

MAGARENG LOCAL MUNICIPALITY

MAGARENG



MUNICIPALITY

MONTHLY BUDGET STATEMENT REPORT SECTION 71

JANUARY 2023

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PART1:IN-YEARREPORT

PURPOSE

To report to the Council and submit to National and Provincial Treasury on the monthly financial performance of the Municipality as required by Section 71 of the Municipal Finance Management Act.

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 has a negative impact on the cash flow of the municipality
- Long outstanding creditors with large outstanding debt mainly owed to Eskom and Vaalharts water
- Inability to service creditors within 30 days.
- Negative impact on the municipalities ability to improve service delivery from its own revenue sources.

EXECUTIVE SUMMARY

Section 71 of the Municipal Finance Management Act deals with requirements for in-year reporting and further state that the Accounting Officer of the Municipality must by no later than 10 working days after end of each month submit to the Council and other relevant Provincial Treasury, the monthly budget statement in the prescribed format on the state of the municipality's financial results.

IN YEAR BUDGET STATEMENT TABLES

DESCRIPTION	ORIGINAL BUDGET	2022/2023		
		ADJUSTED BUDGET	YEAR TO DATE ACTUAL	PERCENTAGE
OPERATING REVENUE	R 130 915 663,00	R -	R 78 319 073,23	60%
OPERATING EXPENDITURE	R 182 313 394,00	R -	R 77 889 201,46	43%
TRANSFER CAPITAL	R 23 612 000,00	R -	R 12 000 000,00	51%
SURPLUS/(DEFICIT)	-R 27 785 731,00	R -	R 12 429 871,77	-45%
CAPITAL EXPENDITURE	R 23 612 000,00	R -	R 11 153 652,55	47%

TableC1–Budget Statement Summary

NC093 Magareng - Table C1 Monthly Budget Statement Summary - M07 January

Description	2021/22	Budget Year 2022/23							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	11 674	12 319	12 319	1 018	7 166	7 186	(20)	-0%	12 319
Service charges	36 845	43 325	43 325	2 065	18 143	25 273	(7 130)	-28%	43 325
Investment revenue	6 296	3 122	3 122	921	6 242	1 821	4 421	243%	3 122
Transfers and subsidies	62 864	64 964	64 964	2 045	42 676	37 896	4 780	13%	64 964
Other own revenue	7 647	7 186	7 186	490	4 093	4 192	(99)	-2%	7 186
Total Revenue (excluding capital transfers and contributions)	125 327	130 916	130 916	6 539	78 319	76 367	1 952	3%	130 916
Employee costs	49 810	53 078	52 578	3 340	26 877	30 670	(3 793)	-12%	52 578
Remuneration of Councillors	4 263	4 675	4 655	390	2 722	2 727	(5)	-0%	4 655
Depreciation & asset impairment	26 674	30 431	30 431	2 163	15 158	17 752	(2 593)	-15%	30 431
Finance charges	5 447	-	-	-	-	-	-	-	-
Inventory consumed and bulk purchases	45 197	38 600	38 570	231	7 947	22 516	(14 570)	-65%	38 570
Transfers and subsidies	-	20	20	-	-	12	(12)	-100%	20
Other expenditure	49 919	55 509	56 059	3 160	25 185	32 380	(7 195)	-22%	56 059
Total Expenditure	181 310	182 313	182 313	9 284	77 889	106 058	(28 169)	-27%	182 313
Surplus/(Deficit)	(55 983)	(51 398)	(51 398)	(2 745)	430	(29 690)	30 120	-101%	(51 398)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	25 034	23 612	23 612	-	12 000	13 774	(1 774)	-13%	23 612
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	3 696	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(27 253)	(27 786)	(27 786)	(2 745)	12 430	(15 917)	28 347	-178%	(27 786)
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	(27 253)	(27 786)	(27 786)	(2 745)	12 430	(15 917)	28 347	-178%	(27 786)
Capital expenditure & funds sources									
Capital expenditure	25 900	23 612	23 612	-	11 154	13 774	(2 620)	-19%	23 612
Capital transfers recognised	23 778	23 612	23 612	-	11 154	13 774	(2 620)	-19%	23 612
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	2 122	-	-	-	-	-	-	-	-
Total sources of capital funds	25 900	23 612	23 612	-	11 154	13 774	(2 620)	-19%	23 612
Financial position									
Total current assets	(29 894)	(111 496)	(111 496)	-	69 633	-	-	-	(111 496)
Total non current assets	376 452	324 339	324 339	-	306 855	-	-	-	324 339
Total current liabilities	429 314	238 246	238 246	-	238 240	-	-	-	238 246
Total non current liabilities	12 754	3 105	3 105	-	12 754	-	-	-	3 105
Community wealth/Equity	138 886	(27 786)	(27 786)	-	103 770	-	-	-	(27 786)
Cash flows									
Net cash from (used) operating	-	275 601	275 601	2 400	3 916	160 767	156 851	98%	275 601
Net cash from (used) investing	-	(23 611)	(23 612)	-	(11 154)	(13 773)	(2 620)	19%	(23 611)
Net cash from (used) financing	-	331	-	(1)	25	193	168	87%	331
Cash/cash equivalents at the month/year end	6 674	252 898	252 566	-	(13 042)	147 764	160 806	109%	246 492
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	5 653	4 891	4 835	4 883	5 009	4 886	25 308	315 423	370 888
Creditors Age Analysis									
Total Creditors	-	-	-	-	-	-	-	-	-

The above C1 Sum table summarizes the following activities: -

Revenue:

The actual year to date operational revenue as at end of January is R 78,3 million and the year-to-date budget of R 76,4 million and this reflects a positive variance of R 1,9 million. The following are the secondary revenue item categories reflecting a positive and negative material variance:

- Service Charges : 28% unfavorable variance,
- Investment Revenue : 243 favorable variance,
- Transfers and Subsidies : 13% favorable variance

Operating Expenditure

The year-to-date actual operational expenditure as at end of January amounts to R 77,9 million and the year-to-date budget is R 106, 3 million. This reflects under spending variance of R 28, 5 million that translates to 27% variance. The variance attributing to under spending is on inventory consumed and bulk purchases, the municipality is still facing a challenge regarding monthly payments above mentioned two accounts.

All other expenditure line items are performing almost in line with the year-to-date budgets since the variance thereof is less than 10% except for the following:

- Employee related costs:13% underperformance
- Depreciation and asset impairment:15% underperformance
- Inventory consumed and bulk purchases: 65% underperformance
- Transfer and subsidies: 100% underperformance
- Other expenditure:22%underperformance

The above material variances are explained more in detail on Supporting Tables SC1

Capital Expenditure

The year-to-date actual capital expenditure as at end of January 2023 amounts to R 11,1 million and the year-to-date budget amounts to R13,8 million and which results a negative variance of R2,6 million, that shows under performance on capital expenditure.

Surplus/Deficit

Taking the above into consideration, the net operating deficit for the month of January is R 2,7 million.

Debtors

Outstanding debtors' is comprised of consumer and sundry debtors. The total outstanding debtors as at end of January amounts to R370 888 million and this show an increase of R 28 193 million as compared to R342 695 million as at end of 2021/22 financial year.

Consumer debtors is made up of service charges and property rates that amount to R248 847million and other debtors amounting to R122 041 million.

Creditors

As at 31 January 2023 the municipality had an outstanding creditor amounting to R242 556 million and the bulk of this amount is made up by Bulk water: R 124 275 million and bulk electricity: R94 240 million.

