

MAGARENG LOCAL MUNICIPALITY

MAGARENG



MUNICIPALITY

MONTHLY BUDGET STATEMENT REPORT

DECEMBER 2022

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PART 1: IN - YEAR REPORT

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
- 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 or and 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

		2022/2023		
DESCRIPTION	ORIGINAL BUDGET	ADJUSTED BUDGET	YEAR TO DATE ACTUAL	PERCENTAGE
OPERATING REVENUE	130 915 663,00	-	71 781 577,67	55%
OPERATING EXPENDITURE	182 313 394,00	-	68 604 736,98	38%
TRANSFERS CAPITAL	23 612 000,00	-	12 000 000,00	51%
SURPLUS/ (DEFICIT)	- 27 785 731,00	-	15 176 840,69	-55%
CAPITAL EXPENDITURE	23 612 000,00	-	11 153 653,00	47%

Table C1 – Budget Statement Summary

NC093 Magareng - Table C1 Monthly Budget Statement Summary - M06 December

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	11 733	12 319	12 319	1 019	6 148	6 159	(11)	-0%	12 319
Service charges	36 845	43 325	43 325	2 329	16 077	21 663	(5 585)	-26%	43 325
Investment revenue	6 296	3 122	3 122	912	5 320	1 561	3 760	241%	3 122
Transfers and subsidies	62 864	64 964	64 964	14 196	40 631	32 482	8 149	25%	64 964
Other own revenue	8 204	7 186	7 186	643	3 605	3 593	12	0%	7 186
Total Revenue (excluding capital transfers and contributions)	125 943	130 916	130 916	19 099	71 782	65 458	6 324	10%	130 916
Employee costs	49 810	53 078	52 578	3 393	23 537	26 289	(2 752)	-10%	52 578
Remuneration of Councillors	4 263	4 675	4 655	392	2 332	2 328	4	0%	4 655
Depreciation & asset impairment	27 108	30 431	30 431	2 163	12 995	15 216	(2 221)	-15%	30 431
Finance charges	5 447	-	-	-	-	-	-	-	-
Inventory consumed and bulk purchases	47 727	38 600	38 570	3 935	7 716	19 285	(11 569)	-60%	38 570
Transfers and subsidies	-	20	20	-	-	10	(10)	-100%	20
Other expenditure	50 844	55 509	56 059	4 558	22 025	28 030	(6 005)	-21%	56 059
Total Expenditure	185 199	182 313	182 313	14 441	68 605	91 157	(22 552)	-25%	182 313
Surplus/(Deficit)	(59 256)	(51 398)	(51 398)	4 657	3 177	(25 699)	28 876	-112%	(51 398)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	30 851	23 612	23 612	-	12 000	11 806	194	2%	23 612
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	3 696	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(24 709)	(27 786)	(27 786)	4 657	15 177	(13 893)	29 070	-209%	(27 786)
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	(24 709)	(27 786)	(27 786)	4 657	15 177	(13 893)	29 070	-209%	(27 786)
Capital expenditure & funds sources									
Capital expenditure	24 630	23 612	23 612	2 517	11 154	11 806	(652)	-6%	23 612
Capital transfers recognised	22 097	23 612	23 612	2 517	11 154	11 806	(652)	-6%	23 612
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	2 533	-	-	-	-	-	-	-	-
Total sources of capital funds	24 630	23 612	23 612	2 517	11 154	11 806	(652)	-6%	23 612
Financial position									
Total current assets	(32 032)	(111 496)	(111 496)	-	69 264	-	-	-	(111 496)
Total non current assets	310 859	324 339	324 339	-	309 018	-	-	-	324 339
Total current liabilities	366 150	238 246	238 246	-	242 426	-	-	-	238 246
Total non current liabilities	12 754	3 105	3 105	-	12 754	-	-	-	3 105
Community wealth/Equity	133 045	(27 786)	(27 786)	-	101 244	-	-	-	(27 786)
Cash flows									
Net cash from (used) operating	-	45 165	45 165	2 362	1 063	22 582	21 519	95%	275 601
Net cash from (used) investing	-	(23 611)	(23 612)	(2 517)	(11 154)	(11 806)	(652)	6%	(23 611)
Net cash from (used) financing	-	331	-	10	22	165	143	86%	331
Cash/cash equivalents at the month/year end	6 674	22 461	22 130	-	(16 913)	11 519	28 432	247%	245 476
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	5 210	5 003	4 897	5 014	4 886	4 797	25 254	310 154	365 215
Creditors Age Analysis									
Total Creditors	4 115	5 292	5 434	6 012	10 008	57 875	53 819	98 028	240 582

The above C1 Sum table summarizes the following activities: -

Revenue:

The actual year to date operational revenue as at end of December is R71,8 million and the year to date budget of R 65,5 million and this reflects a positive variance of R 6,3 million . The following are the secondary revenue item categories reflecting a positive and negative material variance:

- Property Rates : 0% unfavorable variance
- Service Changes : 26% unfavorable variance
- Investment Revenue : 241 % favorable variance
- Transfers and Subsidies :25% favorable variance
- Other Own Revenue : 0% favorable variance

Operating Expenditure

The year to date actual operational expenditure as at end of December amounts to R 68, 6 million and theyear to date budget is R 91, 2 million. This reflects under spending variance of R 22, 6 million that translates to 25% variance. The variance is attributing to under spending is inventory consumed and bulk purchases, the municipality is still facing a challenges regarding the monthly payments of the above mentioned two accounts.

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

- Employee related costs: 11% under performance
- Debt impairment and Asset Impairment: 15% under performance
- Inventory consumed and Bulk Purchase: 60% under performance
- Transfer and subsidies: 100% under performance
- Other expenditure: 21% under performance

The above material variances are explained more in detail on Supporting Tables SC 1

Capital Expenditure

The year to date actual capital expenditure as at end of December 2022 amounts to R 11,2 million and the year to date budget amounts to R11,8 million and this gives rise to variance of R 652 thousand which shows under performance on capital expenditure.

Surplus/Deficit

Taking the above into consideration, the net operating surplus for the month of December is R 4, 7 million.

Debtors

Outstanding debtors' is comprised of consumer and sundry debtors. The total outstanding debtors as at end of December amounts to R365 215 million and this show an increase of R 22 520 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 R246 446 million and other debtors amounting to R118 770 million.

Creditors

As at 31 December 2022 the municipality had an outstanding creditors amounting to R240 582 million and the bulk of this amount is made up by Bulk water :R 123 330 million and bulk electricity: R91 969 million.

