



treasury

Department of
Treasury
FREE STATE PROVINCE

CONSOLIDATED MUNICIPAL BUDGET PERFORMANCE REPORT FOR THE PERIOD ENDING 31 July 2022



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A. METHODOLOGY AND APPROACH OF THIS REPORT

The methodology and approach used for the compilation of this report included the following:

- The data for the analysis was extracted from the National Treasury Local Government Database. Provincial Treasury is concerned about the data reliability of budget and expenditure figures published as submitted by municipalities. A number of significant discrepancies have been identified in the data uploaded onto the Local Government Database by municipalities and municipalities were requested to correct errors identified (refer to page 5)
- 22 of 23 municipalities are delegated by the Minister of Finance to the MEC for Finance to report and monitor on their finance. However, in order to provide a holistic picture of municipalities in the Province, the non-delegated municipality namely, **Mangaung Municipality** is included in this report.

B. PURPOSE OF REPORT

The consolidated report covers the financial performance of municipalities in Free State for the month ending **31 July 2022**. The purpose of this report is to indicate the extent to which the 22 delegated and one non-delegated municipalities have succeeded in fulfilling their Constitutional mandate. It also provides an analysis of the Section 71 report in terms of the Municipal Finance Management Act (MFMA).

The Section 71 report facilitates transparency, better in-year management as well as the oversight of budgets. These reports are management tools and early warning mechanisms for councils, provincial legislatures and officials in order to monitor and improve municipal performance. The improvement of the credibility of the data strings is therefore a priority for national and provincial treasuries.

The report is therefore structured as follows:

- C - Compliance Monitoring with Laws and Regulations
- D - Overview for the Free State Municipal Budget Performance
- E - Other MFMA Matters
- F - Recommendation & Conclusion
- G - Annexures – Detailed data per municipality

C. COMPLIANCE MONITORING WITH LAWS AND REGULATIONS

a) Municipalities were required to submit the following monthly mSCOA data strings for the period under review:

- Monthly In-Year (M01)
- Creditors (CR01)
- Debtors (DB01)

b) Table 1 below shows the submission of the required data strings per municipality:

Table 1: Submission of the monthly return forms

Municipality	mSCOA Data String Submission					Other Reporting
	ORGB (Original Budget)	PROR (Project description Original Budget)	M01	CR01	DB01	C-schedule M01
Mangaung						
Letsemeng						
Kopanong						
Mohokare						
Xhariep						
Masilonyana						
Tokologo						
Tswelopele						
Matihabeng						
Nala						
Lejweleputswa						
Setsoto						
Dihlabeng						
Nketoana						
Maluti a Phofung						
Phumelela						
Mantsopa						
Thabo Mofutsanyana						
Moghaka						
Ngwathe						
Metsimaholo						
Mafube						
Fezile Dabi						

Source: LGDB as at 22 August 2022

Legend:

Successful	1st Phase error	2nd Phase error	Outstanding
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d) Non-compliance is communicated with the municipalities via letters, e-mails and telephonic conversations, however, the lack of internal control measures and commitment by municipal officials to adhere to the reporting requirements also impacts on the compliance rate.

- e) Provincial Treasury provides support and assistance to municipalities on the identification and correction of errors on the data strings on a continuous basis through internal monitoring tools.

D. OVERVIEW OF FREE STATE MUNICIPAL BUDGET PERFORMANCE

1. FINANCIAL HEALTH

1.1 DEBTORS

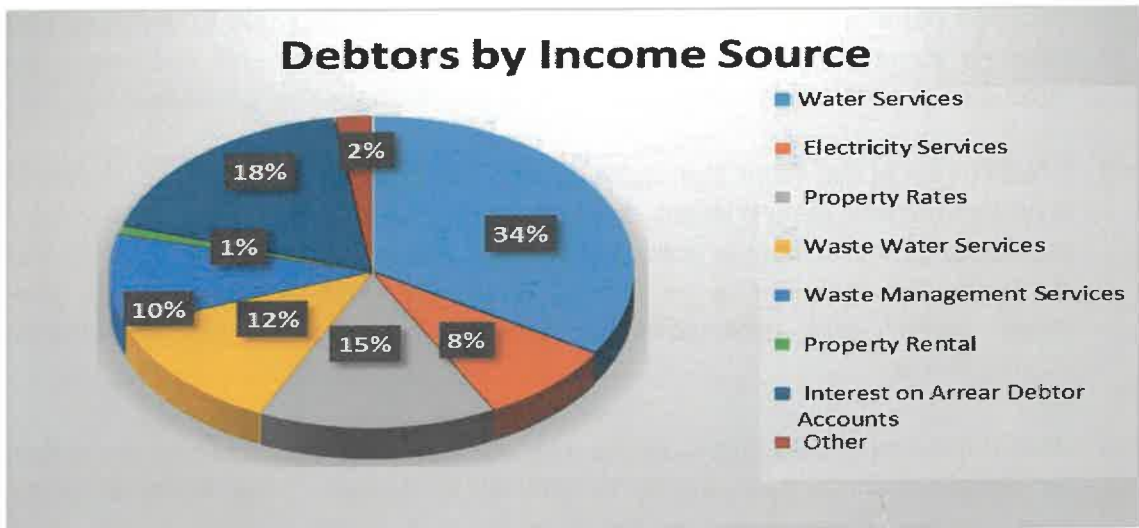
- 1.1.1 The total outstanding debt amounts to R29.68 billion having increased with R1.6 billion from the previous month (*Jun 2022: R28.08 billion*). Annexure A and B provides the summary and breakdown of the outstanding debtors per income source. The municipal debt has grown substantially for debtors exceeding 90 days due to declining collection rates. It is vital for municipalities to manage their debt and implement effective strategies aimed at motivating consumers to pay for municipal services.
- 1.1.2 Section 75A of the Municipal Systems Act, 2000 (MSA) empowers a municipality to levy and recover fees, charges or tariffs in respect of any function or service of the municipality; and to recover collection charges and interest on any outstanding amount subject to the provisions of the National Credit Act, 2005 (Act 34 of 2005). However, credit control and debt collection processes are often not implemented by municipalities.
- 1.1.3 70.6 Per cent (R20.95 billion) of the total debt owed to municipalities are outstanding for longer than 1 year, which is difficult to collect. The financial position of municipalities is overstated as the debt included in the debtor's books will not be realized.
- 1.1.4 The increase in the outstanding debt impacts on the municipal revenues as well as the ability of municipalities to render effective services.
- 1.1.5 Three municipalities failed to report the debtor's age analysis data for the month under review and for the purposes of consolidation information reported for prior months were included for this municipality. These municipality is:

