

MAGARENG



MUNICIPALITY

QUARTERLY BUDGET & PERFORMANCE ASSESSMENT 2024/2025

DISTRIBUTION:

- Executive Mayor: **Mrs. Neo Mase**
- Acting Municipal Manager: **Mr. Tumelo Thage**
- 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.
- ix) 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)

Highlight of financial performance, Challenges and Risks for the month

- After the second quarter (October-December 2024), the total operating revenue has been calculated to be R43.3 million. Additionally, the actual year-to-date amounts to R94.6 million which reflects a positive variance of 17% when compared to the projected year to date budget amounting to R80.7 million. 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	Q2	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	43,299,348.02	94,569,955.46	80,727,710.50	13,842,244.96
Total Expenditure	164,908,066.00	164,908,066.00	33,147,118.58	41,549,993.16	74,697,111.74	82,454,033.00	- 7,756,921.35
Surplus/(Deficit)	- 3,452,645.00	- 3,452,645.00	17,832,602.12	1,749,354.86	19,872,843.81	- 1,726,322.50	21,599,166.31
Transfers and subsidies - capital (monetary allocations)	42,258,000.00	42,258,000.00	28,292,295.46	25,380,224.59	53,672,520.05	21,129,000.00	13,129,000.00
Surplus/(Deficit) after capital transfers & contributions	38,805,355.00	38,805,355.00	37,832,602.12	27,129,579.45	73,545,363.86	19,402,677.50	34,728,166.31
Capital expenditure	42,258,000.00	42,258,000.00	18,459,252.33	19,795,414.91	38,254,667.24	21,129,000.00	17,125,667.24

Table 1: Income for the Second quarter 2025

NC093 Magareng - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - Q2 Second Quarter

Description	Ref	2023/24	Budget Year 2024/25							
		Audited Outcome	Original Budget	Adjusted Budget	Q2	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	4,462	9,013	9,319	(306)	-3%	18,637
Service charges - Water		3,264	3,663	3,663	1,500	2,598	1,832	766	42%	3,663
Service charges - Waste Water Management		8,059	11,363	11,363	2,279	4,555	5,682	(1,126)	-20%	11,363
Service charges - Waste management		6,050	7,045	7,045	1,689	3,393	3,522	(130)	-4%	7,045
Sale of Goods and Rendering of Services		531	773	773	416	537	386	151	39%	773
Agency services		-	-	-	-	-	-	-	-	-
Interest		-	-	-	-	-	-	-	-	-
Interest earned from Receivables		19,311	24,389	24,389	5,188	10,218	12,194	(1,976)	-16%	24,389
Interest from Current and Non Current Assets		357	-	-	-	22	-	22	#DIV/0!	-
Dividends		-	-	-	-	-	-	-	-	-
Rent on Land		9	2	2	15	18	1	17	1708%	2
Rental from Fixed Assets		6	3	3	(2)	15	1	13	915%	3
Licence and permits		-	-	-	-	-	-	-	-	-
Operational Revenue		8,405	298	298	129	231	149	82	55%	298
Non-Exchange Revenue										
Property rates		12,916	14,608	14,608	3,386	6,778	7,304	(526)	-7%	14,608
Surcharges and Taxes		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		395	586	586	-	-	293	(293)	-100%	586
Licence and permits		-	-	-	-	-	-	-	-	-
Transfers and subsidies - Operational		76,049	72,942	72,942	22,495	53,780	36,471	17,309	47%	72,942
Interest		5,986	7,146	7,146	1,743	3,412	3,573	(161)	-5%	7,146
Fuel Levy		-	-	-	-	-	-	-	-	-
Operational Revenue		208	-	-	-	-	-	-	-	-
Gains on disposal of Assets		175	-	-	-	-	-	-	-	-
Other Gains		-	-	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		156,319	161,455	161,455	43,299	94,570	80,728	13,842	17%	161,455

Operating Revenue

The operating revenue summary outlined in the table above has been extracted from the C4 table in the attached C Schedule. During the second quarter, the municipality accrued total operating revenue of R43.3 million. This figure comprises of R5.2 million from interest on receivables, R3.4 million from property rates, R9.9 million from service charges, and R22.5 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: R559 thousand from EPWP, R21.7 million from equitable share, R252 thousand from FBDM and R17 thousand from SETA. A comparison of the year-to-date budget of R80.7 million with the actual to date figures which amounts to R94.6 million reveals a positive variance of 17%, 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. This represents a 7% shortfall compared to the year to date budgeted revenue of R7.3 million and the year to date actual of R6.8 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 second quarter amounts to R4.5 million. However, the year-to-date budget stands at R9.3 million, resulting in a negative variance of 3% when compared to the year-to-date revenue of R9 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 reported total revenue of R1.5 million from water services for the quarter under review. However, the actual year-to-date revenue for this period is R2.6 million, resulting in a 42% shortfall compared to the actual year-to-date budget of R1.8 million. This discrepancy indicates that the budget for this line item was likely underestimated. This trend has been ongoing, as the municipality experienced a positive 20% revenue increase in the previous quarter. Additionally, the variance continues to exceed the 10% threshold, suggesting that the municipality should consider making an upward adjustment to the budget.

Service charges – sanitation.

For the quarter under review, the municipality generated revenue of R2.3 million. The budgeted revenue for the year-to-date amounts to R5.7 million, which is 20% higher than the actual revenue of R4.6 million recorded for the second quarter. Notably, revenue collection can be improved if the municipality enforces its approved credit control and debt collection policies. This variance of 20% has been consistent, as the municipality recorded the same variance in the first quarter. To address this issue, it may be beneficial for the municipality to lower its budgeted revenue to reduce the variance, especially since it exceeds the 10% threshold.

Service charges – refuse.

The municipality generated R1.7 million and actual year to date budget amounts to R 3.5 million which is 4% above the year to date actual revenue that amounts to R 3.4 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 reversal revenue of R2 thousand from fixed assets this is due to the refund being handed out to customers who hire the sports facility should there be no damages, while the year-to-date actual budget remains at R1 thousand. Notably, the municipality had not allocated funds or budgeted for the leasing of the sports facility grounds, which resulted in a positive variance of 915% from fixed assets. The municipality must make necessary adjustments to the budget for this specific item during the adjustment budget, given that the year-to-date revenue which amounts to R15 thousand, significantly exceeds the year-to-date budget.

Interest earned – from receivables.

The municipality has generated revenue amounting to R 5.2 million, with the actual year-to-date budget standing at R 12.2 million, which is 16% above the actual year-to-date revenue of R 10.2 million for the second 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 R22.5 million in operating grants from various sources. The second installment of R21.7 million was received for Equitable share in December and the quarter under review the municipality received R559 thousand in December, a total of 252 thousand was received from FBDM , and R17 thousand was received from SETA in the second quarter.

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 R129 thousand from other revenue for the quarter under review. The year-to-date budget amounts to R149 thousand which is 55% less than the actual year to date revenue amounting to R 231 thousand the municipality will have to re-adjust the budget upward during an adjustment budget.

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 under review

Rent on land

For the quarter under review the municipality generated total revenue of R15 thousand which reflects a staggering positive variance of 1708% when compared to the year to date budget of R1 thousand and the year to date actual of R18 thousand, the municipality will most definitely have to adjust this line item upward during an adjustment budget.

Interest non-exchange

The municipality generated R1.7 million and actual year to date budget amounts to R 3.6 million which is 5% above the year to date actual revenue that amounts to R 3.4 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 Second quarter 2025

The below table indicates expenditure items by type.

NC093 Magareng - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - Q2 Second Quarter

Description	Ref	2023/24	Budget Year 2024/25							
		Audited Outcome	Original Budget	Adjusted Budget	Q2	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Expenditure By Type										
Employee related costs		47,180	54,352	54,352	14,062	25,102	27,176	(2,074)	-8%	54,352
Remuneration of councillors		5,257	5,587	5,587	1,432	2,681	2,794	(112)	-4%	5,587
Bulk purchases - electricity		26,694	25,000	25,000	5,146	7,027	12,500	(5,473)	-44%	25,000
Inventory consumed		10,606	13,333	13,333	2,118	3,725	6,666	(2,942)	-44%	13,333
Debt impairment		-	17,056	17,056	4,264	8,528	8,528	(0)	0%	17,056
Depreciation and amortisation		18,423	23,541	23,541	5,885	11,770	11,770	0	0%	23,541
Interest		1,958	1,887	1,887	-	-	944	(944)	-100%	1,887
Contracted services		11,680	7,750	9,150	3,048	5,279	3,875	1,404	36%	9,150
Transfers and subsidies		-	-	-	-	-	-	-	-	-
Irrecoverable debts written off		63,729	-	-	-	-	-	-	-	-
Operational costs		18,552	15,824	14,424	5,594	10,585	7,912	2,673	34%	14,424
Losses on Disposal of Assets		3,105	-	-	-	-	-	-	-	-
Other Losses		-	579	579	-	-	289	(289)	-100%	579
Total Expenditure		207,185	164,908	164,908	41,550	74,697	82,454	(7,757)	-9%	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 R41.6 million on operating expenses. The current year-to-date actual budget indicates that the municipality should have spent at least R82.5 million up to this point and the municipality has spent R74.7 million. Considering this, the municipal variance for the first quarter stands at a negative 9% and it is deemed immaterial as the variance is below 10%. The variances will be explained per line item below.

Employee related costs

The municipality's expenditure on employee-related costs totaled R 14 million for the quarter under review. This represents an 8% variance from the year-to-date budget of R 27.2 million and the year to date actual of R25.1 million. This variance is deemed immaterial as it is below the 10% threshold.

