

MAGARENG



MUNICIPALITY

QUARTERLY BUDGET & PERFORMANCE ASSESSMENT 2024/2025

DISTRIBUTION:

- Executive Mayor: **Mrs. Neo Mase**
- Acting Municipal Manager: **Mr. Tumelo Thage**
- Acting Chief Financial Officer: **Ms. KedisaletseKhaziwa**
- Sector Departments: **National and Provincial Departments**
- **Uploaded to the National Treasury GoMuniportal**

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1.1 PURPOSE

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

1.2 Discussion

The report will be discussed under the following broad heading:

- 1) Financial management

1.3 Financial Management Review

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

Part 1 – Quarterly Report

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

Part 2 – Quarterly Report

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

Municipal Managers quality certificate

I. Mayors Report

The municipality's budget is being implemented in line with the 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 payments 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)

Highlights of financial performance, Challenges and Risks for the month

- After the first quarter (July-September 2024), the total operating revenue has been calculated to be R51 million, additionally, the actual year-to-date budget amounts to R40.4 million which reflects a positive variance of 26% when compared to the projected year to date budget. The variance will be explained in detail on the next page

Below is a table that summarizes the municipal finance performance

	BUDGET YEAR 2024/25					
	Original Budget	Adjusted Budget	Q1	YearTD actual	YearTD budget	YTD variance
Total Revenue (excluding capital transfers and contributions)	161,455,421.00	161,455,421.00	50,979,720.70	50,979,720.70	40,363,855.25	10,615,865.45
Total Expenditure	164,908,066.00	164,908,066.00	33,147,118.58	33,147,118.58	41,227,016.50	- 8,079,897.92
Surplus/(Deficit)	- 3,452,645.00	- 3,452,645.00	17,832,602.12	17,832,602.12	- 863,161.25	18,695,763.37
Transfers and subsidies - capital (monetary allocations)	42,258,000.00	42,258,000.00	20,000,000.00	20,000,000.00	10,564,500.00	4,435,500.00
Surplus/(Deficit) after capital transfers & contributions	38,805,355.00	38,805,355.00	37,832,602.12	37,832,602.12	9,701,338.75	23,131,263.37
Capital expenditure	42,258,000.00	42,258,000.00	18,459,252.33	18,459,252.33	10,564,500.00	7,894,752.33

Table 1: Income for the First quarter 2025

NC093 Magareng - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - Q1 First Quarter

Description	Ref	2023/24	Budget Year 2024/25							
		Audited Outcome	Original Budget	Adjusted Budget	Q1	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue										
Exchange Revenue										
Service charges - Electricity		14,600	18,637	18,637	4,551	4,551	4,659	(108)	-2%	18,637
Service charges - Water		3,264	3,663	3,663	1,098	1,098	916	182	20%	3,663
Service charges - Waste Water Management		8,059	11,363	11,363	2,276	2,276	2,841	(565)	-20%	11,363
Service charges - Waste management		6,050	7,045	7,045	1,703	1,703	1,761	(58)	-3%	7,045
Sale of Goods and Rendering of Services		531	773	773	121	121	193	(72)	-37%	773
Agency services		-	-	-	-	-	-	-	-	-
Interest		-	-	-	-	-	-	-	-	-
Interest earned from Receivables		19,311	24,389	24,389	5,031	5,031	6,097	(1,067)	-17%	24,389
Interest from Current and Non Current Assets		357	-	-	22	22	-	22	#DIV/0!	-
Dividends		-	-	-	-	-	-	-	-	-
Rent on Land		9	2	2	3	3	0	2	456%	2
Rental from Fixed Assets		6	3	3	16	16	1	16	2175%	3
Licence and permits		-	-	-	-	-	-	-	-	-
Operational Revenue		8,405	298	298	103	103	74	28	38%	298
Non-Exchange Revenue										
Property rates		12,916	14,608	14,608	3,392	3,392	3,652	(260)	-7%	14,608
Surcharges and Taxes		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		395	586	586	-	-	147	(147)	-100%	586
Licence and permits		-	-	-	-	-	-	-	-	-
Transfers and subsidies - Operational		76,049	72,942	72,942	30,995	30,995	18,236	12,759	70%	72,942
Interest		5,986	7,146	7,146	1,670	1,670	1,787	(117)	-7%	7,146
Fuel Levy		-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		175	-	-	-	-	-	-	-	-
Other Gains		-	-	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		156,111	161,455	161,455	50,980	50,980	40,364	10,616	26%	161,455

Operating Revenue

The operating revenue summary outlined in the table above has been extracted from the C4 table. During the first quarter, the municipality accrued total operating revenue of R51 million. This figure comprises R5 million from interest on receivables, R3.4 million from property rates, R9.6 million from service charges, and R31 million from Transfers & Subsidies - Operational. The majority of the revenue is attributed to transfers and subsidies, with the municipality receiving the following grants for the quarter: R311 thousand from EPWP, R3 million from FMG, R27, 1 million from equitable share, and R599, 500 from the Library (Sports and Arts and Culture) grant. A comparison of the year-to-date budget of R40, 4 million, with the actual quarterly figures reveals a positive variance of 26%, primarily driven by the Operational grants.

Detailed explanation on revenue by source items.

Property rates.

The municipality has reported billed revenue of R3.4 million for the quarter, representing a 7% shortfall compared to the year to date budgeted revenue of R3.7 million for the reviewed period. This variance is deemed immaterial as it falls below the 10% threshold.

Service charges – Electricity.

The municipal revenue generated from the sale of electricity for the first quarter amounts to R4.6 million. However, the year-to-date budget stands at R4.7 million, resulting in a negative variance of 2% when compared to the year-to-date revenue of R4.6 million for the period under

review. It is worth noting that the variance in electricity revenue is deemed immaterial, as it falls below the threshold of 10%.

Service charges – water.

The municipality has realized total revenue of R1.1 million from Water Services for the quarter under review. However, the year-to-date budget for this period stands at R 916 thousand, reflecting a 20% shortfall compared to the year-to-date revenue. This variance suggests an underestimation of the budget for this line item. Should this trend persist, and the variance continues to exceed the 10% threshold during the midyear performance assessment, the municipality should consider an upward budgetary adjustment.

Service charges – sanitation.

For the quarter under review, the municipality generated revenue of R2.3 million. The year-to-date budgeted revenue amounts to R 2.8 million, which is 20% above the year-to-date actual revenue of R 2.3 million for the first quarter. Notably, the collection on this service can be enhanced if the municipality enforces its approved credit control and debt collection policies and should this variance continue during section 72 or midyear report performance assessment the municipality will have to re-adjust its budgeted revenue downwards to reduce the variance as it is above the 10% threshold.

Service charges – refuse.

The municipality generated R1.7 million and actual year to date budget amounts to R 1.8million, which is 3% above the year to date actual revenue that amounts to R 1.7 million during the period under review. The variance is considered to be immaterial as it is below the 10% threshold.

Rent from fixed assets.

During the quarter under review, the municipality recorded a total revenue of R16 thousand from fixed assets, while the year-to-date actual budget remains at R1 thousand. Notably, the municipality budget for hiring of community hall under this line item, however this line item is also been used for leasing of the sports facility ground, which resulted in a positive variance of 2175% from fixed assets. The municipality will make necessary adjustments to the budget for this specific item during the adjustment budget, given that the year-to-date revenue significantly surpasses the year-to-date budget.

Interest earned – from receivables.

The municipality has generated revenue amounting to R 5 million, with the actual year-to-date budget standing at R 6.1 million, which is 17% above the actual year-to-date revenue of R 5 million for the first quarter. The major attribute to this variance is the interest accrued on outstanding debts owed to the municipality. This shortfall has negative implications for the municipal debtor's book, as the accounts remain unpaid for longer and continue to accrue interest.

Fines, penalties, and forfeits.

The municipality did not generate any income on this line item for the quarter under review.

Licenses and Permits

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

Transfers recognized – operational.

The municipality has received a total of R31 million in operating grants from various sources. The first installment of R27.1 million was received from the Equitable share in July, R311 thousand for EPWP in August, and R599 thousand for the Library in September. Additionally, the municipality received a one-time grant of R3 million from the FMG in August.

It's important to note that these grants were received under the DoRA payment schedule. Therefore, any differences between the actual year-to-date revenue and the budget are considered to be irrelevant.

Other revenue/ Operational Revenue

The municipality generated total revenue of R103 thousand from other revenue for the quarter under review. The year-to-date budget amounts to R74thousand which is 38% less than the actual year to date revenue amounting to R 103 thousand the municipality will have to re-adjust the budget upward should this variance persist during the midterm performance assessment.

Interest from current and non-current assets

The municipality will need to budget for this line item, currently there is no budgeted amount but there are transactions, as it stands the municipality has received a total of R22 thousand for the quarter which was the amount left in one of the municipal investment call accounts which was closed in the quarter under review.

Rent on land

For the quarter under review the municipality generated total revenue of R3 thousand which reflects a staggering positive variance of 456% when compared to the year to date budget, the municipality will most definitely have to adjust this line upward during the adjustment budget.

Interest non-exchange

The municipality generated R1.7 million and the actual year to date budget amounts to R 1.8 million which is 7% above the year to date actual revenue that amounts to R 1.7 million during the period under review. The variance is considered to be immaterial as it is below the 10% threshold.

Table 2: Expenditure for the first quarter 2025
The below table indicates expenditure items by type.

NC093 Magareng - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - Q1 First Quarter

Description	Ref	2023/24	Budget Year 2024/25							Full Year Forecast
		Audited Outcome	Original Budget	Adjusted Budget	Q1	YearTD actual	YearTD budget	YTD variance	YTD variance %	
R thousands										
Expenditure By Type										
Employee related costs		47,180	54,352	54,352	11,040	11,040	13,588	(2,548)	-19%	54,352
Remuneration of councillors		5,257	5,587	5,587	1,249	1,249	1,397	(148)	-11%	5,587
Bulk purchases - electricity		26,694	25,000	25,000	1,881	1,881	6,250	(4,369)	-70%	25,000
Inventory consumed		11,464	13,333	13,333	1,607	1,607	3,333	(1,727)	-52%	13,333
Debt impairment		-	17,056	17,056	4,264	4,264	4,264	(0)	0%	17,056
Depreciation and amortisation		18,411	23,541	23,541	5,885	5,885	5,885	0	0%	23,541
Interest		1,958	1,887	1,887	-	-	472	(472)	-100%	1,887
Contracted services		11,473	7,750	7,750	2,231	2,231	1,938	293	15%	7,750
Transfers and subsidies		-	-	-	-	-	-	-	-	-
Irrecoverable debts written off		63,729	-	-	-	-	-	-	-	-
Operational costs		18,548	15,824	15,824	4,991	4,991	3,956	1,035	26%	15,824
Losses on Disposal of Assets		3,105	-	-	-	-	-	-	-	-
Other Losses		-	579	579	-	-	145	(145)	-100%	579
Total Expenditure		207,820	164,908	164,908	33,147	33,147	41,227	(8,080)	-20%	164,908

Operating Expenditure

Table 2 provides a detailed overview of the municipality's operating expenditure. These figures are taken from C4 in the attached C-Schedule. During the quarter being assessed, the municipality spent a total of R33.1 million on operating expenses. The current year-to-date actual budget indicates that the municipality should have spent at least R41.2 million up to this point. Considering this, the municipal variance for the first quarter stands at a negative 20%. The variances will be explained per line item below.

