

MAGARENG LOCAL MUNICIPALITY

MAGARENG



MUNICIPALITY

QUARTELY BUDGET STATEMENT REPORT: QUARTER TWO SECTION 52

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

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		QUARTERLY		YTD BUDGET	YTD variance
	ORIGINAL BUDGET	ADJUSTED BUDGET	ACTUAL	YTD ACTUAL		
OPERATING REVENUE	130 915 663,00	135 071 635,00	37 853 944,68	109 633 867,66	101 303 726,25	8 330 141,68
OPERATING EXPENDITURE	182 313 394,00	166 275 651,00	33 228 342,38	101 833 079,36	124 706 738,25	- 22 873 658,89
Surplus/(Deficit)	- 51 397 731,00	- 31 204 016,00	4 625 602,30	7 800 788,57	- 23 403 012,00	31 203 800,57
TRANSFERS CAPITAL	23 612 000,00	43 388 110,00	15 612 000,00	27 612 000,00	32 316 082,50	- 4 704 082,50
Surplus/(Deficit) after capital transfers & contributions	- 27 785 731,00	12 184 094,00	20 237 602,30	35 412 788,57	8 913 070,50	26 499 718,07
CAPITAL EXPENDITURE	23 612 000,00	43 388 110,00	9 917 690,35	21 071 342,90	32 316 085,50	- 11 244 742,60

1.4 IN YEAR BUDGET STATEMENT TABLES

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

Description	2021/22	Budget Year 2022/23							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	11 674	12 319	12 319	3 062	9 210	9 239	(29)	-0%	12 319
Service charges	36 845	43 325	43 364	11 117	27 194	32 523	(5 329)	-16%	43 364
Investment revenue	6 296	3 122	-	-	-	-	-	-	-
Transfers and subsidies	62 864	64 964	65 964	19 245	59 876	49 473	10 403	21%	65 964
Other own revenue	7 647	7 186	13 425	4 430	13 353	10 069	3 285	33%	13 425
Total Revenue (excluding capital transfers and contributions)	125 327	130 916	135 072	37 854	109 634	101 304	8 330	8%	135 072
Employee costs	49 810	53 078	44 475	10 454	33 991	33 356	635	2%	44 475
Remuneration of Councillors	4 263	4 675	5 466	1 170	3 502	4 100	(598)	-15%	5 466
Depreciation & asset impairment	26 674	30 431	25 974	6 489	19 484	19 480	4	0%	25 974
Finance charges	5 447	-	-	-	-	-	-	-	-
Inventory consumed and bulk purchases	45 197	38 600	39 307	2 980	10 696	29 480	(18 784)	-64%	39 307
Transfers and subsidies	-	20	-	-	-	-	-	-	-
Other expenditure	49 919	55 509	51 053	12 134	34 159	38 290	(4 131)	-11%	51 053
Total Expenditure	181 310	182 313	166 276	33 228	101 833	124 707	(22 874)	-18%	166 276
Surplus/(Deficit)	(55 983)	(51 398)	(31 204)	4 626	7 801	(23 403)	31 204	-133%	(31 204)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	25 034	23 612	41 888	15 612	27 612	31 416	(3 804)	-12%	41 888
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatbns, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	3 696	-	1 500	-	-	900	(900)	-100%	1 500
Surplus/(Deficit) after capital transfers & contributions	(27 253)	(27 786)	12 184	20 238	35 413	8 913	26 500	297%	12 184
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	(27 253)	(27 786)	12 184	20 238	35 413	8 913	26 500	297%	12 184
Capital expenditure & funds sources									
Capital expenditure	25 900	23 612	43 388	9 918	21 071	32 316	(11 245)	-35%	43 388
Capital transfers recognised	23 778	23 612	43 388	9 918	21 071	32 316	(11 245)	-35%	43 388
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	2 122	-	-	-	-	-	-	-	-
Total sources of capital funds	25 900	23 612	43 388	9 918	21 071	32 316	(11 245)	-35%	43 388
Financial position									
Total current assets	(29 894)	(111 496)	(55 158)	-	84 174	-	-	-	(55 158)
Total non current assets	376 452	324 339	344 115	-	312 446	-	-	-	344 115
Total current liabilities	429 314	238 246	274 391	-	246 270	-	-	-	274 391
Total non current liabilities	12 754	3 105	3 105	-	12 754	-	-	-	3 105
Community wealth/Equity	138 886	(27 786)	12 184	-	115 975	-	-	-	12 184
Cash flows									
Net cash from (used) operating	-	275 601	259 517	23 562	54 987	194 413	139 426	72%	345 912
Net cash from (used) investing	-	(23 611)	(43 388)	(9 918)	(21 071)	(32 316)	(11 245)	35%	(43 387)
Net cash from (used) financing	-	331	-	(10)	10	248	238	96%	331
Cash/cash equivalents at the month/year end	6 674	252 898	216 706	-	34 166	162 921	128 755	79%	303 096
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	5 462	5 322	5 383	4 963	5 156	5 226	28 506	291 786	351 804
Creditors Age Analysis									
Total Creditors	3 998	5 783	6 581	9 203	13 082	60 679	55 777	99 456	254 560

REFER TO TABLE SC1 FOR MATERIAL VARIANCE EXPLANATIONS

Revenue

For the Third quarter January to March 2023, the municipality billed R37.8 million with the year to date actual amounting to R 109.6 million and the year to date budget of R 101.3 million which shows a positive 8% year to date variance when comparing year to date actual with the year to date budget. Total revenue received, the major portion of R16.2 million is from equitable share. Other receipts are from property rates, service charges and other grants.

Operating Expenditure

The operating expenditure for the Third quarter amounts to R 33.2 million with the year to date actual amounting to R 101.8 million whilst the year to date budget is R 124.7 million, This results in a negative 18% 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 third quarter amounts to R 9.9 million and the year to date actual amounts to R 21.1 million and this deviates with negative variance of 18% when compared to year to date target of R32,3 million.

Surplus/Deficit after capital transfers and contributions

Taking the above into consideration, the net operating surplus for the third quarter ending 31 March 2023 amounts to R 35.4 million.

Debtors

Outstanding debtors' is comprised of consumer and sundry debtors. The total outstanding debtors as at end of March amounts to R 351.8 million and this shows an increase of R9.1 million as compared to R 342, 9 million as at end of 2021/22 financial year. Current cash flow and very low cashier collection at points, disconnection and blocking of institutions, businesses and Government Departments without valid arrangements with the municipality, should be done with immediate effect.

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

Consumer debtors is made up of service charges and property rates that amount to R236.5 million and other debtors amounting to R115.3 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 they became due. This resulted in the municipality incurring penalties and/or fruitless and wasteful expenditure due to late payment.

As at 31 March 2023 the municipality had an outstanding creditors amounting to

R 254.6 million and the bulk of this amount is made up by Bulk water: R 125.7 million and bulk electricity: R 97.6 million. The municipality is at a negotiation stage for affordable payment arrangement with Vaalharts water and has entered a payment arrangement with Eskom.