TableC2–Financial Performance (Standard Classification)

NC093 Magareng - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M07 January

Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Revenue - Functional										
<i>Governance and administration</i>		80 717	80 404	80 404	2 120	55 530	46 903	8 627	18%	80 404
Executive and council		54 507	59 064	59 064	–	37 081	34 454	2 627	8%	59 064
Finance and administration		26 210	21 340	21 340	2 120	18 449	12 449	6 000	48%	21 340
Internal audit		–	–	–	–	–	–	–	–	–
<i>Community and public safety</i>		1 533	1 329	1 329	28	668	776	(107)	-14%	1 329
Community and social services		1 216	1 189	1 189	10	605	694	(89)	-13%	1 189
Sport and recreation		58	–	–	–	–	–	–	–	–
Public safety		258	140	140	18	63	82	(19)	-23%	140
Housing		–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
<i>Economic and environmental services</i>		(3 731)	450	450	–	–	263	(263)	-100%	450
Planning and development		–	–	–	–	–	–	–	–	–
Road transport		(3 731)	450	450	–	–	263	(263)	-100%	450
Environmental protection		–	–	–	–	–	–	–	–	–
<i>Trading services</i>		75 538	72 344	72 344	4 392	34 121	42 201	(8 079)	-19%	72 344
Energy sources		15 546	21 361	21 361	253	5 249	12 460	(7 211)	-58%	21 361
Water management		44 059	33 037	33 037	2 691	18 685	19 271	(586)	-3%	33 037
Waste water management		8 985	9 101	9 101	692	4 917	5 309	(392)	-7%	9 101
Waste management		6 948	8 845	8 845	756	5 270	5 159	111	2%	8 845
<i>Other</i>	4	–	–	–	–	–	–	–	–	–
Total Revenue - Functional	2	154 057	154 528	154 528	6 539	90 319	90 141	178	0%	154 528
Expenditure - Functional										
<i>Governance and administration</i>		100 622	48 038	48 038	2 750	22 163	28 022	(5 859)	-21%	48 038
Executive and council		14 323	13 024	13 024	1 182	7 039	7 597	(558)	-7%	13 024
Finance and administration		86 298	35 015	35 015	1 568	15 124	20 425	(5 301)	-26%	35 015
Internal audit		–	–	–	–	–	–	–	–	–
<i>Community and public safety</i>		12 770	12 438	12 438	858	6 542	7 255	(713)	-10%	12 438
Community and social services		2 526	2 850	2 850	171	1 361	1 662	(301)	-18%	2 850
Sport and recreation		3 390	4 212	4 212	270	2 083	2 457	(373)	-15%	4 212
Public safety		4 001	4 230	4 230	334	2 417	2 468	(50)	-2%	4 230
Housing		2 854	1 146	1 146	84	680	668	11	2%	1 146
Health		–	–	–	–	–	–	–	–	–
<i>Economic and environmental services</i>		6 198	7 222	6 857	329	2 722	4 000	(1 277)	-32%	6 857
Planning and development		3 787	5 832	5 832	241	1 814	3 402	(1 588)	-47%	5 832
Road transport		2 411	1 390	1 025	88	909	598	311	52%	1 025
Environmental protection		–	–	–	–	–	–	–	–	–
<i>Trading services</i>		61 720	114 616	114 981	5 347	46 462	67 072	(20 610)	-31%	114 981
Energy sources		26 683	44 824	44 804	1 015	14 665	26 136	(11 471)	-44%	44 804
Water management		24 405	28 868	29 433	1 578	12 172	17 170	(4 997)	-29%	29 433
Waste water management		9 482	21 149	20 969	1 436	10 267	12 232	(1 965)	-16%	20 969
Waste management		1 150	19 774	19 774	1 320	9 358	11 535	(2 177)	-19%	19 774
<i>Other</i>		–	–	–	–	–	–	–	–	–
Total Expenditure - Functional	3	181 310	182 313	182 313	9 284	77 889	106 349	(28 460)	-27%	182 313
Surplus/ (Deficit) for the year		(27 253)	(27 786)	(27 786)	(2 745)	12 430	(16 208)	28 638	-177%	(27 786)

TableC3–Financial Performance(Revenue and Expenditure by vote)

NC093 Magareng - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M07 January

Vote Description	Ref	Budget Year 2022/23								
		2021/22 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue by Vote	1									
Vote 01 - Executive & Council		54 507	59 064	59 064	-	37 081	34 454	2 627	7,6%	59 064
Vote 02 - Office Of The Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 03 - Corporate Services		-	-	-	-	-	-	-	-	-
Vote 04 - Financial Services		26 210	21 340	21 340	2 120	18 449	12 449	6 000	48,2%	21 340
Vote 05 - Municipal Infrastructure		71 807	72 794	72 794	4 392	34 121	42 463	(8 342)	-19,6%	72 794
Vote 06 - Community Services		-	-	-	-	-	-	-	-	-
Vote 07 - Public Safety & Transport		1 533	1 329	1 329	28	668	776	(107)	-13,8%	1 329
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	154 057	154 528	154 528	6 539	90 319	90 141	178	0,2%	154 528
Expenditure by Vote	1									
Vote 01 - Executive & Council		11 458	10 987	10 987	699	5 045	6 409	(1 364)	-21,3%	10 987
Vote 02 - Office Of The Municipal Manager		1 839	2 037	2 037	50	389	1 188	(799)	-67,2%	2 037
Vote 03 - Corporate Services		12 037	14 279	14 279	809	7 455	8 330	(875)	-10,5%	14 279
Vote 04 - Financial Services		74 326	20 736	20 736	770	7 715	12 096	(4 381)	-36,2%	20 736
Vote 05 - Municipal Infrastructure		66 622	119 589	119 589	5 938	49 469	69 760	(20 291)	-29,1%	119 589
Vote 06 - Community Services		-	-	-	-	-	-	-	-	-
Vote 07 - Public Safety & Transport		9 717	11 292	11 292	748	5 761	6 587	(826)	-12,5%	11 292
Vote 08 - Sports, Arts, Parks, Culture		-	-	-	-	-	-	-	-	-
Vote 09 - Planning & Development		5 312	3 394	3 394	270	2 055	1 980	75	3,8%	3 394
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	181 310	182 313	182 313	9 284	77 889	106 349	(28 460)	-26,8%	182 313
Surplus/ (Deficit) for the year	2	(27 253)	(27 786)	(27 786)	(2 745)	12 430	(16 208)	28 638	-176,7%	(27 786)

Table C2 and C3 measure the monthly actual and year to date actual against the year-to-date budget. The aforementioned budget tables are presented by standard classification and vote respectively for both revenue and expenditure. 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.

TableC4: Financial Performance by Revenue Source and Expenditure Type

NC093 Magareng - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M07 January

Description	Ref	Budget Year 2022/23								
		2021/22 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue By Source										
Property rates		11 674	12 319	12 319	1 018	7 166	7 186	(20)	0%	12 319
Service charges - electricity revenue		15 185	20 897	20 897	253	5 249	12 190	(6 941)	-57%	20 897
Service charges - water revenue		8 426	8 975	8 975	646	4 641	5 235	(585)	-11%	8 975
Service charges - sanitation revenue		7 569	7 016	7 016	667	4 715	4 093	623	15%	7 016
Service charges - refuse revenue		5 666	6 437	6 437	500	3 538	3 755	(217)	-6%	6 437
Rental of facilities and equipment		4	3	3	-	-	2	(2)	-100%	3
Interest earned - external investments		6 296	3 122	3 122	921	6 242	1 821	4 421	243%	3 122
Interest earned - outstanding debtors		2 749	5 223	5 223	432	3 698	3 047	651	21%	5 223
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		127	46	46	8	35	27	8	30%	46
Licences and permits		(2 194)	-	-	-	-	-	-	-	-
Agency services		76	-	-	-	-	-	-	-	-
Transfers and subsidies		62 864	64 964	64 964	2 045	42 676	37 896	4 780	13%	64 964
Other revenue		6 689	1 914	1 914	49	360	1 117	(757)	-68%	1 914
Gains		196	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		125 327	130 916	130 916	6 539	78 319	76 367	1 952	3%	130 916
Expenditure By Type										
Employee related costs		49 810	53 078	52 578	3 340	26 877	30 962	(4 085)	-13%	52 578
Remuneration of councillors		4 263	4 675	4 655	390	2 722	2 727	(5)	0%	4 655
Debt impairment		35 391	37 815	37 815	2 949	20 645	22 059	(1 414)	-6%	37 815
Depreciation & asset impairment		26 674	30 431	30 431	2 163	15 158	17 752	(2 593)	-15%	30 431
Finance charges		5 447	-	-	-	-	-	-	-	-
Bulk purchases - electricity		22 499	24 750	24 750	-	5 276	14 438	(9 162)	-63%	24 750
Inventory consumed		22 697	13 850	13 820	231	2 671	8 079	(5 408)	-67%	13 820
Contracted services		5 752	6 720	7 232	-	1 346	3 920	(2 574)	-66%	7 232
Transfers and subsidies		-	20	20	-	-	12	(12)	-100%	20
Other expenditure		8 776	10 974	11 012	211	3 195	6 401	(3 207)	-50%	11 012
Losses		-	-	-	-	-	-	-	-	-
Total Expenditure		181 310	182 313	182 313	9 284	77 889	106 349	(28 460)	-27%	182 313
Surplus/(Deficit)										
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		25 034	23 612	23 612	-	12 000	13 774	(1 774)	(0)	23 612
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		3 696	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)		(27 253)	(27 786)	(27 786)	(2 745)	12 430	(16 208)	-	-	(27 786)
Surplus/(Deficit) after capital transfers & contributions		(27 253)	(27 786)	(27 786)	(2 745)	12 430	(16 208)			(27 786)
Taxation		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		(27 253)	(27 786)	(27 786)	(2 745)	12 430	(16 208)			(27 786)
Attributable to minorities		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		(27 253)	(27 786)	(27 786)	(2 745)	12 430	(16 208)			(27 786)
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year		(27 253)	(27 786)	(27 786)	(2 745)	12 430	(16 208)			(27 786)

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 to be material if it is 10% and more.