Municipality	Discrepancies
Tokologo	System off-line
Nala	System challenges
Phumelela	System challenges

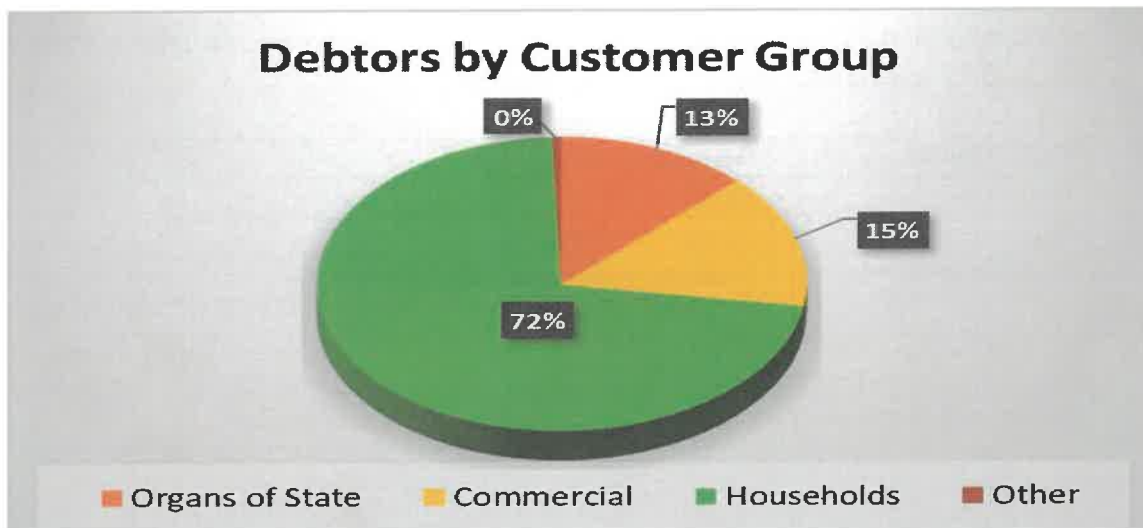
- 1.1.6 Debtors books should become an area of focus for municipalities. **Eight** municipalities reported outstanding debtors above a billion rand and contribute 78.6 per cent to the total outstanding debtors in the Province. These municipalities are:

Mangaung	R8.32 billion
Matjhabeng	R5.53 billion
Metsimaholo	R2.46 billion
Maluti a Phofung	R2.19 billion
Dihlabeng	R1.32 billion
Masilonyana	R1.30 billion
Moqhaka	R1.16 billion
Nala	R1.04 billion

1.1.7 *Water services* remains the largest contributor to the total outstanding debt and amounts to R10.05 billion (33.8 per cent), followed by *interest on arrear debtor accounts* amounting to R5.29 billion (17.8 per cent). Debt relating to *property rates* contribute 14.8 per cent (R4.40 billion) to the total outstanding debt, whilst *waste water services* accounts for 12.4 per cent (R3.68 billion) of the total debt.



1.1.8 The majority of the debt is owed by *Households*, which contributes 71.9 per cent (R21.35 billion) to the total debt, followed by *Businesses* with 14.8 per cent (R4.39 billion) and *Organs of State* with 12.7 per cent (R3.76 billion).



1.2 CREDITORS

- 1.2.1 There is a strong correlation and dependence between collections and management of payables. The inability of municipalities to collect sufficient revenue causes them not to adhere to Section 65 of the MFMA, 2003 which requires payment within 30 days of receipt of the invoice.
- 1.2.2 The total creditors **increased** with R0.7 billion to **R22.33 billion** for the month under review (*Jun 2022: R21.63 billion*). Annexure C and D provides the summary and breakdown of the outstanding creditors per type.
- 1.2.3 Municipalities are not transacting correctly within the financial systems and therefore the **total outstanding creditors are understated**.
- 1.2.4 Payables relating to bulk service providers (Eskom & Water Boards) contribute 88.5 per cent or **R19.76 billion** of the total outstanding debt. The following interventions were introduced to address the challenges:

- Payment agreements were entered into with service providers (current account to be paid in full and installments for accrued debt);
- Ring fencing of capital portion of debt;
- Reduction of interest on capital portion of debt (if current account is paid in full).

However, the payment agreements are often not realistic or sustainable, resulting in municipalities defaulting on the payment arrangements which cause an increase of the debt position and no corrective measures are timeously implemented by the Municipal Councils. These corrective measures include, amongst others:

- Increase of revenue (including completeness of revenue, decrease in rebates and subsidies, increase collection rate, implementation of credit control, etc.);
- Implement cost reflective tariffs; and
- Decrease distribution losses.