Table C2 – Financial Performance (Standard Classification)

NC093 Magareng - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M06 December

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									
Revenue - Functional										
Governance and administration		81 333	80 404	80 404	16 483	53 410	40 202	13 208	33%	80 404
Executive and council		54 507	59 064	59 064	14 196	37 081	29 532	7 549	26%	59 064
Finance and administration		26 826	21 340	21 340	2 287	16 329	10 670	5 659	53%	21 340
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		1 533	1 329	1 329	14	640	665	(24)	-4%	1 329
Community and social services		1 216	1 189	1 189	7	596	595	1	0%	1 189
Sport and recreation		58	-	-	-	-	-	-	-	-
Public safety		258	140	140	7	45	70	(25)	-36%	140
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		(3 731)	450	450	-	-	225	(225)	-100%	450
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		(3 731)	450	450	-	-	225	(225)	-100%	450
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		81 355	72 344	72 344	2 602	17 730	36 172	(18 442)	-51%	72 344
Energy sources		15 546	21 361	21 361	417	4 996	10 680	(5 684)	-53%	21 361
Water management		49 876	33 037	33 037	749	3 995	16 518	(12 524)	-76%	33 037
Waste water management		8 985	9 101	9 101	684	4 225	4 551	(326)	-7%	9 101
Waste management		6 948	8 845	8 845	752	4 514	4 422	91	2%	8 845
Other	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	160 490	154 528	154 528	19 099	71 780	77 264	(5 484)	-7%	154 528
Expenditure - Functional										
Governance and administration		103 010	48 038	48 038	3 811	18 275	24 019	(5 744)	-24%	48 038
Executive and council		14 133	13 024	13 024	789	4 685	6 512	(1 827)	-28%	13 024
Finance and administration		88 877	35 015	35 015	3 022	13 590	17 507	(3 917)	-22%	35 015
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		12 773	12 438	12 438	787	5 610	6 219	(609)	-10%	12 438
Community and social services		2 526	2 850	2 850	165	1 190	1 425	(234)	-16%	2 850
Sport and recreation		3 390	4 212	4 212	231	1 807	2 106	(299)	-14%	4 212
Public safety		4 001	4 230	4 230	309	2 016	2 115	(99)	-5%	4 230
Housing		2 856	1 146	1 146	84	596	573	23	4%	1 146
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		6 198	7 222	6 857	536	2 394	3 611	(1 217)	-34%	6 857
Planning and development		3 787	5 832	5 832	253	1 573	2 916	(1 343)	-46%	5 832
Road transport		2 411	1 390	1 025	282	821	695	125	18%	1 025
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		63 219	114 616	114 981	9 307	42 326	57 308	(14 981)	-26%	114 981
Energy sources		28 825	44 824	44 804	4 292	14 845	22 412	(7 567)	-34%	44 804
Water management		24 595	28 868	29 433	2 103	10 601	14 434	(3 833)	-27%	29 433
Waste water management		8 649	21 149	20 969	1 572	8 833	10 574	(1 741)	-16%	20 969
Waste management		1 150	19 774	19 774	1 340	8 047	9 887	(1 840)	-19%	19 774
Other		-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	185 199	182 313	182 313	14 441	68 605	91 157	(22 552)	-25%	182 313
Surplus/ (Deficit) for the year		(24 709)	(27 786)	(27 786)	4 657	3 175	(13 893)	17 068	-123%	(27 786)

Table C3 – Financial Performance (Revenue and Expenditure by vote)

NC093 Magareng - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M06 December

Vote 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										
Revenue by Vote	1									
Vote 01 - Executive & Council		54 507	59 064	59 064	14 196	37 081	29 532	7 549	25,6%	59 064
Vote 02 - Office Of The Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 03 - Corporate Services		-	-	-	-	-	-	-	-	-
Vote 04 - Financial Services		26 826	21 340	21 340	2 287	16 329	10 670	5 659	53,0%	21 340
Vote 05 - Municipal Infrastructure		77 624	72 794	72 794	2 602	29 730	36 397	(6 667)	-18,3%	72 794
Vote 06 - Community Services		-	-	-	-	-	-	-	-	-
Vote 07 - Public Safety & Transport		1 533	1 329	1 329	14	640	665	(24)	-3,7%	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	160 490	154 528	154 528	19 099	83 780	77 264	6 516	8,4%	154 528
Expenditure by Vote	1									
Vote 01 - Executive & Council		11 268	10 987	10 987	740	4 346	5 493	(1 148)	-20,9%	10 987
Vote 02 - Office Of The Municipal Manager		1 839	2 037	2 037	49	339	1 018	(679)	-66,7%	2 037
Vote 03 - Corporate Services		12 235	14 279	14 279	1 200	6 646	7 140	(494)	-6,9%	14 279
Vote 04 - Financial Services		76 706	20 736	20 736	1 822	6 945	10 368	(3 423)	-33,0%	20 736
Vote 05 - Municipal Infrastructure		68 120	119 589	119 589	9 644	43 531	59 795	(16 264)	-27,2%	119 589
Vote 06 - Community Services		-	-	-	-	-	-	-	-	-
Vote 07 - Public Safety & Transport		9 717	11 292	11 292	704	5 013	5 646	(632)	-11,2%	11 292
Vote 08 - Sports, Arts, Parks, Culture		-	-	-	-	-	-	-	-	-
Vote 09 - Planning & Development		5 315	3 394	3 394	283	1 785	1 697	88	5,2%	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	185 199	182 313	182 313	14 441	68 605	91 157	(22 552)	-24,7%	182 313
Surplus/ (Deficit) for the year	2	(24 709)	(27 786)	(27 786)	4 657	15 175	(13 893)	29 068	-209,2%	(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).