Employee related costs

The municipality's expenditure on employee-related costs totaled R 11 million, representing a 19% variance from the year-to-date budget of R 13.6 million. This variance is primarily attributable to unfilled budgeted positions. Measures have been implemented to cover costs, particularly with regard to overtime and standby allowance, to ensure adherence to the budget.

Remuneration of councillors

Expenditure incurred in relation to councilor's remuneration amounts to R1.2 million and the year-to-date actual budget amounts to R 1.4 million which reflects a negative variance of 11%. The variance in Remuneration of councillors is slightly immaterial.

Debt impairment

The municipality has recognized a debt impairment of R4.3 million in the first quarter. The year-to-date budget also stands at R4.3 million, indicating no variance at 0%. This alignment between the year-to-date actual and budget figures is attributed to the diligent capture of

monthly journals which reflect the movement, as per guidance from the Provincial Treasury. These actions are informed by current collection trends and the 2023/24 financial statements.

Depreciation

The municipality has incurred an amount of R5.9 million, classified as a non-cash item. The actual year-to-date expenditure also amounts to R5.9 million, reflecting a 0% variance when compared to the budgeted year-to-date amount of R5.9 million. This line item is being accorded with the same treatment as the debt impairment.

Bulk purchases

The municipality spent R1.9 million on electricity for bulk purchases in the first quarter. The year-to-date budget for electricity is R6.3 million, which is 70% higher than the actual expenditure. This increase is due to the municipality's inability to meet its payment commitments to Eskom because of current financial constraints. It's important to note that this amount only pertains to electricity expenses, as water costs are categorized as inventory items.

Inventory consumed.

The reclassification of MSCOA has resulted in water purchases being categorized under inventory consumed. For the reporting quarter the municipality has incurred an expenditure amounting to R 1.6 million, this reflects a variance of 52% less than the projected budget of R 3.3 million. The municipality cannot make monthly payments to Vaal-harts due to financial constraints, thus the variance.

Contracted Services.

Contracted services include Accountants and Auditors, Security service, professional consulting and other services related to maintenance of infrastructure as and when the need arises. The amount spent on Contracted Services amounts to R 2.2 million and the year-to-date actual budget amounts to R 1.9 million which reflects a positive 15% variance.

Other expenditure

This item has incurred expenditure amounting to R4.9million and the actual year to date budget amounts to R 3.9 million which reflects a positive variance of 26% when we compare the two. Other/Operational expenditure includes items such as remuneration of ward committees, Assets consultants, insurance costs, external audit fees and other municipal running costs.

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

NC093 Magareng - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - Q1 First Quarter

Description	Ref	2023/24	Budget Year 2024/25							
		Audited Outcome	Original Budget	Adjusted Budget	Q1	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Surplus/(Deficit)		(51,709)	(3,453)	(3,453)	17,833	17,833	(863)	18,696	(0)	(3,453)
Transfers and subsidies - capital (monetary allocations)										
		50,290	42,258	42,258	20,000	20,000	10,565	9,436	0	42,258
Transfers and subsidies - capital (in-kind)		4,894	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		3,475	38,805	38,805	37,833	37,833	9,701	28,131	0	38,805
Income Tax										
Surplus/(Deficit) after income tax		3,475	38,805	38,805	37,833	37,833	9,701	28,131	0	38,805
Share of Surplus/Deficit attributable to Joint Venture										
Share of Surplus/Deficit attributable to Minorities										
Surplus/(Deficit) attributable to municipality		3,475	38,805	38,805	37,833	37,833	9,701	28,131	0	38,805
Share of Surplus/Deficit attributable to Associate										
Intercompany/Parent subsidiary transactions										
Surplus/ (Deficit) for the year		3,475	38,805	38,805	37,833	37,833	9,701	28,131	0	38,805

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

For this financial year, the municipality budgeted R42.3 million for capital grants, as per Dora payment schedule, the municipality has to date has received R20 million on capital grants for the reporting quarter, from the total capital grants received R10 million is from WSIG (Water Service Infrastructure Grant), and R10 million is from MIG (Municipal Infrastructure Grant). This results in a positive 89% variance when we compare both the year to date variance and budget. The year-to-date surplus before inclusion of capital transfers amounted to R17, 8 million and with the inclusion of capital budget the surplus amounts to R37.8 million for the quarter under review.

[Statement of financial performance](#)

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

II. Executive Summary

[Introduction](#)

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

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

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

information relating to the state of the budget of each municipal entity as provided to the municipality in terms of section 87(10).

FINANCIAL PERFORMANCE vs. APPROVED BUDGET

III. INYEARBUDGETSTATEMENTTABLES

Table C1: Quarterly Budget Statement Summary

NC093 Magareng - Table C1 Monthly Budget Statement Summary - Q1 First Quarter

Description	2023/24	Budget Year 2024/25							
	Audited Outcome	Original Budget	Adjusted Budget	Q1	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	12,916	14,608	14,608	3,392	3,392	3,652	(260)	-7%	14,608
Service charges	31,972	40,709	40,709	9,628	9,628	10,177	(549)	-5%	40,709
Investment revenue	357	-	-	22	22	-	-	#DIV/0!	-
Transfers and subsidies - Operational	76,049	72,942	72,942	30,995	30,995	18,236	12,759	0	72,942
Other own revenue	34,817	33,197	33,197	6,943	6,943	8,299	(1,356)	-16%	-
Total Revenue (excluding capital transfers and contributions)	156,111	161,455	161,455	50,980	50,980	40,364	10,616	26%	161,455
Employee costs	47,180	54,352	54,352	11,040	11,040	13,588	(2,548)	-19%	54,352
Remuneration of Councillors	5,257	5,587	5,587	1,249	1,249	1,397	(148)	-11%	5,587
Depreciation and amortisation	18,411	23,541	23,541	5,885	5,885	5,885	0	0%	23,541
Interest	1,958	1,887	1,887	-	-	472	(472)	-100%	1,887
Inventory consumed and bulk purchases	38,158	38,333	38,333	3,487	3,487	9,583	(6,096)	-64%	38,333
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Other expenditure	96,856	41,209	41,209	11,486	11,486	10,302	1,184	11%	41,209
Total Expenditure	207,820	164,908	164,908	33,147	33,147	41,227	(8,080)	-20%	164,908
Surplus/(Deficit)	(51,709)	(3,453)	(3,453)	17,833	17,833	(863)	18,696	-2166%	(3,453)
Transfers and subsidies - capital (monetary)	50,290	42,258	42,258	20,000	20,000	10,565	9,436	89%	42,258
Transfers and subsidies - capital (in-kind)	4,894	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	3,475	38,805	38,805	37,833	37,833	9,701	28,131	290%	38,805
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	3,475	38,805	38,805	37,833	37,833	9,701	28,131	290%	38,805
Capital expenditure & funds sources									
Capital expenditure	51,549	42,258	42,258	18,459	18,459	10,565	7,895	75%	42,258
Capital transfers recognised	51,549	42,258	42,258	18,459	18,459	10,565	7,895	75%	42,258
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	-	-	-	-	-	-
Total sources of capital funds	51,549	42,258	42,258	18,459	18,459	10,565	7,895	75%	42,258
Financial position									
Total current assets	(53,900)	158,919	158,919	-	59,649	-	-	-	158,919
Total non current assets	480,050	395,757	395,757	-	492,624	-	-	-	395,757
Total current liabilities	414,559	383,573	383,573	-	319,110	-	-	-	383,573
Total non current liabilities	7,995	8,079	8,079	-	7,640	-	-	-	8,079
Community wealth/Equity	210,698	163,025	163,025	-	225,524	-	-	-	163,025
Cash flows									
Net cash from (used) operating	-	27,912	27,912	39,950	39,950	6,978	(32,972)	-473%	314,401
Net cash from (used) investing	-	(42,258)	(42,258)	(18,459)	(18,459)	(10,565)	7,895	-75%	(42,258)
Net cash from (used) financing	-	325	325	(0)	(0)	81	82	100%	325
Cash/cash equivalents at the month/year end	734	(13,952)	(13,952)	22,597	22,597	(3,436)	(26,033)	758%	273,574
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	5,858	5,561	5,246	4,933	4,652	4,672	28,052	379,933	438,906
Creditors Age Analysis									
Total Creditors	10,288	12,330	12,320	10,966	10,581	57,282	55,986	95,201	264,954

Revenue

For the first quarter July to September 2024, the municipality billed R51 million with the year-to and the year to date budget amounts to R40.4 million which shows a positive 26% year to date variance when comparing year to date actual with the year to date budget. This revenue is not actual cash as it includes billed and realized revenue.

Monthly income for the 3 months ended 30 September 2024

Description	JULY	AUG	SEPT	YearTD actual
Revenue				
Exchange Revenue				
Service charges - Electricity	1,269,500	1,683,940	1,597,548	4,550,989
Service charges - Water	368,559	357,669	371,954	1,098,183
Service charges - Waste Water Management	762,276	751,368	762,247	2,275,891
Service charges - Waste management	571,186	566,226	565,990	1,703,402
Sale of Goods and Rendering of Services	47,015	30,624	43,192	120,831
Agency services	-	-	-	-
Interest	-	-	-	-
Interest earned from Receivables	1,617,876	1,688,208	1,724,555	5,030,639
Interest from Current and Non Current Assets	-	21,995	-	21,995
Dividends	-	-	-	-
Rent on Land	-	-	2,765	2,765
Rental from Fixed Assets	9,475	-	6,810	16,286
Licence and permits	-	-	-	-
Operational Revenue	17,780	-	84,913	102,693
Non-Exchange Revenue				
Property rates	1,134,794	1,128,547	1,128,547	3,391,888
Surcharges and Taxes	-	-	-	-
Fines, penalties and forfeits	-	-	-	-
Licence and permits	-	-	-	-
Transfers and subsidies - Operational	27,084,000	3,311,000	599,500	30,994,500
Interest	548,643	556,326	564,689	1,669,659
Fuel Levy	-	-	-	-
Operational Revenue	-	-	-	-
Gains on disposal of Assets	-	-	-	-
Other Gains	-	-	-	-
Discontinued Operations	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	33,431,105	10,095,904	7,452,711	50,979,721

Operating Expenditure

The operating expenditure for the first quarter amounts to R 33,1 million, whilst the year to date budget is R41.2 million, This results in a negative 20% year to date variance when comparing the year to date actual with the year to date budget.

