

MAGARENG LOCAL MUNICIPALITY

MAGARENG



MUNICIPALITY

SECTION 52d: QUARTELY REPORT

OCTOBER TO DECEMBER 2022/2023

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1.1 PURPOSE

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

1.2 Mayors Report

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

- Low Collection rate is affecting the cash flow of the municipality
- Long outstanding creditors with Eskom and Vaalharts water
- Slow spending on the capital expenditure
- The municipality will be embarking on Credit Control and Indigent Assistance Awareness Campaign. Through this campaign we seek to educate Consumers on the importance of the payment of accounts and the detrimental effect non-payment has on service delivery. We aim to have our Customers (from all our Customer Groups) that are in arrears and are able to pay their accounts, to make payment or make a payment arrangement on their account. The campaign will also inform and create awareness to Customers as to the assistance provided by the Municipality in relation to the payment of accounts (our social package, discounts and incentives)

1.3 Executive Summary

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

DESCRIPTION	2022/2023			
	ORIGINAL BUDGET	QUATERLY ACTUAL	YEAR TO DATE ACTUAL	YTD VARIANCE %
Total Revenue (excluding capital transfers and contributions)	R 130,915,663.00	R 28,662,102.38	R 71,779,922.90	10%
Total Expenditure	R 182,313,394.00	R 51,324,369.57	R 68,604,736.98	-25%
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	R 23,612,000.00	R 5,500,000.00	R 12,000,000.00	2%
Surplus/(Deficit) after capital transfers & contributions	-R 27,785,731.00	-R 17,162,267.19	R 15,175,185.92	-209%
CAPITAL EXPENDITURE	R 23,612,000.00	R 4,315,222.78	R 11,153,652.55	-6%

1.4 IN YEAR BUDGET STATEMENT TABLES

Table C1: Quarterly Budget Statement Summary

NC093 Magareng - Table C1 Monthly Budget Statement Summary - Q2 Second Quarter

Description	2021/22	Budget Year 2022/23							
	Audited Outcome	Original Budget	Adjusted Budget	Q2	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	11,733	12,319	12,319	3,069	6,148	6,159	(11)	-0%	12,319
Service charges	36,845	43,325	43,325	6,820	16,077	21,663	(5,585)	-26%	43,325
Investment revenue	6,296	3,122	3,122	2,708	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	1,869	3,603	3,593	10	0%	7,186
Total Revenue (excluding capital transfers and contributions)	125,943	130,916	130,916	28,662	71,780	65,458	6,322	10%	130,916
Employee costs	49,810	53,078	52,578	12,413	23,537	26,339	(2,802)	-11%	52,578
Remuneration of Councillors	4,263	4,675	4,655	1,168	2,332	2,330	2	0%	4,655
Depreciation & asset impairment	27,108	30,431	30,431	12,995	12,995	15,216	(2,221)	-15%	30,431
Finance charges	5,447	-	-	-	-	-	-	-	-
Inventory consumed and bulk purchases	47,727	38,600	38,570	4,408	7,716	19,286	(11,571)	-60%	38,570
Transfers and subsidies	-	20	20	-	-	10	(10)	-100%	20
Other expenditure	50,844	55,509	56,059	20,340	22,025	27,976	(5,951)	-21%	56,059
Total Expenditure	185,199	182,313	182,313	51,324	68,605	91,157	(22,552)	-25%	182,313
Surplus/(Deficit)	(59,256)	(51,398)	(51,398)	(22,662)	3,175	(25,699)	28,874	-112%	(51,398)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	30,851	23,612	23,612	5,500	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)	(17,162)	15,175	(13,893)	29,068	-209%	(27,786)
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	(24,709)	(27,786)	(27,786)	(17,162)	15,175	(13,893)	29,068	-209%	(27,786)
Capital expenditure & funds sources									
Capital expenditure	24,630	23,612	23,612	4,315	11,154	11,806	(652)	-6%	23,612
Capital transfers recognised	22,097	23,612	23,612	4,315	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	4,315	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	(1,896)	1,063	137,801	136,738	99%	275,601
Net cash from (used) investing	-	(23,611)	(23,612)	(4,315)	(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)	126,737	143,650	113%	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

REFER TO TABLE SC1 FOR MATERIAL VARIANCE EXPLANATIONS

Revenue

For the Second quarter October to December 2022, the municipality billed R28.7 million with the year to date actual amounting to R 71.8million and the year to date budget of R 65.4 million which shows a positive 10% year to date variance when comparing year to date actual with the year to date budget. Of the total revenue received, the major portion of R 36.3 million is from equitable share. Other receipts are from property rates, service charges and other grants.

Operating Expenditure

The operating expenditure for the second quarter amounts to R 51.3 million with the year to date actual amounting to R 68.6 million whilst the year to date budget is R 91.2 million, This results in a negative 25% year to date variance when comparing the year to date actual with the year to date budget.

Capital Expenditure

The year to date actual capital expenditure as at end of second quarter amounts to R 4.3 million and the year to date actual amounts to R 11.2 million and this deviates with negative variance of 6% when compared to year to date target of R11.8 million.

Surplus/Deficit after capital transfers and contributions

Taking the above into consideration the net operating surplus for the second quarter ending 31 December 2022 amounts to R 15.2 million.

Debtors

Outstanding debtors' is comprised of consumer and sundry debtors. The total outstanding debtors as at end of December amounts to R 365.2 million and this show an increase of R 22.3million as compared to R 342, 9 million as at end of 2021/22 financial year. In light of current cash flow and very low cashier collection at points, disconnection and blocking of institutions, businesses and Government Departments without valid arrangements or not in discussions with the municipality, should be done with immediate effect.

Consumer debtors are made up of service charges and property rates that amount to R246.5million and other debtors amounting to R118.8 million.