Table C4: Financial Performance by Revenue Source and Expenditure Type

NC093 Magareng - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December

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		11 733	12 319	12 319	1 019	6 148	6 159	(11)	0%	12 319
Service charges - electricity revenue		15 185	20 897	20 897	417	4 996	10 449	(5 452)	-52%	20 897
Service charges - water revenue		8 426	8 975	8 975	749	3 995	4 487	(493)	-11%	8 975
Service charges - sanitation revenue		7 569	7 016	7 016	664	4 048	3 508	541	15%	7 016
Service charges - refuse revenue		5 666	6 437	6 437	498	3 038	3 219	(181)	-6%	6 437
Rental of facilities and equipment		4	3	3	-	-	1	(1)	-100%	3
Interest earned - external investments		6 296	3 122	3 122	912	5 320	1 561	3 760	241%	3 122
Interest earned - outstanding debtors		2 749	5 223	5 223	609	3 267	2 612	656	25%	5 223
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		127	46	46	7	26	23	3	15%	46
Licences and permits		(2 187)	-	-	-	-	-	-	-	-
Agency services		76	-	-	-	-	-	-	-	-
Transfers and subsidies		62 864	64 964	64 964	14 196	40 631	32 482	8 149	25%	64 964
Other revenue		7 240	1 914	1 914	27	311	957	(646)	-68%	1 914
Gains		196	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		125 943	130 916	130 916	19 099	71 782	65 458	6 324	10%	130 916
Expenditure By Type										
Employee related costs		49 810	53 078	52 578	3 393	23 537	26 289	(2 752)	-10%	52 578
Remuneration of councillors		4 263	4 675	4 655	392	2 332	2 328	4	0%	4 655
Debt impairment		35 611	37 815	37 815	2 949	17 695	18 908	(1 212)	-6%	37 815
Depreciation & asset impairment		27 108	30 431	30 431	2 163	12 995	15 216	(2 221)	-15%	30 431
Finance charges		5 447	-	-	-	-	-	-	-	-
Bulk purchases - electricity		24 641	24 750	24 750	2 725	5 276	12 375	(7 099)	-57%	24 750
Inventory consumed		23 086	13 850	13 820	1 210	2 440	6 910	(4 470)	-65%	13 820
Contracted services		6 187	6 720	7 220	616	1 346	3 610	(2 264)	-63%	7 220
Transfers and subsidies		-	20	20	-	-	10	(10)	-100%	20
Other expenditure		9 046	10 974	11 024	993	2 984	5 512	(2 528)	-46%	11 024
Losses		-	-	-	-	-	-	-	-	-
Total Expenditure		185 199	182 313	182 313	14 441	68 605	91 157	(22 552)	-25%	182 313
Surplus/(Deficit)										
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		(59 256)	(51 398)	(51 398)	4 657	3 177	(25 699)	28 876	(0)	(51 398)
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		30 851	23 612	23 612	-	12 000	11 806	194	0	23 612
Transfers and subsidies - capital (in-kind - all)		3 696	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(24 709)	(27 786)	(27 786)	4 657	15 177	(13 893)			(27 786)
Taxation		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		(24 709)	(27 786)	(27 786)	4 657	15 177	(13 893)			(27 786)
Attributable to minorities		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		(24 709)	(27 786)	(27 786)	4 657	15 177	(13 893)			(27 786)
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year		(24 709)	(27 786)	(27 786)	4 657	15 177	(13 893)			(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) - M06 December

Vote 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									
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		24 369	23 612	23 612	2 517	11 154	11 806	(652)	-6%	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	24 630	23 612	23 612	2 517	11 154	11 806	(652)	-6%	23 612
Total Capital Expenditure		24 630	23 612	23 612	2 517	11 154	11 806	(652)	-6%	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		24 369	23 612	23 612	2 517	11 154	11 806	(652)	-6%	23 612
Energy sources		207	-	-	-	-	-	-	-	-
Water management		22 358	23 612	23 612	2 517	11 154	11 806	(652)	-6%	23 612
Waste water management		1 805	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	3	24 630	23 612	23 612	2 517	11 154	11 806	(652)	-6%	23 612
Funded by:										
National Government		14 358	23 612	23 612	2 517	11 154	11 806	(652)	-6%	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 Corporations, Higher Educational Institutions)		6 559	-	-	-	-	-	-	-	-
Transfers recognised - capital		22 097	23 612	23 612	2 517	11 154	11 806	(652)	-6%	23 612
Borrowing	6	-	-	-	-	-	-	-	-	-
Internally generated funds		2 533	-	-	-	-	-	-	-	-
Total Capital Funding		24 630	23 612	23 612	2 517	11 154	11 806	(652)	-6%	23 612

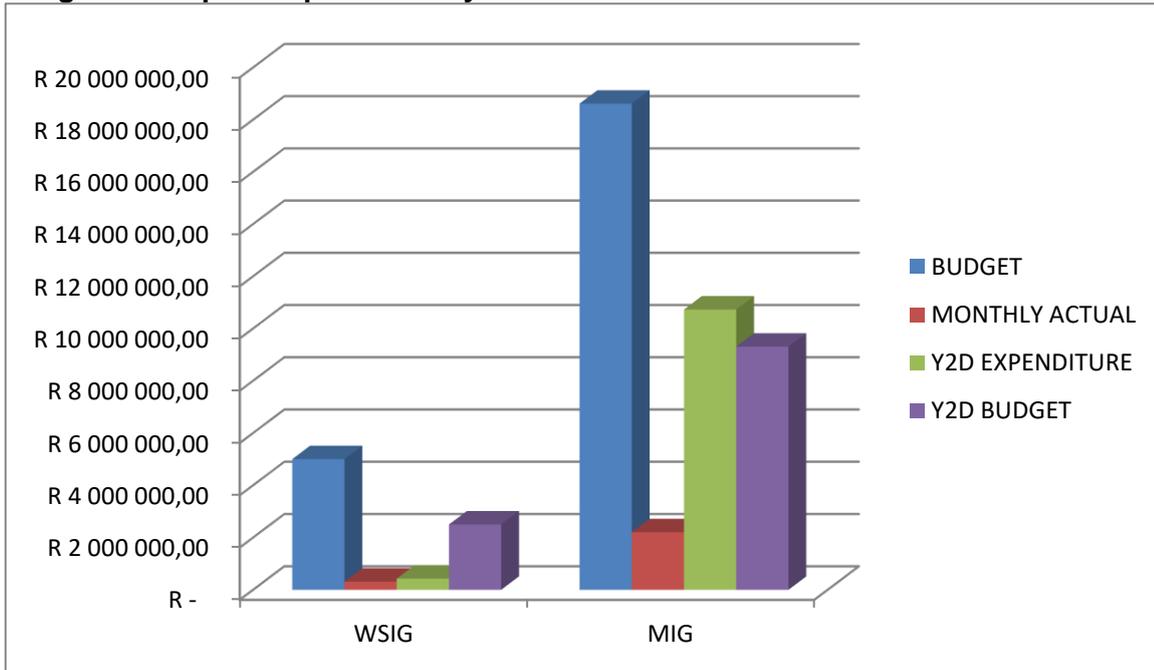
Table C5C: Monthly Capital Expenditure by Vote

NC093 Magareng - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - A - M06 December

Vote 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
Capital expenditure - Municipal Vote										
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		261	-	-	-	-	-	-	-	-
03.1 - Administration And Legal		-	-	-	-	-	-	-	-	-
03.2 - Corporate Admin		261	-	-	-	-	-	-	-	-
03.3 - Human Resources		-	-	-	-	-	-	-	-	-
Vote 04 - Financial Services		-	-	-	-	-	-	-	-	-
04.1 - Finance Admin		-	-	-	-	-	-	-	-	-
Vote 05 - Municipal Infrastructure		24 369	23 612	23 612	2 517	11 154	11 806	(652)	-6%	23 612
05.1 - Technical Admin		-	-	-	-	-	-	-	-	-
05.2 - Roads And Stormwater		-	-	-	-	-	-	-	-	-
05.3 - Solid Waste Management		-	-	-	-	-	-	-	-	-
05.4 - Sanitation		1 805	-	-	-	-	-	-	-	-
05.5 - Water		22 358	23 612	23 612	2 517	11 154	11 806	(652)	-6%	23 612
05.6 - Electricity		207	-	-	-	-	-	-	-	-
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 - Hunan 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		24 630	23 612	23 612	2 517	11 154	11 806	(652)	(0)	23 612
Total Capital Expenditure		24 630	23 612	23 612	2 517	11 154	11 806	(652)	(0)	23 612