A breakdown of the total operating expenditure per month:

Description	JULY	AUG	SEPT	YearTD actual
Expenditure By Type				
Employee related costs	3,329,535	3,657,369	4,053,006	11,039,909
Remuneration of councillors	416,308	416,308	416,308	1,248,924
Bulk purchases - electricity	-	-	1,880,592	1,880,592
Inventory consumed	772,026	433,883	400,635	1,606,544
Debt impairment	1,421,298	1,421,298	1,421,298	4,263,893
Depreciation and amortisation	1,961,724	1,961,724	1,961,724	5,885,173
Interest	-	-	-	-
Contracted services	613,530	723,446	893,995	2,230,971
Transfers and subsidies	-	-	-	-
Irrecoverable debts written off	-	-	-	-
Operational costs	849,754	1,378,420	2,762,939	4,991,112
Losses on Disposal of Assets	-	-	-	-
Other Losses	-	-	-	-
Total Expenditure	9,364,175	9,992,448	13,790,496	33,147,119

Capital Expenditure

The year-to-date actual capital expenditure as at end of first quarter amounts to R 18,5 million and the year-to-date actual budget amounts to R 10,6 million and this deviates with a positive variance of 75% when compared to year-to-date target of R10.6 million.

The below table is a summary of what has been captured on the municipal financial system (which reflects payment without VAT and retention) table Figure 1 below, corresponds with the grant register, and shows the capital expenditure performance exclusive of VAT v/s inclusive of VAT, and the ring fencing of the conditional capital grants, as per the DORA allocation the municipality's allocation is R 42.3 million, from the total allocation the municipality received R 20 million and R18.5 million was spent to date.

Figure 1

Description	Budget Year 2024/25				
	DORA Allocation	Funds Received to date	Spents to date Exc	Unspent Balance	% Spent to date
Grants and Subsidies					
Capital					
Municipal Infrastructure Grant	22,258,000.00	10,000,000.00	10,311,758.97	- 311,758.97	46%
Water Services Infrastructure Grant	20,000,000.00	10,000,000.00	8,147,493.36	1,852,506.64	41%
Sub-Total	42,258,000.00	20,000,000.00	18,459,252.33	1,540,747.67	44%
TOTAL RECEIPTS OF TRANSFERS & GRANTS	42,258,000.00	20,000,000.00	18,459,252.33	1,540,747.67	44%

Surplus/Deficit after capital transfers and contributions

Taking the above into consideration, the net operating surplus as at the end of 30th of September 2024 amounts to R 37,8 million.

Debtors

Outstanding debtors are comprised of consumer and sundry debtors. The total outstanding debtors as at end of September amounts to R438.9 million and this shows an increase of R5 million as compared to R 433.9 million as at end of the previous month. Current cash flow and very low cashier collection at points, disconnection and blocking of institutions, businesses, and Government Departments without valid arrangements with the municipality, should be done with immediate effect. The largest outstanding amount owed to the municipality comes from households; this category owes R402.1 million, which incurs interest each month. The long outstanding consumer debts may negatively affect the sustainability of the municipality. The average collection rate is reported to be 15% for the month of September. The effective implementation of debt collection and credit control is critically essential to ensure the sustainability of the municipality; this figure is due to old debts. The municipality needs to work harder on collecting old debts.

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

Creditors

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

As of 30th September 2024, the municipality had an outstanding creditors amount to R265 million and the bulk of this amount is made up of Bulk water: R 131.5 million and bulk electricity: R 120 million.

Below is a table of the top 10 creditors:

TOP 10 CREDITORS

CREDITORS	BALANCE
VAALHARTS WATER	-R 131 498 908,11
BULK ELECTRICITY	-R 119 979 041,95
BUSINESS CONNEXION	-R 3 991 654,36
PENSIONFUND	-R 2 849 165,85
AUDITOR GENERAL	-R 2 132 625,67
COMPENSATION COMM	-R 1 659 067,31
SMEC	-R 929 645,07
DIRECT PRECISION MANAGEMENT287120	-R 879 907,44
KUNENE MAKOPO RISK SOLUTION	-R 850 167,73
MEGA WATER CHEM	-R 447 207,65
TOTAL	-R 265 217 391,14

Table C2 – Quarterly Financial Performance (Standard Classification)

NC093 Magareng - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - Q1 First Quarter

Description	Ref	2023/24	Budget Year 2024/25							
		Audited Outcome	Original Budget	Adjusted Budget	Q1	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Revenue - Functional										
<i>Governance and administration</i>		96,186	91,756	91,756	35,420	35,420	22,939	12,481	54%	91,756
Executive and council		65,798	66,243	66,243	27,395	27,395	16,561	10,834	65%	66,243
Finance and administration		30,388	25,513	25,513	8,025	8,025	6,378	1,646	26%	25,513
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		1,982	2,206	2,206	730	730	551	179	32%	2,206
Community and social services		1,290	1,321	1,321	621	621	330	290	88%	1,321
Sport and recreation		43	-	-	7	7	-	7	#DIV/0!	-
Public safety		649	884	884	103	103	221	(118)	-54%	884
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		176	450	450	-	-	113	(113)	-100%	450
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		176	450	450	-	-	113	(113)	-100%	450
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		112,952	109,302	109,302	34,830	34,830	27,325	7,505	27%	109,302
Energy sources		19,273	21,682	21,682	4,924	4,924	5,420	(497)	-9%	21,682
Water management		48,508	35,805	35,805	12,886	12,886	8,951	3,935	44%	35,805
Waste water management		34,601	40,008	40,008	14,102	14,102	10,002	4,100	41%	40,008
Waste management		10,569	11,807	11,807	2,918	2,918	2,952	(33)	-1%	11,807
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	211,295	203,713	203,713	70,980	70,980	50,928	20,051	39%	203,713
Expenditure - Functional										
<i>Governance and administration</i>		62,792	65,048	65,048	16,625	16,625	16,262	363	2%	65,302
Executive and council		13,865	13,862	13,862	3,357	3,357	3,466	(109)	-3%	14,160
Finance and administration		48,927	51,185	51,185	13,268	13,268	12,796	471	4%	51,142
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		13,739	14,527	14,527	2,839	2,839	3,632	(793)	-22%	14,655
Community and social services		2,407	2,958	2,958	538	538	739	(202)	-27%	2,958
Sport and recreation		2,913	4,845	4,845	710	710	1,211	(502)	-41%	4,855
Public safety		4,156	3,463	3,463	798	798	866	(68)	-8%	3,581
Housing		4,263	3,261	3,261	793	793	815	(22)	-3%	3,261
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		9,874	8,322	8,322	1,608	1,608	2,081	(473)	-23%	8,322
Planning and development		5,524	5,951	5,951	1,023	1,023	1,488	(464)	-31%	5,951
Road transport		4,351	2,371	2,371	584	584	593	(9)	-1%	2,371
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		121,916	77,011	77,011	12,076	12,076	19,253	(7,177)	-37%	76,629
Energy sources		55,632	39,251	39,251	4,553	4,553	9,813	(5,260)	-54%	38,893
Water management		37,377	18,282	18,282	3,146	3,146	4,571	(1,424)	-31%	18,271
Waste water management		19,274	15,818	15,818	3,738	3,738	3,955	(217)	-5%	15,817
Waste management		9,634	3,660	3,660	639	639	915	(276)	-30%	3,648
<i>Other</i>		-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	208,321	164,908	164,908	33,147	33,147	41,227	(8,080)	-20%	164,908
Surplus/ (Deficit) for the year		2,974	38,805	38,805	37,833	37,833	9,701	28,131	2.89973	38,805

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) - Q1 First Quarter

Vote Description	Ref	2023/24	Budget Year 2024/25							
		Audited Outcome	Original Budget	Adjusted Budget	Q1	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue by Vote	1									
Vote 01 - Executive & Council		65,798	66,243	66,243	27,395	27,395	16,561	10,834	65.4%	66,243
Vote 02 - Office Of The Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 03 - Corporate Services		175	-	-	-	-	-	-	-	-
Vote 04 - Financial Services		30,213	25,513	25,513	8,025	8,025	6,378	1,646	25.8%	25,513
Vote 05 - Municipal Infrastructure		113,127	109,752	109,752	34,830	34,830	27,438	7,392	26.9%	109,752
Vote 06 - Community Services		-	-	-	-	-	-	-	-	-
Vote 07 - Public Safety & Transport		1,982	-	-	664	664	-	664	#DIV/0!	-
Vote 08 - Sports, Arts, Parks, Culture		-	2,206	2,206	66	66	551	(486)	-88.1%	2,206
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	211,295	203,713	203,713	70,980	70,980	50,928	20,051	39.4%	203,713
Expenditure by Vote	1									
Vote 01 - Executive & Council		12,757	11,703	11,703	3,152	3,152	2,926	226	7.7%	11,703
Vote 02 - Office Of The Municipal Manager		713	2,159	2,159	205	205	540	(334)	-62.0%	2,159
Vote 03 - Corporate Services		15,144	17,241	17,241	4,717	4,717	4,310	407	9.4%	17,241
Vote 04 - Financial Services		33,854	33,945	33,945	8,550	8,550	8,486	64	0.8%	33,945
Vote 05 - Municipal Infrastructure		129,642	82,382	82,382	13,076	13,076	20,595	(7,520)	-36.5%	82,382
Vote 06 - Community Services		-	-	-	-	-	-	-	-	-
Vote 07 - Public Safety & Transport		8,784	587	587	1,994	1,994	147	1,847	1258.7%	587
Vote 08 - Sports, Arts, Parks, Culture		-	10,679	10,679	51	51	2,670	(2,618)	-98.1%	10,679
Vote 09 - Planning & Development		6,926	6,213	6,213	1,401	1,401	1,553	(152)	-9.8%	6,213
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	207,820	164,908	164,908	33,147	33,147	41,227	(8,080)	-19.6%	164,908
Surplus/ (Deficit) for the year	2	3,475	38,805	38,805	37,833	37,833	9,701	28,131	290.0%	38,805

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

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

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

NC093 Magareng - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - Q1 First Quarter