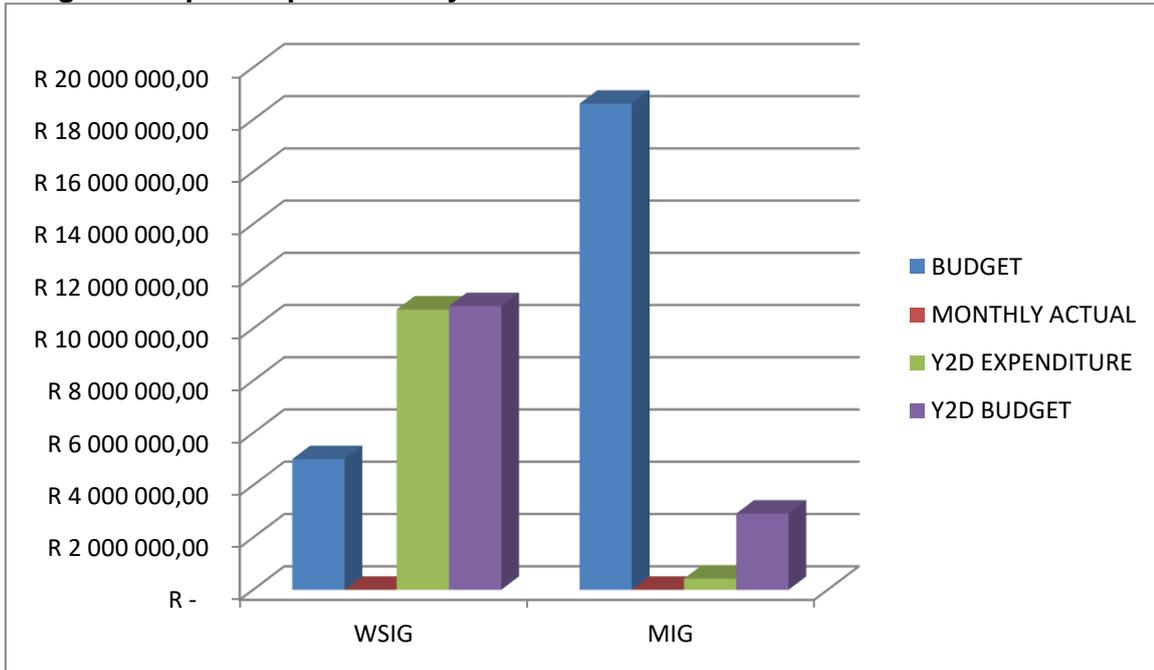
Table C5 Capex: Monthly Capital Expenditure by Standard Classification and Funding

NC093 Magareng - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M07 January

Vote Description	Ref	Budget Year 2022/23								
		2021/22 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	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		261	-	-	-	-	-	-	-	-
Vote 04 - Financial Services		-	-	-	-	-	-	-	-	-
Vote 05 - Municipal Infrastructure		25 639	23 612	23 612	-	11 154	13 774	(2 620)	-19%	23 612
Vote 06 - Community Services		-	-	-	-	-	-	-	-	-
Vote 07 - Public Safety & Transport		-	-	-	-	-	-	-	-	-
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 Capital single-year expenditure	4	25 900	23 612	23 612	-	11 154	13 774	(2 620)	-19%	23 612
Total Capital Expenditure		25 900	23 612	23 612	-	11 154	13 774	(2 620)	-19%	23 612
Capital Expenditure - Functional Classification										
Governance and administration		261	-	-	-	-	-	-	-	-
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		261	-	-	-	-	-	-	-	-
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		-	-	-	-	-	-	-	-	-
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		-	-	-	-	-	-	-	-	-
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		25 639	23 612	23 612	-	11 154	13 774	(2 620)	-19%	23 612
Energy sources		207	-	-	-	-	-	-	-	-
Water management		24 039	23 612	23 612	-	11 154	13 774	(2 620)	-19%	23 612
Waste water management		1 394	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	3	25 900	23 612	23 612	-	11 154	13 774	(2 620)	-19%	23 612
Funded by:										
National Government		16 039	23 612	23 612	-	11 154	13 774	(2 620)	-19%	23 612
Provincial Government		-	-	-	-	-	-	-	-	-
District Municipality		1 180	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)		6 559	-	-	-	-	-	-	-	-
Transfers recognised - capital		23 778	23 612	23 612	-	11 154	13 774	(2 620)	-19%	23 612
Borrowing	6	-	-	-	-	-	-	-	-	-
Internally generated funds		2 122	-	-	-	-	-	-	-	-
Total Capital Funding		25 900	23 612	23 612	-	11 154	13 774	(2 620)	-19%	23 612

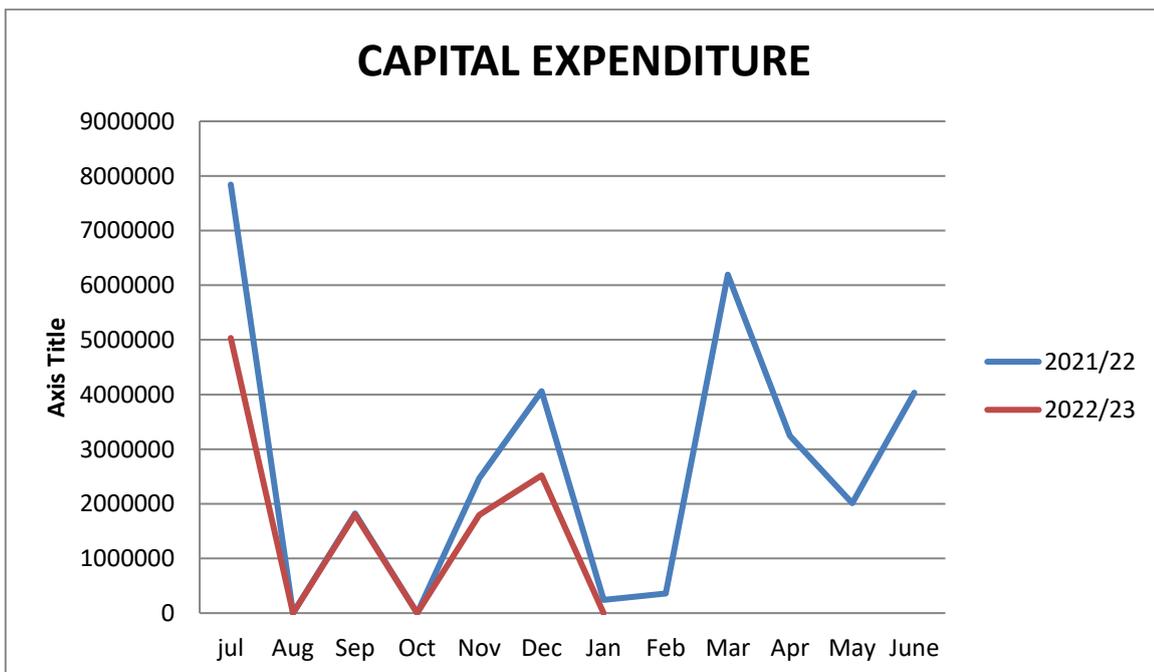
The above table (Table: C5Capex) present capital expenditure performance by Municipal vote, standard classification and the funding thereof. For the month of January 2023, there was no capital expenditure.

Figure1:Capital expenditure by source



The above graph shows the components of sources of finance for capital budget. Of the total capital budget of R23 612 million, R18 612 million is funded from Municipal Infrastructure grant and R5 000 million is from Water services infrastructure grant and the spending per source of finance is presented in the above graph.

Figure2: Monthly capital expenditure



The above graph compares the 2021/22 and 2022/23 monthly capital expenditure performance.