Table C2 – Quarterly Financial Performance (Standard Classification)

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

Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Revenue - Functional										
<i>Governance and administration</i>		80 717	80 404	83 514	23 106	76 515	62 636	13 880	22%	83 514
Executive and council		54 507	59 064	59 064	16 559	53 640	44 298	9 342	21%	59 064
Finance and administration		26 210	21 340	24 450	6 547	22 875	18 338	4 538	25%	24 450
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		1 533	1 329	1 337	631	1 271	1 002	269	27%	1 337
Community and social services		1 216	1 189	1 189	571	1 166	892	274	31%	1 189
Sport and recreation		58	-	-	-	-	-	-	-	-
Public safety		258	140	147	61	105	111	(5)	-5%	147
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		(3 731)	450	700	91	91	525	(434)	-83%	700
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		(3 731)	450	700	91	91	525	(434)	-83%	700
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		75 538	72 344	92 909	29 638	59 368	69 457	(10 089)	-15%	92 909
Energy sources		15 546	21 361	21 611	5 662	10 659	16 208	(5 549)	-34%	21 611
Water management		44 059	33 037	53 102	19 606	35 600	39 601	(4 001)	-10%	53 102
Waste water management		8 985	9 101	9 351	2 092	6 317	7 014	(697)	-10%	9 351
Waste management		6 948	8 845	8 845	2 278	6 792	6 634	159	2%	8 845
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	154 057	154 528	178 460	53 466	137 246	133 620	3 626	3%	178 460
Expenditure - Functional										
<i>Governance and administration</i>		100 622	48 038	40 290	4 312	30 264	30 218	46	0%	40 290
Executive and council		14 323	13 024	12 061	1 165	9 785	9 046	740	8%	12 061
Finance and administration		86 298	35 015	28 229	3 148	20 479	21 172	(693)	-3%	28 229
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		12 770	12 438	11 571	882	8 305	8 678	(374)	-4%	11 571
Community and social services		2 526	2 850	2 619	193	1 743	1 965	(222)	-11%	2 619
Sport and recreation		3 390	4 212	3 734	281	2 647	2 800	(153)	-5%	3 734
Public safety		4 001	4 230	4 116	324	3 067	3 087	(20)	-1%	4 116
Housing		2 854	1 146	1 102	84	848	827	21	3%	1 102
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		6 198	7 222	6 552	626	3 747	4 914	(1 167)	-24%	6 552
Planning and development		3 787	5 832	4 443	271	2 395	3 332	(937)	-28%	4 443
Road transport		2 411	1 390	2 109	355	1 352	1 582	(230)	-15%	2 109
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		61 720	114 616	107 863	6 515	59 518	80 897	(21 379)	-26%	107 863
Energy sources		26 683	44 824	44 315	1 833	18 240	33 236	(14 996)	-45%	44 315
Water management		24 405	28 868	27 257	1 672	15 582	20 443	(4 862)	-24%	27 257
Waste water management		9 482	21 149	19 790	1 682	13 685	14 843	(1 158)	-8%	19 790
Waste management		1 150	19 774	16 500	1 328	12 011	12 375	(364)	-3%	16 500
<i>Other</i>		-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	181 310	182 313	166 276	12 335	101 833	124 707	(22 874)	-18%	166 276
Surplus/ (Deficit) for the year		(27 253)	(27 786)	12 184	41 131	35 413	8 913	26 500	297%	12 184

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

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

Vote Description	Ref	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										
Vote 01 - Executive & Council	1	54 507	59 064	59 064	16 559	53 640	44 298	9 342	21,1%	59 064
Vote 02 - Office OfThe Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 03 - Corporate Services		-	-	-	-	-	-	-	-	-
Vote 04 - Financial Services		26 210	21 340	24 450	6 547	22 875	18 338	4 538	24,7%	24 450
Vote 05 - Municipal Infrastructure		71 807	72 794	93 609	29 729	59 459	69 982	(10 523)	-15,0%	93 609
Vote 06 - Community Services		-	-	-	-	-	-	-	-	-
Vote 07 - Public Safety & Transport		1 533	1 329	1 337	631	1 271	1 002	269	26,8%	1 337
Vote 08 - Sports, Arts, Parks, Culture		-	-	-	-	-	-	-	-	-
Vote 09 - Planning & Development		-	-	-	-	-	-	-	-	-
Vote 10 - Hunan Settlements		-	-	-	-	-	-	-	-	-
Vote 11 - Idp, Pms Department		-	-	-	-	-	-	-	-	-
Vote 12 - Spatial Development, Planning & Traditional Affairs		-	-	-	-	-	-	-	-	-
Vote 13 - Electricity Department		-	-	-	-	-	-	-	-	-
Vote 14 - Maluti Water		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	154 057	154 528	178 460	53 466	137 246	133 620	3 626	2,7%	178 460
Expenditure by Vote										
Vote 01 - Executive & Council	1	11 458	10 987	11 071	889	6 670	8 303	(1 633)	-19,7%	11 071
Vote 02 - Office OfThe Municipal Manager		1 839	2 037	990	52	491	743	(252)	-33,9%	990
Vote 03 - Corporate Services		12 037	14 279	9 155	1 177	9 884	6 867	3 018	44,0%	9 155
Vote 04 - Financial Services		74 326	20 736	19 074	1 976	10 651	14 305	(3 655)	-25,5%	19 074
Vote 05 - Municipal Infrastructure		66 622	119 589	112 027	7 158	64 115	84 020	(19 906)	-23,7%	112 027
Vote 06 - Community Services		-	-	-	-	-	-	-	-	-
Vote 07 - Public Safety & Transport		9 717	11 292	10 469	784	7 329	7 852	(522)	-6,7%	10 469
Vote 08 - Sports, Arts, Parks, Culture		-	-	-	-	-	-	-	-	-
Vote 09 - Planning & Development		5 312	3 394	3 490	298	2 693	2 617	75	2,9%	3 490
Vote 10 - Hunan Settlements		-	-	-	-	-	-	-	-	-
Vote 11 - Idp, Pms Department		-	-	-	-	-	-	-	-	-
Vote 12 - Spatial Development, Planning & Traditional Affairs		-	-	-	-	-	-	-	-	-
Vote 13 - Electricity Department		-	-	-	-	-	-	-	-	-
Vote 14 - Maluti Water		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	181 310	182 313	166 276	12 335	101 833	124 707	(22 874)	-18,3%	166 276
Surplus/ (Deficit) for the year	2	(27 253)	(27 786)	12 184	41 131	35 413	8 913	26 500	297,3%	12 184

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) - Q3 Third Quarter

Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Quarterly ACTUAL	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue By Source										
Property rates		11 674	12 319	12 319	3 062	9 210	9 239	(29)	0%	12 319
Service charges - electricity revenue		15 185	20 897	20 897	5 662	10 659	15 673	(5 014)		20 897
Service charges - water revenue		8 426	8 975	9 014	1 949	5 943	6 760	(817)	-12%	9 014
Service charges - sanitation revenue		7 569	7 016	7 016	2 007	6 055	5 262	793	15%	7 016
Service charges - refuse revenue		5 666	6 437	6 437	1 499	4 537	4 828	(291)	-6%	6 437
Rental of facilities and equipment		4	3	3	-	-	2	(2)	-100%	3
Interest earned - external investments		6 296	3 122	-	-	-	-	-	-	-
Interest earned - outstanding debtors		2 749	5 223	11 418	4 255	12 841	8 563	4 277	50%	11 418
Dividends received		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		127	46	53	36	62	40	22	56%	53
Licences and permits		(2 194)	-	-	-	-	-	-	-	-
Agency services		76	-	-	-	-	-	-	-	-
Transfers and subsidies		62 864	64 964	65 964	19 245	59 876	49 473	10 403	21%	65 964
Other revenue		6 689	1 914	1 951	140	451	1 463	(1 013)	-69%	1 951
Gains		196	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		125 327	130 916	135 072	37 854	109 634	101 304	8 330	8%	135 072
Expenditure By Type										
Employee related costs		49 810	53 078	44 475	10 454	33 991	33 356	635	2%	44 475
Remuneration of councillors		4 263	4 675	5 466	1 170	3 502	4 100	(598)	-15%	5 466
Debt impairment		35 391	37 815	35 391	8 848	26 543	26 543	(0)	0%	35 391
Depreciation & asset impairment		26 674	30 431	25 974	6 489	19 484	19 480	4	0%	25 974
Finance charges		5 447	-	-	-	-	-	-	-	-
Bulk purchases - electricity		22 499	24 750	24 750	1 253	6 529	18 563	(12 033)	-65%	24 750
Inventory consumed		22 697	13 850	14 557	1 727	4 167	10 918	(6 751)	-62%	14 557
Contracted services		5 752	6 720	6 206	1 346	2 692	4 654	(1 962)	-42%	6 206
Transfers and subsidies		-	20	-	-	-	-	-	-	-
Other expenditure		8 776	10 974	9 457	1 940	4 924	7 092	(2 168)	-31%	9 457
Losses		-	-	-	-	-	-	-	-	-
Total Expenditure		181 310	182 313	166 276	33 228	101 833	124 707	(22 874)	-18%	166 276
Surplus/(Deficit)										
		(55 983)	(51 398)	(31 204)	4 626	7 801	(23 403)	31 204	(0)	(31 204)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		25 034	23 612	41 888	15 612	27 612	31 416	(3 804)	(0)	41 888
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	-	1 500	-	-	900	(900)	(0)	1 500
Surplus/(Deficit) after capital transfers & contributions		(27 253)	(27 786)	12 184	20 238	35 413	8 913			12 184
Taxation		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		(27 253)	(27 786)	12 184	20 238	35 413	8 913			12 184
Attributable to minorities		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		(27 253)	(27 786)	12 184	20 238	35 413	8 913			12 184
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year		(27 253)	(27 786)	12 184	20 238	35 413	8 913			12 184