Description	Ref	Budget Year 2024/25								
		2023/24 Audited Outcome	Original Budget	Adjusted Budget	Q1	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue										
Exchange Revenue										
Service charges - Electricity		14,600	18,637	18,637	4,551	4,551	4,659	(108)	-2%	18,637
Service charges - Water		3,264	3,663	3,663	1,098	1,098	916	182	20%	3,663
Service charges - Waste Water Management		8,059	11,363	11,363	2,276	2,276	2,841	(565)	-20%	11,363
Service charges - Waste management		6,050	7,045	7,045	1,703	1,703	1,761	(58)	-3%	7,045
Sale of Goods and Rendering of Services		531	773	773	121	121	193	(72)	-37%	773
Agency services		-	-	-	-	-	-	-	-	-
Interest		-	-	-	-	-	-	-	-	-
Interest earned from Receivables		19,311	24,389	24,389	5,031	5,031	6,097	(1,067)	-17%	24,389
Interest from Current and Non Current Assets		357	-	-	22	22	-	22	#DIV/0!	-
Dividends		-	-	-	-	-	-	-	-	-
Rent on Land		9	2	2	3	3	0	2	456%	2
Rental from Fixed Assets		6	3	3	16	16	1	16	2175%	3
Licence and permits		-	-	-	-	-	-	-	-	-
Operational Revenue		8,405	298	298	103	103	74	28	38%	298
Non-Exchange Revenue										
Property rates		12,916	14,608	14,608	3,392	3,392	3,652	(260)	-7%	14,608
Surcharges and Taxes		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		395	586	586	-	-	147	(147)	-100%	586
Licence and permits		-	-	-	-	-	-	-	-	-
Transfers and subsidies - Operational		76,049	72,942	72,942	30,995	30,995	18,236	12,759	70%	72,942
Interest		5,986	7,146	7,146	1,670	1,670	1,787	(117)	-7%	7,146
Fuel Levy		-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		175	-	-	-	-	-	-	-	-
Other Gains		-	-	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		156,111	161,455	161,455	50,980	50,980	40,364	10,616	26%	161,455
Expenditure By Type										
Employee related costs		47,180	54,352	54,352	11,040	11,040	13,588	(2,548)	-19%	54,352
Remuneration of councillors		5,257	5,587	5,587	1,249	1,249	1,397	(148)	-11%	5,587
Bulk purchases - electricity		26,694	25,000	25,000	1,881	1,881	6,250	(4,369)	-70%	25,000
Inventory consumed		11,464	13,333	13,333	1,607	1,607	3,333	(1,727)	-52%	13,333
Debt impairment		-	17,056	17,056	4,264	4,264	4,264	(0)	0%	17,056
Depreciation and amortisation		18,411	23,541	23,541	5,885	5,885	5,885	0	0%	23,541
Interest		1,958	1,887	1,887	-	-	472	(472)	-100%	1,887
Contracted services		11,473	7,750	7,750	2,231	2,231	1,938	293	15%	7,750
Transfers and subsidies		-	-	-	-	-	-	-	-	-
Irrecoverable debts written off		63,729	-	-	-	-	-	-	-	-
Operational costs		18,548	15,824	15,824	4,991	4,991	3,956	1,035	26%	15,824
Losses on Disposal of Assets		3,105	-	-	-	-	-	-	-	-
Other Losses		-	579	579	-	-	145	(145)	-100%	579
Total Expenditure		207,820	164,908	164,908	33,147	33,147	41,227	(8,080)	-20%	164,908
Surplus/(Deficit)		(51,709)	(3,453)	(3,453)	17,833	17,833	(863)	18,696	(0)	(3,453)
Transfers and subsidies - capital (monetary allocations)		-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind)		50,290	42,258	42,258	20,000	20,000	10,565	9,436	0	42,258
Surplus/(Deficit) after capital transfers & contributions		3,475	38,805	38,805	37,833	37,833	9,701	28,131	0	38,805
Income Tax		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after income tax		3,475	38,805	38,805	37,833	37,833	9,701	28,131	0	38,805
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		3,475	38,805	38,805	37,833	37,833	9,701	28,131	0	38,805
Share of Surplus/Deficit attributable to Associate		-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year		3,475	38,805	38,805	37,833	37,833	9,701	28,131	0	38,805

TableC4providesbudgetperformancedetailsforrevenuebysourceandexpenditureby type. For revenue, the main deviations from budget projections are on, service charges, Water, Sanitation, Sale of goods and rendering, 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, Employee related cost, Remuneration of councilors, Bulk purchases, other expenditure, Inventory consumed, Reasons for deviations will only be provided for material variances and a variance is deemed to be material if it is 10% or more.

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

NC093 Magareng - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - Q1 First Quarter

Vote Description	Ref	2023/24	Budget Year 2024/25							
		Audited Outcome	Original Budget	Adjusted Budget	Q1	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Single Year expenditure appropriation	2									
Vote 05 - Municipal Infrastructure		51,549	42,258	42,258	18,459	18,459	10,565	7,895	75%	42,258
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 - ldp, 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	51,549	42,258	42,258	18,459	18,459	10,565	7,895	75%	42,258
Total Capital Expenditure		51,549	42,258	42,258	18,459	18,459	10,565	7,895	75%	42,258
Capital Expenditure - Functional Classification										
<i>Trading services</i>		51,549	42,258	42,258	18,459	18,459	10,565	7,895	75%	42,258
Energy sources		-	-	-	-	-	-	-	-	-
Water management		34,482	22,258	22,258	10,312	10,312	5,564	4,747	85%	22,258
Waste water management		17,067	20,000	20,000	8,147	8,147	5,000	3,147	63%	20,000
Waste management		-	-	-	-	-	-	-	-	-
<i>Other</i>		-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	3	51,549	42,258	42,258	18,459	18,459	10,565	7,895	75%	42,258
Funded by:										
National Government		36,794	42,258	42,258	18,459	18,459	10,565	7,895	75%	42,258
Provincial Government		-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educ Institutions)		14,755	-	-	-	-	-	-	-	-
Transfers recognised - capital		51,549	42,258	42,258	18,459	18,459	10,565	7,895	75%	42,258
Borrowing	6	-	-	-	-	-	-	-	-	-
Internally generated funds		-	-	-	-	-	-	-	-	-
Total Capital Funding		51,549	42,258	42,258	18,459	18,459	10,565	7,895	75%	42,258

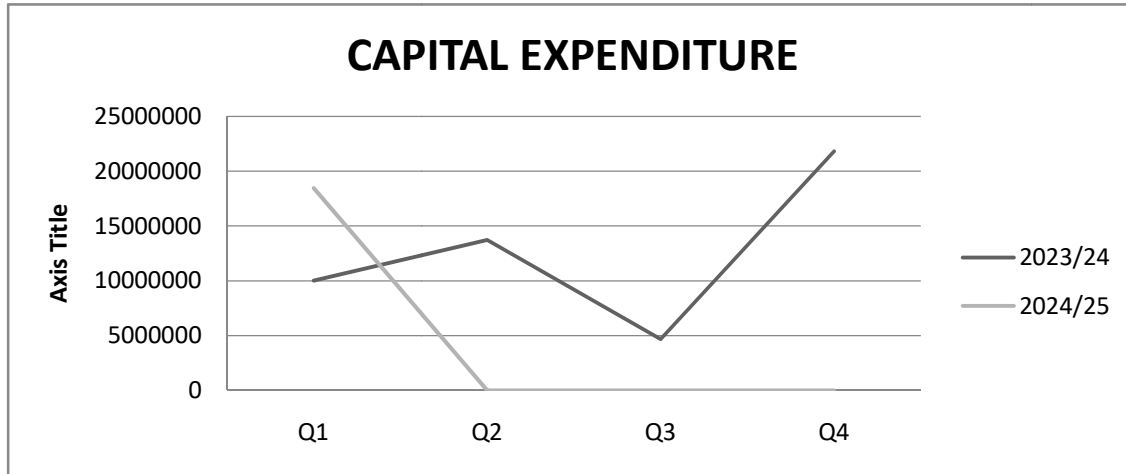
Table C5C: Quarterly Capital Expenditure by Vote

NC093 Magareng - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - A - Q1 First Quarter

Vote Description	Ref	2023/24	Budget Year 2024/25							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Capital expenditure - Municipal Vote										
Expenditure of multi-year capital appropriation	1									
Vote 01 - Executive & Council		-	-	-	-	-	-	-	-	-
Vote 02 - Office Of The Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 03 - Corporate Services		-	-	-	-	-	-	-	-	-
Vote 04 - Financial Services		-	-	-	-	-	-	-	-	-
Vote 05 - Municipal Infrastructure		-	-	-	-	-	-	-	-	-
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 & Traditio		-	-	-	-	-	-	-	-	-
Vote 13 - Electricity Department		-	-	-	-	-	-	-	-	-
Vote 14 - Maluti Water		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
Total multi-year capital expenditure		-	-	-	-	-	-	-	-	-
Capital expenditure - Municipal Vote										
Expenditure of single-year capital appropriation	1									
Vote 01 - Executive & Council		-	-	-	-	-	-	-	-	-
Vote 02 - Office Of The Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 03 - Corporate Services		-	-	-	-	-	-	-	-	-
03.2 - Corporate Admin		-	-	-	-	-	-	-	-	-
Vote 04 - Financial Services		-	-	-	-	-	-	-	-	-
Vote 05 - Municipal Infrastructure		51,549	42,258	42,258	18,459	18,459	10,565	7,895	75%	42,258
05.4 - Sanitation		17,067	20,000	20,000	8,147	8,147	5,000	3,147	63%	20,000
05.5 - Water		34,482	22,258	22,258	10,312	10,312	5,564	4,747	85%	22,258
05.6 - Electricity		-	-	-	-	-	-	-	-	-
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 & Traditio		-	-	-	-	-	-	-	-	-
Vote 13 - Electricity Department		-	-	-	-	-	-	-	-	-
Vote 14 - Maluti Water		-	-	-	-	-	-	-	-	-
Vote 15 - Other		-	-	-	-	-	-	-	-	-
Total single-year capital expenditure		51,549	42,258	42,258	18,459	18,459	10,565	7,895	0	42,258
Total Capital Expenditure		51,549	42,258	42,258	18,459	18,459	10,565	7,895	0	42,258

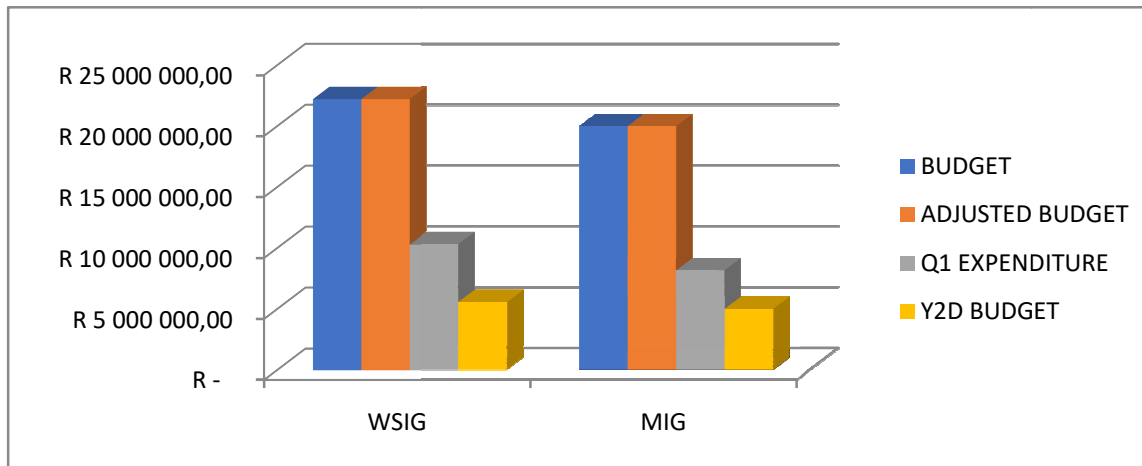
Table C5 Capex and C5C present capital expenditure performance for all votes, standard classification and the funding thereof and measure the year-to-date performance targets against the actual capital expenditure figures. R 18.5 million spending was incurred on the capital budget, year to date budget is R 10.6 million, and this gave an over-performance variance of R7.9 million that translates to a positive variance of 75%.