Creditors

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

As at 31 December 2022 the municipality had an outstanding creditors amounting to R 240.6 million and the bulk of this amount is made up by Bulk water :R 123.3 million and bulk electricity :R 91.9 million. The municipality is at a negotiation stage for affordable payment arrangement with Vaalharts water and Eskom.

Table C2 – Quarterly Financial Performance (Standard Classification)

NC093 Magareng - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - Q2 Second Quarter

Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Q2	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	20,968	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	6,772	16,329	10,670	5,659	53%	21,340
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		1,533	1,329	1,329	55	640	665	(24)	-4%	1,329
Community and social services		1,216	1,189	1,189	22	596	595	1	0%	1,189
Sport and recreation		58	-	-	-	-	-	-	-	-
Public safety		258	140	140	33	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	13,138	29,730	36,172	(6,442)	-18%	72,344
Energy sources		15,546	21,361	21,361	1,327	4,996	10,680	(5,684)	-53%	21,361
Water management		49,876	33,037	33,037	7,458	15,995	16,518	(524)	-3%	33,037
Waste water management		8,985	9,101	9,101	2,088	4,225	4,551	(326)	-7%	9,101
Waste management		6,948	8,845	8,845	2,265	4,514	4,422	91	2%	8,845
Other	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	160,490	154,528	154,528	34,162	83,780	77,264	6,516	8%	154,528
Expenditure - Functional										
Governance and administration		103,010	48,038	48,038	10,093	18,275	24,019	(5,744)	-24%	48,038
Executive and council		14,133	13,024	13,024	2,535	4,685	6,512	(1,827)	-28%	13,024
Finance and administration		88,877	35,015	35,015	7,558	13,590	17,507	(3,917)	-22%	35,015
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		12,773	12,438	12,438	2,919	5,610	6,219	(609)	-10%	12,438
Community and social services		2,526	2,850	2,850	631	1,190	1,425	(234)	-16%	2,850
Sport and recreation		3,390	4,212	4,212	937	1,807	2,106	(299)	-14%	4,212
Public safety		4,001	4,230	4,230	1,031	2,016	2,115	(99)	-5%	4,230
Housing		2,856	1,146	1,146	320	596	573	23	4%	1,146
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		6,198	7,222	6,857	1,406	2,394	3,559	(1,165)	-33%	6,857
Planning and development		3,787	5,832	5,832	849	1,573	2,916	(1,343)	-46%	5,832
Road transport		2,411	1,390	1,025	557	821	643	178	28%	1,025
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		63,219	114,616	114,981	36,906	42,326	57,360	(15,034)	-26%	114,981
Energy sources		28,825	44,824	44,804	11,359	14,845	22,407	(7,562)	-34%	44,804
Water management		24,595	28,868	29,433	9,395	10,601	14,561	(3,960)	-27%	29,433
Waste water management		8,649	21,149	20,969	8,294	8,833	10,504	(1,671)	-16%	20,969
Waste management		1,150	19,774	19,774	7,859	8,047	9,887	(1,840)	-19%	19,774
Other		-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	185,199	182,313	182,313	51,324	68,605	91,157	(22,552)	-25%	182,313
Surplus/ (Deficit) for the year		(24,709)	(27,786)	(27,786)	(17,162)	15,175	(13,893)	29,068	-209%	(27,786)

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

NC093 Magareng - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - Q2 Second Quarter

Vote Description	Ref	Budget Year 2022/23								
		2021/22 Audited Outcome	Original Budget	Adjusted Budget	Q2	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	6,772	16,329	10,670	5,659	53.0%	21,340
Vote 05 - Municipal Infrastructure		77,624	72,794	72,794	13,138	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	55	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	34,162	83,780	77,264	6,516	8.4%	154,528
Expenditure by Vote	1									
Vote 01 - Executive & Council		11,268	10,987	10,987	2,349	4,346	5,493	(1,148)	-20.9%	10,987
Vote 02 - Office Of The Municipal Manager		1,839	2,037	2,037	186	339	1,018	(679)	-66.7%	2,037
Vote 03 - Corporate Services		12,235	14,279	14,279	3,440	6,646	7,140	(494)	-6.9%	14,279
Vote 04 - Financial Services		76,706	20,736	20,736	4,118	6,945	10,368	(3,423)	-33.0%	20,736
Vote 05 - Municipal Infrastructure		68,120	119,589	119,589	37,684	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	2,599	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	948	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	51,324	68,605	91,157	(22,552)	-24.7%	182,313
Surplus/ (Deficit) for the year	2	(24,709)	(27,786)	(27,786)	(17,162)	15,175	(13,893)	29,068	-209.2%	(27,786)

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

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

Table C4: Quarterly Financial performance by Revenue Source and Expenditure Type
NC093 Magareng - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - Q2 Second Quarter