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) - Q3 Third Quarter

Vote Description	Ref	Budget Year 2022/23								
		2021/22 Audited Outcome	Original Budget	Adjusted Budget	Quarterly 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 OfThe Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 03 - Corporate Services		261	-	-	-	-	-	-	-	-
Vote 04 - Financial Services		-	-	-	-	-	-	-	-	-
Vote 05 - Municipal Infrastructure		25 639	23 612	43 388	9 918	21 071	32 316	(11 245)	-35%	43 388
Vote 06 - Community Services		-	-	-	-	-	-	-	-	-
Vote 07 - Public Safety & Transport		-	-	-	-	-	-	-	-	-
Vote 08 - Sports, Arts, Parks, Culture		-	-	-	-	-	-	-	-	-
Vote 09 - Planning & Development		-	-	-	-	-	-	-	-	-
Vote 10 - Human Settlements		-	-	-	-	-	-	-	-	-
Vote 11 - Idp, Pms Department		-	-	-	-	-	-	-	-	-
Vote 12 - Spatial Development, Planning & Traditional Affairs		-	-	-	-	-	-	-	-	-
Vote 13 - Electricity Department		-	-	-	-	-	-	-	-	-
Vote 14 - Maluti Water		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
Total Capital single-year expenditure	4	25 900	23 612	43 388	9 918	21 071	32 316	(11 245)	-35%	43 388
Total Capital Expenditure		25 900	23 612	43 388	9 918	21 071	32 316	(11 245)	-35%	43 388
Capital Expenditure - Functional Classification										
Governance and administration		261	-	-	-	-	-	-	-	-
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		261	-	-	-	-	-	-	-	-
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		-	-	-	-	-	-	-	-	-
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		-	-	-	-	-	-	-	-	-
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		25 639	23 612	43 388	9 918	21 071	25 619	(4 548)	-18%	43 388
Energy sources		207	-	-	-	-	-	-	-	-
Water management		24 039	23 612	43 388	9 918	21 071	25 619	(4 548)	-18%	43 388
Waste water management		1 394	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	3	25 900	23 612	43 388	9 918	21 071	25 619	(4 548)	-18%	43 388
Funded by:										
National Government		16 039	23 612	23 612	9 918	21 071	17 709	3 362	19%	23 612
Provincial Government		-	-	-	-	-	-	-	-	-
District Municipality		1 180	-	1 500	-	-	900	(900)	-100%	1 500
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		6 559	-	18 276	-	-	13 707	(13 707)	-100%	18 276
Transfers recognised - capital		23 778	23 612	43 388	9 918	21 071	32 316	(11 245)	-35%	43 388
Borrowing	6	-	-	-	-	-	-	-	-	-
Internally generated funds		2 122	-	-	-	-	-	-	-	-
Total Capital Funding		25 900	23 612	43 388	9 918	21 071	32 316	(11 245)	-35%	43 388

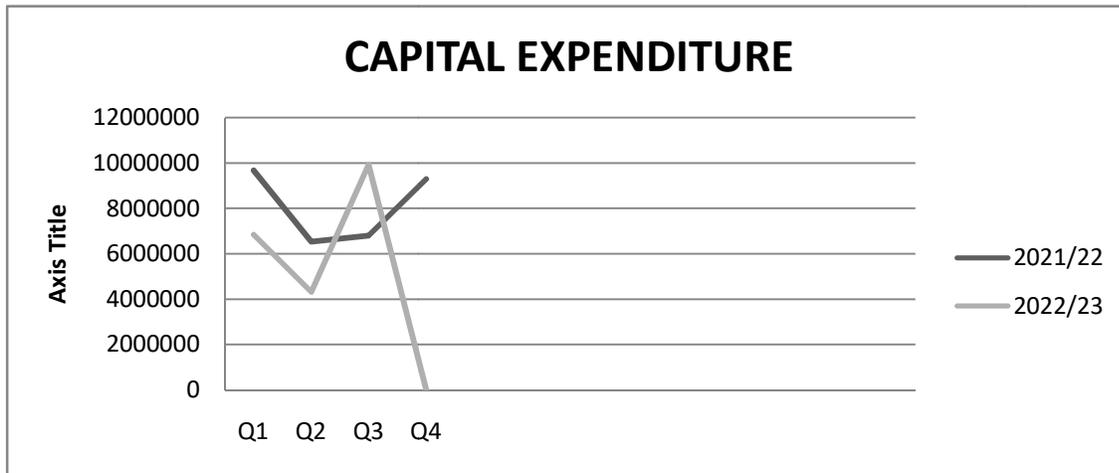
Table C5C: Monthly Capital Expenditure by Vote

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

Vote Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Quarterly ACTUAL	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 - Corporals Admin		261	-	-	-	-	-	-	-	-
03.3 - Human Resources		-	-	-	-	-	-	-	-	-
Vote 04 - Financial Services		-	-	-	-	-	-	-	-	-
04.1 - Finance Admin		-	-	-	-	-	-	-	-	-
Vote 05 - Municipal Infrastructure		25 639	23 612	43 388	9 918	21 071	32 316	(11 245)	-35%	43 388
05.1 - Technical Admin		-	-	-	-	-	-	-	-	-
05.2 - Roads And Stormwater		-	-	-	-	-	-	-	-	-
05.3 - Solid Waste Management		-	-	-	-	-	-	-	-	-
05.4 - Sanitation		1 394	-	-	-	-	-	-	-	-
05.5 - Water		24 039	23 612	43 388	9 918	21 071	32 316	(11 245)	-35%	43 388
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 Af		-	-	-	-	-	-	-	-	-
Vote 13 - Electricity Department		-	-	-	-	-	-	-	-	-
Vote 14 - Maluti Water		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
Total single-year capital expenditure		25 900	23 612	43 388	9 918	21 071	32 316	(11 245)	(0)	43 388
Total Capital Expenditure		25 900	23 612	43 388	9 918	21 071	32 316	(11 245)	(0)	43 388

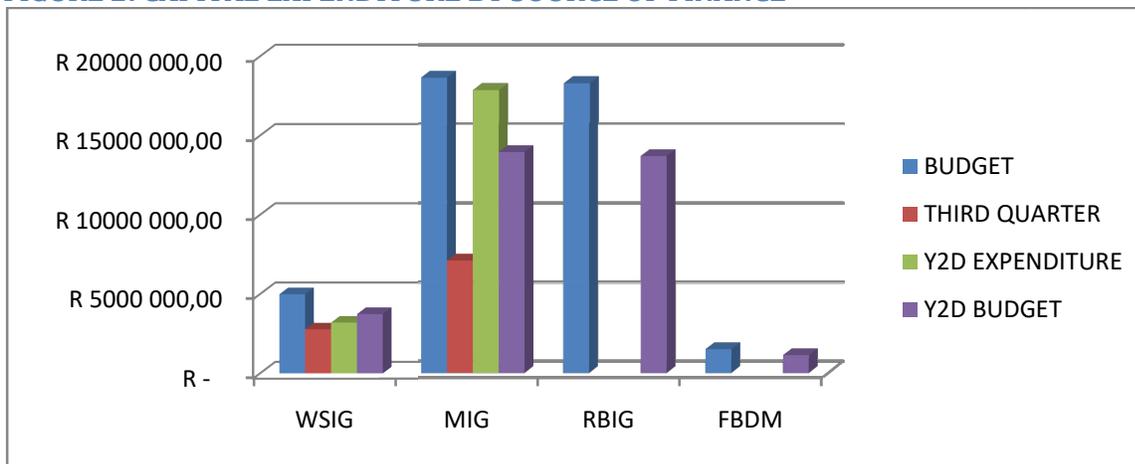
Table C5 Capex and C5C present capital expenditure performance for all votes, standard classification and the funding thereof and measures the year-to-date performance targets against the actual capital expenditure figures. R 21.1 million spending was incurred on capital budget, year to date budget is R 32,3 million, and this gave an under-performance variance of R 11,2 million that translates a negative variance of 35%.