PAYE and Pension/Retirement Contributions Debt

- 1.2.5 Payables relating to 3rd parties (i.e PAYE and pensions/retirement contributions) amounted to R264.5 million of which 85.7 per cent of the total is outstanding for periods longer than 30 days. Mafube reported the highest outstanding contribution payments over 30 days relating to 3rd parties (PAYE and pensions). This could lead to litigation at these municipalities. Of concern is that Kopanong municipality did not report on outstanding PAYE and pension/retirement contributions.
- 1.2.6 The tables below indicate the age analysis regarding the outstanding amounts for pension fund contributions and PAYE per municipality:

Creditors Age Analysis PAYE	0-30 Days		31-60 Days		61-90 Days		Over 90 Days		Total	
	R'000	%	R'000	%	R'000	%	R'000	%	R'000	%
Tswelopele	–	0.0%	44	100.0%	–	0.0%	–	0.0%	44	0.1%
Nala	13	100.0%	–	0.0%	–	0.0%	–	0.0%	13	0.0%
Thabo Mofutsanyana District	1,449	100.0%	–	0.0%	–	0.0%	–	0.0%	1,449	3.8%
Ngwathe	7,454	64.3%	3,385	29.2%	692	6.0%	69	0.6%	11,599	30.2%
Mafube	20,008	79.2%	1,382	5.5%	–	0.0%	3,876	15.3%	25,266	65.8%
Total Debt	28,924	75.4%	4,812	12.5%	692	1.8%	3,945	10.3%	38,373	100.0%

Creditors Age Analysis Pension/Retirement	0-30 Days		31-60 Days		61-90 Days		Over 90 Days		Total	
	R'000	%	R'000	%	R'000	%	R'000	%	R'000	%
Mangaung Metro	51,313	100.0%	–	0.0%	–	0.0%	–	0.0%	51,313	22.7%
Tswelopele	–	0.0%	–	0.0%	–	0.0%	(6)	100.0%	(6)	0.0%
Matjhabeng	3,355	100.0%	–	0.0%	–	0.0%	–	0.0%	3,355	1.5%
Nala	4	100.0%	–	0.0%	–	0.0%	–	0.0%	4	0.0%
Setsotho	285	58.4%	203	41.6%	–	0.0%	–	0.0%	488	0.2%
Ngwathe	3,161	100.0%	–	0.0%	–	0.0%	–	0.0%	3,161	1.4%
Mafube	1,270	0.8%	1,212	0.7%	1,216	0.7%	164,064	97.8%	167,762	74.2%
Total Debt	59,390	26.3%	1,415	0.6%	1,216	0.5%	164,058	72.6%	226,078	100.0%

Auditor General Debt

1.2.7 The Auditor-General of South Africa (AGSA) notified National Treasury of the following municipality that have defaulted on the payment of audit fees. A total of R64.2 million is owed to the AGSA and R42.7 million of the total is outstanding for over 60 days.

Name	Total	0-60 Days	Above 60 days
Mohokare	11,174,401	229,797	10,944,604
Mafube	11,780,755	5,059,127	6,721,628
Mantsopa	9,833,142	3,196,761	6,636,381
Kopanong	6,159,570	198,478	5,961,092
Tokologo	8,035,097	3,642,195	4,392,903
Phumelela	3,821,806	109,296	3,712,510
Letsemeng	1,654,554	44,316	1,610,238
Nala	747,570	5,202	742,369
Dihlabeng	536,820	27,420	509,400
Xhariep	582,492	96,222	486,270
Nketoana	3,671,007	3,232,157	438,850
Masilonyana	3,817,502	3,440,864	376,638
Setsotho	441,251	276,915	164,336
Maluti a Phofung	1,144,739	1,120,005	24,735
Moqhaka	806,788	794,743	12,045
Total	64,207,494	21,473,498	42,733,999

Source: AGSA

1.3 CASH FLOW

1.3.1 Municipalities in the Province closed the month of July 2022 with a surplus cash and cash equivalent balance of R2.47 billion. This may however be incorrect due to municipalities that are not using the mSCOA segments correctly to populate the cash flow information, which is derived from the *item segment* in combination with the *fund segment*.

1.3.2 Nketoana (as indicated in the table below) reported a negative closing balance and might indicate eminent financial constraints, whilst five municipalities (Letsemeng,

Masilonyana, Maluti a Phofung and Phumelela) have not reported on the cash flow information.

R thousands	Cash/Cash equivalents at year begin (1 Jul 2022)	Net Cashflow From/(Used) Operating Activities	Net Cashflow From/(Used) Investing Activities	Net Cashflow From/(Used) Financing Activities	Net Increase / (Decrease) in Cash Held	Cash/Cash equivalents month/year end (31 Jun 2023)
Mangaung Metro	1,576,428	214,814	(21,424)	(1,435)	191,955	1,768,383
Letsemeng	-	-	-	-	-	-
Kopanong	-	78,387	-	-	78,387	78,387
Mohokare	1,594	23,202	(3,085)	-	20,117	21,711
Xhariep District	-	58	-	-	58	58
DC 16 Total	1,594	101,647	(3,085)	-	98,562	100,157
Masilonyana	-	-	-	-	-	-
Tokologo	-	-	12	-	12	12
Tswelopele	4,734	28,788	(1,189)	(16)	27,584	32,318
Matjhabeng	196,611	(18,227)	1,348	-	(16,879)	179,732
Nala	-	-	-	-	-	-
Lejweleputswa District	111,526	38,947	-	-	38,947	150,473
DC 18 Total	312,871	49,508	172	(16)	49,664	362,535
Setsotso	92,272	41,500	(5,650)	(6)	35,844	128,116
Dihlabeng	5,586	28,416	(10,807)	(622)	16,988	22,574
Nketoana	(930)	55,082	(236,753)	(9)	(181,680)	(182,611)
Maluti a Phofung	-	-	-	-	-	-
Phumelela	-	-	-	-	-	-
Mantsopa	-	20,329	(4,316)	-	16,013	16,013
Thabo Mofutsanyana	-	58	-	-	58	58
DC 19 Total	96,928	145,385	(257,525)	(637)	(112,778)	(15,850)
Moghaka	(3,560)	28,987	(5,906)	(289)	22,791	19,231
Ngwathe	(0)	26,261	(3,224)	(4)	23,033	23,033
Metsimaholo	112,461	(45,031)	(41)	(12)	(45,085)	67,375
Mafube	-	-	37	-	37	37
Fezile Dabi	84,594	61,096	(17)	-	61,079	145,673
DC 20 Total	193,495	71,312	(9,152)	(305)	61,855	255,350
Total	2,181,316	582,665	(291,014)	(2,393)	289,259	2,470,575