FIGURE 2: QUARTELY CAPITAL EXPENDITURE PERFORMANCE



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

FIGURE 2: CAPITAL EXPENDITURE BY SOURCE OF FINANCE



The bar chart above clearly illustrates the various sources of finance for the capital budget, totaling R42.3 million. The Municipal Infrastructure Grant accounts for R22.3 million and the Water Services Infrastructure Grant for R20 million of the total budgeted allocation as per DoRA. The graph above presents the expenditure per source of finance with utmost clarity.

Table C6: Quarterly Budget Statement Financial Position

NC093 Magareng - Table C6 Monthly Budget Statement - Financial Position - Q1 First Quarter

Description	Ref	2023/24	Budget Year 2024/25			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash and cash equivalents		(100,292)	63,861	63,861	4,624	63,861
Trade and other receivables from exchange transactions		(20,998)	32,176	32,176	(14,785)	32,176
Receivables from non-exchange transactions		1,878	16,277	16,277	5,882	16,277
Current portion of non-current receivables						
Inventory		121	(994)	(994)	121	(994)
VAT		67,345	49,413	49,413	65,773	49,413
Other current assets		(1,953)	(1,814)	(1,814)	(1,965)	(1,814)
Total current assets		(53,900)	158,919	158,919	59,649	158,919
Non current assets						
Investments						
Investment property		24,867	23,831	23,831	24,867	23,831
Property, plant and equipment		454,799	371,544	371,544	467,373	371,544
Biological assets						
Living and non-living resources						
Heritage assets		371	371	371	371	371
Intangible assets		13	10	10	13	10
Trade and other receivables from exchange transactions						
Non-current receivables from non-exchange transactions		0	0	0	0	0
Other non-current assets						
Total non current assets		480,050	395,757	395,757	492,624	395,757
TOTAL ASSETS		426,150	554,676	554,676	552,273	554,676
LIABILITIES						
Current liabilities						
Bank overdraft		-	-	-	-	-
Financial liabilities		-	0	0	-	0
Consumer deposits		1,328	1,309	1,309	1,329	1,309
Trade and other payables from exchange transactions		376,613	347,263	347,263	250,446	347,263
Trade and other payables from non-exchange transactions		2,696	3,236	3,236	32,409	3,236
Provision		8,962	7,404	7,404	8,955	7,404
VAT		24,960	24,362	24,362	25,971	24,362
Other current liabilities		-	-	-	-	-
Total current liabilities		414,559	383,573	383,573	319,110	383,573
Non current liabilities						
Financial liabilities		730	794	794	730	794
Provision		7,265	7,285	7,285	6,910	7,285
Long term portion of trade payables		-	-	-	-	-
Other non-current liabilities		-	-	-	-	-
Total non current liabilities		7,995	8,079	8,079	7,640	8,079
TOTAL LIABILITIES		422,553	391,651	391,651	326,749	391,651
NET ASSETS	2	3,596	163,025	163,025	225,524	163,025
COMMUNITY WEALTH/EQUITY						
Accumulated surplus/(deficit)		210,698	163,025	163,025	225,524	163,025
Reserves and funds		-	-	-	-	-
Other		-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	210,698	163,025	163,025	225,524	163,025

Total Assets

Variances were noted between the budgeted values of assets and the actual recorded at the end of the review period. As at the end of September 2024, the municipality recorded total assets of R552.3 million which include R 59.6 million and R492.6 million for both current assets and non-current assets respectively. Current assets are those assets that are likely to be converted into cash within twelve months; while non-current assets are likely to be converted into cash over a longer-term.

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

As at the end of September 2024, the municipality recorded consumer debtors (Exchange and non-exchange transactions) of –R8.9 million, representing about- 2% of the total assets. Looking at the annual budgeted trade and other receivables of R48.4 million, consumer debtors appear to be understated as compared to the debtor's age analysis. This is due to the failure of customers paying their debt as well as the impact of debt impairment which will be fully affected at the end of the financial year. This is also an indication of the rate at which consumer debtors are escalating. It will be important that council fast-track implementation of its credit control and debt collection strategies (revenue enhancement) to collect the outstanding debtors. The municipality will need to estimate the projected annual debtors and the provision for debt impairment to accurately budget for the consumer debtors projected at the end of the financial year.

Property Plant and Equipment (PPE)

As of 30 September 2024, the municipality recorded R 467.4 million for Property Plant and Equipment, which represents 85% of the total assets. These assets comprise of roads and storm water, water and infrastructure, electricity infrastructure, community assets, and other plants and equipment which the municipality has acquired mainly for service delivery and for its own use. These assets determine the municipality's ability to deliver these services to communities.

This shows that recorded PPE is R467.4 million which is more than the projected amount of R371.5 million for the financial year ending 2024/25.

Total Liabilities

Variances were noted between the budgeted values of liabilities and the actual recorded at the end of September 2024. As at the end September 2024, the municipality recorded total liabilities of 326.7 million which entails of R 319.1 million and R7.6 million for both current liabilities and non-current liabilities respectively. Current liabilities are those liabilities that are payable by the municipality within the twelve months, while non-current liabilities are those liabilities that are payable over a period beyond twelve months.

The current ratio of the municipal's financial position equals to 0.19, which is current assets divided by current liabilities (59 646/ 319 110). According to the acceptable norms, a current ratio which is less than 1 shows that the municipality is unable to pay its shorts term debts (current liabilities) using its cash on hand (Current assets). This also shows that institution is not liquid enough and it is financial unstable. The municipality needs to improve on its abilities to raise current assets so that it can be in a better position to pay off debts when they become due.

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

Table C7: Quarterly Budgeted Statement Cash Flow

NC093 Magareng - Table C7 Monthly Budget Statement - Cash Flow - Q1 First Quarter

Description	Ref	2023/24	Budget Year 2024/25							
		Audited Outcome	Original Budget	Adjusted Budget	Q1	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		-	7,742	7,742	1,070	1,070	1,936	(866)	-45%	7,742
Service charges		-	21,576	21,576	5,253	5,253	5,394	(141)	-3%	21,576
Other revenue		-	7,128	7,128	5,544	5,544	1,782	3,763	211%	238,939
Transfers and Subsidies - Operational		-	72,942	72,942	30,995	30,995	18,236	12,759	70%	72,942
Transfers and Subsidies - Capital		-	42,258	42,258	20,000	20,000	10,565	9,436	89%	42,258
Interest		-	-	-	86	86	-	86	#DIV/0!	-
Dividends		-	-	-	-	-	-	-	-	-
Payments										
Suppliers and employees		-	(121,846)	(121,846)	(22,998)	(22,998)	(30,461)	(7,463)	25%	(67,169)
Interest		-	(1,887)	(1,887)	-	-	(472)	(472)	100%	(1,887)
Transfers and Subsidies		-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		-	27,912	27,912	39,950	39,950	6,978	(32,972)	-473%	314,401
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-
Payments										
Capital assets		-	(42,258)	(42,258)	(18,459)	(18,459)	(10,565)	7,895	-75%	(42,258)
NET CASH FROM/(USED) INVESTING ACTIVITIES		-	(42,258)	(42,258)	(18,459)	(18,459)	(10,565)	7,895	-75%	(42,258)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	5	5	(0)	(0)	1	(2)	-130%	5
Payments										
Repayment of borrowing		-	319	319	-	-	80	80	100%	319
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	325	325	(0)	(0)	81	82	100%	325
NET INCREASE/ (DECREASE) IN CASH HELD										
Cash/cash equivalents at beginning:		734	69	69	1,107	1,107	69			1,107
Cash/cash equivalents at month/year end:		734	(13,952)	(13,952)	22,597	22,597	(3,436)			273,574

Table C7 provides details of the quarterly cash in and outflow. For the period ending 30th September 2024 the net cash from operating activities is R40 million whilst cash used for investing activities is R18.5 million and the net cash from financing activities is R4 hundred. The cash and cash equivalent held at end of the financial year amounted to R 22.6 million.

PART 2: SUPPORTING TABLES

Table SC3: Debtors Analysis

The outstanding debtors as at 30th September 2024 amounts to R 438.9 million which shows increase of R5 million in debtors' book when compared to the previous month of the current financial year, outstanding debtors that amounts to R433.9 million. The largest outstanding amount owed to the municipality comes from households; this category owes R402.1million, which incurs interest each month. The long outstanding consumer debts may negatively affect the sustainability of the municipality. The average collection rate is reported to beat 15% for the month of September. The effective implementation of the debt collection and credit control is critically essential to ensure the sustainability of the municipality; this figure is due to old debts. The Municipality needs to work harder on collecting old debts.