TableC6: Monthly Budget Statement Financial Position

NC093 Magareng - Table C6 Monthly Budget Statement - Financial Position - M07 January

Description	Ref	2021/22	Budget Year 2022/23			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash		(100 054)	(253 960)	(253 960)	(6 165)	(253 960)
Call investment deposits		3 826	62 108	62 108	172	62 108
Consumer debtors		12 965	28 402	28 402	19 829	28 402
Other debtors		53 205	51 486	51 486	55 633	51 486
Current portion of long-term receivables						
Inventory		164	467	467	164	467
Total current assets		(29 894)	(111 496)	(111 496)	69 633	(111 496)
Non current assets						
Long-term receivables		0	1	1	0	1
Investments						
Investment property		23 831	23 831	23 831	23 831	23 831
Investments in Associate						
Property, plant and equipment		352 230	300 056	300 056	282 633	300 056
Biological						
Intangible		20	79	79	20	79
Other non-current assets		371	371	371	371	371
Total non current assets		376 452	324 339	324 339	306 855	324 339
TOTAL ASSETS		346 558	212 842	212 842	376 487	212 842
LIABILITIES						
Current liabilities						
Bank overdraft		-	-	-	-	-
Borrowing		191	-	-	165	-
Consumer deposits		1 303	1 254	1 254	1 328	1 254
Trade and other payables		420 078	230 550	230 550	229 006	230 550
Provisions		7 741	6 442	6 442	7 741	6 442
Total current liabilities		429 314	238 246	238 246	238 240	238 246
Non current liabilities						
Borrowing		-	-	-	-	-
Provisions		12 754	3 105	3 105	12 754	3 105
Total non current liabilities		12 754	3 105	3 105	12 754	3 105
TOTAL LIABILITIES		442 068	241 351	241 351	250 994	241 351
NET ASSETS	2	(95 510)	(28 509)	(28 509)	125 493	(28 509)
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		138 886	(27 786)	(27 786)	103 770	(27 786)
Reserves		-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	138 886	(27 786)	(27 786)	103 770	(27 786)

Taking the current liabilities and current assets together, the municipality has a current ratio of 0.29 that is below the acceptable norm of 1.5. The municipality still needs to keep the current liabilities low and increase the current assets to strengthen the liquidity ratio; the current situation suggests that the municipality would struggle to meet its short-term obligations.

TableC7: Monthly Budget Statement Cash Flow

NC093 Magareng - Table C7 Monthly Budget Statement - Cash Flow - M07 January

Description	Ref	Budget Year 2022/23								
		2021/22 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		-	4 312	4 312	779	3 832	2 515	1 316	52%	4 312
Service charges		-	15 509	15 509	971	8 885	9 047	(162)	-2%	15 509
Other revenue		-	238 520	238 520	1 541	175	139 137	(138 962)	-100%	238 520
Transfers and Subsidies - Operational		-	64 964	64 964	2 045	42 676	37 896	4 780	13%	64 964
Transfers and Subsidies - Capital		-	23 612	23 612	-	12 000	13 774	(1 774)	-13%	23 612
Interest		-	3 122	3 122	-	-	1 821	(1 821)	-100%	3 122
Dividends								-		
Payments										
Suppliers and employees		-	(74 437)	(74 437)	(2 936)	(63 651)	(43 421)	20 229	-47%	(74 437)
Finance charges								-		
Transfers and Grants								-		
NET CASH FROM/(USED) OPERATING ACTIVITIES		-	275 601	275 601	2 400	3 916	160 767	156 851	98%	275 601
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE								-		
Decrease (increase) in non-current receivables		-	1	-	-	0	0	(0)	-100%	1
Decrease (increase) in non-current investments								-		
Payments										
Capital assets		-	(23 612)	(23 612)	-	(11 154)	(13 774)	(2 620)	19%	(23 612)
NET CASH FROM/(USED) INVESTING ACTIVITIES		-	(23 611)	(23 612)	-	(11 154)	(13 773)	(2 620)	19%	(23 611)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans								-		
Borrowing long term/refinancing								-		
Increase (decrease) in consumer deposits		-	331	-	(1)	25	193	(168)	-87%	331
Payments										
Repayment of borrowing								-		
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	331	-	(1)	25	193	168	87%	331
NET INCREASE/ (DECREASE) IN CASH HELD		-	252 321	251 989	2 399	(7 213)	147 187			252 321
Cash/cash equivalents at beginning:		6 674	577	577	(164)	(5 829)	577			(5 829)
Cash/cash equivalents at month/year end:		6 674	252 898	252 566		(13 042)	147 764			246 492

TableC7 presents details pertaining to cash flow performance. As at end of January 2023, the net cash inflow from operating activities is R2, 4 million whilst there no movement in net cash outflow from investing activities that is mainly comprised of capital expenditure movement, and cash outflow from financing activities is -R 10 thousand. The cash and cash equivalent held at end of January 2023 amounted to -R13 million and the net effect of the above cash flows is cash outflow movement of -R 7,2 million.

PART2: SUPPORTING TABLES

Supporting Table: SC 1 Material Variance Explanations

DESCRIPTION	VARIANCE	REASON FOR MATERIAL VARIANCE	REMEDIAL OR CORRECTIVE STEPS/REMARKS
REVENUE BY SOURCE			
Property rates	0%	The projected monthly revenue appear to be slightly high in light of the actual revenue performance	The variance is immaterial and no remedial action is needed
Service charges - electricity revenue	-57%	The actual revenue is less than the projected monthly revenue	The municipality needs to look at the revenue generated at the electricity services and reduce revenue as it was over budgeted.
Service charges - water revenue	-11%	The actual revenue is less than the projected monthly revenue	This negative variance is as a result of not being able to bill the Ikhuseng community as there are no metering systems put in place whilst some part of the community is unhappy with the service being rendered as there is shortage of water, and the municipality does not supply all residents. Currently the municipality is increasing the capacity of reservoirs as a way of ensuring the whole community has access to water.
revenue	15%	The projected monthly revenue appear to be high in light of the actual revenue performance	The variance is immaterial and no remedial action is needed
Service charges - refuse revenue	-6%	The actual revenue is less than the projected monthly revenue	No remedial action is needed as the variance is below 10%
Rental of facilities and equipment	-100%	The actual revenue is less than the projected monthly revenue	The municipality should come up with strategies to ensure all revenue generating municipal assets are renovated and rented out.
Interest earned - external investments	243%	The actual revenue is more than the projected monthly revenue	The municipality needs to look at the revenue generated under interest earned from external investments and debtors as there is a mapping issue.
Interest earned - outstanding debtors	21%	The actual revenue is more than the projected monthly revenue	The municipality needs to look at the revenue generated under interest earned from external investments and debtors as there is a mapping issue.
Fines, penalties and forfeits	30%	The actual revenue is more than the projected monthly revenue.	The municipality need to increase the revenue budget for fines and penalties.
Transfers and subsidies	13%	The monthly actual revenue is less than the actual budgeted revenue	The municipality receives grants as per DoRA schedule
Other revenue	-68%	The actual revenue is less than the projected monthly revenue	The municipality needs to cut down the budgeted revenue during the main adjustment with a hope that the actual generated revenue with to date will agree with the monthly projection revenue
DESCRIPTION VARIANCE REASON FOR MATERIAL VARIANCE REMEDIAL OR CORRECTIVE STEPS/REMARKS			
EXPENDITURE BY TYPE			
Employee related costs	-13%	the actual expenditure incurred is less than the projected monthly actual	There are still vacant posts that needs to be filled and are being budgeted for.
Remuneration of councillors	0%	the actual expenditure is less than the monthly budgeted actual expenditure	The variance is immaterial and no remedial action is needed
Debt impairment	-6%	Debt impairment is calculated monthly based on 2122 AFS	The variance is immaterial and no remedial action is needed
Depreciation & asset impairment	-15%	Depreciation is calculated annually based on 2122 AFS	The Asset Management System currently is not interfaced with the Financial System and this make it difficult, to post the transactions for depreciation monthly or quarterly. We currently have to pass journals in the financial system to recognise depreciation in the general ledger. Once journals are passed for depreciation and changes needs to be done for depreciation due to asset processes like disposals or impairment recognition, we will have to pass new journals for the correction of depreciation.
Bulk purchases - electricity	-63%	The Municipality cannot afford to pay the current account of eskom to due low revenue collection	The Municipality has entered into a new payment arrangement with Eskom
Inventory consumed	-67%	the actual expenditure incurred is less than the projected monthly actual	The Municipality cannot afford to pay the monthly charges and is on negotiate stage for a payment arrangement with Vaalharts water.
Contracted services	-66%	the actual expenditure incurred is less than the projected monthly actual	We over budgeted and will move budgeted amounts to areas we have overspend in.
Transfers and subsidies	-100%	the actual expenditure incurred is less than the projected monthly actual	Budgeted amount is not a grant and will be moved to as no expenditure has being incurred on it.
Other expenditure	-50%	the actual expenditure incurred is less than the projected monthly actual	The municipality needs to cut down the budgeted expenditure