Remuneration of councillors

Expenditure incurred in relation to councillor's remuneration amounts to R1.4 million and the year-to-date actual budget amounts to R 2.8 million which reflects a negative variance of 4%, when we compare with the year to date actual amounting to R2.7 million. The variance in Remuneration of councillors is immaterial.

Debt impairment

The municipality has recognized a debt impairment of R4.3 million in the second quarter. Both the year-to-date budget and the year to date actual, stand at R8.5 million, indicating a variance of 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 R11.8 million, reflecting a 0% variance when compared to the budgeted year-to-date amount of R11.8 million. This line item is being accorded with the same treatment as the debt impairment.

Bulk purchases

The municipality spent R5.1 million on electricity for bulk purchases in the second quarter. The year-to-date budget for electricity is R12.5 million and the year to date actual amount to R7 million, which results in a negative variance of 44%. 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.

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 2.1 million and the year to date actual stands at R3.7 million, this reflects a variance of 44% less than the projected budget of R 6.7 million. The municipality cannot make monthly payments to Vaal-harts due to financial constraints, causing 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 for Contracted Services amounts to R 3 million for the quarter and the year-to-date actual amounts to R 5.3 million which reflects a positive 34% variance when compared to the year to date budget which amounts to R3.9 million.

Other expenditure

This item has incurred expenditure amounting to R5.6 million and the actual year to date amounts to R 10.6 million, which reflects a positive variance of 34% when we compare with the year to date budget. 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) - Q2 Second Quarter

Description	Ref	2023/24	Budget Year 2024/25							
		Audited Outcome	Original Budget	Adjusted Budget	Q2	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Surplus/(Deficit)		(50,866)	(3,453)	(3,453)	1,749	19,873	(1,726)	21,599	(0)	(3,453)
Transfers and subsidies - capital (monetary allocations)										
		50,290	42,258	42,258	25,380	53,673	21,129	32,544	0	42,258
Transfers and subsidies - capital (in-kind)		4,894	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		4,318	38,805	38,805	27,130	73,545	19,403	54,143	0	38,805
Income Tax										
Surplus/(Deficit) after income tax		4,318	38,805	38,805	27,130	73,545	19,403	54,143	0	38,805
Share of Surplus/Deficit attributable to Joint Venture										
Share of Surplus/Deficit attributable to Minorities										
Surplus/(Deficit) attributable to municipality		4,318	38,805	38,805	27,130	73,545	19,403	54,143	0	38,805
Share of Surplus/Deficit attributable to Associate										
Intercompany/Parent subsidiary transactions										
Surplus/ (Deficit) for the year		4,318	38,805	38,805	27,130	73,545	19,403	54,143	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 the 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 R25.4 million on capital grants for the reporting quarter and the total year to date actual amounts to R53.7 million, from the total capital grants received R16 million is from WSIG(Water Service Infrastructure Grant), R18.3 million is from MIG(Municipal Infrastructure Grant) and R19.4 million is from RBIG(Regional Bulk Infrastructure Grant). This results in a positive 152% variance when we compare both the year to date revenue and budget. The year-to-date surplus before inclusion of capital transfers amounted to R 1.7 million and with the inclusion of capital budget the surplus amounts to R27.1 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. IN YEAR BUDGET STATEMENT TABLES

Table C1: Quarterly Budget Statement Summary

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

Description	2023/24		Budget Year 2024/25						
	Audited Outcome	Original Budget	Adjusted Budget	Q2	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	12,916	14,608	14,608	3,386	6,778	7,304	(526)	-7%	14,608
Service charges	31,972	40,709	40,709	9,930	19,559	20,354	(795)	-4%	40,709
Investment revenue	357	-	-	-	22	-	22	#DIV/0!	-
Transfers and subsidies - Operational	76,049	72,942	72,942	22,495	53,780	36,471	17,309	0	72,942
Other own revenue	35,025	33,197	33,197	7,489	14,432	16,598	(2,167)	-13%	-
Total Revenue (excluding capital transfers and contributions)	156,319	161,455	161,455	43,299	94,570	80,728	13,842	17%	161,455
Employee costs	47,180	54,352	54,352	14,062	25,102	27,176	(2,074)	-8%	54,352
Remuneration of Councillors	5,257	5,587	5,587	1,432	2,681	2,794	(112)	-4%	5,587
Depreciation and amortisation	18,423	23,541	23,541	5,885	11,770	11,770	0	0%	23,541
Interest	1,958	1,887	1,887	-	-	944	(944)	-100%	1,887
Inventory consumed and bulk purchases	37,300	38,333	38,333	7,265	10,752	19,166	(8,415)	-44%	38,333
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Other expenditure	97,067	41,209	41,209	12,906	24,392	20,604	3,788	18%	41,209
Total Expenditure	207,185	164,908	164,908	41,550	74,697	82,454	(7,757)	-9%	164,908
Surplus/(Deficit)	(50,866)	(3,453)	(3,453)	1,749	19,873	(1,726)	21,599	-1251%	(3,453)
Transfers and subsidies - capital (monetary)	50,290	42,258	42,258	25,380	53,673	21,129	###	154%	42,258
Transfers and subsidies - capital (in-kind)	4,894	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	4,318	38,805	38,805	27,130	73,545	19,403	54,143	279%	38,805
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	4,318	38,805	38,805	27,130	73,545	19,403	54,143	279%	38,805
Capital expenditure & funds sources									
Capital expenditure	51,549	42,258	42,258	19,795	38,255	21,129	17,126	81%	42,258
Capital transfers recognised	51,549	42,258	42,258	19,795	38,255	21,129	17,126	81%	42,258
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	-	-	-	-	-	-
Total sources of capital funds	51,549	42,258	42,258	19,795	38,255	21,129	17,126	81%	42,258
Financial position									
Total current assets	47,495	158,919	158,919	-	72,795	-	-	-	158,919
Total non current assets	480,911	395,757	395,757	-	507,479	-	-	-	395,757
Total current liabilities	309,212	383,573	383,573	-	345,077	-	-	-	383,573
Total non current liabilities	7,640	8,079	8,079	-	7,640	-	-	-	8,079
Community wealth/Equity	210,698	163,025	163,025	-	227,557	-	-	-	163,025
Cash flows									
Net cash from (used) operating	68,866	27,912	27,912	25,964	74,497	13,956	(60,541)	-434%	314,401
Net cash from (used) investing	(51,374)	(42,258)	(42,258)	(19,795)	(38,255)	(21,129)	17,126	-81%	(42,258)
Net cash from (used) financing	(14)	325	325	4	26	162	136	84%	325
Cash/cash equivalents at the month/year end	18,211	(13,952)	(13,952)	21,402	37,373	(6,941)	(44,314)	638%	273,572
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	5,913	6,061	5,515	5,329	5,165	5,055	28,027	392,667	453,731
Creditors Age Analysis									
Total Creditors	-	10,400	13,220	13,588	13,338	11,843	57,694	55,113	94,329

Revenue

For the second quarter (October to December) 2024, the municipality billed R43.3 million and the year-to-date actual amounts to R94.6 million whilst the year to date budget amounts to R80.7 million this results in a positive 17% 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 6 months ended 31 December 2024

Description	JULY	AUG	SEPT	Q1	OCT	NOV	DEC	Q2	YearTD actual
Revenue									
Exchange Revenue									
Service charges - Electricity	1,269,500	1,683,940	1,597,548	4,550,989	1,528,996	1,493,219	1,439,576	4,461,791	9,012,779
Service charges - Water	368,559	357,669	371,954	1,098,183	411,699	687,038	400,972	1,499,709	2,597,892
Service charges - Waste Water Management	762,276	751,368	762,247	2,275,891	760,173	759,796	759,481	2,279,450	4,555,341
Service charges - Waste management	571,186	566,226	565,990	1,703,402	562,257	561,436	565,801	1,689,494	3,392,897
Sale of Goods and Rendering of Services	47,015	30,624	43,192	120,831	31,553	231,502	216,371	416,320	537,151
Agency services	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Interest earned from Receivables	1,617,876	1,688,208	1,724,555	5,030,639	1,682,173	1,723,744	1,781,830	5,187,748	10,218,387
Interest from Current and Non Current Assets	-	21,995	-	21,995	-	-	-	-	21,995
Dividends	-	-	-	-	-	-	-	-	-
Rent on Land	-	-	2,765	2,765	4,022	6,348	4,838	15,208	17,973
Rental from Fixed Assets	9,475	-	6,810	16,286	-	817	940	1,757	14,529
Licence and permits	-	-	-	-	-	-	-	-	-
Operational Revenue	17,780	-	84,913	102,693	56,993	53,871	17,731	128,595	231,288
Non-Exchange Revenue									
Property rates	1,134,794	1,128,547	1,128,547	3,391,888	1,128,547	1,122,301	1,134,794	3,385,642	6,777,531
Surcharges and Taxes	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	-	-	-	-	-	-	-	-	-
Licence and permits	-	-	-	-	-	-	-	-	-
Transfers and subsidies - Operational	27,374,887	3,311,000	599,500	31,285,387	251,606	16,979	22,226,000	22,494,586	53,779,973
Interest	548,643	556,326	564,689	1,669,659	572,446	580,830	589,286	1,742,562	3,412,221
Fuel Levy	-	-	-	-	-	-	-	-	-
Operational Revenue	-	-	-	-	-	-	-	-	-
Gains on disposal of Assets	-	-	-	-	-	-	-	-	-
Other Gains	-	-	-	-	-	-	-	-	-
Discontinued Operations	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	33,721,992	10,095,904	7,452,711	51,270,608	6,927,360	7,236,248	29,135,740	43,299,348	94,569,956

Operating Expenditure

The operating expenditure for the second quarter amounts to R 41.6 million, whilst the year to date budget is R82.5 million, This results in a negative 9% year to date variance when comparing the year to date actual which amounts to R74.7 million with the year to date budget of R82.5 million.