1.3.3 The collection rate reported by municipalities for the Province for the month under review is only 52 per cent, which is significantly below the norm and is not sustainable.

1.3.4 Low collection rates can be attributed to the following factors:

- Impact of the economic slowdown and the increasing in rates and tariffs year-on-year which affect household budgets and affordability levels;
- The cash flow time difference between paying for the increased cost of bulk electricity and water and the collection of revenues from customers;
- Breakdown in service delivery resulting in non-supply, which impacts on loss of revenue;
- Illegal connections and tampering of water and electricity meters;
- Ineffective cash flow management on a monthly basis;
- Non-implementation of debt collection and credit control policies; and
- Non billing and system challenges.

2. FINANCIAL PERFORMANCE

In terms of the budgeted monthly revenue and expenditure in support of the original budgets, Municipalities reported the following aggregated performance:

2.1 REVENUE GENERATED

2.1.1 The total generated revenue (billed) amounts to R2.52 billion or 10.7 per cent against the approved budget of R23.50 billion, whilst in respect of expenditure, municipalities spent an aggregate of 4.9 per cent or R1.15 billion against the total budget of R23.49

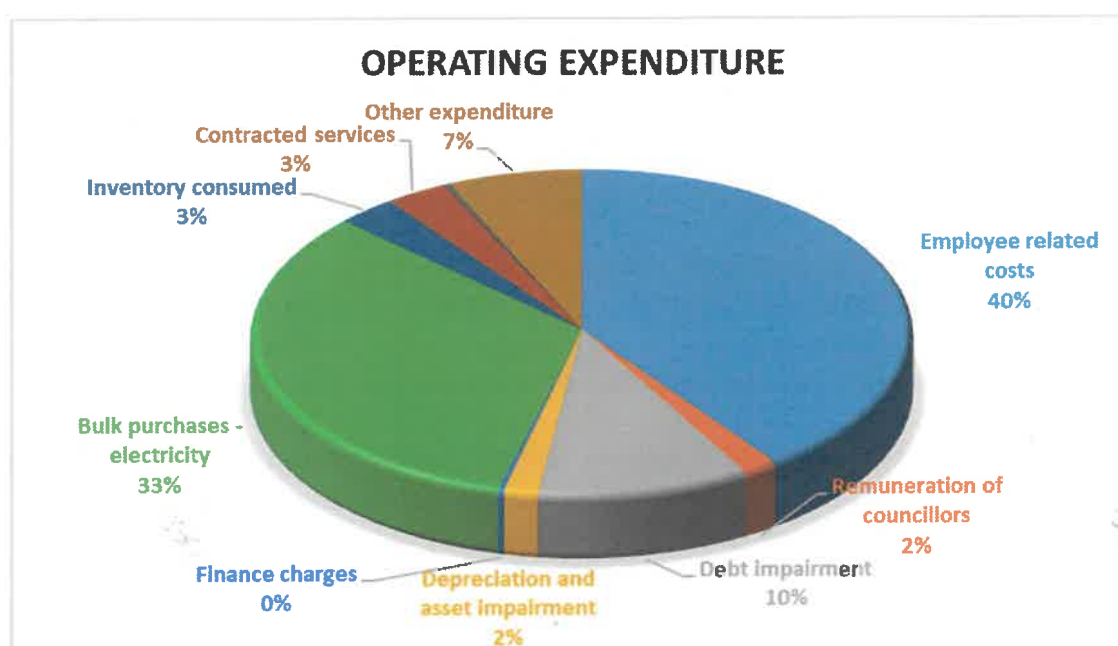
billion. The revenue relates to the ability of the municipality to raise (generate) revenue, and does not take the actual collection into consideration.

2.1.2 The majority of the generated (billed) revenue relates to *transfers and subsidies* (48 per cent) with R1.2 billion followed by *service charges* with R902.6 million (36 per cent). Property rates contribute 10 per cent (R249.7 million) to the total revenue generated.

2.1.3 An aggregate operational surplus of R1.36 billion was reported for the period under review (year-to-date) excluding capital transfers.

2.2 OPERATING EXPENDITURE

2.2.1 The highest spending item reported at the end of July 2022 is *employee related cost* amounting to R462.7 million or 40 per cent of the total expenditure, followed by *bulk purchases - electricity* amounting to R379.6 million.



2.2.2 The performance of *employee related cost* against the budget is 6.4 per cent (R462.6 million). The majority of the expenditure reported (98.4 per cent) relates to salaries and wages for municipal staff as indicated in the table below:

Employee Related Cost (ERC)	Original Budget R'000	Actual Year To Date R'000	% Spent on Adjusted Budget	% of Total ERC
Senior Management	217,661	8,121	3.7%	1.8%
Municipal Staff	7,001,416	454,524	6.5%	98.2%
Board Members	785	10	1.3%	0.0%
Total	7,219,863	462,656	6.4%	100.0%

2.2.3 The tables below indicate the total employee related cost and council remuneration per capacity per municipality. The 66 per cent of the total employee related cost budget is allocated to high capacity municipalities (incl. Mangaung, Matjhabeng, Maluti a Phofung, Moqhaka and Metsimaholo).