NC093 Magareng - Supporting Table SC3 Monthly Budget Statement - aged debtors - Q1 First Quarter

Description	NT Code	Budget Year 2024/25									Total over 90 days	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			
R thousands													
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200	420	384	371	340	305	370	1,895	67,936	72,021	70,846		
Trade and Other Receivables from Exchange Transactions - Electricity	1300	502	383	215	170	104	116	879	26,524	28,894	27,794		
Receivables from Non-exchange Transactions - Property Rates	1400	1,073	1,007	901	807	799	757	4,397	49,890	59,630	56,650		
Receivables from Exchange Transactions - Waste Water Management	1500	866	856	855	735	714	722	4,520	60,206	69,475	66,898		
Receivables from Exchange Transactions - Waste Management	1600	642	623	616	526	510	512	3,170	41,711	48,309	46,428		
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	-	-	-	-		
Interest on Arrear Debtor Accounts	1810	2,291	2,271	2,244	2,320	2,174	2,153	12,974	130,015	156,443	149,637		
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-		
Other	1900	64	36	45	33	46	42	217	3,650	4,133	3,988		
Total By Income Source	2000	5,858	5,561	5,246	4,933	4,652	4,672	28,052	379,933	438,906	422,241	-	-
August Totals		5,892	5,386	4,970	4,666	4,685	4,735	27,951	375,570	433,855	417,607		
Debtors Age Analysis By Customer Group													
Organs of State	2200	445	441	336	275	233	202	992	5,519	8,443	7,221		
Commercial	2300	657	458	341	297	280	269	1,499	22,347	26,151	24,694		
Households	2400	4,722	4,633	4,534	4,330	4,104	4,169	25,373	350,208	402,073	388,184		
Other	2500	33	29	35	29	35	32	188	1,859	2,239	2,142		
Total By Customer Group	2600	5,858	5,561	5,246	4,933	4,652	4,672	28,052	379,933	438,906	422,241	-	-

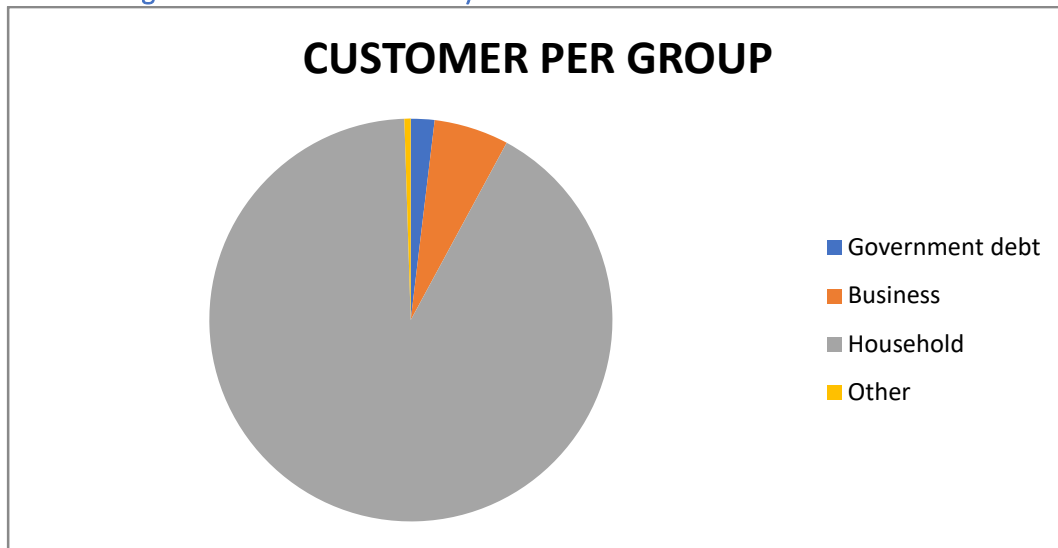
Supporting table SC3 provides a breakdown of the debtors. The outstanding debtors as at the end of September amount to R 438.9 million. The debtors' book is made up of the following: Indicated in the table above, is the total outstanding debt per Income Source. The highest percentage weighting of debt owed is attributable to:

- Rates 13.6%
- Electricity 6.6%
- Water 16%
- Waste water management 15.8%
- Waste management 11%
- Interest on Debtors 35.6%
- Other 0%

Weighting per Customer Group

- Government debt constitutes 1.9%, Businesses 6%, Households 91.78% and other 0.51% of the total outstanding debt.

FIGURE 3: Aged Consumer Debtors analysis



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

The debtors' age analysis is graphically presented below.

FIGURE 4: Aged Consumer Debtors analysis

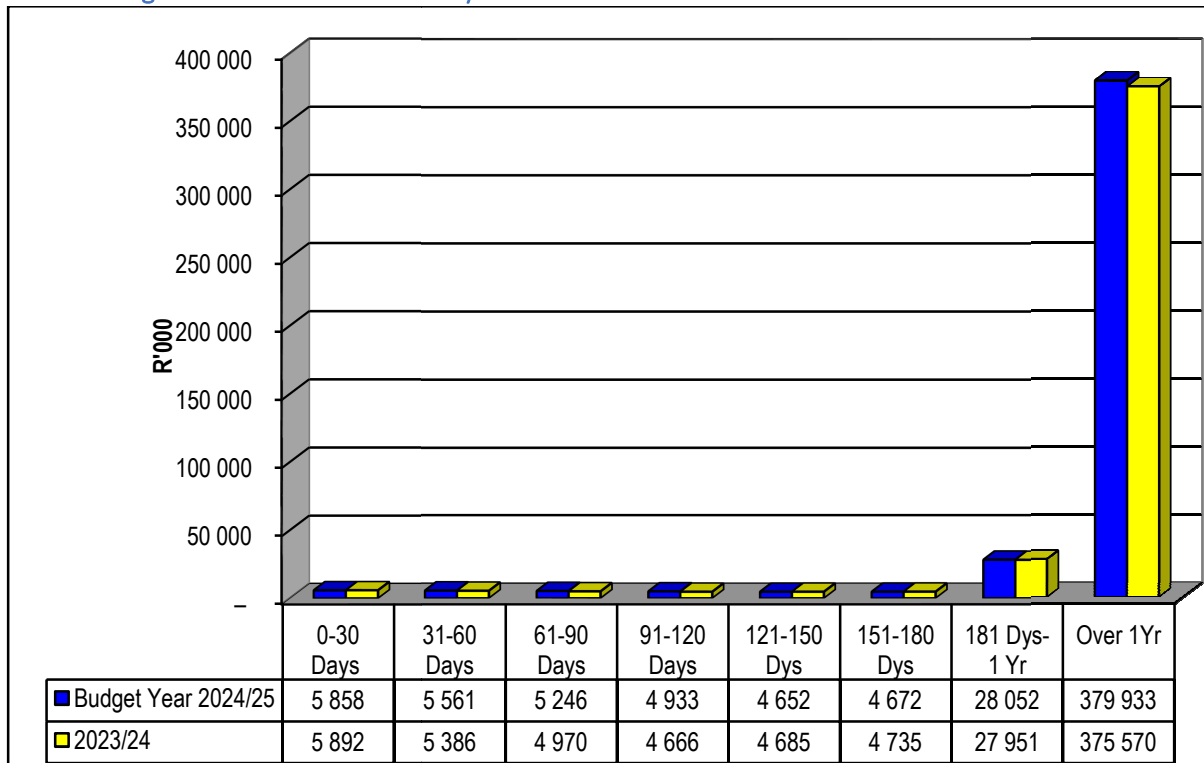


FIGURE 5: Consumer Debtors (Total by Debtor Consumer Category)