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, the total capital budget amounted to R23.6 million of which R 18.6 million is for Municipal Infrastructure Grant and R5 million is for Water Services Infrastructure Grant, there is an additional R4 million for WSIG which will be added to the budget through a special council meeting which will be scheduled before end of fourth quarter.

After the adjustment budget the total capital Budget amounts to R43.4 million considering an additional R19.7 million, which is made off R18.2 million is funded by Regional Bulk Infrastructure Grant and R1.5 million is funded by Frances Baard District and the spending per source of finance is presented in the above graph. Table C6: Quarterly Budget Statement Financial Position

NC093 Magareng - Table C6 Monthly Budget Statement - Financial Position - Q3 Third 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		(100,054)	(253,960)	(197,623)	7,305	(197,623)
Call investment deposits		3,826	62,108	62,108	172	62,108
Consumer debtors		12,965	28,402	28,402	19,173	28,402
Other debtors		53,205	51,486	51,486	57,359	51,486
Current portion of long-term receivables						
Inventory		164	467	467	164	467
Total current assets		(29,894)	(111,496)	(55,158)	84,174	(55,158)
Non current assets						
Long-term receivables		0	1	1	0	1
Investments						
Investment property		23,831	23,831	23,831	23,831	23,831
Investments in Associate						
Property, plant and equipment		352,230	300,056	319,833	288,224	319,833
Biological						
Intangible		20	79	79	20	79
Other non-current assets		371	371	371	371	371
Total non current assets		376,452	324,339	344,115	312,446	344,115
TOTAL ASSETS		346,558	212,842	288,956	396,620	288,956
LIABILITIES						
Current liabilities						
Bank overdraft		-	-	-	-	-
Borrowing		191	-	-	165	-
Consumer deposits		1,303	1,254	1,254	1,313	1,254
Trade and other payables		420,078	230,550	266,694	237,051	266,694
Provisions		7,741	6,442	6,442	7,741	6,442
Total current liabilities		429,314	238,246	274,391	246,270	274,391
Non current liabilities						
Borrowing		-	-	-	-	-
Provisions		12,754	3,105	3,105	12,754	3,105
Total non current liabilities		12,754	3,105	3,105	12,754	3,105
TOTAL LIABILITIES		442,068	241,351	277,495	259,024	277,495
NET ASSETS	2	(95,510)	(28,509)	11,461	137,595	11,461
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		138,886	(27,786)	12,184	115,975	12,184
Reserves		-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	138,886	(27,786)	12,184	115,975	12,184

Taking the current liabilities and current assets together, the municipality has a 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 - Q3 Third Quarter

Description	Ref	2021/22		Budget Year 2022/23						
		Audited Outcome	Original Budget	Adjusted Budget	Quarterly 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	2 221	5 273	3 234	2 040	63%	4 312
Service charges		-	15 509	15 547	9 571	17 485	11 661	5 824	50%	15 547
Other revenue		-	238 520	235 217	1 911	545	176 413	(175 867)	-100%	235 217
Transfers and Subsidies - Operational		-	64 964	65 964	19 245	59 876	49 473	10 403	21%	65 964
Transfers and Subsidies - Capital		-	23 612	43 388	15 612	27 612	32 316	(4 704)	-15%	43 388
Interest		-	3 122	-	-	-	-	-		-
Dividends										
Payments										
Suppliers and employees		-	(74 437)	(104 911)	(17 891)	(80 469)	(78 683)	1 786	-2%	(104 911)
Finance charges										
Transfers and Grants										
NET CASH FROM/(USED) OPERATING ACTIVITIES		-	275 601	259 517	30 669	30 323	194 413	164 090	84%	259 517
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE										
Decrease (increase) in non-current receivables		-	1	-	-	-	-	-		1
Decrease (increase) in non-current investments										
Payments										
Capital assets		-	(23 612)	(43 388)	(9 918)	(21 071)	(32 316)	(11 245)	35%	(43 388)
NET CASH FROM/(USED) INVESTING ACTIVITIES		-	(23 611)	(43 388)	(9 918)	(21 071)	(32 316)	(11 245)	35%	(43 387)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans										
Borrowing long term/refinancing										
Increase (decrease) in consumer deposits		-	331	-	(13)	10	248	(238)	-96%	331
Payments										
Repayment of borrowing										
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	331	-	(13)	10	248	238	96%	331
NET INCREASE/ (DECREASE) IN CASH HELD		-	252 321	216 129	20 739	9 261	162 345			216 460
Cash/cash equivalents at beginning:		6 674	577	577	(11 786)	(1 211)	577			(1 211)
Cash/cash equivalents at month/year end:		6 674	252 898	216 706		8 050	162 921			215 249

Table C7 provides details of the monthly cash in and outflow. For the quarter ending 31 March 2023 the net cash from operating activities is R 30,3 million whilst cash used for investing activities is R21.1 million and the net cash from financing activities is -R13 thousand. The cash and cash equivalent held at end of the third quarter amounted to R 20,7 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	-32%	The actual revenue is less than the projected monthly revenue	The municipality needs to look at the revenue generated at the electricity services and reduce revenue as it was over budgeted.
Service charges - water revenue	-12%	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 municipality has to increase sanitation revenue budget as it was under budget
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 renovating and fixing rental facilities to be utilised and generate revenue.
Interest earned - outstanding debtors	50%	The actual revenue is more than the projected monthly revenue	The municipality needs to look at the revenue generated under interest earned from external investments and debtors as there is a mapping issue.
Fines, penalties and forfeits	56%	The actual revenue is more than the projected monthly revenue.	The municipality has to increase fines, penalties and forfeits revenue budget as it was under budgeted
Transfers and subsidies	21%	The monthly actual revenue is less than the actual budgeted revenue	The municipality receives grants as per DoRA schedule
Other revenue	-69%	The actual revenue is less than the projected monthly revenue	The municipality needs to cut down the budgeted revenue.
DESCRIPTION	VARIANCE	REASON FOR MATERIAL VARIANCE	REMEDIAL OR CORRECTIVE STEPS/REMARKS
EXPENDITURE BY TYPE			
Employee related costs	2%	the actual expenditure incurred is less than the projected monthly actual	The variance is immaterial and no remedial action is needed
Remuneration of councillors	-15%	the actual expenditure is less than the monthly budgeted actual expenditure	The variance is immaterial and no remedial action is needed
Debt impairment	0%	Debt impairment is calculated monthly based on 2122 AFS	The variance is immaterial and no remedial action is needed
Depreciation & asset impairment	0%	Depreciation is calculated annually based on 2122 AFS	The variance is immaterial and no remedial action is needed
Bulk purchases - electricity	-65%	The Municipality cannot afford to pay the current account of eskom to due low revenue collection	The Municipality has entered into a new payment arrangement with Eskom
Inventory consumed	-62%	the actual expenditure incurred is less than the projected monthly actual	The Municipality cannot afford to pay the monthly charges and will negotiate a new payment arrangement with Vaalharts water.
Contracted services	-42%	the actual expenditure incurred is less than the projected monthly actual	We over budgeted and will move budgeted amounts to areas we have overspend in.
Other expenditure	-31%	the actual expenditure incurred is less than the projected monthly actual	The municipality needs to cut down the budgeted expenditure

Supporting Table: SC 1 Material Variance Explanations (Continuation)

Table SC3: Debtors Analysis

Capital expenditure			
National government	19%	the actual expenditure incurred is less than the projected monthly actual	The municipality needs to speed up the the process of spending on its capital projects
CASH FLOW			
Receipts			
Property rates	63%	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	50%	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.
Other revenue	-100%	The actual revenue is less than the projected monthly revenue	The municipality under budgeted on this line item, will be rectified through a special adjustment.
Transfers and Subsidies - Operational	21%	The actual revenue is more than the projected monthly revenue	The municipality receives grants as per DoRA schedule
Transfers and Subsidies - Capital	-15%	The actual revenue is less than the projected monthly revenue	The municipality receives grants as per DoRA schedule

Table below provides a breakdown of the consumer and sundry debtors at the end of the third quarter. The outstanding debtors amounted to R 351.8 million as at 31 March 2023. Consumer debtors amount to R 236.5 million and sundry debtors amounts to R 115.3 million as at end of the Third quarter.