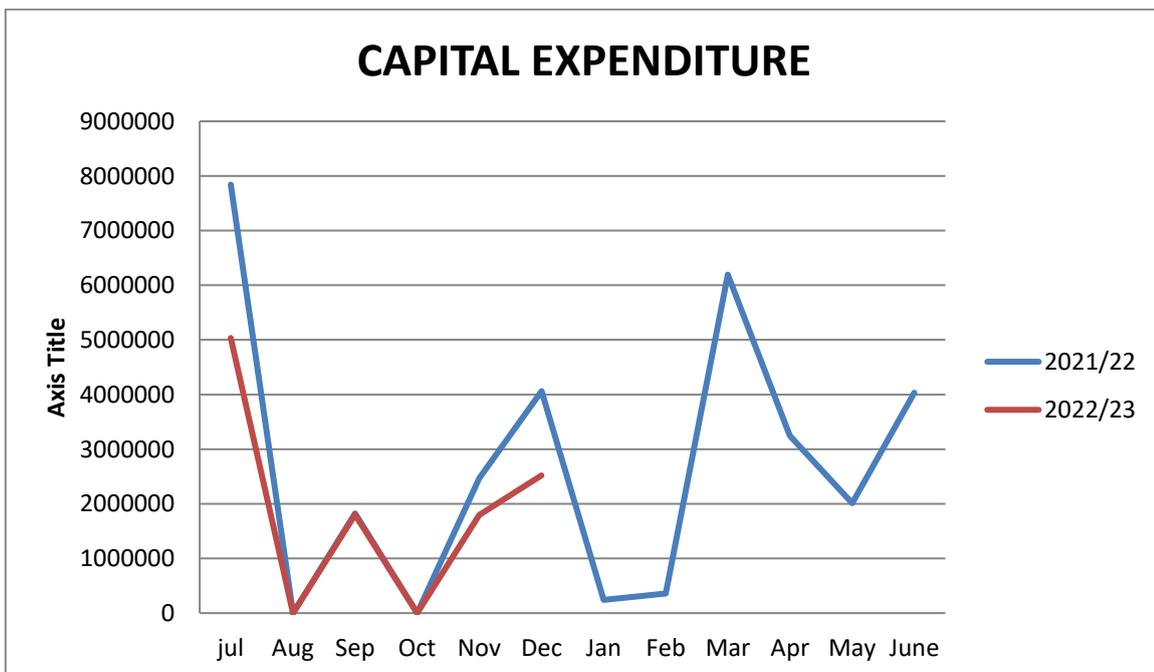
The above two tables (Table C5 Capex and C5C) present capital expenditure performance by Municipal vote, standard classification and the funding thereof. For the month of December 2022, there was R 2,5 million on capital expenditure.

Figure 1: 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.

Figure 2: Monthly capital expenditure



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

Table C6: Monthly Budget Statement Financial Position

NC093 Magareng - Table C6 Monthly Budget Statement - Financial Position - M06 December

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		(101 324)	(253 960)	(253 960)	(6 001)	(253 960)
Call investment deposits		3 826	62 108	62 108	172	62 108
Consumer debtors		12 647	28 402	28 402	19 304	28 402
Other debtors		52 655	51 486	51 486	55 626	51 486
Current portion of long-term receivables						
Inventory		164	467	467	164	467
Total current assets		(32 032)	(111 496)	(111 496)	69 264	(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		286 637	300 056	300 056	284 796	300 056
Biological						
Intangible		20	79	79	20	79
Other non-current assets		371	371	371	371	371
Total non current assets		310 859	324 339	324 339	309 018	324 339
TOTAL ASSETS		278 827	212 842	212 842	378 282	212 842
LIABILITIES						
Current liabilities						
Bank overdraft		-	-	-	-	-
Borrowing		191	-	-	165	-
Consumer deposits		1 303	1 254	1 254	1 326	1 254
Trade and other payables		356 914	230 550	230 550	233 195	230 550
Provisions		7 741	6 442	6 442	7 741	6 442
Total current liabilities		366 150	238 246	238 246	242 426	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		378 905	241 351	241 351	255 181	241 351
NET ASSETS	2	(100 077)	(28 509)	(28 509)	123 101	(28 509)
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		133 045	(27 786)	(27 786)	101 244	(27 786)
Reserves		-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	133 045	(27 786)	(27 786)	101 244	(27 786)

Taking the current liabilities and current assets together, the municipality has current ratio of 0.28 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.

Table C7: Monthly Budget Statement Cash Flow

NC093 Magareng - Table C7 Monthly Budget Statement - Cash Flow - M06 December

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	478	3 052	2 156	896	42%	4 312
Service charges		-	15 509	15 509	1 095	7 914	7 754	160	2%	15 509
Other revenue		-	8 084	8 084	47	594	4 042	(3 448)	-85%	238 520
Transfers and Subsidies - Operational		-	64 964	64 964	14 196	40 081	32 482	7 599	23%	64 964
Transfers and Subsidies - Capital		-	23 612	23 612	-	12 000	11 806	194	2%	23 612
Interest		-	3 122	3 122	-	-	1 561	(1 561)	-100%	3 122
Dividends								-		
Payments										
Suppliers and employees		-	(74 437)	(74 437)	(13 454)	(62 578)	(37 218)	25 360	-68%	(74 437)
Finance charges								-		
Transfers and Grants								-		
NET CASH FROM/(USED) OPERATING ACTIVITIES		-	45 165	45 165	2 362	1 063	22 582	21 519	95%	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)	(2 517)	(11 154)	(11 806)	(652)	6%	(23 612)
NET CASH FROM/(USED) INVESTING ACTIVITIES		-	(23 611)	(23 612)	(2 517)	(11 154)	(11 806)	(652)	6%	(23 611)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans								-		
Borrowing long term/refinancing								-		
Increase (decrease) in consumer deposits		-	331	-	10	22	165	(143)	-86%	331
Payments										
Repayment of borrowing								-		
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	331	-	10	22	165	143	86%	331
NET INCREASE/ (DECREASE) IN CASH HELD		-	21 884	21 553	(145)	(10 068)	10 942			252 321
Cash/cash equivalents at beginning:		6 674	577	577	1 016	(6 845)	577			(6 845)
Cash/cash equivalents at month/year end:		6 674	22 461	22 130		(16 913)	11 519			245 476

Table C7 presents details pertaining to cash flow performance. As at end of December 2022, the netcash inflow from operating activities is R2,4 million whilst net cash outflow from investing activities is R2,5 million 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 December 2022 amounted to –R16, 9 million and the net effect of the above cash flows is cash outflow movement of – R145 thousand.