Employee Related Cost - High Capacity Municipalities

Municipality	Employee Related Cost		Council Remuneration	
	Original Budget	YTD July 2022	Original Budget	YTD July 2022
Mangaung	2,393,515,462	188,176,570	70,667,842	7,304,166
Matjhabeng	906,572,359	71,022,441	39,971,641	875,312
Maluti-a-Phofung	660,113,301		30,608,225	
Moqhaka	364,983,798	30,415,798	22,248,609	1,643,130
Metsimaholo	434,807,480	28,498,072	20,869,770	1,658,964
Total	4,759,992,400	318,112,881	184,366,087	11,481,572

Employee Related Cost - Medium Capacity Municipalities

Municipality	Employee Related Cost		Council Remuneration	
	Original Budget	YTD July 2022	Original Budget	YTD July 2022
Letsemeng	73,052,844	5,689,601	5,167,420	506,694
Kopanong	141,883,225	11,823,607	6,491,999	540,998
Tswelopele	78,739,925		6,568,726	
Nala	160,137,291		9,490,853	
Setsoto	228,323,196	19,074,721	12,535,056	
Dihlabeng	348,057,308	28,333,158	17,116,642	1,633,858
Nketoana	151,733,243	8,733,721	6,453,828	470,254
Mantsopa	111,243,576	9,307,102	6,221,546	805,044
Ngwathe	266,190,371	23,384,656	17,147,643	1,334,708
Mafube	130,593,358		11,399,215	-
Total	1,689,954,337	106,346,566	98,592,928	5,291,556

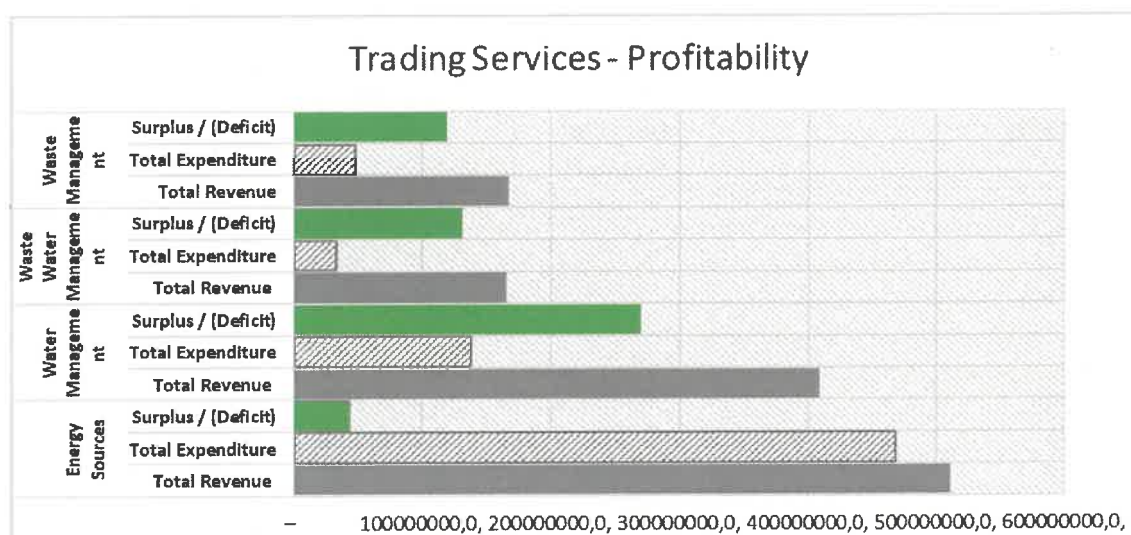
Employee Related Cost - Low Capacity Municipalities

Municipality	Employee Related Cost		Council Remuneration	
	Original Budget	YTD July 2022	Original Budget	YTD July 2022
Mohokare	87,809,399	7,204,842	5,675,733	554,732
Xhariep	47,107,343	4,780,938	4,105,315	344,469
Masilonyana	124,336,427		7,921,835	
Tokologo	65,061,962		5,863,364	
Lejweleputswa	119,884,691	8,982,995	10,671,632	807,061
Phumelela	91,041,264		6,891,170	
Thabo Mofutsanyana	102,434,027	7,033,882	9,110,478	711,173
Fezile Dabi	132,240,660	10,193,588	7,515,130	625,562
Total	769,915,773	38,196,245	57,754,657	3,042,997

2.3 PROFITABILITY OF TRADING SERVICES

2.3.1 An analysis of the trading services indicates that all trading services showed operating surpluses for the period under review. However, these surpluses does not take the actual collection rates into account.