Description	Ref	2021/22	Budget Year 2022/23							Full Year Forecast
		Audited Outcome	Original Budget	Adjusted Budget	Q2	YearTD actual	YearTD budget	YTD variance	YTD variance %	
R thousands										
Revenue By Source										
Property rates		11,733	12,319	12,319	3,069	6,148	6,159	(11)	0%	12,319
Service charges - electricity revenue		15,185	20,897	20,897	1,327	4,996	10,449	(5,452)	-52%	20,897
Service charges - water revenue		8,426	8,975	8,975	1,958	3,995	4,487	(493)	-11%	8,975
Service charges - sanitation revenue		7,569	7,016	7,016	2,023	4,048	3,508	541	15%	7,016
Service charges - refuse revenue		5,666	6,437	6,437	1,512	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	2,708	5,320	1,561	3,760	241%	3,122
Interest earned - outstanding debtors		2,749	5,223	5,223	1,741	3,266	2,612	654	25%	5,223
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		127	46	46	17	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	111	311	957	(646)	-68%	1,914
Gains		196	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		125,943	130,916	130,916	28,662	71,780	65,458	6,322	10%	130,916
Expenditure By Type										
Employee related costs		49,810	53,078	52,578	12,413	23,537	26,339	(2,802)	-11%	52,578
Remuneration of councillors		4,263	4,675	4,655	1,168	2,332	2,330	2	0%	4,655
Debt impairment		35,611	37,815	37,815	17,695	17,695	18,908	(1,212)	-6%	37,815
Depreciation & asset impairment		27,108	30,431	30,431	12,995	12,995	15,216	(2,221)	-15%	30,431
Finance charges		5,447	-	-	-	-	-	-	-	-
Bulk purchases - electricity		24,641	24,750	24,750	2,742	5,276	12,375	(7,099)	-57%	24,750
Inventory consumed		23,086	13,850	13,820	1,666	2,440	6,911	(4,471)	-65%	13,820
Contracted services		6,187	6,720	7,220	957	1,346	3,560	(2,214)	-62%	7,220
Transfers and subsidies		-	20	20	-	-	10	(10)	-100%	20
Other expenditure		9,046	10,974	11,024	1,687	2,984	5,509	(2,525)	-46%	11,024
Losses		-	-	-	-	-	-	-	-	-
Total Expenditure		185,199	182,313	182,313	51,324	68,605	91,157	(22,552)	-25%	182,313
Surplus/(Deficit)										
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		30,851	23,612	23,612	5,500	12,000	11,806	194	0	23,612
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporators, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)		3,696	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(24,709)	(27,786)	(27,786)	(17,162)	15,175	(13,893)			(27,786)
Taxation		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		(24,709)	(27,786)	(27,786)	(17,162)	15,175	(13,893)			(27,786)
Attributable to minorities		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		(24,709)	(27,786)	(27,786)	(17,162)	15,175	(13,893)			(27,786)
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year		(24,709)	(27,786)	(27,786)	(17,162)	15,175	(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. Refer to table SC1.

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) - Q2 Second Quarter

Vote Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Q2	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Multi-Year expenditure appropriation	2									
Total Capital Multi-year expenditure	4,7	-	-	-	-	-	-	-	-	-
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	4,315	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	4,315	11,154	11,806	(652)	-6%	23,612
Total Capital Expenditure		24,630	23,612	23,612	4,315	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		-	-	-	-	-	-	-	-	-
Trading services		24,369	23,612	23,612	4,315	11,154	11,806	(652)	-6%	23,612
Energy sources		207	-	-	-	-	-	-	-	-
Water management		22,358	23,612	23,612	4,315	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	4,315	11,154	11,806	(652)	-6%	23,612
Funded by:										
National Government		14,358	23,612	23,612	4,315	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	4,315	11,154	11,806	(652)	-6%	23,612
Borrowing	6	-	-	-	-	-	-	-	-	-
Internally generated funds		2,533	-	-	-	-	-	-	-	-
Total Capital Funding		24,630	23,612	23,612	4,315	11,154	11,806	(652)	-6%	23,612

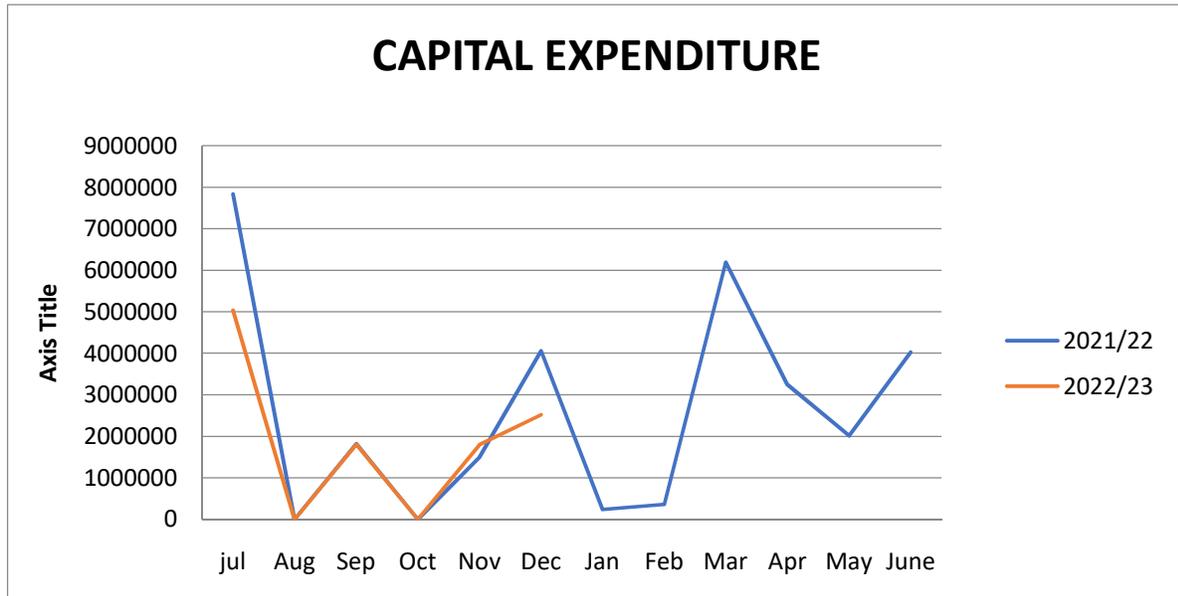
Table C5C: Monthly Capital Expenditure by Vote

NC093 Magareng - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - A - Q2 Second Quarter

Vote Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Q2	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Capital expenditure - Municipal Vote										
Expenditure of single-year capital appropriation	1									
Vote 01 - Executive & Council		-	-	-	-	-	-	-	-	-
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	4,315	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	4,315	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	4,315	11,154	11,806	(652)	(0)	23,612
Total Capital Expenditure		24,630	23,612	23,612	4,315	11,154	11,806	(652)	(0)	23,612