Supporting Table: SC1 Material Variance Explanations (Continuation)

Capital expenditure			
National government	-19%	the actual expenditure incurred is more than the projected monthly actual	No remedies needed
CASHFLOW			
Receipts			
Property rates	52%	The projected monthly revenue appear to be high in light of the actual revenue performance	The municipality under budgeted on this line item, will be rectified through a special adjustment.
Service charges	-2%	The projected monthly revenue appear to be high in light of the actual revenue performance	the variance is immaterial and no remedial action is needed
Other revenue	-100%	The actual revenue is less than the projected monthly revenue	The municipality traffic testing station needs to be renovated and fixed for the municipality to generate other revenue and appoint a qualified building plan assessor for sales of building plans.
Transfers and Subsidies - Operational	13%	The actual revenue is less than the projected monthly revenue	The municipality receives grants as per DoRA schedule
Transfers and Subsidies - Capital	-13%	The actual revenue is less than the projected monthly revenue	The municipality receives grants as per DoRA schedule

Supporting Table: SC3-Debtors Age Analysis

NC093 Magareng - Supporting Table SC3 Monthly Budget Statement - aged debtors - M07 January

Description	NT Code	Budget Year 2022/23										Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o 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	862	942	805	802	996	759	5 018	58 038	68 221	65 612		
Trade and Other Receivables from Exchange Transactions - Electricity	1300	537	270	271	431	396	412	1 516	31 038	34 872	33 794		
Receivables from Non-exchange Transactions - Property Rates	1400	1 290	787	852	753	752	813	4 202	41 357	50 806	47 877		
Receivables from Exchange Transactions - Waste Water Management	1500	775	768	783	772	772	769	4 235	45 948	54 824	52 498		
Receivables from Exchange Transactions - Waste Management	1600	569	554	566	554	552	565	3 034	33 729	40 124	38 435		
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	-	-	-	-		
Interest on Arrear Debtor Accounts	1810	1 544	1 528	1 512	1 493	1 473	1 501	7 040	102 077	118 168	113 584		
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-		
Other	1900	76	42	46	76	68	67	263	3 236	3 873	3 710		
Total By Income Source	2000	5 653	4 891	4 835	4 883	5 009	4 886	25 308	315 423	370 888	355 509	-	-
2021/22 - totals only		3874068	4765988	3816140	4768574	4769586	4841766	27958964	287899421	342 695	330 238		
Debtors Age Analysis By Customer Group													
Organs of State	2200	215	189	188	232	231	246	845	8 150	10 296	9 704		
Commercial	2300	1 016	382	372	459	445	514	1 604	18 708	23 499	21 730		
Households	2400	4 397	4 295	4 250	4 167	4 309	4 099	22 730	287 083	335 329	322 387		
Other	2500	25	25	25	25	25	27	130	1 483	1 764	1 689		
Total By Customer Group	2600	5 653	4 891	4 835	4 883	5 009	4 886	25 308	315 423	370 888	355 509	-	-

Supporting table SC3 provides a breakdown of the debtors. The outstanding debtor as at the end of January amounts to R370 888 million. The debtors' book is made up as follows:

- Rates 14%
- Electricity 10%
- Water 19%
- Waste water management 15%
- Waste management 11%
- Interest on Debtors 33%
- Other 1%

The debtors' age analysis is graphically presented below.

Figure3: Debtors age analysis

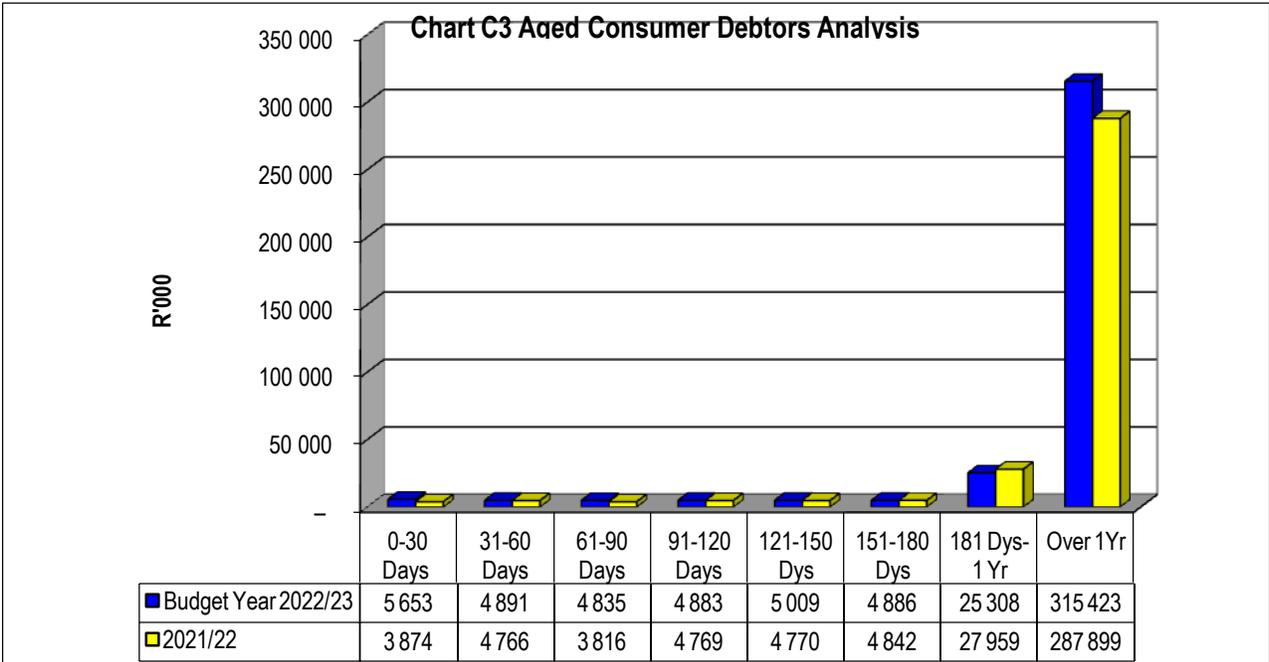
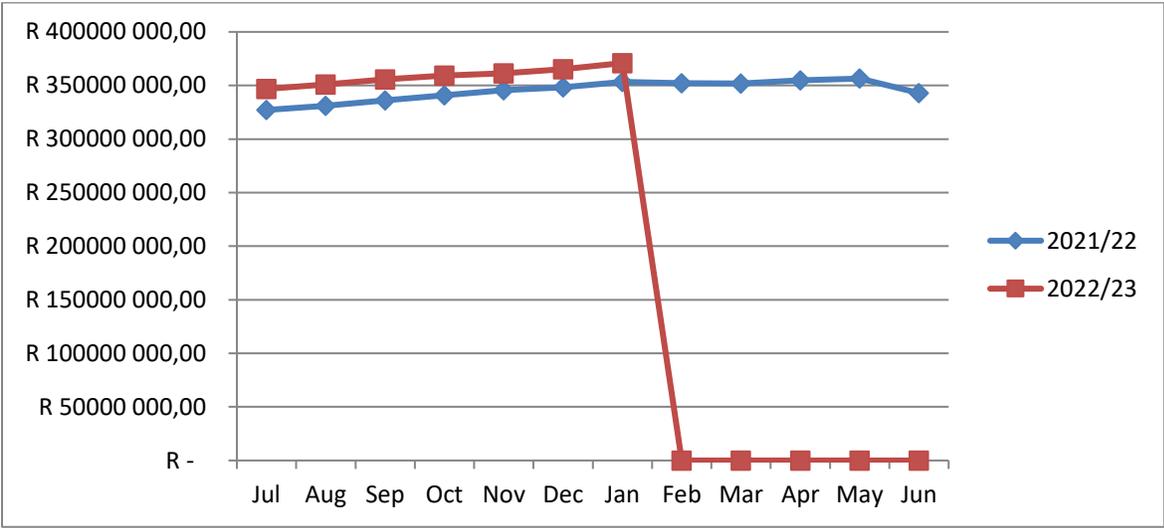


Figure 4: Monthly debtors book



The initial graph compares debtors' age analysis for 2021/22 financial year and 2022/23 (as at end of January 2023) whilst the latter shows monthly movement of debtors for both the current financial year and the 2021/22 financial year. The debtors book is materially less than the 2022/23 monthly figures and this is an indication that the municipality is not performing well in terms of collection.