A breakdown of the total operating expenditure per month:

Description	JULY	AUG	SEPT	Q1	OCT	NOV	DEC	Q2	YearTD actual
Expenditure By Type									
Employee related costs	3,329,535	3,657,369	4,053,006	11,039,909	3,684,743	6,702,542	3,675,016	14,062,301	25,102,210
Remuneration of councillors	416,308	416,308	416,308	1,248,924	416,308	416,308	599,493	1,432,109	2,681,033
Bulk purchases - electricity	-	-	1,880,592	1,880,592	-	-	5,146,450	5,146,450	7,027,042
Inventory consumed	772,026	433,883	400,635	1,606,544	518,096	794,821	805,214	2,118,131	3,724,675
Debt impairment	1,421,298	1,421,298	1,421,298	4,263,893	1,421,298	1,421,298	1,421,298	4,263,893	8,527,787
Depreciation and amortisation	1,961,724	1,961,724	1,961,724	5,885,173	1,961,724	1,961,724	1,961,724	5,885,173	11,770,346
Interest	-	-	-	-	-	-	-	-	-
Contracted services	613,530	723,446	893,995	2,230,971	1,172,867	293,496	1,581,515	3,047,878	5,278,849
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Irrecoverable debts written off	-	-	-	-	-	-	-	-	-
Operational costs	849,754	1,378,420	2,762,939	4,991,112	1,153,801	1,567,846	2,872,411	5,594,057	10,585,170
Losses on Disposal of Assets	-	-	-	-	-	-	-	-	-
Other Losses	-	-	-	-	-	-	-	-	-
Total Expenditure	9,364,175	9,992,448	13,790,496	33,147,119	10,328,837	13,158,035	18,063,121	41,549,993	74,697,112

Capital Expenditure

As of the end of the second quarter, the year-to-date actual capital expenditure amounts to R19.8 million, while the overall year-to-date expenditure totals R38.3 million. This results in a positive variance of 81% compared to the year-to-date target of R21.1 million.

This significant variance is primarily due to the Regional Bulk Infrastructure Grant (RBIG) expenditure being recorded under the Municipal Infrastructure Grant (MIG). The municipality did not budget for the RBIG because the allocation letter was received after the final budget was approved.

Therefore, the municipality will adjust the budget to accommodate this grant and transfer the incurred expenditure through journal entries during the adjustment processes.

The following table summarizes the capital projects' performance of the municipality. The information presented in Figure 1 corresponds to the grant register and illustrates the capital expenditure performance, excluding VAT, as well as the allocation of conditional capital grants.

According to the Division of Revenue Act (DoRA), the municipality's total allocation is R42.3 million, excluding the RBIG allocation of R30.3 million, which will be incorporated into the budget during an adjustment budget.

To date, the municipality has received a total of R53.7 million, comprising R18.3 million from the Municipal Infrastructure Grant (MIG), R16 million from the Water Services Infrastructure Grant (WSIG), and R19.4 million from the RBIG. Although the municipality did not initially budget for this grant, it has been receiving the allocation as per claims submitted to the funder and, so far, the municipality has spent R38.3 million.

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	18,258,000.00	26,984,535.72	- 8,726,535.72	121%
Water Services Infrastructure Grant	20,000,000.00	16,000,000.00	11,270,131.52	4,729,868.48	56%
Regional Bulk Infrastructure Grant		19,414,520.05			
Sub-Total	42,258,000.00	53,672,520.05	38,254,667.24	- 3,996,667.24	91%
TOTAL RECEIPTS OF TRANSFERS & GRANTS	42,258,000.00	53,672,520.05	38,254,667.24	- 3,996,667.24	91%

Surplus/Deficit after capital transfers and contributions

Taking the above into consideration, the net operating surplus as at the end of 31st of December 2024 amounts to R 73,5 million.

Debtors

Outstanding debtors are comprised of consumer and sundry debtors. The total outstanding debtors at end of December amounts to R453.7 million and this shows an increase of R14.8

million as compared to R 439.1 million as at end of the previous quarter. 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 R415.3 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 at 16% for the second quarter. 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 Ikhutseng) where electricity is not supplied by the municipality but by Eskom.

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 31st December 2024, the municipality had an outstanding creditors amounting to

R269.5 million and the bulk of this amount is made up by Bulk water: R 134 million and bulk electricity: R 122.4 million.

TOP 10 CREDITORS

CREDITORS	BALANCE
VAALHARTS WATER	-R 133 992 956,10
BULK ELECTRICITY	-R 122 372 085,71
AUDITOR GENERAL	-R 4 549 748,05
BUSINESS CONNEXION	-R 2 203 806,60
PENSION FUND	-R 1 714 051,00
COMPENSATION COMM	-R 1 659 067,31
KUNENE MAKOPO RISK SOLUTION	-R 850 167,73
SMEC	-R 481 995,28
MEGA WATER CHEM	-R 447 207,65
DIRECT PRECISION MANAGEMENT287120	-R 438 779,32
TOTAL	-R 268 709 864,75

Table C2 – Quarterly Financial Performance (Standard Classification)

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

Description	Ref	2023/24	Budget Year 2024/25							
		Audited Outcome	Original Budget	Adjusted Budget	Q2	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	27,734	63,153	45,878	17,275	38%	91,756
Executive and council		65,798	66,243	66,243	22,226	49,621	33,122	16,500	50%	66,243
Finance and administration		30,388	25,513	25,513	5,508	13,532	12,757	776	6%	25,513
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		1,982	2,206	2,206	129	859	1,103	(244)	-22%	2,206
Community and social services		1,290	1,321	1,321	-	621	661	(40)	-6%	1,321
Sport and recreation		43	-	-	-	7	-	7	#DIV/0!	-
Public safety		649	884	884	129	231	442	(211)	-48%	884
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		176	450	450	-	-	225	(225)	-100%	450
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		176	450	450	-	-	225	(225)	-100%	450
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		113,159	109,302	109,302	40,817	84,231	54,651	29,580	54%	109,302
Energy sources		19,481	21,682	21,682	4,820	9,744	10,841	(1,097)	-10%	21,682
Water management		48,508	35,805	35,805	22,943	44,412	17,902	26,509	148%	35,805
Waste water management		34,601	40,008	40,008	10,105	24,207	20,004	4,203	21%	40,008
Waste management		10,569	11,807	11,807	2,950	5,868	5,904	(35)	-1%	11,807
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	211,503	203,713	203,713	68,680	148,242	101,857	46,386	46%	203,713
Expenditure - Functional										
<i>Governance and administration</i>		63,000	65,048	65,048	18,808	35,432	32,524	2,909	9%	65,302
Executive and council		14,076	13,862	14,032	3,380	6,737	7,016	(279)	-4%	14,330
Finance and administration		48,924	51,185	51,015	15,428	28,695	25,508	3,188	12%	50,972
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		13,739	14,527	14,527	3,504	6,342	7,263	(921)	-13%	14,655
Community and social services		2,407	2,958	2,958	672	1,210	1,479	(269)	-18%	2,958
Sport and recreation		2,913	4,845	4,845	911	1,620	2,423	(802)	-33%	4,855
Public safety		4,156	3,463	3,463	1,047	1,845	1,731	114	7%	3,581
Housing		4,263	3,261	3,261	874	1,667	1,631	36	2%	3,261
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		9,889	8,322	8,322	1,954	3,561	4,161	(600)	-14%	8,322
Planning and development		5,539	5,951	5,951	1,430	2,454	2,976	(522)	-18%	5,951
Road transport		4,351	2,371	2,371	524	1,108	1,186	(78)	-7%	2,371
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		121,058	77,011	77,011	17,285	29,361	38,505	(9,145)	-24%	76,629
Energy sources		55,000	39,251	39,251	8,973	13,526	19,625	(6,099)	-31%	38,893
Water management		37,150	18,282	18,282	3,780	6,926	9,141	(2,215)	-24%	18,271
Waste water management		19,274	15,818	15,818	3,844	7,582	7,909	(327)	-4%	15,817
Waste management		9,634	3,660	3,660	688	1,327	1,830	(503)	-27%	3,648
<i>Other</i>		-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	207,686	164,908	164,908	41,550	74,697	82,454	(7,757)	-9%	164,908
Surplus/ (Deficit) for the year		3,817	38,805	38,805	27,130	73,545	19,403	54,143	2.790475	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) - Q2 Second Quarter

Vote Description	Ref	2023/24	Budget Year 2024/25							
		Audited Outcome	Original Budget	Adjusted Budget	Q2	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue by Vote										
Vote 01 - Executive & Council	1	65,798	66,243	66,243	22,226	49,621	33,122	16,500	49.8%	66,243
Vote 02 - Office Of The Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 03 - Corporate Services		175	-	-	17	17	-	17	#DIV/0!	-
Vote 04 - Financial Services		30,213	25,513	25,513	5,491	13,515	12,757	759	5.9%	25,513
Vote 05 - Municipal Infrastructure		113,335	109,752	109,752	40,817	84,231	54,876	29,355	53.5%	109,752
Vote 06 - Community Services		-	-	-	-	-	-	-	-	-
Vote 07 - Public Safety & Transport		1,982	-	-	129	793	-	793	#DIV/0!	-
Vote 08 - Sports, Arts, Parks, Culture		-	2,206	2,206	-	66	1,103	(1,037)	-94.0%	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	211,503	203,713	203,713	68,680	148,242	101,857	46,386	45.5%	203,713
Expenditure by Vote										
Vote 01 - Executive & Council	1	12,761	11,703	11,873	3,161	6,313	5,936	377	6.3%	11,873
Vote 02 - Office Of The Municipal Manager		920	2,159	2,159	219	424	1,080	(656)	-60.7%	2,159
Vote 03 - Corporate Services		15,141	17,241	17,241	4,323	9,040	8,620	420	4.9%	17,241
Vote 04 - Financial Services		33,854	33,945	33,775	11,105	19,655	16,887	2,768	16.4%	33,775
Vote 05 - Municipal Infrastructure		128,799	82,382	82,382	18,391	31,467	41,191	(9,724)	-23.6%	82,382
Vote 06 - Community Services		-	-	-	-	-	-	-	-	-
Vote 07 - Public Safety & Transport		8,784	587	587	2,576	4,570	294	4,277	1457.0%	587
Vote 08 - Sports, Arts, Parks, Culture		-	10,679	10,679	54	105	5,339	(5,234)	-98.0%	10,679
Vote 09 - Planning & Development		6,926	6,213	6,213	1,721	3,122	3,106	16	0.5%	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	207,185	164,908	164,908	41,550	74,697	82,454	(7,757)	-9.4%	164,908
Surplus/ (Deficit) for the year	2	4,318	38,805	38,805	27,130	73,545	19,403	54,143	279.0%	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) - Q2 Second Quarter