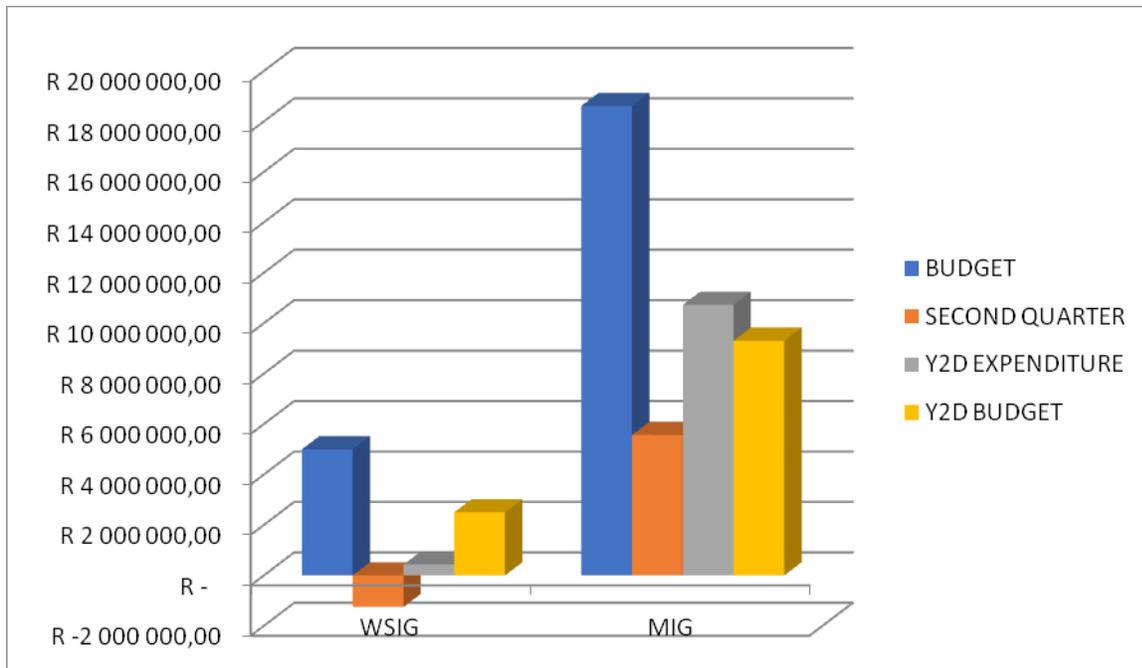
Table C5 Capex and C5C present capital expenditure performance for all votes, standard classification and the funding there of and measures the year-to-date performance targets against the actual capital expenditure figures. R 11.2 million spending was incurred on capital budget, year to date budget is R 11.8 million, and this gave an under performance variance of R 652 thousand that translates a negative variance of 6%.

FIGURE 1: MONTHLY CAPITAL EXPENDITURE PERFORMANCE



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

FIGURE 2: CAPITAL EXPENDITURE BY SOURCE OF FINANCE



The above graph shows the components of sources of finance for capital budget. Of the total capital budget, R 18.6 million is funded from Municipal Infrastructure Grant and R 5 million from Water Services Infrastructure Grant.

Table C6: Quarterly Budget Statement Financial Position

NC093 Magareng - Table C6 Monthly Budget Statement - Financial Position - Q2 Second Quarter

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 0.3 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: Quarterly Budgeted Statement Cash Flow

NC093 Magareng - Table C7 Monthly Budget Statement - Cash Flow - Q2 Second Quarter

Description	Ref	2021/22	Budget Year 2022/23								
		Audited Outcome	Original Budget	Adjusted Budget	Q2	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	1,990	3,052	2,156	896	42%	4,312	
Service charges		-	15,509	15,509	2,960	7,914	7,754	160	2%	15,509	
Other revenue		-	8,084	8,084	178	594	119,260	(118,666)	-100%	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	5,500	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)	(26,721)	(62,578)	(37,218)	25,360	-68%	(74,437)	
Finance charges								-			
Transfers and Grants								-			
NET CASH FROM/(USED) OPERATING ACTIVITIES			-	45,165	45,165	(1,896)	1,063	137,801	136,738	99%	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)	(4,315)	(11,154)	(11,806)	(652)	6%	(23,612)	
NET CASH FROM/(USED) INVESTING ACTIVITIES			-	(23,611)	(23,612)	(4,315)	(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	(6,201)	(10,068)	126,160			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)	126,737				245,476

Table C7 provides details of the monthly cash in and outflow. For the quarter ending 31 December 2022 the net cash from operating activities is R 63.6 million whilst cash used for investing activities is R 11.2 million and the net cash from financing activities is R22 thousand. The cash and cash equivalent held at end of the second quarter amounted to R 16.9 million.

PART 2: SUPPORTING TABLES

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 which will be corrected during the Adjustment Budget.
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 Ikhutseng 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 needs to look at the revenue generated on their rental facilities to see if they generate cash as they are rented out.
Interest earned - outstanding debtors	25%	The actual revenue is more than the projected monthly revenue	the variance is immaterial and no remedial action is needed
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	-11%	the actual expenditure incurred is less than the projected monthly actual	the variance is immaterial and no remedial action is needed
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	No remedial action is needed.
Depreciation & asset impairment	-15%	depreciation is calculated bia 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, the journals have been passed for the correction of depreciation.
Bulk purchases - electricity	-57%	the actual expenditure is below the monthly actual projection.	The municipality is on a process of engaging with Eskom on a payment schedule
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, the municipality will have to readjust the budgeted amount downwards during the adjustment.
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	The municipality has implemented the cost containment policy and will revisit the budgeted amount during the adjustment budget.

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 variance is immaterial and no remedial action is needed
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 should come up with strategies to ensure all leased municipal assets are rented out as projected
Transfers and Subsidies - Operational	23%	The actual revenue is more than the projected monthly revenue	The municipality receives grants as per DoRA schedule
Transfers and Subsidies - Capital	2%	The actual revenue is more 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.