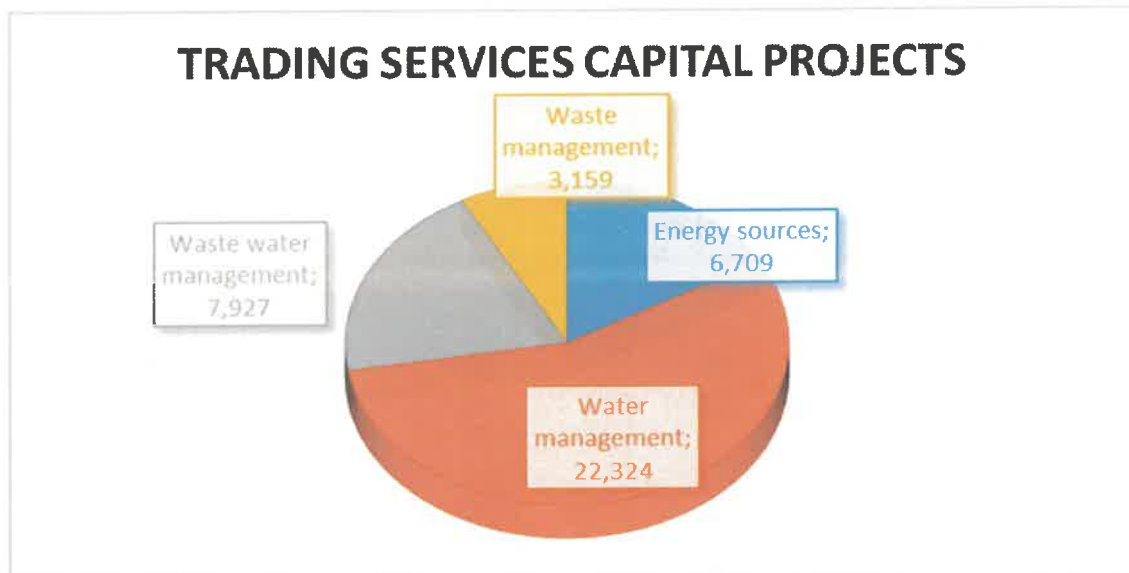
- Billed energy sources revenue totaled R512.2 million against expenditure of R468.5 million (surplus of R43.6 million);
- Billed water revenue totaled R408.6 million against expenditure of R138.2 million (surplus of R270.4 million);
- Billed waste water management revenue totaled R165.2 million against expenditure of R33.2 million (surplus of R131.9 million); and
- Billed waste management revenue totaled R167.3 million against expenditure R47.9 million (surplus of R119.4 million).



2.4 CAPITAL EXPENDITURE

2.4.1 The total capital expenditure amounts to R46.5 million or 1.4 per cent against the approved budget of R3.29 billion.

2.4.2 The majority (86 per cent) of the expenditure relates to trading services projects amounting to R40.1 million. This consists of R6.7 million for *energy services*, R22.3 million for *water management*, R7.9 million for *waste water management* and R3 million for *waste management*.



2.5 REPAIRS AND MAINTENANCE

- 2.5.1 Repairs and maintenance of infrastructure is critical to ensure ongoing service delivery and avoid interruptions to services through unplanned and unnecessary breakdowns. Municipalities are required to budget for a minimum of 8 per cent of the PPE for repairs and maintenance. A budget of R1.49 billion was provided for repairs and maintenance in the 2022/23 financial year, which is however not sufficient. If the 8 per cent norm was adhered to the total budget should have been R3.46 billion
- 2.5.2 It is concerning that most municipalities did not budget sufficiently funds for repairs and maintenance; it was observed that municipalities consistently under budget for maintenance and often sacrifice maintenance budgets for other priorities. This practice would severely affect revenue generating assets in the long term.
- 2.5.3 To date, a total of R42.9 million was spent on repairs and maintenance which amounts to 2.9 per cent against the budget of R1.49 billion. The table below show the repairs and maintenance expenditure reported per municipality:

R thousands	Code	Original Budget	Adjusted Budget	YTD Actual	%
FREE STATE					
Mangaung	MAN	517,045	517,045	35,363	6.8%
Total Metros		517,045	517,045	35,363	6.8%
Letsemeng	FS161	6,584	6,584	-	-
Kopanong	FS162	-	-	-	-
Mohokare	FS163	1,736	1,736	119	6.9%
Xhariep	DC16	405	405	15	3.6%
Total Xhariep		8,725	8,725	134	1.5%
Masilyanya	FS181	1,295	1,295	-	-
Tokologo	FS182	3,420	3,420	-	-
Tswelopele	FS183	16,105	16,105	631	3.9%
Majhabeng	FS184	302,694	302,694	1,721	0.6%
Nala	FS185	255,699	255,699	-	-
Lejweleputswa	DC18	3,531	3,531	-	-
Total Lejweleputswa		582,743	582,743	2,353	0.4%
Setsof	FS191	7,022	7,022	32	0.5%
Dihlabeng	FS192	19,403	19,403	309	1.6%
Nkebana	FS193	20,758	20,758	1,197	5.8%
Maluti-a-Phofung	FS194	139,287	139,287	-	-
Phumelela	FS195	13,780	13,780	-	-
Mantsopa	FS196	-	-	-	-
Thabo Mofutsanyana	DC19	449	449	-	-
Total Thabo Mofutsanyana		200,698	200,698	1,538	0.8%
Moqhaka	FS201	82,246	82,246	1,269	1.5%
Ngwathe	FS203	35,894	35,894	3,951	11.0%
Metsimaholo	FS204	47,447	47,447	(1,676)	(3.5%)
Mafube	FS205	16,479	16,479	-	-
Fezile Dabi	DC20	1,891	1,891	29	1.5%
Total Fezile Dabi		183,957	183,957	3,573	1.9%
Total Free State		1,493,169	1,493,169	42,960	2.9%

3. CONDITIONAL GRANTS

- 3.1 In terms of the Division of Revenue Act, 2021 a total of R2.71 billion was allocated to municipalities in the Province with regard to direct infrastructure grants, capacity building and other current transfers. The performance at the end of July 2022 show a total spending of R94 thousand against the allocation.
- 3.2 Municipalities are still not recording the receipting and spending on conditional grants correctly. This result in incorrect information being reported. Conditional grants must be recorded to be consistent with the reporting on the annual financial statements where only 'conditions met' are recognized as grants expenditure (GRAP 23). mSCOA Circular nr. 13 was issued to provide guidance to the municipalities in this regard.
- 3.3 The negative spending reflected in the table below indicate incorrect reporting by municipalities.

