Third Quarter (January – March)** has been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act.

Mr. T Thage
Acting Municipal Manager

Date

02 MAY 2024