Table SC3: Debtors Analysis

Table provides a breakdown of the consumer and sundry debtors at the end of the second quarter. The outstanding debtors amounted to R 365.2 million as at 31 December 2022. Consumer debtor's amounts to R 246.5 million and sundry debtors amount to R 118.8 million as at end of the second quarter.

NC093 Magareng - Supporting Table SC3 Monthly Budget Statement - aged debtors - Q2 Second Quarter

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	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		

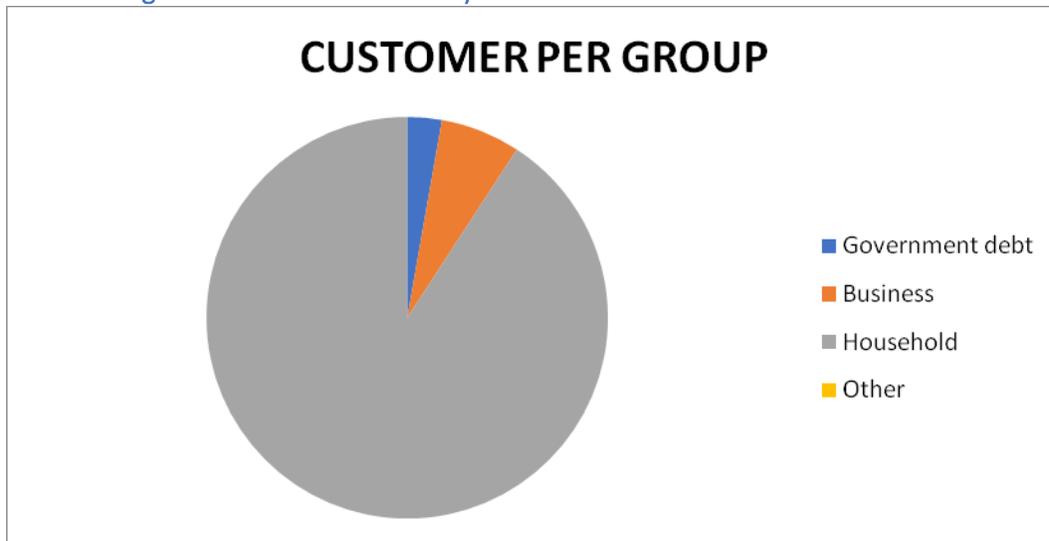
Supporting table SC3 provides a breakdown of the debtor's .The outstanding debtors as at end of December amount to R 365.2 million. The debtors' book is made up as follows: Indicated in the table above, is the total outstanding debt per Income Source. The highest percentage weighting of debt owed is attributable to:

- Rates 13.77%
- Electricity 9.53%
- Water 18.51%
- Waste water management 14.80%
- Waste management 10.85%
- Interest on Debtors 31.95%
- Other 0.57%

Weighting per Customer Group

- Government debt constitutes 2.77%, Businesses 6.42% and Households 90.81% of the total outstanding debt.

FIGURE 3: Aged Consumer Debtors analysis



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

The debtors' age analysis is graphically presented below.

FIGURE 4: Aged Consumer Debtors analysis

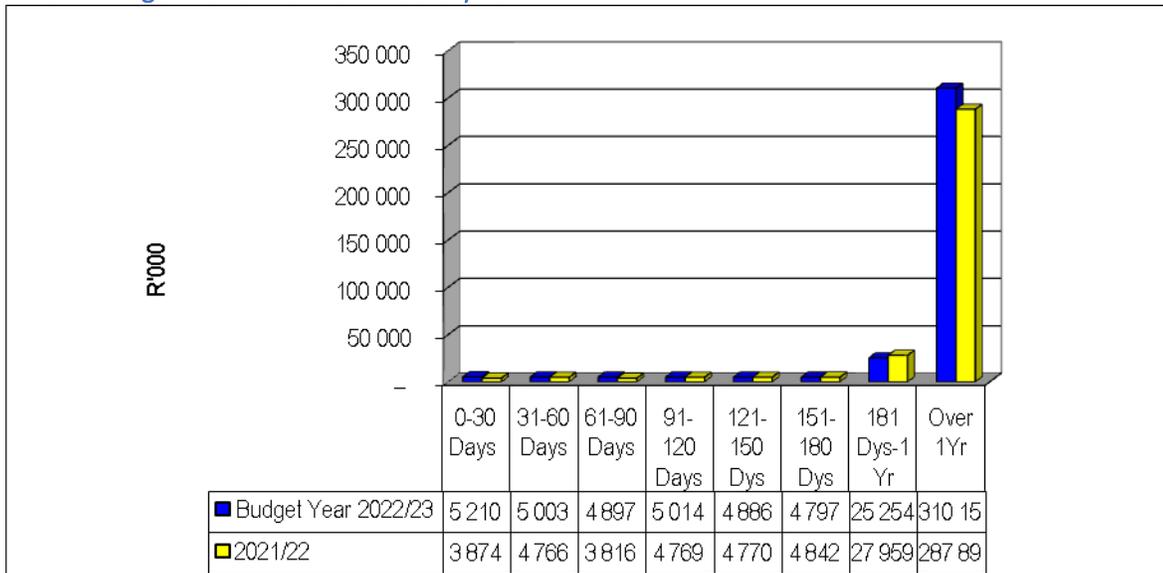


FIGURE 5: Consumer Debtors (Total by Debtor Consumer Category)