Description	Ref	2023/24	Budget Year 2024/25							
		Audited Outcome	Original Budget	Adjusted Budget	Q2	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	4,462	9,013	9,319	(306)	-3%	18,637
Service charges - Water		3,264	3,663	3,663	1,500	2,598	1,832	766	42%	3,663
Service charges - Waste Water Management		8,059	11,363	11,363	2,279	4,555	5,682	(1,126)	-20%	11,363
Service charges - Waste management		6,050	7,045	7,045	1,689	3,393	3,522	(130)	-4%	7,045
Sale of Goods and Rendering of Services		531	773	773	416	537	386	151	39%	773
Agency services		-	-	-	-	-	-	-	-	-
Interest		-	-	-	-	-	-	-	-	-
Interest earned from Receivables		19,311	24,389	24,389	5,188	10,218	12,194	(1,976)	-16%	24,389
Interest from Current and Non Current Assets		357	-	-	-	22	-	22	#DN/0!	-
Dividends		-	-	-	-	-	-	-	-	-
Rent on Land		9	2	2	15	18	1	17	1708%	2
Rental from Fixed Assets		6	3	3	(2)	15	1	13	915%	3
Licence and permits		-	-	-	-	-	-	-	-	-
Operational Revenue		8,405	298	298	129	231	149	82	55%	298
Non-Exchange Revenue										
Property rates		12,916	14,608	14,608	3,386	6,778	7,304	(526)	-7%	14,608
Surcharges and Taxes		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		395	586	586	-	-	293	(293)	-100%	586
Licence and permits		-	-	-	-	-	-	-	-	-
Transfers and subsidies - Operational		76,049	72,942	72,942	22,495	53,780	36,471	17,309	47%	72,942
Interest		5,986	7,146	7,146	1,743	3,412	3,573	(161)	-5%	7,146
Fuel Levy		-	-	-	-	-	-	-	-	-
Operational Revenue		208	-	-	-	-	-	-	-	-
Gains on disposal of Assets		175	-	-	-	-	-	-	-	-
Other Gains		-	-	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		156,319	161,455	161,455	43,299	94,570	80,728	13,842	17%	161,455
Expenditure By Type										
Employee related costs		47,180	54,352	54,352	14,062	25,102	27,176	(2,074)	-8%	54,352
Remuneration of councillors		5,257	5,587	5,587	1,432	2,681	2,794	(112)	-4%	5,587
Bulk purchases - electricity		26,694	25,000	25,000	5,146	7,027	12,500	(5,473)	-44%	25,000
Inventory consumed		10,606	13,333	13,333	2,118	3,725	6,666	(2,942)	-44%	13,333
Debt impairment		-	17,056	17,056	4,264	8,528	8,528	(0)	0%	17,056
Depreciation and amortisation		18,423	23,541	23,541	5,885	11,770	11,770	0	0%	23,541
Interest		1,958	1,887	1,887	-	-	944	(944)	-100%	1,887
Contracted services		11,680	7,750	9,150	3,048	5,279	3,875	1,404	36%	9,150
Transfers and subsidies		-	-	-	-	-	-	-	-	-
Irrecoverable debts written off		63,729	-	-	-	-	-	-	-	-
Operational costs		18,552	15,824	14,424	5,594	10,585	7,912	2,673	34%	14,424
Losses on Disposal of Assets		3,105	-	-	-	-	-	-	-	-
Other Losses		-	579	579	-	-	289	(289)	-100%	579
Total Expenditure		207,185	164,908	164,908	41,550	74,697	82,454	(7,757)	-9%	164,908
Surplus/(Deficit)		(50,866)	(3,453)	(3,453)	1,749	19,873	(1,726)	21,599	(0)	(3,453)
Transfers and subsidies - capital (monetary allocations)		-	-	-	-	-	-	-	-	-
		50,290	42,258	42,258	25,380	53,673	21,129	32,544	0	42,258
Transfers and subsidies - capital (in-kind)		4,894	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		4,318	38,805	38,805	27,130	73,545	19,403	54,143	0	38,805
Income Tax		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after income tax		4,318	38,805	38,805	27,130	73,545	19,403	54,143	0	38,805
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		4,318	38,805	38,805	27,130	73,545	19,403	54,143	0	38,805
Share of Surplus/Deficit attributable to Associate		-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year		4,318	38,805	38,805	27,130	73,545	19,403	54,143	0	38,805

Table C4 provides budget performance details for revenue by source and expenditure by 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 councillors, 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) - Q2 Second Quarter

Vote Description	Ref	2023/24	Budget Year 2024/25							
		Audited Outcome	Original Budget	Adjusted Budget	Q2	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Single Year expenditure appropriation	2									
Vote 01 - Executive & Council		-	-	-	-	-	-	-	-	-
Vote 02 - Office Of The Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 03 - Corporate Services		-	-	-	-	-	-	-	-	-
Vote 04 - Financial Services		-	-	-	-	-	-	-	-	-
Vote 05 - Municipal Infrastructure		51,549	42,258	42,258	19,795	38,255	21,129	17,126	81%	42,258
Total Capital single-year expenditure	4	51,549	42,258	42,258	19,795	38,255	21,129	17,126	81%	42,258
Total Capital Expenditure		51,549	42,258	42,258	19,795	38,255	21,129	17,126	81%	42,258
Capital Expenditure - Functional Classification										
Trading services		51,549	42,258	42,258	19,795	38,255	21,129	17,126	81%	42,258
Energy sources		-	-	-	-	-	-	-	-	-
Water management		34,482	22,258	22,258	16,374	26,985	11,129	15,856	142%	22,258
Waste water management		17,067	20,000	20,000	3,422	11,270	10,000	1,270	13%	20,000
Waste management		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	3	51,549	42,258	42,258	19,795	38,255	21,129	17,126	81%	42,258
Funded by:										
National Government		36,794	42,258	42,258	19,795	38,255	21,129	17,126	81%	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	19,795	38,255	21,129	17,126	81%	42,258
Borrowing	6	-	-	-	-	-	-	-	-	-
Internally generated funds		-	-	-	-	-	-	-	-	-
Total Capital Funding		51,549	42,258	42,258	19,795	38,255	21,129	17,126	81%	42,258

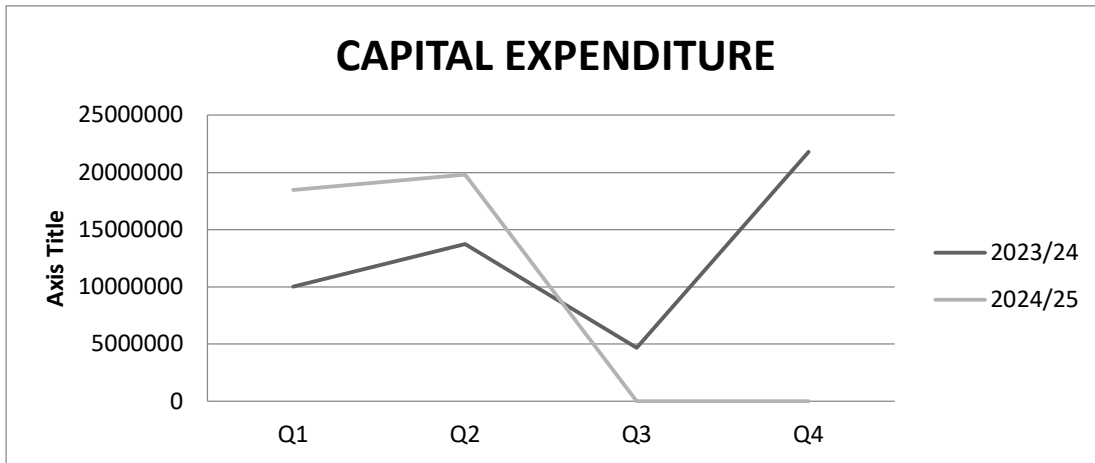
Table C5C: Quarterly Capital Expenditure by Vote

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

Vote Description	Ref	2023/24	Budget Year 2024/25							
		Audited Outcome	Original Budget	Adjusted Budget	Q2	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Capital expenditure - Municipal Vote										
Expenditure of multi-year capital appropriation										
Vote 01 - Executive & Council	1	-	-	-	-	-	-	-	-	-
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										
Vote 01 - Executive & Council	1	-	-	-	-	-	-	-	-	-
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	19,795	38,255	21,129	17,126	81%	42,258
05.4 - Sanitation		17,067	20,000	20,000	3,422	11,270	10,000	1,270	13%	20,000
05.5 - Water		34,482	22,258	22,258	16,374	26,985	11,129	15,866	142%	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	19,795	38,255	21,129	17,126	0	42,258
Total Capital Expenditure		51,549	42,258	42,258	19,795	38,255	21,129	17,126	0	42,258