PART 2: 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	-52%	The actual revenue is less than the projected monthly revenue	the municipality needs to look at the revenue generated at the electricity services or this might be due to over budgeting
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.
Service charges - sanitation 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 - outstanding debtors	25%	The actual revenue is less than the projected monthly revenue	Illegal connections/meter tampering and illegal reconnection by the customer's where the supply is self reconnected without any payment. Mechanisms to be put in place on how to resolve such challenges.
Fines, penalties and forfeits	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
Transfers and subsidies	25%	The projected monthly revenue appear to be high in light of the actual revenue performance	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
Expenditure By Type			
Employee related costs	-10%	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 on par with the monthly actual projection	No remedial action is needed.
Debt impairment	-6%	Debt impairment is calculated at bia-annual	the municipality should should do away with this approach if its not viable
Depreciation & asset impairment	-15%	depreciation is calculated annually	The Asset Management System currently do not interface 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. This is due to the fact that the systems do not interface. 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	-57%	the actual expenditure is on par with the monthly actual projection	No remedial action is needed.
Inventory consumed	-65%	the actual expenditure incurred is less than the projected monthly actual	the municipality has an agreement with vaalharts water board
Contracted services	-63%	the actual expenditure incurred is less than the projected monthly actual	the expenditure is lower than expected
Transfers and subsidies	-100%	the actual expenditure incurred is less than the projected monthly actual	the municipality can not spent on this grant because nothing is being received
Other expenditure	-46%	the actual expenditure incurred is less than the projected monthly actual	No remedial action is needed.

Supporting Table: SC 1 Material Variance Explanations (Continuation)

Capital expenditure			
National government	-6%	the actual expenditure incurred is more than the projected monthly actual	No remedial action is needed.
CASH FLOW			
Receipts			
Property rates	42%	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	-85%	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	23%	The actual revenue is less than the projected monthly revenue	The municipality receives grants as per DoRA schedule
Transfers and Subsidies - Capital	2%	The actual revenue is less than the projected monthly revenue	The municipality receives grants as per DoRA schedule
Interest	-100%	interest on other revenue is projected to under collection from other debtors	The revenue section will have to do a thorough investigation into the lower interest generated and ascertain that interest is being duly charged to all outstanding balances that should attract interest and also confirm if interest write-offs are not erroneously done against the income vote.

Supporting Table: SC 3 - Debtors Age Analysis

NC093 Magareng - Supporting Table SC3 Monthly Budget Statement - aged debtors - M06 December

Description	NT Code	Budget Year 2022/23										Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.Lo 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	977	818	809	1 002	761	726	5 120	57 385	67 599	64 994		
Trade and Other Receivables from Exchange Transactions - Electricity	1300	480	377	432	396	414	429	1 495	30 779	34 802	33 513		
Receivables from Non-exchange Transactions - Property Rates	1400	867	912	779	771	833	842	4 118	41 185	50 307	47 749		
Receivables from Exchange Transactions - Waste Water Management	1500	770	784	773	772	770	762	4 178	45 275	54 084	51 757		
Receivables from Exchange Transactions - Waste Management	1600	567	573	557	555	567	549	2 994	33 291	39 654	37 956		
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	-	-	-	-		
Interest on Arrear Debtor Accounts	1810	1 529	1 513	1 494	1 474	1 502	1 427	7 267	100 484	116 690	112 154		
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-		
Other	1900	20	26	52	43	40	62	81	1 755	2 079	1 982		
Total By Income Source	2000	5 210	5 003	4 897	5 014	4 886	4 797	25 254	310 154	365 215	350 106	-	-
2021/22 - totals only		3 874	4 766	3 816	4 769	4 770	4 842	27 959	287 899	342 695	330 238		
Debtors Age Analysis By Customer Group													
Organs of State	2200	199	199	234	232	248	205	787	8 007	10 111	9 479		
Commercial	2300	535	520	477	462	530	423	1 688	18 830	23 465	21 933		
Households	2400	4 476	4 285	4 185	4 320	4 109	4 170	22 778	283 316	331 639	318 694		
Other	2500	-	-	-	-	-	-	-	-	-	-		
Total By Customer Group	2600	5 210	5 003	4 897	5 014	4 886	4 797	25 254	310 154	365 215	350 106	-	-

Supporting table SC3 provides a breakdown of the debtors. The outstanding debtors as at end of December amount to R365 215 million. The debtors' book is made up as follows:

- Rates 14%
- Electricity 10%
- Water 18%
- Waste water management 15%
- Waste management 11%
- Interest on Debtors 32%
- Other 1%

The debtors' age analysis is graphically presented below.

Figure 3: Debtors age analysis

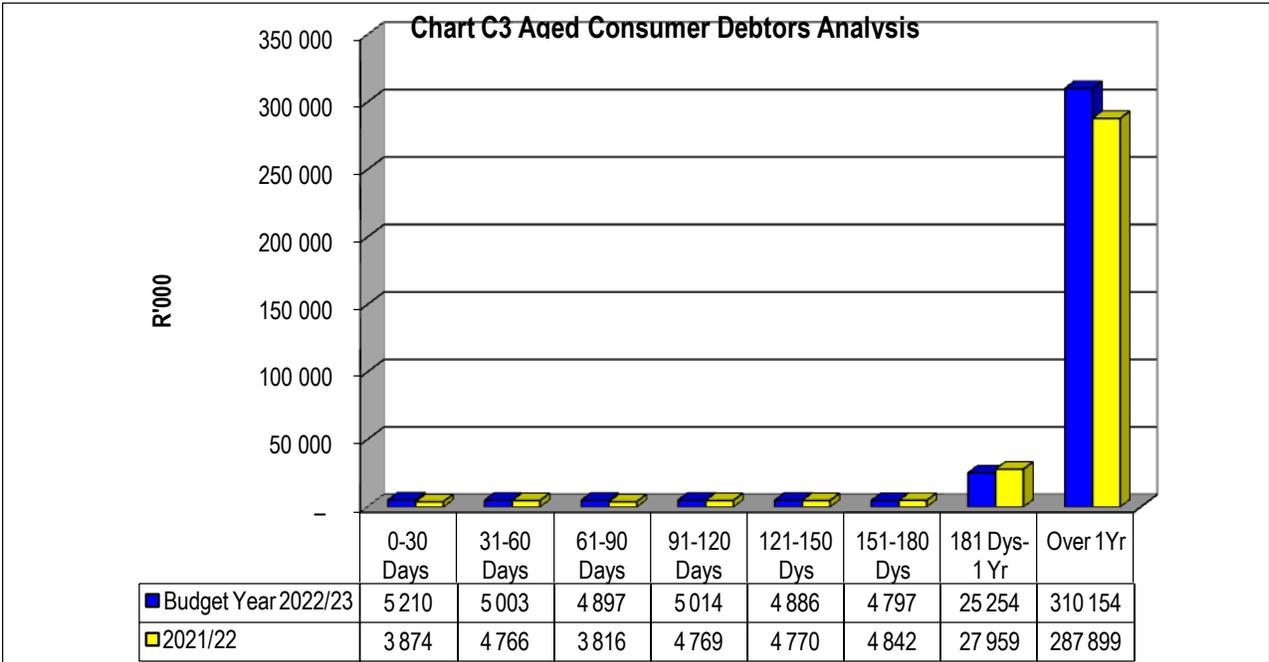
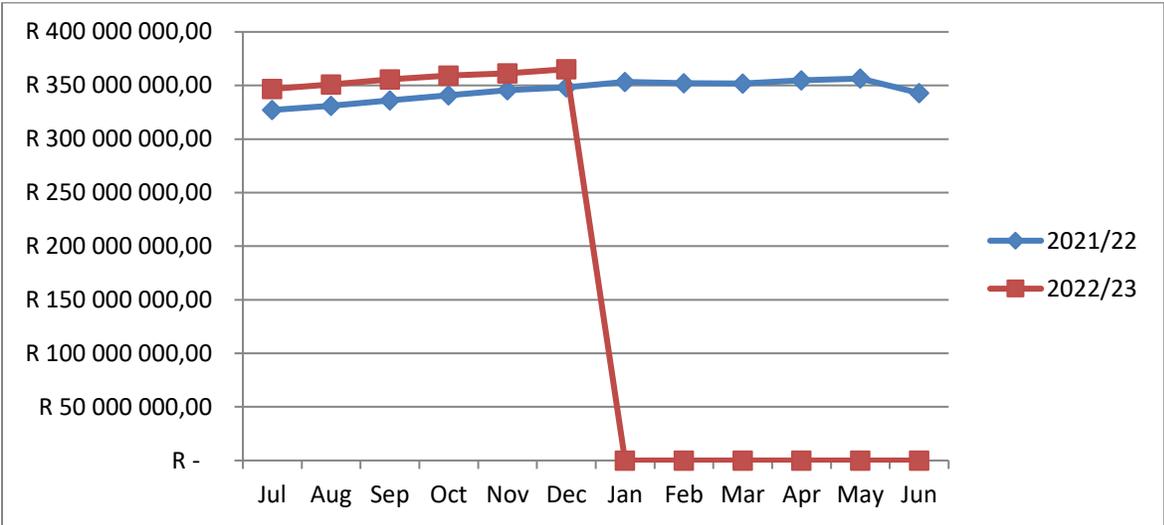