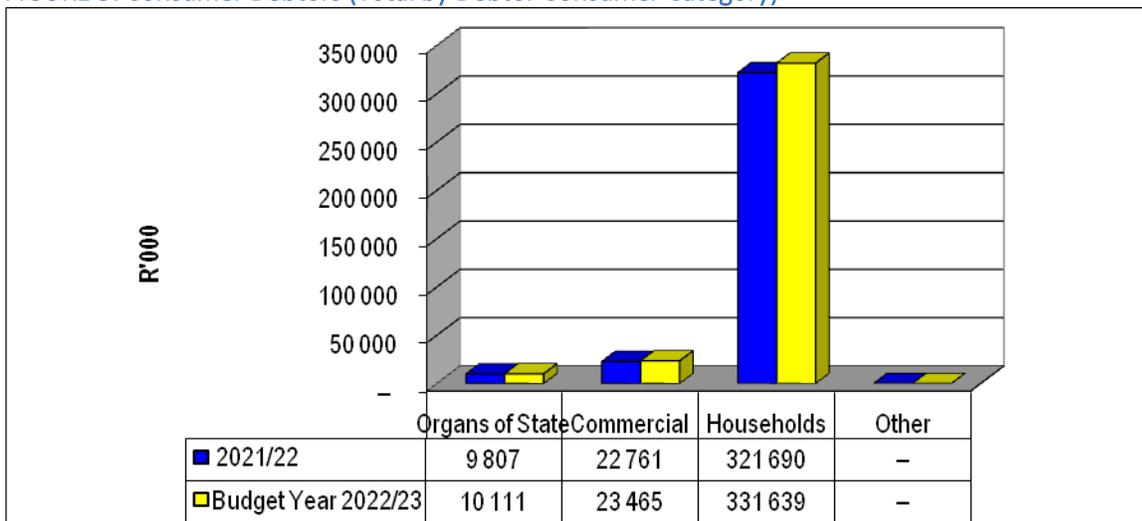
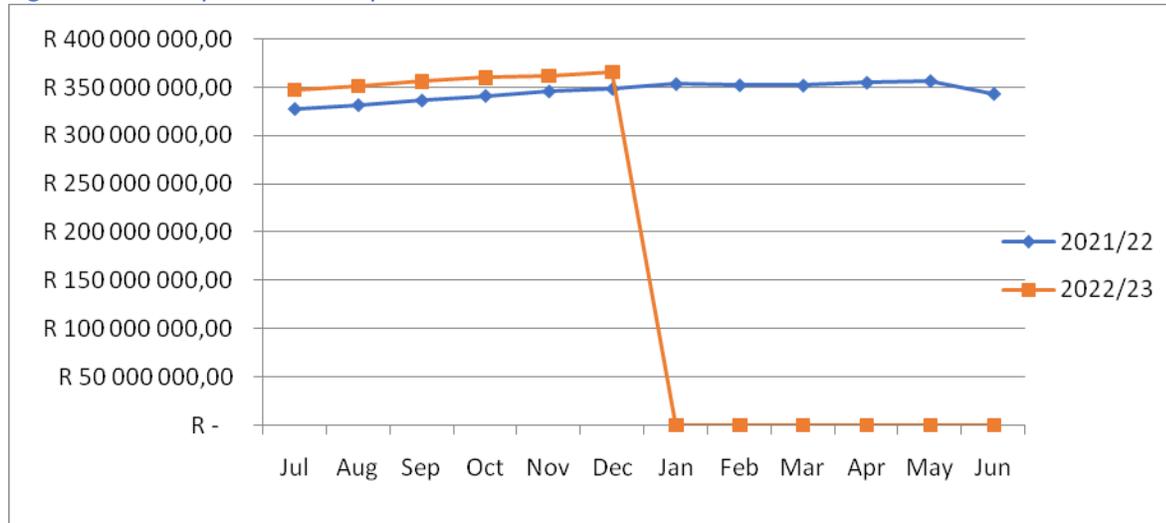


Figure 6: Monthly Debtors Comparison



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 debtor's 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.

Table SC4: Creditors Analysis

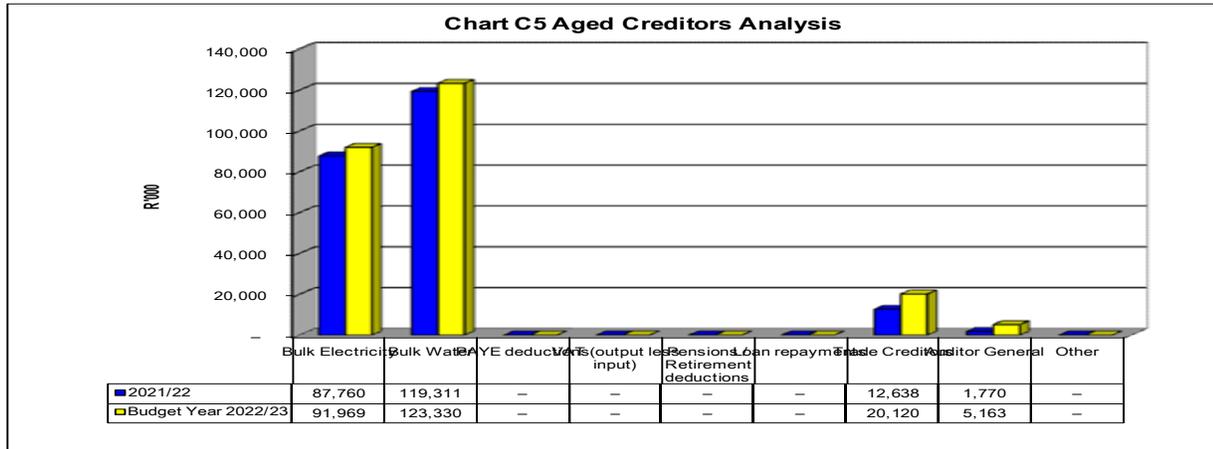
NC093 Magareng - Supporting Table SC4 Monthly Budget Statement - aged creditors - Q2 Second Quarter

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	87,760	
Bulk Water	0200	1,068	1,117	1,150	487	1,818	12,406	14,167	91,116	123,330	119,311	
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	12,638	
Auditor General	0800	1,004	682	685	1,351	581	412	208	239	5,163	1,770	
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	221,479	

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 R 240.6 million. This amount is made up of various creditors which include amongst others the Eskom of R 91.9 million, and Vaalharts water of R 123.3 million. The municipality cannot pay its creditors within 30 days due to low revenue collection and when compared to the prior financial year of 2021/2022 the creditors have increased by an amount of R 19.1 million.