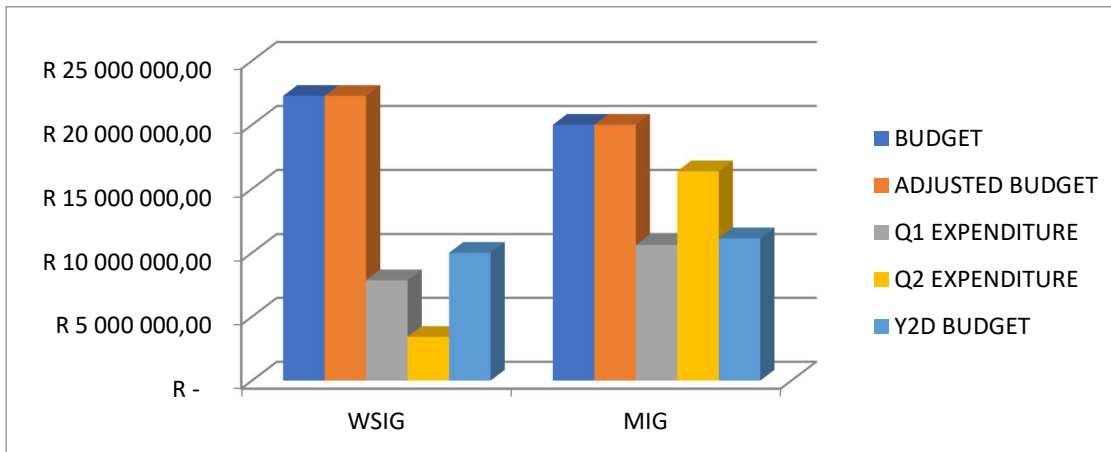
Table C5 Capex and C5C present capital expenditure performance for all votes, standard classification and the funding thereof and measures the year-to-date performance targets against the actual capital expenditure figures. R 38.3 million spending was incurred on the capital budget, year to date budget is R 21.1 million, and this gave an over-performance variance of R17.1 million that translates to a positive variance of 81%.

FIGURE 2: QUARTELY CAPITAL EXPENDITURE PERFORMANCE



The above graph compares the 2023/24 and 2024/25 quarterly capital expenditure performance.

FIGURE 2: CAPITAL EXPENDITURE BY SOURCE OF FINANCE



The bar chart above clearly illustrates the different sources of funding for the capital budget, which totals R42.3 million. The Municipal Infrastructure Grant contributes R22.3 million, while the Water Services Infrastructure Grant provides R20 million of the total budget allocation as specified in the Division of Revenue Act (DoRA). The graph above presents the expenditure from each source of finance in a clear and comprehensible manner.

Table C6: Quarterly Budget Statement Financial Position

NC093 Magareng - Table C6 Monthly Budget Statement - Financial Position - Q2 Second 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		1,104	63,861	63,861	5,398	63,861
Trade and other receivables from exchange transactions		(20,998)	32,176	32,176	(8,156)	32,176
Receivables from non-exchange transactions		1,878	16,277	16,277	9,811	16,277
Current portion of non-current receivables						
Inventory		121	(994)	(994)	15	(994)
VAT		67,344	49,413	49,413	67,687	49,413
Other current assets		(1,953)	(1,814)	(1,814)	(1,961)	(1,814)
Total current assets		47,495	158,919	158,919	72,795	158,919
Non current assets						
Investments						
Investment property		24,867	23,831	23,831	24,867	23,831
Property, plant and equipment		455,660	371,544	371,544	482,228	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		480,911	395,757	395,757	507,479	395,757
TOTAL ASSETS		528,406	554,676	554,676	580,274	554,676
LIABILITIES						
Current liabilities						
Bank overdraft		-	-	-	-	-
Financial liabilities		-	0	0	-	0
Consumer deposits		1,330	1,309	1,309	1,356	1,309
Trade and other payables from exchange transactions		273,155	347,263	347,263	249,455	347,263
Trade and other payables from non-exchange transactions		805	3,236	3,236	58,348	3,236
Provision		8,962	7,404	7,404	8,893	7,404
VAT		24,960	24,362	24,362	27,025	24,362
Other current liabilities		-	-	-	-	-
Total current liabilities		309,212	383,573	383,573	345,077	383,573
Non current liabilities						
Financial liabilities		730	794	794	730	794
Provision		6,910	7,285	7,285	6,910	7,285
Long term portion of trade payables		-	-	-	-	-
Other non-current liabilities		-	-	-	-	-
Total non current liabilities		7,640	8,079	8,079	7,640	8,079
TOTAL LIABILITIES		316,852	391,651	391,651	352,717	391,651
NET ASSETS	2	211,554	163,025	163,025	227,557	163,025
COMMUNITY WEALTH/EQUITY						
Accumulated surplus/(deficit)		210,698	163,025	163,025	227,557	163,025
Reserves and funds		-	-	-	-	-
Other		-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	210,698	163,025	163,025	227,557	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 December 2024, the municipality recorded total assets of R580.3 million which includes R 72.8 million and R507.5 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 December 2024, the municipality recorded consumer debtors (Exchange and non-exchange transactions) of R1.7 million, representing about 0% of the total assets. Looking at the annual budgeted trade and other receivables of R48.5 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 December 2024, the municipality recorded R 482.2 million for Property Plant and Equipment, which represents 83% 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. Service delivery of the municipal is majored by its ability to provide these services to communities. This shows that recorded PPE is R482.2 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 December 2024. As at the end December 2024, the municipality recorded total liabilities of R352.7 million which entails of R 345.1 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 0.21, which is current assets divided by current liabilities (72 795/ 345 077). 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 financially unstable. The municipality needs to improve its abilities to raise current assets so that it can be in a better position to pay off debts when they are 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 - Q2 Second Quarter

Description	Ref	2023/24	Budget Year 2024/25							
		Audited Outcome	Original Budget	Adjusted Budget	Q2	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		6,993	7,742	7,742	975	2,044	3,871	(1,827)	-47%	7,742
Service charges		45,700	21,576	21,576	5,022	10,275	10,788	(513)	-5%	21,576
Other revenue		2,587	7,128	7,128	3,339	8,883	3,564	5,320	149%	238,939
Transfers and Subsidies - Operational		65,921	72,942	72,942	22,495	53,780	36,471	17,309	47%	72,942
Transfers and Subsidies - Capital		53,439	42,258	42,258	25,380	53,673	21,129	32,544	154%	42,258
Interest		357	-	-	154	240	-	240	#DIV/0!	-
Dividends										
Payments										
Suppliers and employees		(106,131)	(121,846)	(121,846)	(31,401)	(54,399)	(60,923)	(6,524)	11%	(67,169)
Interest		-	(1,887)	(1,887)	-	-	(944)	(944)	100%	(1,887)
Transfers and Subsidies										
NET CASH FROM/(USED) OPERATING ACTIVITIES		68,866	27,912	27,912	25,964	74,497	13,956	(60,541)	-434%	314,401
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		175	-	-	-	-	-	-		-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-		-
Decrease (increase) in non-current investments										
Payments										
Capital assets		(51,549)	(42,258)	(42,258)	(19,795)	(38,255)	(21,129)	17,126	-81%	(42,258)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(51,374)	(42,258)	(42,258)	(19,795)	(38,255)	(21,129)	17,126	-81%	(42,258)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans										
Borrowing long term/refinancing										
Increase (decrease) in consumer deposits		(14)	5	5	4	26	3	24	868%	5
Payments										
Repayment of borrowing		-	319	319	-	-	160	160	100%	319
NET CASH FROM/(USED) FINANCING ACTIVITIES		(14)	325	325	4	26	162	136	84%	325
NET INCREASE/ (DECREASE) IN CASH HELD										
Cash/cash equivalents at beginning:		17,478	(14,021)	(14,021)	6,172	36,269	(7,011)			272,467
Cash/cash equivalents at month/year end:		734	69	69	15,229	1,104	69			1,104
		18,211	(13,952)	(13,952)	21,402	37,373	(6,941)			273,572

Table C7 provides details of the quarterly cash in and outflow. For the period ending 31st December 2024 the net cash from operating activities is R26 million whilst cash used for investing activities is R19.8 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 R21.4 million and the net effect of the above cash flows is cash outflow movement of R 6.2 million.