Figure 4: Monthly debtors book



The initial graph compares debtors' age analysis for 2021/22 financial year and 2022/23 (as at end of December 2022) 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
	1200263	WARRENTON SUPER CHICKEN PTY LTD	-	-	-	-	846 317,66	10 022 701,45	
1	1011982	WARRENTON SUPER CHICKEN PTY LTD	86 009,53	-	-	-	11 891,64	96 113,53	10 118 814,98
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
	1200112	MAGELEVENDZE INV CC	-	-	-	-	84 090,25	939 565,09	
7	1002654	MAGELEVENDZE INV CC	19 045,22	18 930,18	18 937,81	4 754,75	29 815,79	360 328,65	1 299 893,74
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	LAERSKOOI 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: SC 4 - Creditors Age Analysis

NC093 Magareng - Supporting Table SC4 Monthly Budget Statement - aged creditors - M06 December

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	2 491	3 839	41 369	35 551	-	91 969		
Bulk Water	0200	1 068	1 117	1 150	487	1 818	12 406	14 167	91 116	123 330		
PAYE deductions	0300	-	-	-	-	-	-	-	-	-		
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-		
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-		
Loan repayments	0600	-	-	-	-	-	-	-	-	-		
Trade Creditors	0700	-	213	201	1 683	3 770	3 688	3 892	6 673	20 120		
Auditor General	0800	1 004	682	685	1 351	581	412	208	239	5 163		
Other	0900	-	-	-	-	-	-	-	-	-		
Total By Customer Type	1000	4 115	5 292	5 434	6 012	10 008	57 875	53 819	98 028	240 582	-	

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 December 2022 amounted to R240 582 million. This amount is made up of various creditors which include amongst others the Eskom of R91 969 million, and Vaalharts water of R123 33 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 - M06 December

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														
MAGARENG LOCAL MUNICIPALITY														
Municipality sub-total										-		-	-	-
Entities														
ABSA (9351945669)		3 MONTHS	7 DAYS	YES	Variable				2022/12/15	153	4			157
ABSA (9355871747)		3 MONTHS	7 DAYS	YES	Variable				2022/12/20	18	0	-	-	19
ABSA (9355869912)		3 MONTHS	7 DAYS	YES	Variable									-
														-
														-
														-
Entities sub-total										171		-	-	176
TOTAL INVESTMENTS AND INTEREST	2									171		-	-	176

The Municipality's current investment portfolio during the month of December is R 176 thousands.

Supporting Table: SC 6 - Transfers and Grant Receipts

NC093 Magareng - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M06 December

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	14 196	40 081	31 032	9 049	29,2%	62 064
Equitable Share		51 086	57 991	57 991	13 713	36 329	28 995	7 334	25,3%	57 991
Expanded Public Works Programme Integrated Grant		1 121	1 073	1 073	483	752	537	215	40,2%	1 073
Local Government Financial Management Grant		2 850	3 000	3 000	-	3 000	1 500	1 500	100,0%	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	-	-	900	(900)	-100,0%	1 800
FBDM		4 603	1 800	1 800	-	-	900	(900)	-100,0%	1 800
Other grant providers:		1 100	1 100	1 100	-	550	550	(0)	0,0%	1 100
Education Training and Development Practices SETA		-	-	-	-	-	-	-	-	-
National Library South Africa		1 100	1 100	1 100	-	550	550	(0)	0,0%	1 100
Post Retirement Benefit		-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	5	62 864	64 964	64 964	14 196	40 631	32 482	8 149	25,1%	64 964
Capital Transfers and Grants										
National Government:		30 851	23 612	23 612	-	12 000	11 806	194	1,6%	23 612
Integrated National Electrification Programme Grant		-	-	-	-	-	-	-	-	-
Municipal Disaster Relief Grant		-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant		8 175	18 612	18 612	-	8 000	9 306	(1 306)	-14,0%	18 612
Regional Bulk Infrastructure Grant		18 677	-	-	-	-	-	-	-	-
Water Services Infrastructure Grant		4 000	5 000	5 000	-	4 000	2 500	1 500	60,0%	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	34 547	23 612	23 612	-	12 000	11 806	194	1,6%	23 612
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	97 411	88 576	88 576	14 196	52 631	44 288	8 343	18,8%	88 576

Supporting tables SC6 provides details of grants received. The year to date actual receipts amounts to R 52,6 million of which the major portion is attributed to equitable share. For the reporting period equitable shares amounting to R 13,7 million; Financial Management Grant amounting to R 0 million; Municipal Infrastructure Grant amounting to R 0 million; Water Service Infrastructure Grant R 0 million, Expanded Public Works Programme R 483 thousand, Library Grant R 0 million and Frances Baard District Grant R0 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.