The municipality is currently in a process of engaging Eskom and Vaalharts water to come up with an affordable payment schedule.

FIGURE 7: Aged Creditors Analysis



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

Table SC5: Investment Portfolio Analysis

NC093 Magareng - Supporting Table SC5 Monthly Budget Statement - investment portfolio - Q2 Second Quarter

Investments by maturity Name of institution & investment ID	Ref	Period of Investment Yrs/Months	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
R thousands														
Municipality														
MAGARENG LOCAL MUNICIPALITY														-
Municipality sub-total										-				-
Entities														
ABSA (9351945669)		3 MONTHS	7 DAYS	YES	Variable				12/15/2022	153	4			157
ABSA (9355871747)		3 MONTHS	7 DAYS	YES	Variable				12/20/2022	18	0			19
ABSA (9365869912)		3 MONTHS	7 DAYS	YES	Variable									-
Entities sub-total										171				176
TOTAL INVESTMENTS AND INTEREST	2									171				176

Supporting Table SC5 displays the council's investments portfolio indicates that the municipality had an opening balance of R 171 thousand ,earned interest of R 4 thousand and there were no withdrawals by the end of the second quarter the municipality had a closing amount of R176 thousand.

Table SC6- Allocation and grant receipts

NC093 Magareng - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - Q2 Second Quarter

Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Q2	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
Specify (Add grant description)		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	5,500	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	4,000	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	1,500	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	5,500	12,000	11,806	194	1.6%	23,612
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	97,411	88,576	88,576	19,696	52,631	44,288	8,343	18.8%	88,576

Supporting tables SC6 provides details of grants received. For the second quarter the municipality received an amount of R19.7 million and the year to date actual receipts amounts to R 52.6 million of which the major portion is attributed to equitable share. In the reporting period, all gazetted grants were received according to National Treasury’s grants payment schedule.

FIGURE 8: Grants Allocation

DESCRIPTION	JULY	AUGUST	SEPTEMBER	Q1 TOTAL	OCTOBER	NOVEMBER	DECEMBER	Q2 TOTAL	YEAR TO DATE
Equitable Share	R 22,616,000.00			R 22,616,000.00			R 13,713,000.00	R 13,713,000.00	R 36,329,000.00
Expanded Public Works Programme Integrated Grant		R 269,000.00		R 269,000.00			R 483,000.00	R 483,000.00	R 752,000.00
Local Government Financial Management Grant		R 3,000,000.00		R 3,000,000.00				R -	R 3,000,000.00
National Library South Africa			R 550,000.00	R 550,000.00				R -	R 550,000.00
Municipal Infrastructure Grant	R 4,000,000.00			R 4,000,000.00		R 4,000,000.00		R 4,000,000.00	R 8,000,000.00
Water Services Infrastructure Grant	R 2,500,000.00			R 2,500,000.00	R 1,500,000.00			R 1,500,000.00	R 4,000,000.00
TOTAL	R 29,116,000.00	R 3,269,000.00	R 550,000.00	R 32,935,000.00	R 1,500,000.00	R 4,000,000.00	R 14,196,000.00	R 19,696,000.00	R 52,631,000.00

The above table indicates the grants that are being received for the first, second quarter and the total figure received for the financial year 2022/2023.

Table SC7: Transfers and Grant Expenditure

NC093 Magareng - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - Q2 Second Quarter

Description	Ref	Budget Year 2022/23								
		2021/22 Audited Outcome	Original Budget	Adjusted Budget	Q2	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
EXPENDITURE										
Operating expenditure of Transfers and Grants										
National Government:		90,704	31,051	62,064	14,501	37,563	31,032	6,531	21.0%	30,976
Equitable Share		84,427	26,991	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	304	628	537	92	17.1%	1,073
Local Government Financial Management Grant		3,763	2,987	3,000	485	606	1,500	(894)	-59.6%	2,987
Municipal Disaster Relief Grant		1,412	-	-	-	-	-	-	-	-
Provincial Government:		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
Specify (Add grant description)		4,078	1,800	1,800	361	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	32,151	63,164	14,501	37,563	31,582	5,981	18.9%	32,076
Capital expenditure of Transfers and Grants										
National Government:		14,358	23,612	23,612	4,315	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	5,569	10,727	9,306	1,421	15.3%	18,612
Water Services Infrastructure Grant		6,423	5,000	5,000	(1,254)	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	4,315	11,154	11,806	(652)	-5.5%	23,612
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		114,743	55,763	86,776	18,817	48,717	43,388	5,329	12.3%	55,688

For the second quarter the municipality has accumulated an expenditure of R18.8 million. A total amount of R 48.7 million has been spent on grants during the first six months and the year to date budget there of amount to R 43.4 million and this resulted in an over spending variance of R 5.3 million that translates to 12.3%. The total spending amounting to R 48.7 million, R37.6 million is spent on operational grants whilst R 11.2 million is spent on capital grant.

The above graph depicts the gazetted and/or budgeted amounts for all the grants and the expenditure thereof as at end of first six months. The grants expenditure is shown below in percentages of the variances:

- Financial Management Grant– 59.6%
- Expanded Public Work Programme -17.1%
- Equitable Share -25.3%
- Library Grant: -100%
- Municipal Infrastructure Grant -15.3%
- Water Service Infrastructure Grant- 82.9%
- Francis Baard District Municipality Grant -59.9%

From the above variances it can be depicted that the majority spending on grants is slow and this needs to be corrected in the remaining six months of the current financial year.