Below is list of top twenty debtors that contribute significantly to the ever-growing debt book.

FIGURE 5: TOP TWENTY DEBTORS

	ACCOUNT NO	NAME	CURR BAL	30DAYS BAL	60DAYS BAL	90 DAYS BAL	VAT	BALANCE	CONSOLIDATED BALANCE
1	1200263	WARRENTON SUPER CHICKEN PTY LTD	-	-	-	-	846 317,66	10 022 701,45	10 118 814,98
	1011982	WARRENTON SUPER CHICKEN PTY LTD	86 009,53	-	-	-	11 891,64	96 113,53	
2	1006107	WARRENTON HOSPITAAL	24 086,56	25 164,64	48 126,27	43 750,85	657 395,98	5 097 980,60	5 097 980,60
3	1013046	DWT DAILY WHEEL AND TYRES (PTY) LTD	17 602,00	17 077,44	93 730,22	93 919,66	316 692,18	3 161 318,21	3 161 318,21
4	1015015	S SANRAL	12 670,03	14 072,56	18 105,93	12 024,22	240 378,21	2 553 216,66	2 553 216,66
5	1014691	NATIONAL GOVERNMENT OF RSA	68 235,73	67 825,38	67 415,03	67 004,67	-	2 368 809,32	2 368 809,32
6	1006046	CONTINENTAL PANEL BEATERS	37 061,73	36 877,30	36 692,86	36 506,01	190 904,86	1 807 053,72	1 807 053,72
7	1200112	MAGELEVENDZE INV CC	-	-	-	-	84 090,25	939 565,09	1 299 893,74
	1002654	MAGELEVENDZE INV CC	19 045,22	18 930,18	18 937,81	4 754,75	29 815,79	360 328,65	
8	1002224	IMPERIAL SUPERMARKET	5 860,89	5 851,82	5 842,57	5 833,31	82 802,20	961 371,59	961 371,59
9	1008542	J MTHEMBU	3 729,57	3 728,37	3 727,17	3 725,96	64 448,17	837 568,33	837 568,33
10	1015018	LM ERASMUS BOEDERY GRASBULT	4 822,46	4 664,26	27 691,94	12 536,71	82 873,60	778 907,05	778 907,05
11	1006041	SS KOTE	3 470,34	3 465,72	3 461,10	3 456,48	51 957,21	692 743,46	692 743,46
	1200206	GM WESI	-	-	-	-	56 761,94	583 468,56	
12	1006197	GM WESI	1 012,41	1 008,14	1 003,88	999,62	6 051,00	85 781,11	669 249,67
13	1000719	MM MOLOI	3 288,57	3 284,95	3 451,62	6 458,99	53 259,20	620 821,07	620 821,07
14	1014741	LAERSKOOL HARTSVALLEI	17 438,02	17 333,15	17 228,28	17 123,42	-	605 362,41	605 362,41
15	1015021	W J HEWITT	12 308,39	2 648,84	2 820,32	2 819,18	52 462,31	560 890,71	560 890,71
16	1002438	JC HUMAN	6 558,71	6 527,53	6 496,34	6 467,49	1 765,51	464 380,26	464 380,26
17	1015849	CM AVENANT	5 948,52	3 261,26	3 253,41	3 246,95	41 224,31	423 131,77	423 131,77
18	1001684	MOTSHELE	2 099,86	2 097,23	2 094,61	2 091,98	31 128,53	416 889,43	416 889,43
19	1004435	OK THETHE	2 700,60	2 695,04	2 689,49	2 683,93	31 303,68	405 293,89	405 293,89
20	1003573	D,C DYKER	2 513,50	2 510,87	2 508,24	2 505,61	41 144,05	404 158,72	404 158,72

Supporting Table: SC4-Creditors Age Analysis

NC093 Magareng - Supporting Table SC4 Monthly Budget Statement - aged creditors - M07 January

Description	NT Code	Budget Year 2022/23								Total	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			
Creditors Age Analysis By Customer Type												
Bulk Electricity	0100	2 042	3 279	3 397	3 058	4 407	41 937	36 119	–	94 240		
Bulk Water	0200	1 068	1 117	1 150	487	1 818	12 406	14 167	92 061	124 275		
PAYE deductions	0300	–	–	–	–	–	–	–	–	–		
VAT (output less input)	0400	–	–	–	–	–	–	–	–	–		
Pensions / Retirement deductions	0500	–	–	–	–	–	–	–	–	–		
Loan repayments	0600	–	–	–	–	–	–	–	–	–		
Trade Creditors	0700	–	213	201	1 703	3 770	3 688	3 892	5 161	18 628		
Auditor General	0800	1 004	682	685	1 351	581	412	208	490	5 414		
Other	0900	–	–	–	–	–	–	–	–	–		
Total By Customer Type	1000	4 115	5 292	5 434	6 600	10 575	58 443	54 386	97 711	242 556	–	

Supporting table SC4 provides creditors age analysis. In terms of section 65 of the MFMA all creditors must be paid within 30 days of receiving an invoice. The municipalities' creditors as at the 31 January 2023 amounted to R242 556 million. This amount is made up of various creditors which include amongst others the Eskom of R94 240 million, and Vaalharts water of R124 275 million. The municipality cannot pay its creditors within 30 days due to low revenue collection.

NC093 Magareng - Supporting Table SC5 Monthly Budget Statement - investment portfolio - M07 January

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

The Municipality’s investment portfolio is reported on a quarterly basis.

Supporting Table :SC6 -Transfers and Grant Receipts

NC093 Magareng - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M07 January

Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
RECEIPTS:	1,2									
Operating Transfers and Grants										
National Government:		57 161	62 064	62 064	-	40 081	36 204	3 877	10,7%	62 064
Equitable Share		51 086	57 991	57 991	-	36 329	33 828	2 501	7,4%	57 991
Expanded Public Works Programme Integrated Grant		1 121	1 073	1 073	-	752	626	126	20,1%	1 073
Local Government Financial Management Grant		2 850	3 000	3 000	-	3 000	1 750	1 250	71,4%	3 000
Municipal Disaster Relief Grant		2 104	-	-	-	-	-	-	-	-
Other transfers and grants [insert description]		-	-	-	-	-	-	-	-	-
Provincial Government:		-	-	-	-	-	-	-	-	-
Other transfers and grants [insert description]		-	-	-	-	-	-	-	-	-
District Municipality:		4 603	1 800	1 800	2 045	2 045	1 050	995	94,7%	1 800
Specify (Add grant description)		4 603	1 800	1 800	2 045	2 045	1 050	995	94,7%	1 800
Other grant providers:		1 100	1 100	1 100	-	550	642	(92)	-14,3%	1 100
Education Training and Development Practices SETA		-	-	-	-	-	-	-	-	-
National Library South Africa		1 100	1 100	1 100	-	550	642	(92)	-14,3%	1 100
Post Retirement Benefit		-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	5	62 864	64 964	64 964	2 045	42 676	37 896	4 780	12,6%	64 964
Capital Transfers and Grants										
National Government:		25 034	23 612	23 612	-	12 000	13 774	(1 774)	-12,9%	23 612
Integrated National Electrification Programme Grant		-	-	-	-	-	-	-	-	-
Municipal Disaster Relief Grant		-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant		8 175	18 612	18 612	-	8 000	10 857	(2 857)	-26,3%	18 612
Regional Bulk Infrastructure Grant		12 860	-	-	-	-	-	-	-	-
Water Services Infrastructure Grant		4 000	5 000	5 000	-	4 000	2 917	1 083	37,1%	5 000
Provincial Government:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
District Municipality:		3 696	-	-	-	-	-	-	-	-
Specify (Add grant description)		3 696	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	5	28 730	23 612	23 612	-	12 000	13 774	(1 774)	-12,9%	23 612
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	91 594	88 576	88 576	2 045	54 676	51 669	3 006	5,8%	88 576

Supporting tables SC6 provides details of grants received. The year-to-date actual receipts amount to R 54,7 million of which the major portion is attributed to equitable share. For the reporting period equitable shares amounting to R 0 million; Financial Management Grant amounting to R 0million; Municipal Infrastructure Grant amounting to R 0 million; Water Service Infrastructure Grant R0 million, Expanded Public Works Programme R 0 million, Library Grant R0 million and Frances Baard District Grant R 2 million were received. Most of the first trench of the grants allocated for the current financial year, so far have been received in line with National Treasury payment schedule.