NC093 Magareng - Supporting Table SC3 Monthly Budget Statement - aged debtors - Q3 Third 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	836	785	847	732	782	709	4,078	52,354	61,123	58,655		
Trade and Other Receivables from Exchange Transactions - Electricity	1300	669	592	657	362	480	654	3,256	39,274	45,943	44,025		
Receivables from Non-exchange Transactions - Property Rates	1400	918	875	852	851	852	841	4,649	36,671	46,510	43,865		
Receivables from Exchange Transactions - Waste Water Management	1500	712	714	712	721	723	727	3,719	39,669	47,698	45,560		
Receivables from Exchange Transactions - Waste Management	1600	526	519	514	519	519	525	2,692	29,422	35,236	33,678		
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	-	-	-	-		
Interest on Arrear Debtor Accounts	1810	1,729	1,792	1,764	1,740	1,737	1,706	9,747	91,507	111,722	106,437		
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-		
Other	1900	72	44	37	38	62	64	364	2,889	3,571	3,417		
Total By Income Source	2000	5,462	5,322	5,383	4,963	5,156	5,226	28,506	291,786	351,804	335,638	-	-
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	350	308	328	280	323	322	1,678	7,377	10,967	9,981		
Commercial	2300	770	681	785	494	618	724	3,310	36,331	43,713	41,477		
Households	2400	4,319	4,309	4,246	4,166	4,191	4,157	23,382	246,888	295,659	282,785		
Other	2500	23	24	24	23	23	23	136	1,189	1,465	1,395		
Total By Customer Group	2600	5,462	5,322	5,383	4,963	5,156	5,226	28,506	291,786	351,804	335,638	-	-

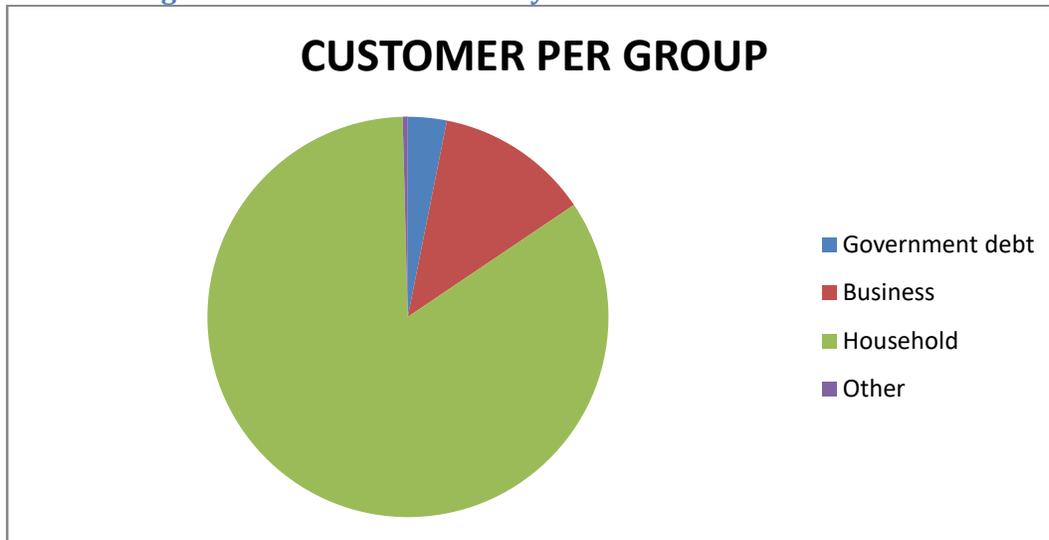
Supporting table SC3 provides a breakdown of the debtors. The outstanding debtors as at the end of March amount to R 351.8 million. The debtors' book is made up of the following: Indicated in the table above, is the total outstanding debt per Income Source. The highest percentage weighting of debt owed is attributable to:

- Rates 13%
- Electricity 13%
- Water 17%
- Waste water management 14%
- Waste management 10%
- Interest on Debtors 32%
- Other 1%

Weighting per Customer Group

- Government debt constitutes 3.12%, Businesses 12.42%, Households 84.04% and other 0.42% of the total outstanding debt.

FIGURE 3: Aged Consumer Debtors analysis



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

The debtors' age analysis is graphically presented below.

FIGURE 4: Aged Consumer Debtors analysis

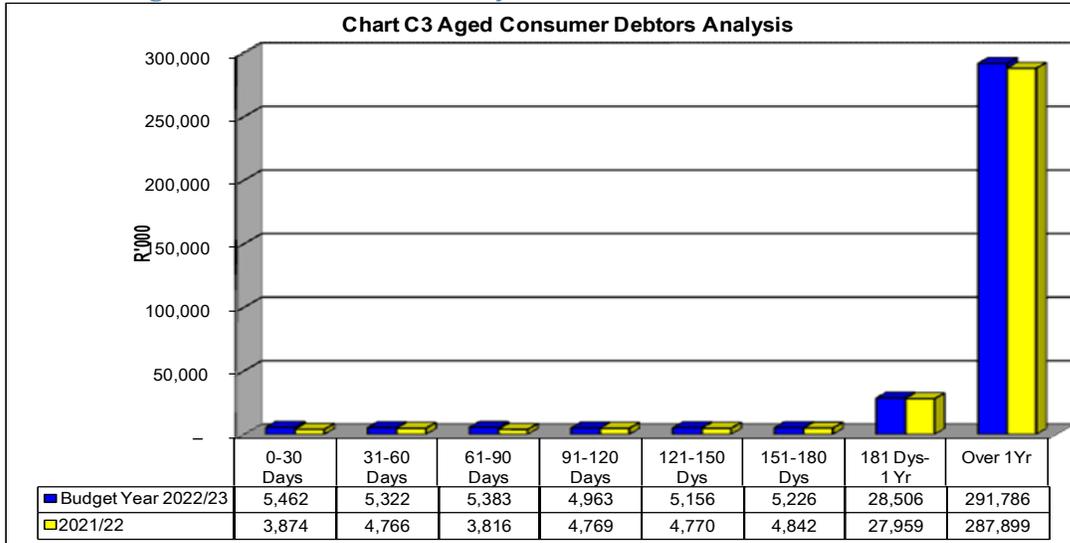


FIGURE 5: Consumer Debtors (Total by Debtor Consumer Category)