PART 2: SUPPORTING TABLES

Table SC3: Debtors Analysis

The outstanding debtors as at 31st December 2024 amounts to R 453.7 million which shows increase of R14.8 million in debtors' book when compared to the previous quarter of the current financial year, outstanding debtors that amounts to R438.9 million. The largest outstanding amount owed to the municipality comes from households; this category owes R415.3 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 at 16% for the quarter under review. 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 - Q2 Second 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	426	740	391	382	363	358	1,947	68,657	73,264	71,707		
Trade and Other Receivables from Exchange Transactions - Electricity	1300	493	432	316	253	155	116	663	26,856	29,284	28,042		
Receivables from Non-exchange Transactions - Property Rates	1400	1,065	970	965	902	894	849	4,535	51,637	61,818	58,818		
Receivables from Exchange Transactions - Waste Water Management	1500	864	858	855	854	853	851	4,402	62,417	71,954	69,377		
Receivables from Exchange Transactions - Waste Management	1600	638	617	609	608	604	601	3,099	43,163	49,938	48,075		
Receivables from Exchange Transactions - Property Rental Debtors	1700	-	-	-	-	-	-	-	-	-	-		
Interest on Arrear Debtor Accounts	1810	2,365	2,337	2,322	2,285	2,260	2,239	13,154	136,270	163,232	156,209		
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-		
Other	1900	62	107	57	45	36	41	227	3,666	4,241	4,015		
Total By Income Source	2000	5,913	6,061	5,515	5,329	5,165	5,055	28,027	392,667	453,731	436,242	-	-
Q1 Totals		5,858	5,561	5,246	4,933	4,652	4,672	28,052	379,933	438,906	422,241		
Debtors Age Analysis By Customer Group													
Organs of State	2200	423	414	414	363	346	264	1,182	5,969	9,374	8,124		
Commercial	2300	645	570	386	377	278	271	1,494	22,700	26,722	25,120		
Households	2400	4,811	5,043	4,682	4,556	4,512	4,485	25,160	362,047	415,296	400,760		
Other	2500	34	33	33	33	29	35	190	1,951	2,339	2,238		
Total By Customer Group	2600	5,913	6,061	5,515	5,329	5,165	5,055	28,027	392,667	453,731	436,242	-	-

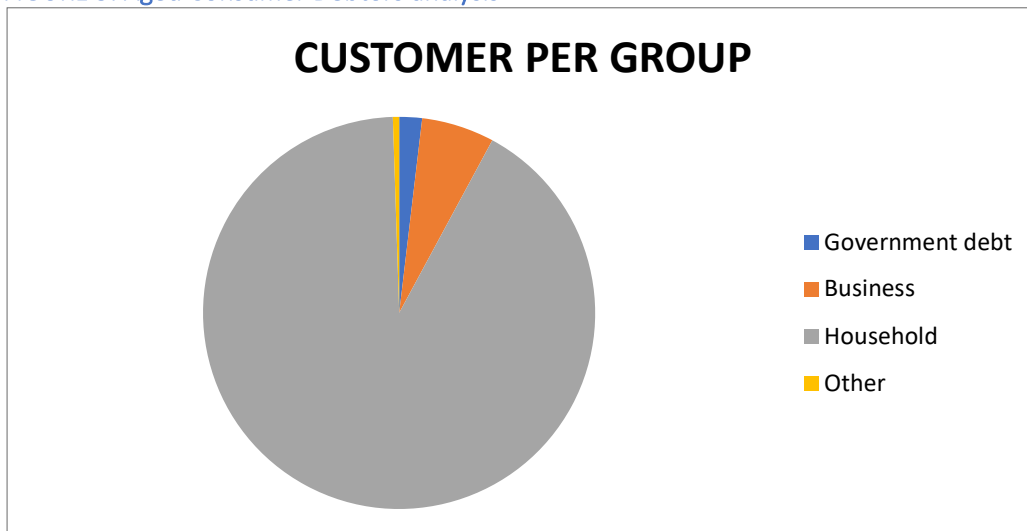
Supporting table SC3 provides a breakdown of the debtors. The outstanding debtors as at the end of December amount to R 453.7 million. The debtors' book is made up of the following: Indicated in the table above, is the total outstanding debt per Income Source. The highest percentage weighing of debt owed is attributable to:

- Rates 13.6%
- Electricity 6.5%
- Water 16%
- Waste water management 15.9%
- Waste management 11%
- Interest on Debtors 36%
- Other 0%

Weighting per Customer Group

- Government debt constitutes 2%, Businesses 6%, Households 91% and other 1% 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

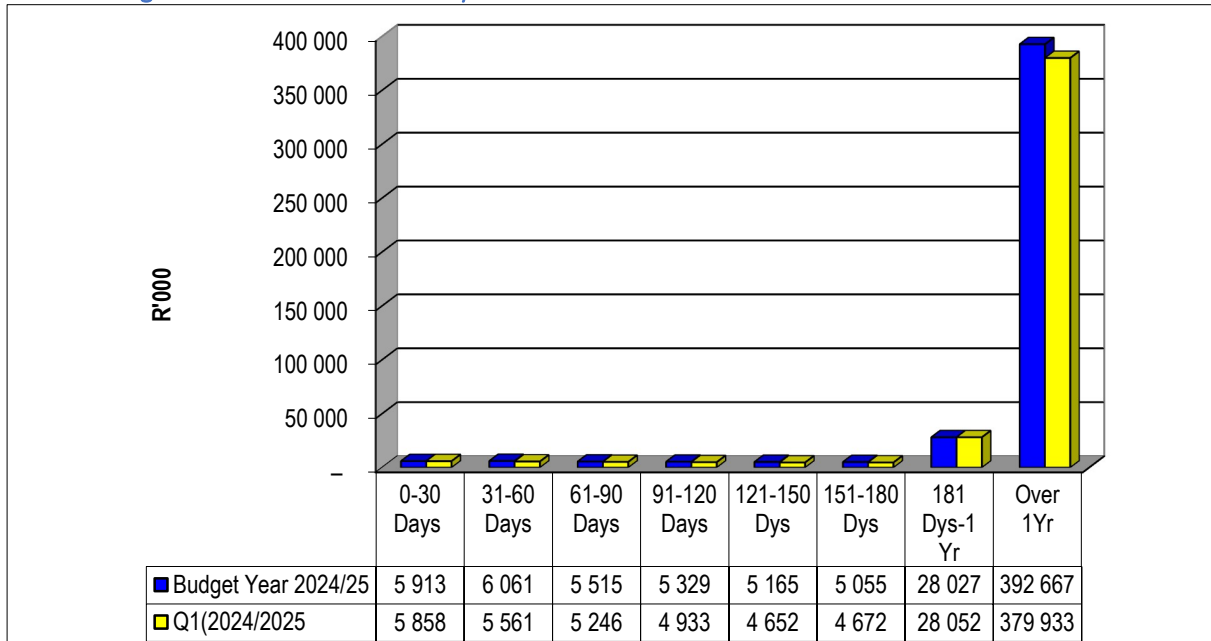


FIGURE 5: Consumer Debtors (Total by Debtor Consumer Category)

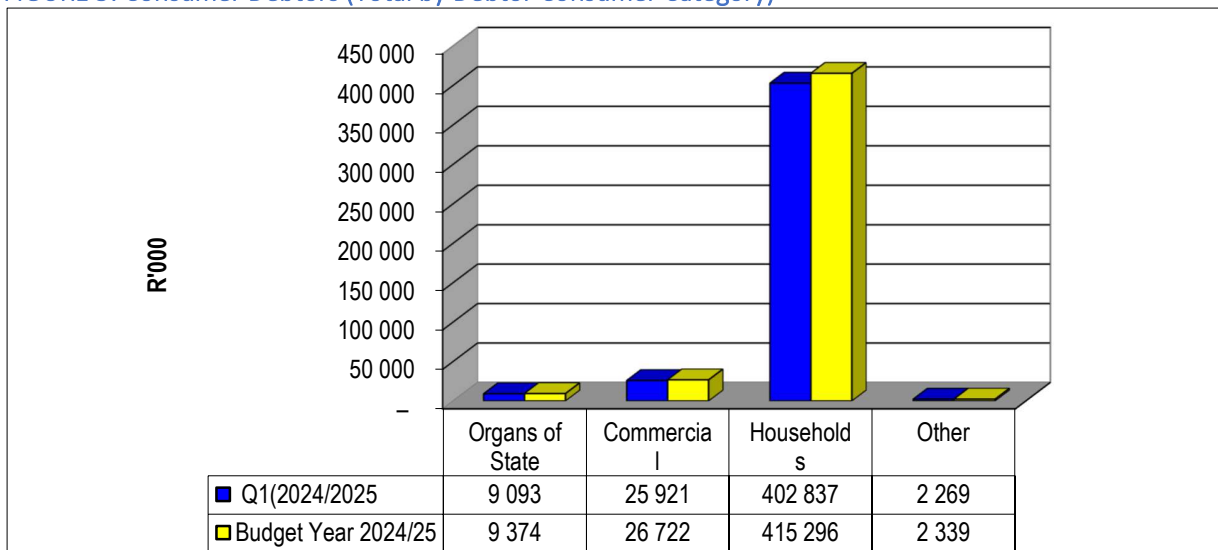


Table SC4: Creditors Analysis

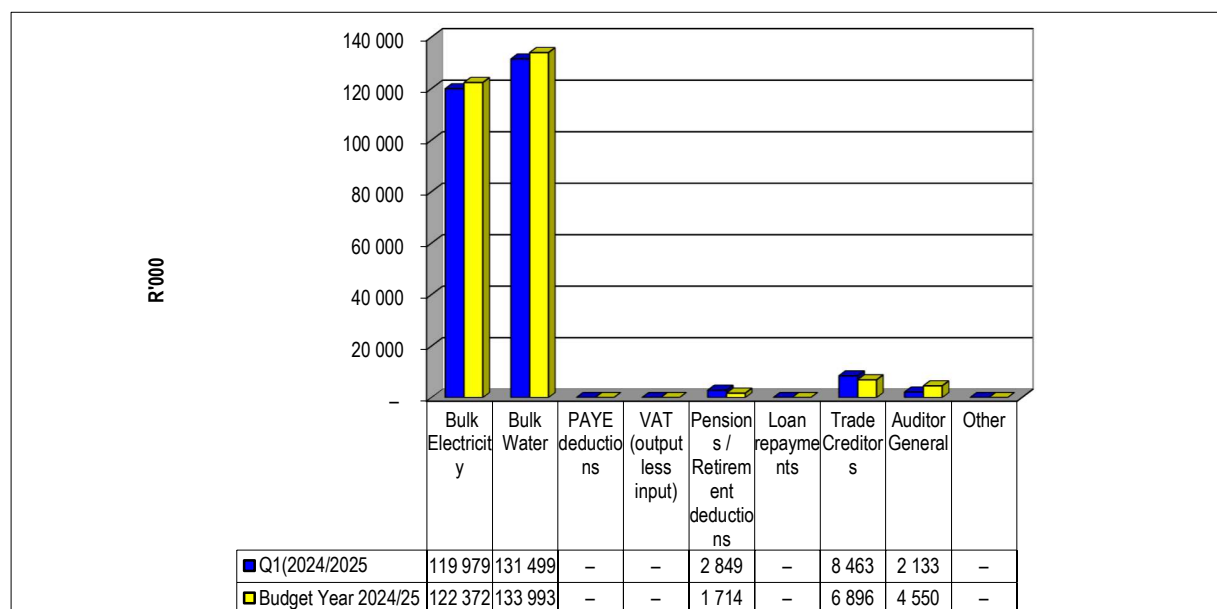
It is imperative to note that Table SC4 provides a crucial age analysis of the municipality's creditors. It is mandatory, as per section 65 of the MFMA that all creditors get paid within 30 days of receiving an invoice. The municipality's creditors as of December 31st, 2024, amount to R 269.5 million, including Eskom with R 122.3 million and Vaalharts Water with R 134 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.