3.4 The table below indicate the conditional grant performance per municipality:

Municipalities	2022/23 Conditional Grants				
	Allocated	Spend Nat	Received Mun	Spend Mun	% spend
Mangaung	1 059 348	–	95 356	4 191	0.4%
Letsemeng	66 592	–	8 325	–	0.0%
Kopanong	46 436	–	–	–	0.0%
Mohokare	50 559	–	–	–	0.0%
Xhariep	5 139	–	1 609	628	12.2%
Masilonyana	56 486	–	–	–	0.0%
Tokologo	48 125	–	–	–	0.0%
Tswelopele	38 773	–	–	(4 755)	-12.3%
Matjhabeng	175 101	–	–	–	0.0%
Nala	53 465	–	–	–	0.0%
Lejweleputswa	8 706	–	–	30	0.3%
Setsoto	223 389	–	–	–	0.0%
Dihlabeng	65 169	–	–	–	0.0%
Nketoana	52 935	–	–	–	0.0%
Maluti a Phofung	267 210	–	–	–	0.0%
Phumelela	43 077	–	–	–	0.0%
Mantsopa	51 232	–	–	–	0.0%
Thabo Mofutsanyana	15 229	–	1 801	–	0.0%
Moqhaka	59 614	–	8 625	–	0.0%
Ngwathe	143 003	–	18 583	–	0.0%
Metsimaholo	112 976	–	–	–	0.0%
Mafube	58 460	–	–	–	0.0%
Fezile Dabi	4 918	–	–	–	0.0%
Total	2 705 942	–	134 299	94	0.0%

3.3 The table below show the actual performance per grant:

Municipalities	2022/23 Conditional Grants				
	Allocated	Spend Nat	Received Mun	Spend Mun	% spend
Energy Efficiency & Demand Man Grant	23 000	–	–	–	0.0%
Expanded Public Works Programme	46 707	–	392	59	0.1%
Finance Management Grant	59 020	–	–	117	0.2%
Integrated National Electrification Prog	129 996	–	8 325	–	0.0%
Metro Informal Settlements Partnership Grant	279 617	–	–	–	0.0%
Municipal Infrastructure Grant	844 877	–	20 458	(4 755)	-0.6%
Neighbourhood Dev Partnership Grant	20 738	–	10 000	3 159	15.2%
Programme & Project Preperation Support Grant	13 673	–	–	–	0.0%
Public Transport network Grant	249 894	–	84 964	963	0.4%
Regional Bulk Infrastructure Grant	204 407	–	–	–	0.0%
Rural Roads Assets Man Systems Grant	9 654	–	3 410	552	5.7%
Urban settlement Development Grant	491 760	–	–	–	0.0%
Water Services Infrastructure Grant	332 599	–	6 750	–	0.0%
Total	2 705 942	–	134 299	94	0.0%

4. **INDICATORS OF MUNICIPAL FINANCIAL HEALTH**

- 4.1 Municipalities are responsible for their own fiscal sustainability. Section 135 of the MFMA assigns municipalities the primary responsibility to avoid, identify and resolve any financial problems that they may experience. Section 154(1) of the Constitution

requires the national government and provincial governments, by legislative and other measures, to “support and strengthen the capacity of municipalities to manage their own affairs, to exercise their powers and to perform their functions.” It is only once these measures have failed to resolve challenges facing a municipality that other spheres of government are empowered to intervene in the affairs of a municipality.

4.2 The state of municipal finances are measured using 13 key indicators identified in the Funding Compliance Methodology and MFMA Circular no. 42 (Funding a Municipal Budget). These indicators include:

- Cash/cash equivalent position
- Cash Coverage
- Cash plus investments less applications
- Repairs & maintenance expenditure level
- Asset renewal / rehabilitation expenditure level
- Asset renewal / Depreciation level
- Total CAPEX as Percentage of Total Expenditure
- Liquidity Ratio
- Debtors Days
- Creditors Days
- Debt (Total Borrowing) vs Total Operating Revenue
- Current Ratio
- Solvency Ratio

4.3 Based on the submission of the monthly reports, an assessment of these indicators shows that **13 municipalities** are in financial distress. Annexure J provides the detail of the indicators per municipality.

5. ASSISTANCE PROVIDED & OTHER MFMA RELATED MATTERS

- 5.1 FSPT conducts monthly analysis of the municipal performance and provides feedback to municipalities on financial performance (revenue & expenditure), cash flow, capital expenditure, grant management, creditor and debtor management as well as mSCOA issues. Non-compliance letters or communication is issued to municipalities that are not adhering to monthly reporting requirements.
- 5.2 Quarterly Performance Review Meetings were conducted during July 2022. The purpose of the Quarterly Performance Review Meetings are:
- To discuss and provide feedback on the assessment of the monthly budget statements, including the analysis of the mSCOA data strings;
 - To provide the status of the financial performance of the municipalities in each district;
 - To improve the quality of the data sets submitted (correct usage of mSCOA segments) by municipalities; and
 - To improve the financial management practices at municipalities.
- 5.3 Meetings were also held with Tokologo and Nala municipalities to discuss the outcome of the 2022/23 budget assessment as well as the monthly reporting challenges experienced. The meetings were held on 22 July 2022.
- 5.4 The process and criteria to be used to determine roll-overs of 2021/22 unspent conditional grants were issued to all municipalities.