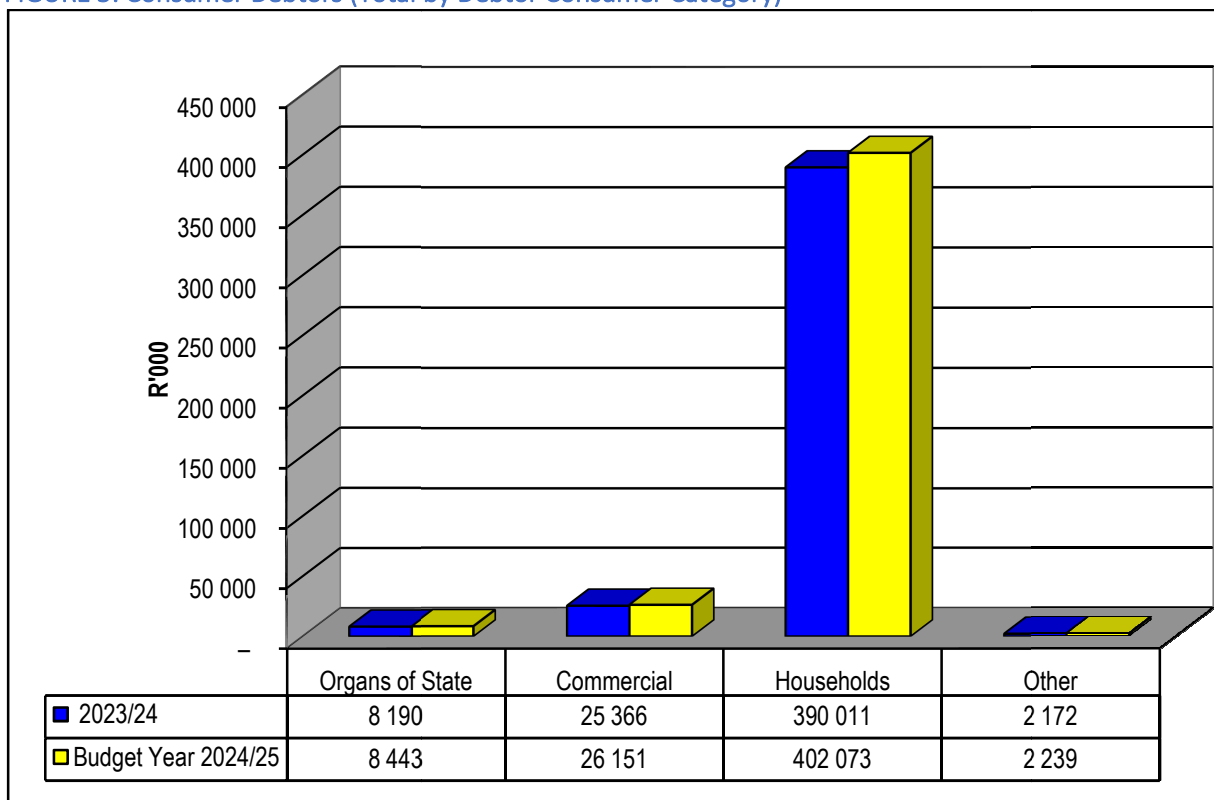


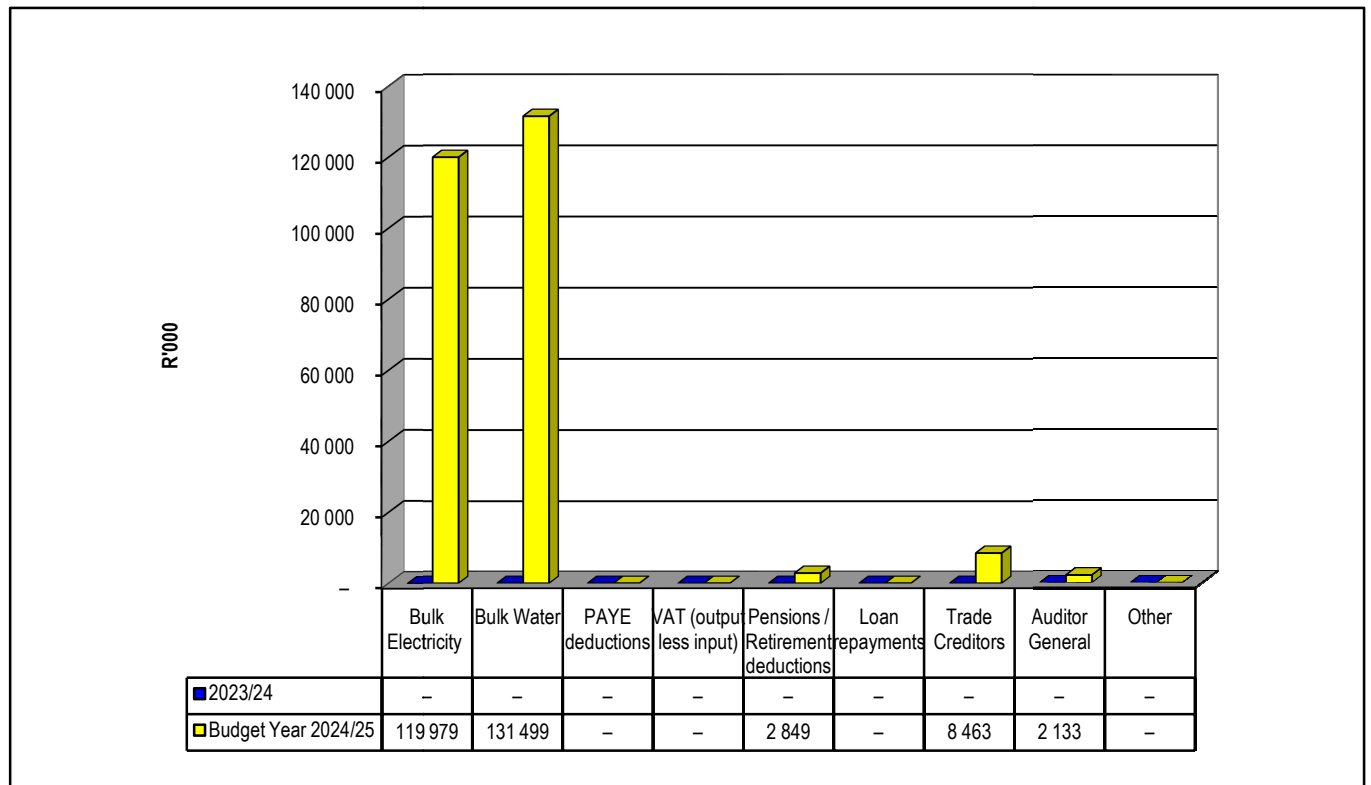
Table SC4: Creditors Analysis

NC093 Magareng - Supporting Table SC4 Monthly Budget Statement - aged creditors - Q1 First Quarter

Description R thousands	NT Code	Budget Year 2024/25									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	6,123	7,182	7,357	8,106	7,365	43,199	40,646	-	119,979		
Bulk Water	0200	2,799	2,873	2,533	2,191	2,068	12,406	14,231	92,398	131,499		
PAYE deductions	0300	-	-	-	-	-	-	-	-	-		
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-		
Pensions / Retirement deductions	0500	821	1,104	924	-	-	-	-	-	2,849		
Loan repayments	0600	-	-	-	-	-	-	-	-	-		
Trade Creditors	0700	-	814	1,188	665	886	1,360	1,068	2,481	8,463		
Auditor General	0800	546	356	286	3	261	317	41	323	2,133		
Other	0900	-	-	-	-	-	-	-	-	-		
Medical Aid deductions		-	-	31	-	-	-	-	-	31		
Total By Customer Type	1000	10,288	12,330	12,320	10,966	10,581	57,282	55,986	95,201	264,954	-	

It is imperative to note that Table SC4 provides a crucial age analysis of the municipality's creditors. It is mandatory, as per section 65 of the MFMA that all creditors get paid within 30 days of receiving an invoice. The municipality's creditors as of September 30th, 2024, amount to R 265 million, including Eskom with R 120 million and Vaalharts Water with R 131.5 million, among others. However, despite this obligation, the municipality is currently unable to pay its creditors within the required 30 days due to low revenue collection.

FIGURE 7: Aged Creditors Analysis



The above graph analysis the 2024/2025 monthly aged creditors.

Table SC5: Investment Portfolio Analysis

NC093 Magareng - Supporting Table SC5 Monthly Budget Statement - investment portfolio - Q1 First 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 (9355871747)		3 Month	7 Day	YES					1/20/2024	21	0	(21)	-	-
ABSA (9380541602)		3 Month	7 Day	YES					1/1/2024	118	91	(7,000)	11,000	4,209
Entities sub-total										139	92	(7,021)	11,000	4,209
TOTAL INVESTMENTS AND INTEREST	2									139	92	(7,021)	11,000	4,209

Supporting Table SC5 displays the council's investments portfolio and indicates that the municipality had an opening balance of R 139 million, municipality top up the investment by R11 million and earned interest of R92 thousand. The total amount of R7 million was withdrawn from investment account, as at the end of 30 September 2024 the municipality had a closing amount of R4.2 million.

Table SC6- Allocation and grant receipts

NC093 Magareng - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - Q1 First Quarter

Description	Ref	2023/24	Budget Year 2024/25							
		Audited Outcome	Original Budget	Adjusted Budget	Q1	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
RECEIPTS:										
Operating Transfers and Grants										
National Government:		68,798	69,243	69,243	30,395	30,395	17,311	13,084	75.6%	69,243
Equitable Share		59,941	65,001	65,001	27,084	27,084	16,250	10,834	66.7%	65,001
Expanded Public Works Programme Integrated Grant		712	1,242	1,242	311	311	311	1	0.2%	1,242
Local Government Financial Management Grant		3,000	3,000	3,000	3,000	3,000	750	2,250	300.0%	3,000
Municipal Disaster Relief Grant		5,145	-	-	-	-	-	-	-	-
Other transfers and grants [insert description]		-	-	-	-	-	-	-	-	-
Provincial Government:		-	-	-	-	-	-	-	-	-
Other transfers and grants [insert description]		-	-	-	-	-	-	-	-	-
District Municipality:		6,071	2,500	2,500	-	-	625	(625)	-100.0%	2,500
Specify (Add grant description)		6,071	2,500	2,500	-	-	625	(625)	-100.0%	2,500
Other grant providers:		1,180	1,199	1,199	600	600	300	300	100.0%	1,199
Education Training and Development Practices SETA		-	-	-	-	-	-	-	-	-
National Library South Africa		1,180	-	-	600	600	-	600	-	-
Northern Cape Arts and Cultural		-	1,199	1,199	-	-	300	(300)	-100.0%	1,199
Post Retirement Benefit		-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	5	76,049	72,942	72,942	30,995	30,995	18,236	12,759	70.0%	72,942
Capital Transfers and Grants										
National Government:		50,290	42,258	42,258	20,000	20,000	10,565	9,436	89.3%	42,258
Integrated National Electrification Programme Grant		-	-	-	-	-	-	-	-	-
Municipal Disaster Relief Grant		-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant		18,764	22,258	22,258	10,000	10,000	5,564	4,436	79.7%	22,258
Regional Bulk Infrastructure Grant		12,011	-	-	-	-	-	-	-	-
Water Services Infrastructure Grant		19,515	20,000	20,000	10,000	10,000	5,000	5,000	100.0%	20,000
Provincial Government:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
District Municipality:		4,894	-	-	-	-	-	-	-	-
Specify (Add grant description)		4,894	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	5	55,184	42,258	42,258	20,000	20,000	10,565	9,436	89.3%	42,258
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	131,233	115,200	115,200	50,995	50,995	28,800	22,195	77.1%	115,200

In Supporting Tables SC6, you can find all the details of the grants that were received. During the firstquarter period the municipality has received a total of R51 million, taking into consideration both operational (R31 million) and capital grants (R20 million), to date. In the reporting period, all the grants that were gazetted were received according to the National Treasury's grants payment schedule.

Table SC7: Transfers and Grant Expenditure

NC093 Magareng - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - Q1 First Quarter

Description	Ref	2023/24	Budget Year 2024/25							
		Audited Outcome	Original Budget	Adjusted Budget	Q1	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
EXPENDITURE										
Operating expenditure of Transfers and Grants										
National Government:		39,403	69,243	69,243	28,500	28,500	17,311	11,189	64.6%	36,117
Equitable Share		34,989	65,001	65,001	27,084	27,084	16,250	10,834	66.7%	31,875
Expanded Public Works Programme Integrated Grant		1,730	1,242	1,242	281	281	311	(30)	-9.6%	1,242
Local Government Financial Management Grant		2,684	3,000	3,000	1,135	1,135	750	385	51.3%	3,000
Municipal Disaster Relief Grant		-	-	-	-	-	-	-	-	-
Provincial Government:		-	-	-	-	-	-	-	-	-
District Municipality:		682	2,500	2,500	218	218	625	(407)	-65.1%	2,500
FBDM (Operational)		682	2,500	2,500	218	218	625	(407)	-65.1%	2,500
Other grant providers:		1,253	1,228	1,228	269	269	307	(38)	-12.4%	1,228
Education Training and Development Practices SETA		-	-	-	-	-	-	-	-	-
National Library South Africa		1,253	-	-	269	269	-	269	-	-
Northern Cape Arts and Cultural		-	1,228	1,228	-	-	307	(307)	-100.0%	1,228
Total operating expenditure of Transfers and Grants:		41,337	72,971	72,971	28,987	28,987	18,243	10,744	58.9%	39,845
Capital expenditure of Transfers and Grants										
National Government:		36,794	42,258	42,258	18,459	18,459	10,565	7,895	74.7%	42,258
Integrated National Electrification Programme Grant		-	-	-	-	-	-	-	-	-
Municipal Disaster Relief Grant		827	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant		18,900	22,258	22,258	10,312	10,312	5,565	4,747	85.3%	22,258
Regional Bulk Infrastructure Grant		-	-	-	-	-	-	-	-	-
Water Services Infrastructure Grant		17,067	20,000	20,000	8,147	8,147	5,000	3,147	62.9%	20,000
Provincial Government:		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
Specify (Add grant description)		-	-	-	-	-	-	-	-	-
Other grant providers:		14,755	-	-	-	-	-	-	-	-
Pocket Money Households (Cash)		14,755	-	-	-	-	-	-	-	-
Total capital expenditure of Transfers and Grants		51,549	42,258	42,258	18,459	18,459	10,565	7,895	74.7%	42,258
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		92,887	115,229	115,229	47,446	47,446	28,807	18,639	64.7%	82,103

A total of R47.4 million has been spent on grants during the first quarter of the financial year, while the year-to-date budget stands at R28.8 million. This has resulted in an over spending variance of R18.6 million, which translates to a positive variance of 64.7%. Out of the total spending year-to-date, R29 million has been spent on operational grants, while R18.5 million has been spent on capital grants.