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

Description R thousands	NT Code	Budget Year 2024/25									Total	Q1(2024/2025)
		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	6,585	7,645	7,820	8,569	7,908	43,199	40,646	-	122,372	119,979	
Bulk Water	0200	3,056	3,827	3,560	2,447	2,068	12,406	14,231	92,398	133,993	131,499	
PAYE deductions	0300	-	-	-	-	-	-	-	-	-	-	
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-	-	
Pensions / Retirement deductions	0500	-	-	-	-	874	841	-	-	1,714	2,849	
Loan repayments	0600	-	-	-	-	-	-	-	-	-	-	
Trade Creditors	0700	-	1,179	1,708	1,430	287	488	195	1,609	6,896	8,463	
Auditor General	0800	759	569	500	891	706	761	41	323	4,550	2,133	
Other	0900	-	-	-	-	-	-	-	-	-	-	
Medical Aid deductions		-	-	-	-	-	-	-	-	-	31	
Total By Customer Type	1000	10,400	13,220	13,588	13,338	11,843	57,694	55,113	94,329	269,525	264,954	

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 - Q2 Second 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												
R thousands														
Municipality														
														-
Municipality sub-total										-	-	-	-	-
Entities														
ABSA (9380541602)		3 Month	7 Day	YES	FIXED				12/18/2024	4,209	92	(10,100)	12,000	6,201
														-
														-
														-
Entities sub-total										4,209	92	(10,100)	12,000	6,201
TOTAL INVESTMENTS AND INTEREST	2									4,209	92	(10,100)	12,000	6,201

Supporting Table SC5 displays the council's investments portfolio and indicates that the municipality had an opening balance of R 4.2 million, municipality top up the investment by R12 million and earned interest of R92 thousand. The total amount of R10.1 million was withdrawn from investment account, as at the end of 31st December 2024 the municipality had a closing amount of R6.2 million.

Table SC6- Allocation and grant receipts

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

Description	Ref	2023/24	Budget Year 2024/25							
		Audited Outcome	Original Budget	Adjusted Budget	Q2	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
RECEIPTS:	1,2									
Operating Transfers and Grants										
National Government:		68,798	69,243	69,243	22,226	52,621	34,622	18,000	52.0%	69,243
Equitable Share		59,941	65,001	65,001	21,667	48,751	32,501	16,251	50.0%	65,001
Expanded Public Works Programme Integrated Grant		712	1,242	1,242	559	870	621	249	40.1%	1,242
Local Government Financial Management Grant		3,000	3,000	3,000	-	3,000	1,500	1,500	100.0%	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	252	542	1,250	(708)	-56.6%	2,500
<i>FBDM(Operational)</i>		6,071	2,500	2,500	252	542	1,250	(708)	-56.6%	2,500
Other grant providers:		1,180	1,199	1,199	17	616	600	17	2.8%	1,199
<i>Education Training and Development Practices SETA</i>		-	-	-	17	17	-	17	-	-
<i>National Library South Africa</i>		1,180	-	-	-	600	-	600	-	-
<i>Northern Cape Arts and Cultural</i>		-	1,199	1,199	-	-	600	(600)	-100.0%	1,199
<i>Post Retirement Benefit</i>		-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	5	76,049	72,942	72,942	22,495	53,780	36,471	17,309	47.5%	72,942
Capital Transfers and Grants										
National Government:		50,290	42,258	42,258	25,380	53,673	21,129	32,544	154.0%	42,258
Integrated National Electrification Programme Grant		-	-	-	-	-	-	-	-	-
Municipal Disaster Relief Grant		-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant		18,764	22,258	22,258	8,258	18,258	11,129	7,129	64.1%	22,258
Regional Bulk Infrastructure Grant		12,011	-	-	11,122	19,415	-	19,415	-	-
Water Services Infrastructure Grant		19,515	20,000	20,000	6,000	16,000	10,000	6,000	60.0%	20,000
Provincial Government:		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
District Municipality:		4,894	-	-	-	-	-	-	-	-
<i>Specify (Add grant description)</i>		4,894	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
Total Capital Transfers and Grants	5	55,184	42,258	42,258	25,380	53,673	21,129	32,544	154.0%	42,258
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	131,233	115,200	115,200	47,875	107,452	57,600	49,852	86.5%	115,200

In Supporting Tables SC6, you can find all the details of the received grants. During the second quarter, the municipality received a total of R47.9 million, taking into consideration both operational (R22.5 million) and capital grants (R25.4 million), and to date, the municipality has received a total of R53.8 million for operational grants and R53.7 million for Capital transfers and grants which total R107.5 million to date. All the gazetted grants were received in the reporting period according to the National Treasury's grants payment schedule and the conditions thereof.

Table SC7: Transfers and Grant Expenditure

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

Description	Ref	2023/24	Budget Year 2024/25							
		Audited Outcome	Original Budget	Adjusted Budget	Q2	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
EXPENDITURE										
Operating expenditure of Transfers and Grants										
National Government:		39 403	69 243	69 243	22 955	51 455	34 621	16 833	48.6%	35 424
Equitable Share		34 989	65 001	65 001	21 667	48 751	32 501	16 251	50.0%	31 182
Expanded Public Works Programme Integrated Grant		1 730	1 242	1 242	272	552	621	(69)	-11.0%	1 242
Local Government Financial Management Grant		2 684	3 000	3 000	1 016	2 151	1 500	651	43.4%	3 000
Municipal Disaster Relief Grant		-	-	-	-	-	-	-	-	-
Provincial Government:		-	-	-	-	-	-	-	-	-
District Municipality:		890	2 500	2 500	1 277	1 277	1 250	27	2.2%	2 500
FBDM(Operational)		890	2 500	2 500	1 277	1 277	1 250	27	2.2%	2 500
Other grant providers:		1 253	1 228	1 228	331	600	614	(14)	-2.3%	1 228
Education Training and Development Practices SETA		-	-	-	-	-	-	-	-	-
National Library South Africa		1 253	-	-	331	600	-	600	-	-
Northern Cape Arts and Cultural		-	1 228	1 228	-	-	614	(614)	-100.0%	1 228
Total operating expenditure of Transfers and Grants:		41 545	72 971	72 971	24 563	53 332	36 485	16 846	46.2%	39 152
Capital expenditure of Transfers and Grants										
National Government:		36 794	42 258	42 258	19 795	38 255	21 129	17 126	81.1%	42 258
Integrated National Electrification Programme Grant		-	-	-	-	-	-	-	-	-
Municipal Disaster Relief Grant		827	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant		18 900	22 258	22 258	16 374	26 985	11 129	15 856	142.5%	22 258
Regional Bulk Infrastructure Grant		-	-	-	-	-	-	-	-	-
Water Services Infrastructure Grant		17 067	20 000	20 000	3 422	11 270	10 000	1 270	12.7%	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	19 795	38 255	21 129	17 126	81.1%	42 258
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		93 094	115 229	115 229	44 359	91 586	57 614	33 972	59.0%	81 410

A total of R44.4 million has been spent on grants during the second quarter of the financial year, while the year-to-date actual stands at R91.6 million and the year to date budget amounts to R57.6 million. This has resulted in an overspending variance of R33 million, which translates to a positive variance of 59%. Out of the total spending for the 2nd quarter, R24.6 million has been spent on operational grants, while R19.8 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 & Retentions	Unspent Balance Vat Inc	Spents to date Vat Excl	% Spent to date Vat Inc & Retentions
Grants and Subsidies							
Operational							
Equitable Share	65 001 000.00	48 751 000.00	48 751 000.00	48 751 000.00	16 250 000.00	75%	75%
Expanded Public Works Programme Integrated Grant	1 242 000.00	870 000.00	552 398.92	552 398.92	689 601.08	44%	44%
Local Government Financial Management Grant	3 000 000.00	3 000 000.00	2 151 183.69	2 434 673.06	565 326.94	72%	81%
<i>FBDM (Operational)</i>	2 500 000.00	542 492.94	1 127 639.80	1 296 785.77	1 203 214.23	45%	52%
<i>Education Training and Development Practices SETA</i>	-	16 979.39	-	-	-		-100%
<i>Northern Cape Arts and Cultural</i>	1 199 000.00	599 500.00	599 685.51	599 685.51	599 314.49	50%	50%
Sub-Total	72 942 000.00	53 779 972.33	53 181 907.92	53 634 543.26	19 760 092.08	73%	74%
Capital							
Municipal Infrastructure Grant	22 258 000.00	18 258 000.00	26 984 535.72	34 399 767.45	- 12 141 767.45	121%	155%
Water Services Infrastructure Grant	20 000 000.00	16 000 000.00	11 270 131.52	13 851 754.16	6 148 245.84	56%	69%
Regional Bulk Infrastructure Grant		19 414 520.05					
Sub-Total	42 258 000.00	53 672 520.05	38 254 667.24	48 251 521.61	- 5 993 521.61	91%	114%
TOTAL RECEIPTS OF TRANSFERS & GRANTS	115 200 000.00	107 452 492.38	91 436 575.16	101 886 064.87	13 766 570.47	79%	88%

The above table depicts the gazette and budgeted amounts for all the grants and the performance there of as at end of second quarter.