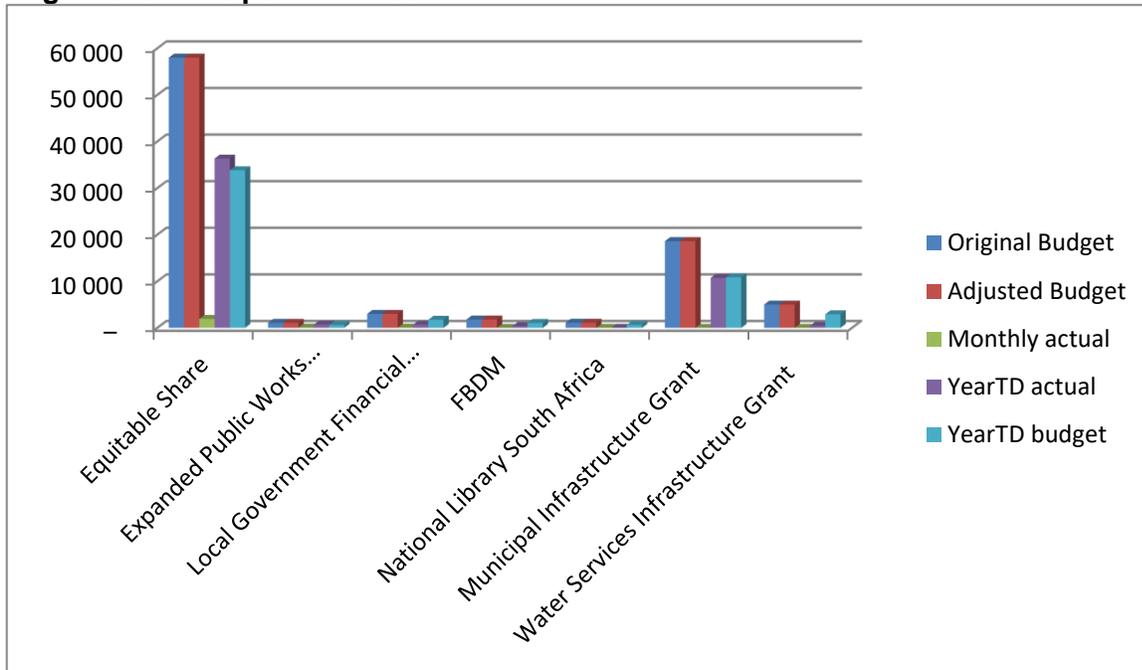
Supporting Table: SC 7 Transfers and grants –Expenditure

NC093 Magareng - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M07 January

Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
EXPENDITURE										
Operating expenditure of Transfers and Grants										
National Government:		89 164	62 064	62 064	2 029	37 676	36 204	1 472	4,1%	30 976
Equitable Share		83 321	57 991	57 991	1 917	36 329	33 828	2 501	7,4%	26 916
Expanded Public Works Programme Integrated Grant		1 102	1 073	1 073	62	690	626	64	10,2%	1 073
Local Government Financial Management Grant		3 328	3 000	3 000	51	657	1 750	(1 093)	-62,5%	2 987
Municipal Disaster Relief Grant		1 412	-	-	-	-	-	-	-	-
Provincial Government:		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
<i>FBDM</i>		4 078	1 800	1 800	-	361	1 050	(689)	-65,7%	1 800
Other grant providers:		1 942	1 100	1 100	-	-	642	(642)	-100,0%	1 100
<i>Education Training and Development Practices SETA</i>		-	-	-	-	-	-	-	-	-
<i>National Library South Africa</i>		1 942	1 100	1 100	-	-	642	(642)	-100,0%	1 100
Total operating expenditure of Transfers and Grants:		91 106	63 164	63 164	2 029	37 676	36 846	830	2,3%	32 076
Capital expenditure of Transfers and Grants										
National Government:		16 039	23 612	23 612	-	11 154	13 774	(2 620)	-19,0%	23 612
Integrated National Electrification Programme Grant		-	-	-	-	-	-	-	-	-
Municipal Disaster Relief Grant		-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant		9 616	18 612	18 612	-	10 727	10 857	(130)	-1,2%	18 612
Water Services Infrastructure Grant		6 423	5 000	5 000	-	427	2 917	(2 490)	-85,4%	5 000
Provincial Government:		-	-	-	-	-	-	-	-	-
District Municipality:		1 180	-	-	-	-	-	-	-	-
Specify (Add grant description)		1 180	-	-	-	-	-	-	-	-
Other grant providers:		6 559	-	-	-	-	-	-	-	-
Pocket Money Households (Cash)		6 559	-	-	-	-	-	-	-	-
Total capital expenditure of Transfers and Grants		23 778	23 612	23 612	-	11 154	13 774	(2 620)	-19,0%	23 612
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		114 884	86 776	86 776	2 029	48 829	50 619	(1 790)	-3,5%	55 688

An amount of R 2 million has been spent on grants during the month of January 2023 and the year to date actual is R 48, 8 million whilst the year to date budget amounts to R 50, 6 million and this results in an under spending variance of R 1, 7 million that translates to negative 3,5%. Total spending on operational grants was R 2 million and there was no expenditure on capital grants for the month of January.

Figure5: Grants performance



The above graph depicts the gazette and budgeted amounts for all the grants and the expenditure there of as at end of January 2023. The grants expenditure is shown below in percentages when compared to the original budget:

- Financial Management Grant 2%
- Expanded Public Work Programme 6%
- Equitable Share 3%
- Francis Baard District Municipality Grant 0%
- Library Grant 0%
- Municipal Infrastructure Grant 0%
- Water Services Infrastructure Grant 0%

Supporting Table:SC8- Councilor Allowances and Employee Related Costs

NC093 Magareng - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M07 January

Summary of Employee and Councilor remuneration	Ref	Budget Year 2022/23								
		2021/22 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	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		3 004	3 654	3 634	272	1 901	2 120	(219)	-10%	3 634
Pension and UIF Contributions		278	44	44	31	219	26	193	754%	44
Medical Aid Contributions		124	84	84	10	65	49	16	33%	84
Motor Vehicle Allowance		447	368	368	38	257	214	42	20%	
Cellphone Allowance		410	526	526	40	281	307	(26)	-8%	526
Housing Allowances										
Other benefits and allowances										368
Sub Total - Councillors		4 263	4 675	4 655	390	2 722	2 716	7	0%	4 655
% increase	4		9,7%	9,2%						9,2%
Senior Managers of the Municipality	3									
Basic Salaries and Wages		1 401	2 212	2 212	62	686	1 290	(604)	-47%	2 212
Pension and UIF Contributions		202	202	202	9	81	118	(37)	-31%	202
Medical Aid Contributions		87	85	85	4	49	50	(1)	-2%	85
Overtime										
Performance Bonus		85	184	184		89	108	(18)	-17%	184
Motor Vehicle Allowance		828	1 084	1 084		199	632	(434)	-69%	1 084
Cellphone Allowance		165	14	14			8	(8)	-100%	14
Housing Allowances		124	154	154			90	(90)	-100%	154
Other benefits and allowances		41	121	121	1	1	71	(70)	-99%	121
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations										
Sub Total - Senior Managers of Municipality		2 933	4 058	4 058	75	1 105	2 367	(1 262)	-53%	4 058
% increase	4		38,4%	38,4%						38,4%
Other Municipal Staff										
Basic Salaries and Wages		32 481	33 553	33 053	2 598	18 499	19 281	(782)	-4%	33 053
Pension and UIF Contributions		5 631	5 708	5 708	427	2 991	3 330	(339)	-10%	5 708
Medical Aid Contributions		2 194	2 874	2 874	151	1 028	1 677	(649)	-39%	2 874
Overtime		2 585	3 773	3 773	42	833	2 201	(1 368)	-62%	3 773
Performance Bonus		2 769	2 688	2 688		2 109	1 568	541	34%	2 688
Motor Vehicle Allowance		65	88	88	4	41	51	(10)	-20%	88
Cellphone Allowance		130	72	72	4	28	42	(14)	-33%	72
Housing Allowances		389	257	257	6	39	150	(110)	-74%	257
Other benefits and allowances		732	7	7	33	204	4	200	5112%	7
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations										
Sub Total - Other Municipal Staff		46 877	49 020	48 520	3 265	25 772	28 303	(2 531)	-9%	48 520
% increase	4		4,6%	3,5%						3,5%
Total Parent Municipality		54 073	57 753	57 233	3 730	29 599	33 386	(3 787)	-11%	57 233
Unpaid salary, allowances & benefits in arrears:										
TOTAL SALARY, ALLOWANCES & BENEFITS		54 073	57 753	57 233	3 730	29 599	33 386	(3 787)	-11%	57 233
% increase	4		6,8%	5,8%						5,8%
TOTAL MANAGERS AND STAFF		49 810	53 078	52 578	3 340	26 877	30 670	(3 793)	-12%	52 578