Table SC8: Councilor Allowances and Employee Benefits

NC093 Magareng - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - Q2 Second Quarter

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)	1									
Basic Salaries and Wages		3,004	3,654	3,634	811	1,629	1,819	(190)	-10%	3,634
Pension and UIF Contributions		278	44	44	94	188	22	166	755%	44
Medical Aid Contributions		124	84	84	29	55	42	14	32%	84
Motor Vehicle Allowance		447	368	368	113	219	184	35	19%	
Cellphone Allowance		410	526	526	120	241	263	(22)	-8%	526
Housing Allowances								-		
Other benefits and allowances								-		368
Sub Total - Councillors		4,263	4,675	4,655	1,168	2,332	2,330	2	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	316	624	1,106	(482)	-44%	2,212
Pension and UIF Contributions		202	202	202	26	73	101	(28)	-28%	202
Medical Aid Contributions		87	85	85	23	45	43	2	5%	85
Overtime								-		
Performance Bonus		85	184	184	89	89	92	(3)	-3%	184
Motor Vehicle Allowance		828	1,084	1,084	110	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	563	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	7,792	15,901	16,576	(675)	-4%	33,053
Pension and UIF Contributions		5,631	5,708	5,708	1,270	2,564	2,854	(290)	-10%	5,708
Medical Aid Contributions		2,194	2,874	2,874	431	877	1,437	(560)	-39%	2,874
Overtime		2,585	3,773	3,773	176	791	1,886	(1,096)	-58%	3,773
Performance Bonus		2,769	2,688	2,688	-	-	1,344	(1,344)	-100%	2,688
Motor Vehicle Allowance		65	88	88	16	37	44	(7)	-16%	88
Cellphone Allowance		130	72	72	12	24	36	(12)	-33%	72
Housing Allowances		389	257	257	16	33	129	(95)	-74%	257
Other benefits and allowances		732	7	7	2,138	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	11,850	22,507	24,310	(1,803)	-7%	48,520
% increase	4		4.6%	3.5%						3.5%
Total Parent Municipality		54,073	57,753	57,233	13,581	25,869	28,669	(2,800)	-10%	57,233

Table SC8 provides details for Remuneration of Councilors and Employee related cost .The total salaries, allowances and benefits paid for the second quarter amounts to R13.6 million with the year to date amounting to R25.9 million and the year to date budget is R 28.7 million, which results in a negative variance of 10% when we compare our year to date actual with the year to date budget.

Table SC9: Actual and Revised Targets for Cash Receipts

NC093 Magareng - Supporting Table SC9 Monthly Budget Statement - actuals and revised targets for cash receipts - Q2 Second Quarter

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
R thousands	1	Outcome	Outcome	Outcome	Outcome	Outcome	Outcome	Budget	Budget	Budget	Budget	Budget	Budget			
Cash Receipts By Source																
Property rates		396	341	325	954	559	478	369	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		138	138	138	59	59	59	19,875	19,875	19,875	19,875	19,875	138,535	238,506	226,899	738,251
Cash Receipts by Source		25,376	5,733	1,207	1,802	1,695	15,829	27,202	27,202	27,202	27,202	27,202	138,774	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		31,876	5,733	1,207	3,302	5,695	15,829	29,170	29,170	29,170	29,170	29,170	140,216	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	6,203	6,203	6,203	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	8,171	8,171	8,171	8,171	(16,536)	98,049	102,594	107,091
NET INCREASE/(DECREASE) IN CASH HELD		(1,462)	1,136	(3,553)	(2,292)	(3,777)	(143)	20,999	20,999	20,999	20,999	20,999	156,753	251,658	247,649	764,032
Cash/cash equivalents at the month/year beginning:		242	(1,221)	(84)	(3,638)	(5,929)	(9,706)	(9,849)	11,150	32,149	53,148	74,147	95,147	242	251,899	498,548
Cash/cash equivalents at the month/year end:		(1,221)	(84)	(3,638)	(5,929)	(9,706)	(9,849)	11,150	32,149	53,148	74,147	95,147	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 R 15.8 million and the total cash payment for the month were R 15.9 million and this resulted in net decrease in cash held amounting to -R 143 thousand. With cash and cash equivalent of -R 9.7 million at the beginning of the reporting period, the municipality closed off the month with cash and cash equivalent amounting of -R 9.8 million.

Table SC12: Capital Expenditure Trend

NC093 Magareng - Supporting Table SC12 Monthly Budget Statement - capital expenditure trend - Q2 Second Quarter

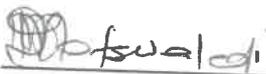
Month	2021/22	Budget Year 2022/23							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	% spend of Original Budget
R thousands									
Monthly expenditure performance trend									
July	2 053	1 968	1 968	5 035	5 035	1 968	(3 068)	-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 and this table serves as a supporting table for table C5. In terms of this table the capital expenditure for second quarter amounts to R4.3 million and the actual expenditure for the first six months amount to R11.2 million.

Quality Certificate for Quarterly Report – Section 52

M.M. MOTSWALEDI The Chief Financial Officer Of Magareng Local Municipality (NC093), hereby certify that the Quarterly Report for Second Quarter (October – December) 2022/2023 has been prepared based on the implementation of the budget and financial state affairs of the municipality.

Mrs. M Motswaledi
Chief Financial Officer

Signature:  Date: 14 JAN 2023

T THAGE The Acting Municipal Manager Of Magareng Local Municipality (NC093), hereby certify that the Quarterly Report for Second Quarter (October – December) 2022/2023 has been prepared based on the implementation of the budget and financial state affairs of the municipality.

Mr. T. Thage
Acting Municipal Manager

Signature:  Date: 14 JAN 2023