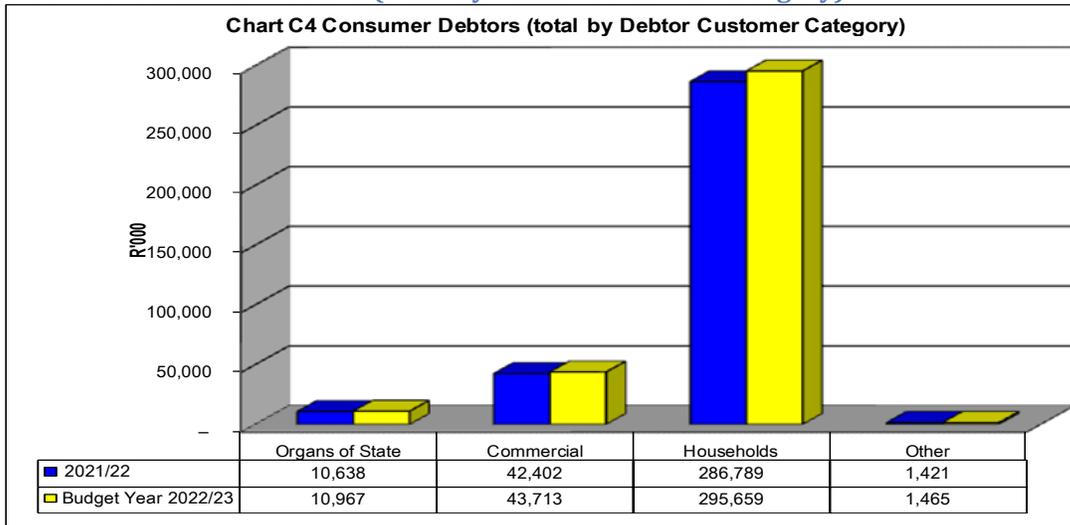
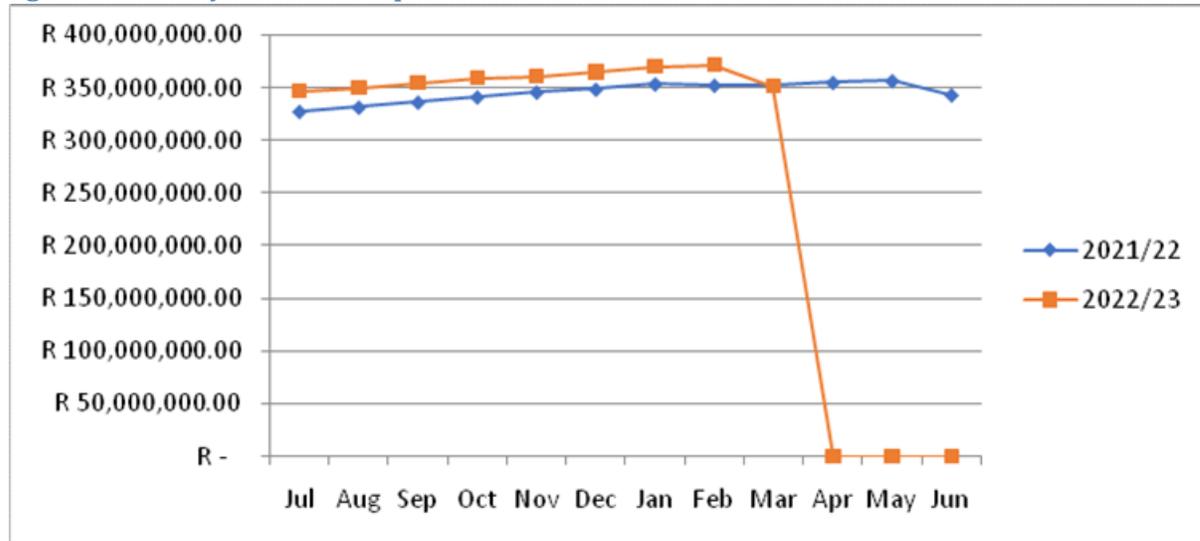


Figure 6: Monthly Debtors Comparison



The initial graph compares debtors' age analysis for 2021/22 financial year and 2022/23 (as at end of March 2023) whilst the latter shows monthly movement of debtors for both the current financial year and the 2021/22 financial year. From the above graph it can be depicted that there is a downward slope in the current month of March, which is an increase of collection for the municipality.

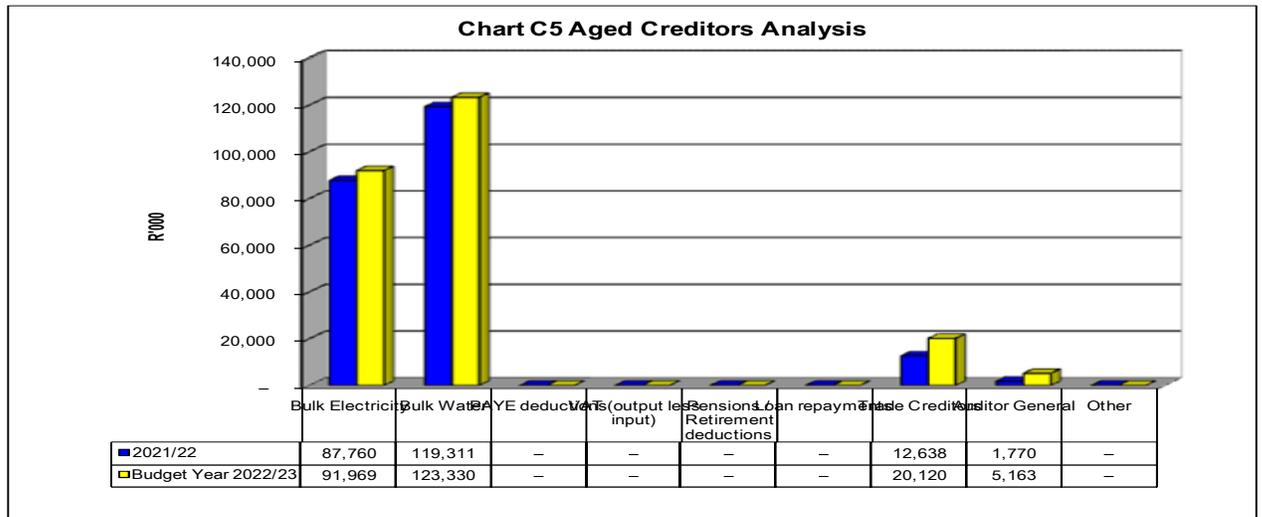
Table SC4: Creditors Analysis

NC093 Magareng - Supporting Table SC4 Monthly Budget Statement - aged creditors - Q3 Third 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	3,770	4,238	3,899	5,248	42,287	36,119	-	97,604	87,760	
Bulk Water	0200	1,068	1,117	1,456	1,406	1,818	12,406	14,167	92,259	125,697	119,311	
PAYE deductions	0300	-	-	-	-	-	-	-	-	-	-	
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-	-	
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-	-	
Loan repayments	0600	-	-	-	-	-	-	-	-	-	-	
Trade Creditors	0700	-	213	201	3,433	5,500	5,418	5,440	6,708	26,912	12,638	
Auditor General	0800	888	682	685	465	517	569	52	490	4,347	1,770	
Other	0900	-	-	-	-	-	-	-	-	-	-	
Total By Customer Type	1000	3,998	5,783	6,581	9,203	13,082	60,679	55,777	99,456	254,560	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 March 2023 amounted to R 254.6 million. This amount is made up of various creditors which include amongst others is Eskom of R 97.6 million, and Vaalharts water of R 125.7 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 20.2 million.

FIGURE 7: Aged Creditors Analysis



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

Table SC5: Investment Portfolio Analysis

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

Investments by maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate %	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												
Municipality														
MAGARENG LOCAL MUNICIPALITY														-
Municipality sub-total										-				-
Entities														
ABSA (9351945669)		3 MONTHS	7 DAYS	YES	VARIABLE				06 April 2023	157	3			160
ABSA (93558771747)		3 MONTHS	7 DAYS	YES	VARIABLE				06 April 2023	19	0			19
ABSA (9355869912)		3 MONTHS	7 DAYS	YES	VARIABLE				06 April 2023	-	-			-
														-
														-
Entities sub-total										176				179
TOTAL INVESTMENTS AND INTEREST	2									176				179

Supporting Table SC5 displays the council’s investments portfolio and indicates that the municipality had an opening balance of R176 thousand, earned interest of R3 thousand and there were no withdrawals by the end of the third quarter the municipality had a closing amount of R179 thousand.