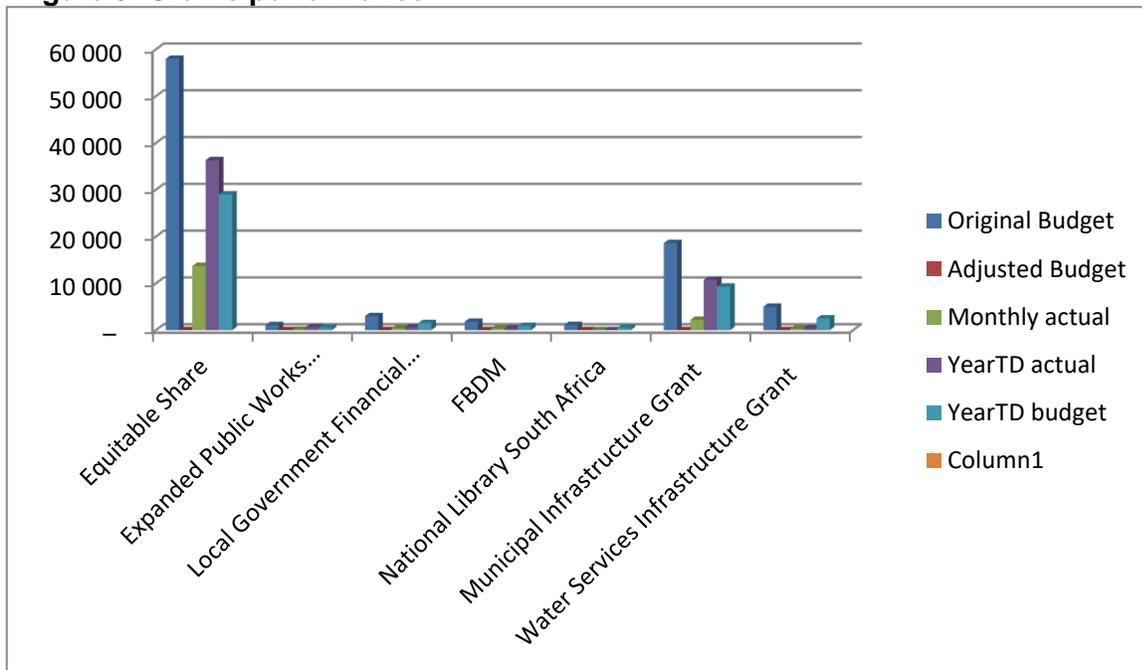
Supporting Table: SC 7 Transfers and grants – Expenditure

NC093 Magareng - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M06 December

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:		90 704	62 064	62 064	14 208	37 563	31 032	6 531	21,0%	30 976
Equitable Share		84 427	57 991	57 991	13 713	36 329	28 996	7 334	25,3%	26 916
Expanded Public Works Programme Integrated Grant		1 102	1 073	1 073	91	628	537	92	17,1%	1 073
Local Government Financial Management Grant		3 763	3 000	3 000	404	606	1 500	(894)	-59,6%	2 987
Municipal Disaster Relief Grant		1 412	-	-	-	-	-	-	-	-
Provincial Government:		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
FBDM		4 078	1 800	1 800	331	361	900	(539)	-59,9%	1 800
Other grant providers:		1 942	1 100	1 100	-	-	550	(550)	-100,0%	1 100
Education Training and Development Practices SETA		-	-	-	-	-	-	-	-	-
National Library South Africa		1 942	1 100	1 100	-	-	550	(550)	-100,0%	1 100
Total operating expenditure of Transfers and Grants:		92 646	63 164	63 164	14 208	37 563	31 582	5 981	18,9%	32 076
Capital expenditure of Transfers and Grants										
National Government:		14 358	23 612	23 612	2 517	11 154	11 806	(652)	-5,5%	23 612
Integrated National Electrification Programme Grant		-	-	-	-	-	-	-	-	-
Municipal Disaster Relief Grant		-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant		7 935	18 612	18 612	2 205	10 727	9 306	1 421	15,3%	18 612
Water Services Infrastructure Grant		6 423	5 000	5 000	312	427	2 500	(2 073)	-82,9%	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		22 097	23 612	23 612	2 517	11 154	11 806	(652)	-5,5%	23 612
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		114 743	86 776	86 776	16 725	48 717	43 388	5 329	12,3%	55 688

An amount of R 16,7 million has been spent on grants during the month of December 2022 and the year to date actual is R 48,7 million whilst the year to date budget amounts to R 43,4 million and this results in an over spending variance of R 5,3 million that translates to 12,3%. Of the total spending amounting to R 14,2 million was spent on operational grants and R 2,5 million was spent on capital grants.

Figure 5: Grants performance



The above graph depicts the gazetted and budgeted amounts for all the grants and the expenditure thereof as at end of December 2022. The grants expenditure is shown below in percentages when compared to the original budget:

- Financial Management Grant 13 %
- Expanded Public Work Programme 9%
- Equitable Share 51 %
- Francis Baard District Municipality Grant 18%
- Library Grant 0%
- Municipal Infrastructure Grant 11,8%
- Water Services Infrastructure Grant 6,2%

Supporting Table: SC8 - Councilor Allowances and Employee Related Costs

NC093 Magareng - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M06 December