Table SC8 provides details for Remuneration of Councilors and Employee related cost. The total salaries, allowances and benefits paid as at end of January 2023 amounts to R 3, 3 million and the year-to-date actual is R 26, 8 million and the expenditure for remuneration of councilors amounts to R 390 thousand while the year-to-date actual is R 2,7 million. The expenditure for senior managers is R 75 thousand and the year to date actual thereof is R 1,1million.The expenditure for other municipal staff is R 3, 2 million and the year to date actual is R 25,7 million.

Supporting Table SC9 Monthly Budget Statement-actual and revised targets for cash receipts

NC093 Magareng - Supporting Table SC9 Monthly Budget Statement - actuals and revised targets for cash receipts - M07 January

Description	Ref	Budget Year 2022/23												2022/23 Medium Term Revenue & Expenditure Framework		
		July	August	Sept	October	Nov	Dec	January	Feb	March	April	May	June	Budget Year 2022/23	Budget Year +1 2023/24	Budget Year +2 2024/25
		Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Budget	Budget	Budget	Budget	Budget			
R thousands	1															
Cash Receipts By Source																
Property rates		396	341	325	954	559	478	779	359	359	359	359	(957)	4 312	5 776	7 378
Service charges - electricity revenue		1 832	1 665	464	491	621	607	538	610	610	610	610	(1 339)	7 319	21 517	22 486
Service charges - water revenue		210	207	199	183	300	235	276	290	290	290	290	711	3 481	4 555	5 375
Service charges - sanitation revenue		80	47	22	39	41	140	37	205	205	205	205	1 231	2 456	3 290	4 202
Service charges - refuse		104	66	59	76	114	113	119	188	188	188	188	852	2 253	3 018	3 855
Rental of facilities and equipment		-	-	-	-	-	-	-	0	0	0	0	1	1	1	2
Interest earned - external investments		-	-	-	-	-	-	-	260	260	260	260	2 081	3 122	3 253	3 399
Interest earned - outstanding debtors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		-	-	-	-	-	-	-	1	1	1	1	9	14	20	31
Licences and permits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agency services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and Subsidies - Operational		22 616	3 269	-	-	-	14 196	2 045	5 414	5 414	5 414	5 414	1 184	64 964	67 423	71 244
Other revenue		(318)	(402)	326	374	(624)	(721)	1 541	19 875	19 875	19 875	19 875	158 829	238 506	226 899	738 251
Cash Receipts by Source		24 919	5 193	1 395	2 116	1 011	15 048	5 336	27 202	27 202	27 202	27 202	162 600	326 426	335 752	856 221
Other Cash Flows by Source																
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		6 500	-	-	1 500	4 000	-	-	1 968	1 968	1 968	1 968	3 741	23 612	14 454	14 902
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds on Disposal of Fixed and Intangible Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Short term loans		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-	-	(331)	(331)	37	-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-	-	-	-	-	(1)	(1)	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Receipts by Source		31 419	5 193	1 395	3 616	5 011	15 048	5 336	29 170	29 170	29 170	29 170	166 010	349 707	350 243	871 123
Cash Payments by Type																
Employee related costs		6 535	4 084	(213)	5 204	4 881	4 624	2 396	4 813	4 813	4 813	4 813	10 991	57 753	60 599	62 979
Remuneration of councillors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bulk purchases - Electricity		8 065	-	660	-	19	3 028	106	2 063	2 063	2 063	2 063	4 622	24 750	25 790	27 053
Acquisitions - water & other inventory		1 000	-	-	-	-	-	-	225	225	225	225	800	2 700	2 700	2 700
Contracted services		-	-	-	-	-	-	-	(1 408)	(1 408)	(1 408)	(1 408)	(11 261)	(16 892)	(7 515)	(7 711)
Grants and subsidies paid - other municipalities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Grants and subsidies paid - other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General expenses		12 703	513	2 510	389	2 772	5 803	433	510	510	510	510	(21 040)	6 126	6 566	7 168
Cash Payments by Type		28 303	4 597	2 957	5 593	7 673	13 454	2 936	6 203	6 203	6 203	6 203	(15 889)	74 437	88 140	92 189
Other Cash Flows/Payments by Type																
Capital assets		5 035	-	1 803	-	1 798	2 517	-	1 968	1 968	1 968	1 968	4 588	23 612	14 454	14 902
Repayment of borrowing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Cash Flows/Payments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Payments by Type		33 338	4 597	4 760	5 593	9 471	15 972	2 936	8 171	8 171	8 171	8 171	(11 301)	98 049	102 594	107 091
NET INCREASE/(DECREASE) IN CASH HELD		(1 919)	595	(3 365)	(1 977)	(4 461)	(923)	2 400	20 999	20 999	20 999	20 999	177 312	251 658	247 649	764 032
Cash/cash equivalents at the month/year beginning:		242	(1 677)	(1 082)	(4 447)	(6 425)	(10 885)	(11 809)	(9 409)	11 590	32 589	53 589	74 588	242	251 899	499 548
Cash/cash equivalents at the month/year end:		(1 677)	(1 082)	(4 447)	(6 425)	(10 885)	(11 809)	(9 409)	11 590	32 589	53 589	74 588	251 899	251 899	499 548	1 263 581

Supporting table SC9 provides detailed monthly cash flow statement that spells out the receipts by source and payments by type. The monthly cash receipts reflect an amount of R5, 3 million and cash payment for the month amounts to R 2, 9 million and this resulted in net increase in cash held amounting to R 2,4 million. With cash and cash equivalent of –R11,8million at the beginning of the reporting period, the municipality closed off the month with cash and cash equivalent amounting to–R9,4 million. This is a supporting table for table C7 –Cash Flow Statement.

SupportingTable:SC12 Capital Expenditure Trend

NC093 Magareng - Supporting Table SC12 Monthly Budget Statement - capital expenditure trend - M07 January

Month	2021/22	Budget Year 2022/23							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	% spend of Original Budget
R thousands									
<u>Monthly expenditure performance trend</u>									
July	2 158	1 968	1 968	5 035	5 035	1 968	(3 068)	-155,9%	21%
August	2 158	1 968	1 968	–	–	3 935	3 935	100,0%	0%
September	2 158	1 968	1 968	1 803	1 803	5 903	4 100	69,5%	8%
October	2 158	1 968	1 968	–	–	7 871	7 871	100,0%	0%
November	2 158	1 968	1 968	1 798	1 798	9 838	8 040	81,7%	8%
December	2 158	1 968	1 968	2 517	4 315	11 806	7 491	63,4%	18%
January	2 158	1 968	1 968	–	–	13 774	13 774	100,0%	0%
February	2 158	1 968	1 968	–	–	15 741	–	–	–
March	2 158	1 968	1 968	–	–	17 709	–	–	–
April	2 158	1 968	1 968	–	–	19 677	–	–	–
May	2 158	1 968	1 968	–	–	21 644	–	–	–
June	2 158	1 968	1 968	–	–	23 612	–	–	–
Total Capital expenditure	25 900	23 612	23 612	11 154					

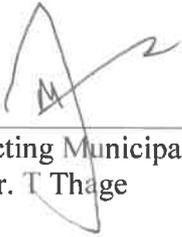
Supporting table SC12 provides information on the monthly trends for capital expenditure. In terms of this table the capital expenditure for the month of January 2023 there was no expenditure.

SECTION 71 - MUNICIPAL MANAGER'S QUALITY CERTIFICATE

I, Tumelo Thage the Acting 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 January 2023 has been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act.



Acting Municipal Manager
Mr. T Thage