Description	Budget Year 2024/25						
	DORA Allocation	Funds Received to date	Spents to date	Spent to date Vat Inc & Rentations	Unspent Balance Vat Inc	% Spent to date Vat excl	% Spent to date Vat inc
Grants and Subsidies							
Operational							
Equitable Share	65,001,000.00	27,084,000.00	27,084,000.00	27,084,000.00	37,917,000.00	42%	42%
Expanded Public Works Programme Integrated Grant	1,242,000.00	311,000.00	280,698.82	280,698.82	961,301.18	23%	23%
Local Government Financial Management Grant	3,000,000.00	3,000,000.00	1,134,951.08	1,289,599.06	1,710,400.94	38%	43%
<i>FBDM (Operational)</i>	2,500,000.00	-	217,973.40	217,973.40	2,282,026.60	9%	9%
<i>Northern Cape Arts and Cultural</i>	1,199,000.00	599,500.00	268,924.06	268,924.06	930,075.94	22%	22%
Sub-Total	72,942,000.00	30,994,500.00	28,986,547.36	29,141,195.34	43,955,452.64	40%	40%
Capital							
Municipal Infrastructure Grant	22,258,000.00	10,000,000.00	10,311,758.97	13,684,727.47	8,573,272.53	46%	61%
Water Services Infrastructure Grant	20,000,000.00	10,000,000.00	8,147,493.36	10,063,798.04	9,936,201.96	41%	50%
Sub-Total	42,258,000.00	20,000,000.00	18,459,252.33	23,748,525.51	18,509,474.49	44%	56%
TOTAL RECEIPTS OF TRANSFERS & GRANTS	115,200,000.00	50,994,500.00	47,445,799.69	52,889,720.85	62,464,927.13	41%	46%

The above table depicts the gazetted and budgeted amounts for all the grants and the performance there of as at end of first quarter (July-September).

Financial Management grant

- The FMG grant is essential for funding BTO program projects supported by the National Treasury. As of the end of the 1st quarter, R 3 million has been received. 43% (VAT exclusive) has been spent, the same can be depicted when considering VAT inclusive

Expanded Public Work Programme

- EPWP grant is used to fund the expanded public works programs, and this is a National Department of Public Works initiative to curb the high unemployment rate.
- It is important to note that the municipality has received the first tranches of the allocation, totaling R311 thousand, as of the end of the first quarter, the municipality has already spent R281 thousand, which is equal to 23% (VAT exclusive) of the total allocation as per DoRa. It is worth noting that in most cases, the municipality uses its funds to pay employees who are funded by this grant after it has depleted.

Frances Baard District Municipality Grant

- FBDM grant is used to assist the municipality with Operations and Maintenance, this grant is funded by the district municipality.
- The municipality is yet to receive an allocation R2, 5 million for the grant and to date it has spent R218 thousand it is also important to note some of the claims made to FBDM are paid direct to the contractor on behalf of the municipality, hence the difference between what the municipality has received and spend.

Library Grant (Sports, Arts and Culture)

- It should be noted that the municipality received the first tranche of the grant in September, amounting to R599 thousand, the municipality has already spent R269 thousand which equates to 22% of the total allocation.

Municipal Infrastructure Grant

- The MIG expenditure as at 30 September 2024 is sitting at 46 % (Vat exclusive) of the total allocation of R22.3 million for the year. The municipality to date has received R10 million and out of that R13.7(Vat incl) million has been spent and that translates to 61% as the end of first quarter.

Water Services Infrastructure Grant

- The WSIG expenditure as at 30 September 2024 is at 41%(Vat excl) of the total allocation of R20 million for the year. The municipality to date has received R10 million and out of that R 10 (Vat incl) million has been spent which equates to 50% of the total allocation of the grant.

It can then be noted that a total of R51 million has been received to date for both operational and capital grants, total expenditure of R47.4 million has been committed or spent to date which translates into 41% spent on grants and subsidies exclusive of Vat.

Please note the figures and narrations on both the capital and operational grants are Vat exclusive and do not take into consideration the retention, this figures are extracted directly from the municipal financial system and they are captured without both the VAT and Retention

Table SC8: Councilors and Staff Benefits

NC093 Magareng - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - Q1 First Quarter

Summary of Employee and Councillor remuneration	Ref	2023/24	Budget Year 2024/25							
		Audited Outcome	Original Budget	Adjusted Budget	Q1	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands		A	B	C						D
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		3,574	3,843	3,843	872	872	961	(89)	-9%	3,843
Pension and UIF Contributions		477	555	555	106	106	139	(32)	-23%	555
Medical Aid Contributions		83	128	128	18	18	32	(14)	-45%	128
Cellphone Allowance		538	509	509	117	117	127	(11)	-8%	509
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		585	551	551	137	137	138	(1)	-1%	551
Sub Total - Councillors		5,257	5,587	5,587	1,249	1,249	1,397	(148)	-11%	5,587
% increase	4		6.3%	6.3%						6.3%
Senior Managers of the Municipality										
Basic Salaries and Wages		1,274	2,956	2,956	371	371	739	(368)	-50%	2,956
Pension and UIF Contributions		119	333	333	33	33	83	(51)	-61%	333
Medical Aid Contributions		50	126	126	13	13	31	(18)	-59%	126
Performance Bonus		59	245	245	-	-	61	(61)	-100%	245
Motor Vehicle Allowance		666	1,590	1,590	-	-	397	(397)	-100%	1,590
Cellphone Allowance		9	27	27	-	-	7	(7)	-100%	27
Housing Allowances		-	164	164	-	-	41	(41)	-100%	164
Other benefits and allowances		0	1	1	0	0	0	(0)	-75%	1
Scarcity		99	195	195	-	-	49	(49)	-100%	195
Sub Total - Senior Managers of Municipality		2,276	5,635	5,635	417	417	1,409	(992)	-70%	5,635
% increase	4		147.6%	147.6%						147.6%
Other Municipal Staff										
Basic Salaries and Wages		31,280	35,480	35,480	8,078	8,078	8,870	(792)	-9%	35,480
Pension and UIF Contributions		6,349	6,787	6,787	1,554	1,554	1,697	(142)	-8%	6,787
Medical Aid Contributions		2,269	2,627	2,627	583	583	657	(74)	-11%	2,627
Overtime		707	321	321	203	203	80	123	153%	321
Performance Bonus		2,861	2,846	2,846	30	30	711	(681)	-96%	2,846
Motor Vehicle Allowance		25	56	56	-	-	14	(14)	-100%	56
Cellphone Allowance		56	109	109	35	35	27	7	27%	109
Housing Allowances		70	83	83	17	17	21	(4)	-19%	83
Other benefits and allowances		377	208	208	88	88	52	36	68%	208
Acting and post related allowance		254	100	100	36	36	25	11	42%	100
In kind benefits		657	100	100	-	-	25	(25)	-100%	100
Sub Total - Other Municipal Staff		44,904	48,716	48,716	10,623	10,623	12,179	(1,556)	-13%	48,716
% increase	4		8.5%	8.5%						8.5%
Total Parent Municipality		52,437	59,939	59,939	12,289	12,289	14,985	(2,696)	-18%	59,939

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

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

- I. Salaries and wages
- II. Contribution for pension and medical aid
- III. Travel, motor car, accommodation, subsistence and other allowances.
- IV. Housing benefits
- V. Overtime
- VI. Any other benefit or allowance related to staff.

For the quarter under review the municipality has incurred an expenditure amounting to R12.3 million on a total budget of R60 million. The expenditure seems to be slightly within the budget projection, the actual year to date budget amounts to R 14.9 million which is 18% exceeds the actual expenditure for this current quarter, This variance is due to budgeted post that are yet to be filled.

PROGRESS ON THE BUDGET FUNDING PLAN

Pillar 1 - Positive Cash Flows

The municipality is required to maintain positive cash balances.

Opening cash balance as per bank statement = R4 038 568.22

Closing cash balance as per bank statement = R 5 798 854.53

Pillar 2 - Reduction in non-core expenditure

Overtime -The municipality has reduced the budget for overtime which was approved by council with the 2023/2024 budget from R643.9 thousands to R321 thousands for the approved 2024/2025.

In the first quarter, the total overtime paid amounted to R 203 thousand, with the year-to-date budget amounting to R 80 thousand, resulting in an overspending of R R123 thousand. The municipality must implement strict cost containment measures to ensure that this line item stays within the budget.

There are no Unauthorized Debit orders for the first quarter; the municipality reverses these debit orders monthly.

The municipality incurred penalties and interest amounting to R58 thousand for July and R61,3 thousand for August due to delayed payment of PAYE to SARS for the 1st quarter period. No charges were levied for September.

Pillar 3 - Trade Payables

Trade payables have decreased compared to the previous month as indicated earlier in the report. August trade payables amounted to R 266.6 million which has decreased by R1.7 million when compared to September creditors that amounts to R264.9 million, municipality is trying to pay its creditors within 30 days after getting the invoice.

Pillar 4 - Cash and Short-term liquidity

The municipality's short-term liabilities exceed short-term assets. The total current liabilities for the period ending September amounts to R319.1 million and the total current assets is R59.6 million, which shows that municipality is not able to meet its obligations with its available cash resources.

Pillar 5 - Collection Rate

The collection rates for the months of July and August were notably low, at 3% and -4% respectively. However, there has been an improvement in the current month, with the collection rate standing at 15%. It is worth noting that the average collection rate for the first quarter amounted to 4.7%, which falls below the standard norm expected from the municipality by National and Provincial Treasury.

Pillar 6 - Distribution losses

Electricity

Total electricity losses as at Quarter 1 (July – September) 2024 are an average of 43% or R3.9million. The norm in terms of MFMA Circular 71 is 7% – 10%.

Water

Total water losses as at Quarter 1 (July – September) are an average of 97% or R 2.1 million which also puts a risk on the realization of the budget and the debt relief program approved by the National Treasury. The norm in terms of MFMA Circular 123 is 15% - 30%.

Pillar 7 - Ring fencing of conditional grants

Description	Budget Year 2024/25				
	DORA Allocation	Funds Received to date	Spents to date Exc	Unspent Balance	% Spent to date
Grants and Subsidies					
Capital					
Municipal Infrastructure Grant	22,258,000.00	10,000,000.00	10,311,758.97	- 311,758.97	46%
Water Services Infrastructure Grant	20,000,000.00	10,000,000.00	8,147,493.36	1,852,506.64	41%
Sub-Total	42,258,000.00	20,000,000.00	18,459,252.33	1,540,747.67	44%
TOTAL RECEIPTS OF TRANSFERS & GRANTS	42,258,000.00	20,000,000.00	18,459,252.33	1,540,747.67	44%

The above table is the ring fencing of the conditional capital grants, as per the Dora allocation the municipality's allocation is R 42.3 million, from the total allocation the municipality received R 20 million and R18.5 million was spent to date.

PROGRESS ON THE FINANCIAL RECOVERY PLAN

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

QualityCertificate

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

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

The report for the **First Quarter** has been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act.



Tumelo Thage
Acting Municipal Manager

15 OCT 2024

Date