Table SC6- Allocation and grant receipts

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

Description	Ref	Budget Year 2022/23								
		2021/22 Audited Outcome	Original Budget	Adjusted Budget	Quarterly 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	16 559	56 640	46 548	10 092	21,7%	62 064
Equitable Share		51 086	57 991	57 991	16 238	52 567	43 493	9 074	20,9%	57 991
Expanded Public Works Programme Integrated Grant		1 121	1 073	1 073	321	1 073	805	268	33,3%	1 073
Local Government Financial Management Grant		2 850	3 000	3 000	-	3 000	2 250	750	33,3%	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	2 800	2 136	2 136	2 100	36	1,7%	2 800
FBDM (OPERATIONAL)		4 603	1 800	2 800	2 136	2 136	2 100	36	1,7%	2 800
Other grant providers:		1 100	1 100	1 100	550	1 100	825	275	33,3%	1 100
Education Training and Development Practices SETA		-	-	-	-	-	-	-	-	-
National Library South Africa		1 100	1 100	1 100	550	1 100	825	275	33,3%	1 100
Post Retirement Benefit		-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	5	62 864	64 964	65 964	19 245	59 876	49 473	10 403	21,0%	65 964
Capital Transfers and Grants										
National Government:		25 034	23 612	41 888	15 612	27 612	31 416	(3 804)	-12,1%	41 888
Integrated National Electrification Programme Grant		-	-	-	-	-	-	-	-	-
Municipal Disaster Relief Grant		-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant		8 175	18 612	18 612	10 612	18 612	13 959	4 653	33,3%	18 612
Regional Bulk Infrastructure Grant		12 860	-	18 276	-	-	13 707	(13 707)	-100,0%	18 276
Water Services Infrastructure Grant		4 000	5 000	5 000	5 000	9 000	3 750	5 250	140,0%	5 000
Provincial Government:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
District Municipality:		3 696	-	1 500	-	-	900	(900)	-100,0%	1 500
FBDM (CAPITAL)		3 696	-	1 500	-	-	900	(900)	-100,0%	1 500
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	5	28 730	23 612	43 388	15 612	27 612	32 316	(4 704)	-14,6%	43 388
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	91 594	88 576	109 352	34 857	87 488	81 789	5 699	7,0%	109 352

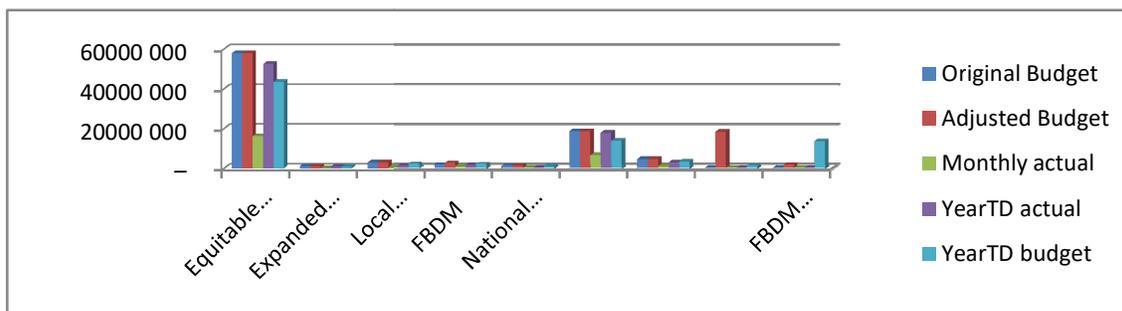
Supporting tables SC6 provides details of grants received. For the third quarter the municipality received R34.9 million and the year to date actual receipts amounts to R 87.5 million of which the major portion is attributed to equitable share. In the reporting period, all gazetted grants were received according to National Treasury's grants payment schedule.

Table SC7: Transfers and Grant Expenditure

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

Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Quarterly ACTUAL	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
EXPENDITURE										
Operating expenditure of Transfers and Grants										
National Government:		89 164	62 064	62 064	17 012	54 575	46 543	8 032	17,3%	28 805
Equitable Share		83 321	57 991	57 991	16 238	52 567	43 493	9 074	20,9%	24 739
Expanded Public Works Programme Integrated Grant		1 102	1 073	1 073	274	902	805	97	12,1%	1 073
Local Government Financial Management Grant		3 328	3 000	3 000	500	1 106	2 245	(1 139)	-50,7%	2 993
Municipal Disaster Relief Grant		1 412	-	-	-	-	-	-	-	-
Provincial Government:		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
FBDM (OPERATIONAL)		4 078	1 800	2 800	973	1 333	2 100	(767)	-36,5%	2 800
Other grant providers:		1 942	1 100	1 100	28	28	746	(718)	-96,3%	994
Education Training and Development Practices SETA		-	-	-	-	-	-	-	-	-
National Library South Africa		1 942	1 100	1 100	28	28	746	(718)	-96,3%	994
Total operating expenditure of Transfers and Grants:		91 106	63 164	63 164	17 040	54 603	47 289	7 314	15,5%	29 799
Capital expenditure of Transfers and Grants										
National Government:		16 039	23 612	23 612	9 918	21 071	17 709	3 362	19,0%	23 612
Integrated National Electrification Programme Grant		-	-	-	-	-	-	-	-	-
Municipal Disaster Relief Grant		-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant		9 616	18 612	18 612	7 128	17 855	13 959	3 896	27,9%	18 612
Water Services Infrastructure Grant		6 423	5 000	5 000	2 790	3 217	3 750	(533)	-14,2%	5 000
Provincial Government:		-	-	-	-	-	-	-	-	-
District Municipality:		1 180	-	1 500	-	-	900	(900)	-100,0%	1 500
FBDM (CAPITAL)		1 180	-	1 500	-	-	900	(900)	-100,0%	1 500
Other grant providers:		6 559	-	18 276	-	-	13 707	(13 707)	-100,0%	18 276
Regional Bulk Infrastructure Grant		6 559	-	18 276	-	-	13 707	(13 707)	-100,0%	18 276
Total capital expenditure of Transfers and Grants		23 778	23 612	43 388	9 918	21 071	32 316	(11 245)	-34,8%	43 388
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		114 884	86 776	106 552	26 958	75 674	79 605	(3 930)	-4,9%	73 187

For the third quarter the municipality has accumulated an expenditure of R26.9 million. A total amount of R 75.7 million have been spent on grants during the first nine months and the year to date budget thereof amount to R79.6 million and this resulted in an over spending variance of R 3.9 million that translates to -4,9%. The total spending amount's to R 17 million, R54.6 million is spent on operational grants whilst R 21.1 million is spent of capital grant.



The above graph depicts the gazetted and budgeted amounts for all the grants and the expenditure thereof as at end of March 2023. The grants expenditure is shown below in percentages when compared to the adjusted budget:

- Financial Management Grant 37%
- Expanded Public Work Programme 84%

- Equitable Share 91%
- Frances Baard District Municipality Grant 48%
- Library Grant 3%
- Municipal Infrastructure Grant 96%
- Water Services Infrastructure Grant 64%
- Regional Bulk Infrastructure Grant 0%