Financial Management grant

- The FMG grant is an essential funding source for the BTO program projects supported by the National Treasury. By the end of the first quarter, the municipality had received R3 million. However, no additional funds were received in the second quarter, as the entire allocation had already been disbursed. It is important to note that the municipality receives this grant as per the Dora. To date, 72% of the funds (excluding VAT) and 81% (including VAT) have been spent.

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 and second tranches of the allocation, R311 thousand and R559 thousand respectively totaling R870 thousand, as of the end of the second quarter, the municipality has already spent R552 thousand, which is equal to 44% (VAT inclusive) of the total allocation.

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.
- During the quarter under review, the municipality received R252 thousand. To date, the municipality has received a total of R542 thousand and incurred expenditures amounting to R 1,1 million (excluding VAT), which represents 45% of the total budgeted allocation. Additionally, the total expenditure, including VAT, amounts to R 1,2 million, which equals 52% of the budget.

- Please note that FBDM (O&M) transfers are made on submission of invoices to the District Municipality

Library Grant

- It should be noted that the municipality received the first tranche of the grant in September, amounting to R600 thousand, for the 2nd quarter the municipality did not receive any allocation. The municipality has already expended R600 thousand received, which equates to 50% of the total allocation for both VAT Excl and Incl.

Municipal Infrastructure Grant

- The MIG expenditure as at 31 December 2024 is sitting at 121 % (Vat exclusive) of the total allocation of R22.3 million for the year, the reason for such a huge percentage is because the expenditure of RBIG (R15.6 million) is being transacted against the MIG vote number and this will be rectified during an adjustment budget. The municipality has received R8.3 million for the 2nd quarter and to this date it has received R18.3 million.
- The MIG expenditure for the 2nd quarter amounts to R16.4 million of which R9.1 million is from RBIG

Water Services Infrastructure Grant

- The WSIG expenditure as at 31st December 2024 is sitting at 56 % (Vat excl) of the total allocation of R20 million for the year. The municipality to date has received R16 million and R13.9 (Vat incl) million has been spent which equates to 69% of the total allocation of the grant.
- For the 2nd quarter the municipality has received R6 million and to date R16 million has been received. The accumulated expenditure for the quarter amounts to R3.4 million and the actual year to date amounts to R11.3 million.

It can then be noted that a total of R107.5 million has been received to date for both operational and capital grants, total expenditure of R90.8 million has been committed or spent to date which translates into 79% spent on grants and subsidies exclusive of Vat.

Please note that RBIG and LGSETA budget will be incorporated in the budget during an adjustment budget with their expenditures

Table SC8: Councillors and Staff Benefits

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

Summary of Employee and Councillor remuneration	Ref	2023/24		Budget Year 2024/25						
		Audited Outcome	Original Budget	Adjusted Budget	Q2	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	1,027	1,899	1,921	(23)	-1%	3,843
Pension and UIF Contributions		477	555	555	108	215	278	(63)	-23%	555
Medical Aid Contributions		83	128	128	18	35	64	(29)	-45%	128
Motor Vehicle Allowance		585	551	551	162	299	276	23	8%	551
Cellphone Allowance		538	509	509	117	233	255	(22)	-8%	509
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		-	-	-	-	-	-	-	-	-
Sub Total - Councillors		5,257	5,587	5,587	1,432	2,681	2,794	(112)	-4%	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	472	843	1,478	(635)	-43%	2,956
Pension and UIF Contributions		119	333	333	33	65	167	(101)	-61%	333
Medical Aid Contributions		50	126	126	13	26	63	(37)	-59%	126
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		59	245	245	59	59	122	(63)	-51%	245
Motor Vehicle Allowance		666	1,590	1,590	-	-	795	(795)	-100%	1,590
Cellphone Allowance		9	27	27	-	-	14	(14)	-100%	27
Housing Allowances		-	164	164	-	-	82	(82)	-100%	164
Other benefits and allowances		0	1	1	0	0	0	(0)	-75%	1
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations		-	-	-	-	-	-	-	-	-
Entertainment		-	-	-	-	-	-	-	-	-
Scarcity		99	195	195	-	-	98	(98)	-100%	195
Acting and post related allowance		-	-	-	-	-	-	-	-	-
In kind benefits		-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality		2,276	5,635	5,635	577	993	2,818	(1,824)	-65%	5,635
% increase	4		147.6%	147.6%						147.6%
Other Municipal Staff										
Basic Salaries and Wages		31,280	35,480	35,480	8,090	16,168	17,740	(1,572)	-9%	35,480
Pension and UIF Contributions		6,349	6,787	6,787	1,619	3,174	3,394	(220)	-6%	6,787
Medical Aid Contributions		2,269	2,627	2,627	629	1,212	1,313	(101)	-8%	2,627
Overtime		707	321	321	225	428	161	268	167%	321
Performance Bonus		2,861	2,846	2,846	2,741	2,771	1,423	1,348	95%	2,846
Motor Vehicle Allowance		25	56	56	-	-	28	(28)	-100%	56
Cellphone Allowance		56	109	109	37	72	54	17	32%	109
Housing Allowances		70	83	83	20	37	41	(4)	-11%	83
Other benefits and allowances		377	208	208	92	179	104	75	72%	208
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations		-	-	-	-	-	-	-	-	-
Entertainment		-	-	-	-	-	-	-	-	-
Scarcity		-	-	-	-	-	-	-	-	-
Acting and post related allowance		254	100	100	32	68	50	18	36%	100
In kind benefits		657	100	100	-	-	50	(50)	-100%	100
Sub Total - Other Municipal Staff		44,904	48,716	48,716	13,486	24,109	24,358	(249)	-1%	48,716
% increase	4		8.5%	8.5%						8.5%
Total Parent Municipality		52,437	59,939	59,939	15,494	27,783	29,969	(2,186)	-7%	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.

During the quarter under review, the municipality incurred expenditures totaling R15.5 million, bringing the year-to-date total to R27.8 million. This expenditure is slightly within the budget projection, as the year-to-date budget amounts to R29.9 million. Comparing the actual year-to-date expenditure to the budget reveals a negative variance of 7%. However, this variance is considered immaterial since it is below the 10% threshold.

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 = - **R3 352 953.38**

Closing cash balance as per bank statement = - **R 680 207.28**

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 second quarter, the total overtime paid amounted to R 225 thousand, with the year-to-date actual amounting to R 428 thousand and the year to date budget stands at R161 thousand, resulting in an overspending of R 268 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 second quarter; the municipality reverses these debit orders monthly.

The municipality was not charged penalties and interest for PAYE by SARS for late payment made for December 2024.

Pillar 3 - Trade Payables

Trade creditors for the previous quarter amounted to R265 million, which increased to R269.5 by R4.5 million in the reporting quarter.

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 December amount to R345.1 million and the total current assets is R72.8 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 month of September, with the collection rate standing at 15%.
- Municipality has incurred 14% collection for October, 22% collection rates for the month of November 2024 which has decreased to 13% in the month of December 2024.
- It is worth noting that the average collection rate for the second quarter amounted to 16.33%, which falls below the standard expected norm by National Treasury from municipalities.

Pillar 6 - Distribution losses

Electricity

- Total electricity losses as at Quarter 1 (July - September) 2024 are an average of 43% or R 3.9 million. The norm in terms of MFMA Circular 71 is 7% – 10%.

Total purchases		2,937,828.83
Total sold		1,668,351.10
Lossess		1,269,477.73
Cost per unit		3.10
Lossess in Rand		3,930,033.86
Loss %		43%

- Total electricity losses as at Quarter 2 (October – December) 2024 are an average of 40% or R 2.5 million. The norm in terms of MFMA Circular 71 is 7% – 10%.

Total purchases		2 678 291,10
Total sold		1 610 987,40
Lossess		1 067 303,70
Cost per unit		2,41
Lossess in Rand		2 573 520,23
Loss %		40%

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%.

Total purchases		476,235.00
Total sales		11,941.60
Losses		464,293.40
Cost per unit		4.60
Losses in Rand		2,133,704.89
Losses %		97%

- Total water losses as at Quarter 2 (October – December) are an average of 93% or R 2 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%.

Total purchases		404 108,00
Total sales		28 434,20
Losses		375 673,80
Cost per unit		5,37
Losses in Rand		2 016 138,79
Losses %		93%

Pillar 7 - Ring fencing of conditional grants

Description	Budget Year 202425				
	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	18,258,000.00	26,984,535.72	- 8,726,535.72	121%
Water Services Infrastructure Grant	20,000,000.00	16,000,000.00	11,270,131.52	4,729,868.48	56%
Regional Bulk Infrastructure Grant		19,414,520.05			
Sub-Total	42,258,000.00	53,672,520.05	38,254,667.24	- 3,996,667.24	91%
TOTAL RECEIPTS OF TRANSFERS & GRANTS	42,258,000.00	53,672,520.05	38,254,667.24	- 3,996,667.24	91%

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 53.7 million and R38.3 (VAT Excl) 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.

Quality Certificate



I... Tumelo Thage, The Acting Municipal Manager of Magareng Local Municipality (NC093), hereby certify that-

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

The report for **October- December 2024** has been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act.



Mr. T Thage
Acting Municipal Manager

21 Jan 2025
Date