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	1	A	B	C						D
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		3 004	3 654	3 634	272	1 629	1 827	(198)	-11%	3 634
Pension and UIF Contributions		278	44	44	33	188	22	166	755%	44
Medical Aid Contributions		124	84	84	10	55	42	14	32%	84
Motor Vehicle Allowance		447	368	368	38	219	184	35	19%	
Cellphone Allowance		410	526	526	40	241	263	(22)	-8%	526
Housing Allowances										
Other benefits and allowances										368
Sub Total - Councillors		4 263	4 675	4 655	392	2 332	2 338	(6)	0%	4 655
% increase	4		9,7%	9,2%						9,2%
Senior Managers of the Municipality										
Basic Salaries and Wages		1 401	2 212	2 212	105	624	1 106	(482)	-44%	2 212
Pension and UIF Contributions		202	202	202	9	73	101	(28)	-28%	202
Medical Aid Contributions		87	85	85	8	45	43	2	5%	85
Overtime										
Performance Bonus		85	184	184	-	89	92	(3)	-3%	184
Motor Vehicle Allowance		828	1 084	1 084	51	199	542	(343)	-63%	1 084
Cellphone Allowance		165	14	14	-	-	7	(7)	-100%	14
Housing Allowances		124	154	154	-	-	77	(77)	-100%	154
Other benefits and allowances		41	121	121	0	0	61	(60)	-100%	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	172	1 030	2 029	(999)	-49%	4 058
% increase	4		38,4%	38,4%						38,4%
Other Municipal Staff										
Basic Salaries and Wages		32 481	33 553	33 053	2 594	15 901	16 576	(675)	-4%	33 053
Pension and UIF Contributions		5 631	5 708	5 708	422	2 564	2 854	(290)	-10%	5 708
Medical Aid Contributions		2 194	2 874	2 874	144	877	1 437	(560)	-39%	2 874
Overtime		2 585	3 773	3 773	-	791	1 886	(1 096)	-58%	3 773
Performance Bonus		2 769	2 688	2 688	14	2 109	1 344	765	57%	2 688
Motor Vehicle Allowance		65	88	88	4	37	44	(7)	-16%	88
Cellphone Allowance		130	72	72	4	24	36	(12)	-33%	72
Housing Allowances		389	257	257	6	33	129	(95)	-74%	257
Other benefits and allowances		732	7	7	47	2 280	3	2 277	67765%	7
Payments in lieu of leave										
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations		(100)	-	-	-	-	-	-	-	-
Sub Total - Other Municipal Staff		46 877	49 020	48 520	3 235	24 616	24 310	306	1%	48 520
% increase	4		4,6%	3,5%						3,5%
Total Parent Municipality		54 073	57 753	57 233	3 799	27 978	28 677	(699)	-2%	57 233
Unpaid salary, allowances & benefits in arrears:			R 0,00	R 0,00						R 0,00
Board Members of Entities										
TOTAL SALARY, ALLOWANCES & BENEFITS		54 073	57 753	57 233	3 799	27 978	28 677	(699)	-2%	57 233
% increase	4		6,8%	5,8%						5,8%
TOTAL MANAGERS AND STAFF		49 810	53 078	52 578	3 407	25 646	26 339	(693)	-3%	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 December 2022 amounts to R 3,7 million and the year to date budget is R 28.7 million and the expenditure for remuneration of councilors amounts to R 392 thousand while the year to date budget is R 2,3 million. The year to date actual expenditure for senior managers is R 1, 03 million and the year to date budget thereof is R 2, 02 million. The year to date actual for other municipal staff is R 24, 7 million and the year to date budget is R 24,3 million.

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

NC093 Magareng - Supporting Table SC9 Monthly Budget Statement - actuals and revised targets for cash receipts - M06 December

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	Budget	Budget	Budget	Budget	Budget	Budget				
R thousands	1																
Cash Receipts By Source																	
Property rates		396	341	325	954	559	478	359	359	359	359	359	(537)	4 312	5 776	7 378	
Service charges - electricity revenue		1 832	1 665	464	491	621	607	610	610	610	610	610	(1 411)	7 319	21 517	22 486	
Service charges - water revenue		210	207	199	183	300	235	290	290	290	290	290	697	3 481	4 555	5 375	
Service charges - sanitation revenue		80	47	22	39	41	140	205	205	205	205	205	1 064	2 456	3 290	4 202	
Service charges - refuse		104	66	59	76	114	113	188	188	188	188	188	783	2 253	3 018	3 855	
Rental of facilities and equipment		-	-	-	-	-	-	0	0	0	0	0	1	1	1	2	
Interest earned - external investments		-	-	-	-	-	-	260	260	260	260	260	1 821	3 122	3 253	3 399	
Interest earned - outstanding debtors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Fines, penalties and forfeits		-	-	-	-	-	-	1	1	1	1	1	8	14	20	31	
Licences and permits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Agency services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfers and Subsidies - Operational		22 616	3 269	-	-	-	14 196	5 414	5 414	5 414	5 414	5 414	(2 185)	64 964	67 423	71 244	
Other revenue		(318)	(402)	326	374	(624)	(721)	19 875	19 875	19 875	19 875	19 875	140 494	238 506	226 899	738 251	
Cash Receipts by Source		24 919	5 193	1 395	2 116	1 011	15 048	27 202	140 734	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	1 968	1 774	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	29 170	142 176	349 707	350 243	871 123					
Cash Payments by Type																	
Employee related costs		6 535	4 084	(213)	5 204	4 881	4 624	4 813	4 813	4 813	4 813	4 813	8 574	57 753	60 599	62 979	
Remuneration of councillors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Interest paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Bulk purchases - Electricity		8 065	-	660	-	19	3 028	2 063	2 063	2 063	2 063	2 063	2 665	24 750	25 790	27 053	
Acquisitions - water & other inventory		1 000	-	-	-	-	-	225	225	225	225	225	575	2 700	2 700	2 700	
Contracted services		-	-	-	-	-	-	(1 408)	(1 408)	(1 408)	(1 408)	(1 408)	(9 854)	(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	510	510	510	510	510	(21 117)	6 126	6 566	7 168	
Cash Payments by Type		28 303	4 597	2 957	5 593	7 673	13 454	6 203	(19 156)	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	1 968	2 620	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	8 171	(16 536)	98 049	102 594	107 091					
NET INCREASE/(DECREASE) IN CASH HELD		(1 919)	595	(3 365)	(1 977)	(4 461)	(923)	20 999	158 713	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)	9 190	30 189	51 189	72 188	93 187	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)	9 190	30 189	51 189	72 188	93 187	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 R15, 04 million and cash payment for the month amounts to R 13,4 million and this resulted in net decrease in cash held amounting to R 923 thousands. With cash and cash equivalent of –R10,8 million at the beginning of the reporting period, the municipality closed off the month with cash and cash equivalent amounting of –R11,8 million. This is a supporting table for table C7 – Cash Flow Statement.

Supporting Table: SC 12 Capital Expenditure Trend

NC093 Magareng - Supporting Table SC12 Monthly Budget Statement - capital expenditure trend - M06 December

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									
Monthly expenditure performance trend									
July	2 053	1 968	1 968	5 035	5 035	1 968	(3 068)	-155,9%	21%
August	2 053	1 968	1 968	–	–	3 935	3 935	100,0%	0%
September	2 053	1 968	1 968	1 803	1 803	5 903	4 100	69,5%	8%
October	2 053	1 968	1 968	–	–	7 871	7 871	100,0%	0%
November	2 053	1 968	1 968	1 798	1 798	9 838	8 040	81,7%	8%
December	2 053	1 968	1 968	2 517	4 315	11 806	7 491	63,4%	18%
January	2 053	1 968	1 968	–	–	13 774	–	–	–
February	2 053	1 968	1 968	–	–	15 741	–	–	–
March	2 053	1 968	1 968	–	–	17 709	–	–	–
April	2 053	1 968	1 968	–	–	19 677	–	–	–
May	2 053	1 968	1 968	–	–	21 644	–	–	–
June	2 053	1 968	1 968	–	–	23 612	–	–	–
Total Capital expenditure	24 630	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 December 2022 there was capital expenditure that amounts to R 2, 5 million.

SECTION 71 - MUNICIPAL MANAGER'S QUALITY CERTIFICATE

I, Tunels 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 December 2022 has been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act.



Acting Municipal Manager
Mr. T Thage