Frances Baard District Municipality Grant (Capital) 0

Table SC8: Councilor Allowances and Employee Benefits

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

Summary of Employee and Councillor 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	4,113	815	2,444	3,085	(641)	-21%	4,113
Pension and UIF Contributions		278	44	376	93	281	282	(1)	0%	376
Medical Aid Contributions		124	84	84	29	84	63	22	34%	84
Motor Vehicle Allowance		447	368	368	113	332	276	56	20%	368
Cellphone Allowance		410	526	526	120	361	394	(33)	-8%	526
Housing Allowances										
Other benefits and allowances										
Sub Total - Councillors		4,263	4,675	5,466	1,170	3,502	4,100	(598)	-15%	5,466
% increase	4		9.7%	28.2%						28.2%
Senior Managers of the Municipality										
Basic Salaries and Wages		1,401	2,212	1,681	223	847	1,261	(414)	-33%	1,681
Pension and UIF Contributions		202	202	167	26	99	125	(26)	-21%	167
Medical Aid Contributions		87	85	72	12	57	54	2	4%	72
Overtime										
Performance Bonus		85	184	143	-	89	107	(18)	-17%	143
Motor Vehicle Allowance		828	1,084	620	-	199	465	(266)	-57%	620
Cellphone Allowance		165	14	10	-	-	7	(7)	-100%	10
Housing Allowances		124	154	51	-	-	39	(39)	-100%	51
Other benefits and allowances		41	121	81	0	0	61	(61)	-100%	81
Payments in lieu of leave										
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations										
Sub Total - Senior Managers of Municipality		2,933	4,058	2,825	260	1,290	2,119	(829)	-39%	2,825
% increase	4		38.4%	-3.7%						-3.7%
Other Municipal Staff										
Basic Salaries and Wages		32,481	33,553	29,961	7,785	23,683	23,578	105	0%	29,961
Pension and UIF Contributions		5,631	5,708	4,973	1,281	3,845	3,987	(142)	-4%	4,973
Medical Aid Contributions		2,194	2,874	1,783	450	1,327	1,719	(392)	-23%	1,783
Overtime		2,585	3,773	2,315	503	1,294	2,247	(953)	-42%	2,315
Performance Bonus		2,769	2,688	2,015			1,747	(1,747)	-100%	2,015
Motor Vehicle Allowance		65	88	62	13	50	56	(6)	-11%	62
Cellphone Allowance		130	72	63	12	36	50	(14)	-29%	63
Housing Allowances		389	257	84	18	52	124	(72)	-58%	84
Other benefits and allowances		732	7	392	131	2,414	159	2,255	1416%	392
Payments in lieu of leave										
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations		(100)	-	-	-	-	-	-	-	-
Sub Total - Other Municipal Staff		46,877	49,020	41,649	10,193	32,700	33,667	(966)	-3%	41,649
% increase	4		4.6%	-11.2%						-11.2%
Total Parent Municipality		54,073	57,753	49,941	11,624	37,493	39,886	(2,393)	-6%	49,941

Table SC8 provides details for Remuneration of Councilors and Employee related cost. The total salaries, allowances and benefits paid for the third quarter amounts to R11.6 million with the year to date amounting to R37.5 million and the year to date budget is R 39.9 million, which results in a negative variance of -6% 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 - Q3 Third 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	Outcome	Outcome	Outcome	Budget	Budget	Budget			
Cash Receipts By Source																
Property rates		396	341	325	954	559	478	779	1 070	372	359	359	(1 680)	4 312	-	-
Service charges - electricity revenue		1 832	1 665	464	491	621	607	538	2 548	5 109	610	610	(7 777)	7 319	-	-
Service charges - water revenue		210	207	199	183	300	235	276	400	268	293	293	655	3 520	-	-
Service charges - sanitation revenue		80	47	22	39	41	140	37	85	22	205	205	1 533	2 456	-	-
Service charges - refuse		104	66	59	76	114	113	119	117	50	188	188	1 060	2 253	-	-
Rental of facilities and equipment		-	-	-	-	-	-	-	-	-	0	0	1	1	-	-
Interest earned - external investments		-	-	-	-	-	-	-	-	-	-	-	-	-	(16)	(16)
Interest earned - outstanding debtors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		-	-	-	-	-	-	-	-	-	1	1	11	14	-	-
Licences and permits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agency services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and Subsidies - Operational		22 616	3 269	-	-	-	14 196	-	-	17 200	5 497	5 497	(2 311)	65 964	-	-
Other revenue		(318)	(402)	326	374	(624)	(721)	1 541	(404)	775	19 600	19 600	195 456	235 202	-	-
Cash Receipts by Source		24 919	5 193	1 395	2 116	1 011	15 048	3 291	3 816	23 796	26 753	26 753	186 948	321 040	(16)	(16)
Other Cash Flows by Source																
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		6 500	-	-	1 500	4 000	-	-	3 000	12 612	3 616	3 616	6 545	43 388	-	-
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)	331	-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-	-	-	-	-	(1)	(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	3 291	6 816	36 408	30 369	30 369	195 162	364 097	315	(16)
Cash Payments by Type																
Employee related costs		6 535	4 084	(213)	5 204	4 881	4 624	2 396	2 268	8 170	4 164	4 164	3 685	49 962	58 656	60 321
Remuneration of councillors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bulk purchases - Electricity		8 065	-	660	-	19	3 028	106	1 039	402	2 063	2 063	7 306	24 750	-	-
Acquisitions - water & other inventory		1 000	-	-	-	-	-	-	-	-	225	225	1 250	2 700	-	-
Contracted services		-	-	-	-	-	-	-	-	-	(3 124)	(3 124)	(31 236)	(37 483)	(24 162)	(7 392)
Grants and subsidies paid - other municipalities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Grants and subsidies paid - other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General expenses		12 703	513	2 510	389	2 772	5 803	433	3 673	11 992	(1 784)	(1 784)	(58 632)	(21 412)	(4 283)	(4 639)
Cash Payments by Type		28 303	4 597	2 957	5 593	7 673	13 454	2 936	6 980	20 564	1 543	1 543	(77 627)	18 516	30 211	48 291
Other Cash Flows/Payments by Type																
Capital assets		5 035	-	1 803	-	1 798	2 517	-	2 170	-	3 616	3 616	22 833	43 388	32 452	14 913
Repayment of borrowing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Cash Flows/Payments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Payments by Type		33 338	4 597	4 760	5 593	9 471	15 972	2 936	9 150	20 564	5 159	5 159	(54 794)	61 904	62 663	63 204
NET INCREASE/(DECREASE) IN CASH HELD		(1 919)	595	(3 365)	(1 977)	(4 461)	(923)	355	(2 334)	15 844	25 210	25 210	249 956	302 192	(62 347)	(63 220)
Cash/cash equivalents at the month/year beginning:		242	(1 677)	(1 082)	(4 447)	(6 425)	(10 885)	(11 809)	(11 453)	(13 787)	2 057	27 267	52 478	242	302 434	240 086
Cash/cash equivalents at the month/year end:		(1 677)	(1 082)	(4 447)	(6 425)	(10 885)	(11 809)	(11 453)	(13 787)	2 057	27 267	52 478	302 434	302 434	240 086	176 866

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 36,4 million and cash payment for the month amounts to R 20, 6 million and this resulted in net increase in cash held amounting to R 15, 8 million. With cash and cash equivalent of –R13, 8 million at the beginning of the reporting period, the municipality closed off the month with cash and cash equivalent amounting of R 2, 1 million.

Table SC12: Capital Expenditure Trend

NC093 Magareng - Supporting Table SC12 Monthly Budget Statement - capital expenditure trend - M09 March

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	2 158	1 968	1 968	5 035	5 035	1 968	(3 068)	-155,9%	21%
August	2 158	1 968	1 968	-	-	3 935	3 935	100,0%	0%
September	2 158	1 968	1 968	1 803	1 803	5 903	4 100	69,5%	8%
October	2 158	1 968	1 968	-	-	7 871	7 871	100,0%	0%
November	2 158	1 968	1 968	1 798	1 798	9 838	8 040	81,7%	8%
December	2 158	1 968	1 968	2 517	4 315	11 806	7 491	63,4%	18%
January	2 158	1 968	1 968	-	-	13 774	13 774	100,0%	0%
February	2 158	1 968	5 923	2 170	2 170	19 697	17 527	89,0%	9%
March	2 158	1 968	5 923	7 748	9 918	25 619	15 702	61,3%	42%
April	2 158	1 968	5 923	-	-	31 542	-	-	-
May	2 158	1 968	5 923	-	-	37 465	-	-	-
June	2 158	1 968	5 923	-	-	43 388	-	-	-
Total Capital expenditure	25 900	23 612	43 388	21 071					

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 third quarter amounts to R9.9 million and the actual expenditure for the nine months amount to R21.1 million.

SECTION 52 – MUNICIPAL MANAGER’S QUALITY CERTIFICATE

I, Thanelo 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 Third Quarter (January – March) 2023 has been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act.

Mr. T Thage
Acting Municipal Manager

Signature: _____



Date: _____

18 APRIL 2023