E. RECOMMENDATIONS & CONCLUSION

It is recommended that the Head of Department take note of the following:

1. **Note** the aggregate revenue generated is 10.7 per cent whilst the operating expenditure is at 4.9 per cent against the total budgets. An operating surplus of R1.36 billion was reported. The operating surplus does not take the collection rate into consideration.
2. **Note** the performance of the capital expenditure for the period under review is below the straight line projection of 8.3 per cent, amounting to R46.5 million (1.4 per cent) against the adjusted budget of R3.29 billion.
3. **Note** municipalities reported aggregate spending on repairs and maintenance amounting to R42.9 million or 2.9 per cent against the budget of R1.49 billion. The provision (budget) for repairs and maintenance is below the norm of 8 per cent of the total PPE value.
4. **Note** the total outstanding debtors amount to R29.68 billion (*June 2022 – R28.08billion*).
5. **Note** the total outstanding creditor's amount to R22.33 billion (*June 2022 – R21.63 billion*) Due to low collections, municipalities are experiencing cash flow challenges which leads to the non-payment of bulk services accounts, pensions and salaries as well as the AGSA.
6. **Note** the 13 municipalities identified in 'Financial Distress' as per Annexure J
7. **Note** municipalities are not budgeting, transacting and reporting in the financial systems as per the mSCOA requirements, which **impacts on the completeness and accuracy of the information reported**. Provincial Treasury provides regular feedback on the information reported to municipalities, however, internal control measures should be implemented at municipalities to ensure accuracy of information.
8. **Note** the support initiatives provided by the Treasury, MFMA unit.

CONSOLIDATED MUNICIPAL BUDGET PERFORMANCE REPORT FOR THE PERIOD ENDING 31
July 2022

Submitted by:



Mr. SB Mhlambi

Acting CHIEF DIRECTOR: MUNICIPAL FINANCE MANAGEMENT

Date: 26/08/2022

Noted / Comments by:



Ms. MA Sesing

ACTING HEAD OF DEPARTMENT
FS PROVINCIAL TREASURY

Date: 06-09-2022

Annexures

- A : Debtors Age analysis
- B : Debtors Age analysis per municipality
- C : Creditors Age analysis
- D : Creditors Age analysis per municipality
- E : Financial Performance
- F : Operating Revenue per municipality
- G : Operating Expenditure per municipality
- H : Capital Expenditure & Source of Finance
- I : Capital Expenditure & Source of Finance per municipality
- J : Indicators of Municipal Health

Annexure A – Debtors Age Analysis

Debtors Age Analysis By Income Source	0-30 Days		31-60 Days		61-90 Days		Over 90 Days		Total	
	R'000	%	R'000	%	R'000	%	R'000	%	R'000	%
Trade and Other Receivables from Exchange Transactions - Water	493,904	4.9%	268,245	2.7%	398,192	4.0%	8,884,914	88.4%	10,045,255	33.8%
Trade and Other Receivables from Exchange Transactions - Electricity	410,940	16.4%	256,134	10.2%	162,340	6.5%	1,677,954	68.9%	2,507,369	8.4%
Receivables from Non-exchange Transactions - Property Rates	319,571	7.3%	129,965	3.0%	273,414	6.2%	3,680,236	83.6%	4,403,186	14.8%
Receivables from Exchange Transactions - Waste Water Management	148,757	4.0%	71,995	2.0%	189,125	5.1%	3,269,627	88.9%	3,679,504	12.4%
Receivables from Exchange Transactions - Waste Management	91,410	3.2%	49,610	1.8%	142,622	5.1%	2,540,080	90.0%	2,823,723	9.5%
Receivables from Exchange Transactions - Property Rental Debtors	5,174	2.1%	3,166	1.3%	3,149	1.3%	234,871	95.3%	246,360	0.8%
Interest on Arrear Debtor Accounts	162,228	3.1%	101,917	1.9%	296,611	5.6%	4,736,745	89.4%	5,297,501	17.8%
Other	152,359	22.3%	5,822	0.9%	12,534	1.8%	511,251	75.0%	681,965	2.3%
Total By Income Source	1,784,342	6.0%	886,855	3.0%	1,477,988	5.0%	25,535,678	86.0%	29,684,863	100.0%

Debtors Age Analysis By Customer Group	0-30 Days		31-60 Days		61-90 Days		Over 90 Days		Total	
	R'000	%	R'000	%	R'000	%	R'000	%	R'000	%
Organs of State	233,433	6.2%	307,332	8.2%	177,244	4.7%	3,041,517	80.9%	3,759,526	12.7%
Commercial	735,869	16.8%	126,473	2.9%	296,589	6.8%	3,231,710	73.6%	4,390,641	14.8%
Households	815,548	3.8%	450,941	2.1%	1,000,910	4.7%	19,088,113	89.4%	21,353,513	71.9%
Other	(508)	-0.3%	2,108	1.2%	3,245	1.8%	176,339	97.3%	181,184	0.6%
Total By Customer Group	1,784,342	6.0%	886,855	3.0%	1,477,988	5.0%	25,535,678	86.0%	29,684,863	100.0%

Annexure B – Debtors Age Analysis per municipality

Debtors Age Analysis	0-30 Days		31-60 Days		61-90 Days		Over 90 Days		Total	
	R'000	%	R'000	%	R'000	%	R'000	%	R'000	%
Mangaung Metro	903,422	10.9%	443,128	5.3%	206,695	2.5%	6,763,160	81.3%	8,316,405	28.0%
Letsemeng	9,138	2.6%	8,862	2.5%	7,533	2.1%	328,193	92.8%	353,726	1.2%
Kopanong	10,536	2.3%	10,208	2.2%	10,453	2.2%	436,256	93.3%	467,453	1.6%
Mohokare	11,033	2.6%	10,087	2.4%	9,958	2.4%	390,255	92.6%	421,334	1.4%
Xhariep District	-	0.0%	-	0.0%	-	0.0%	10,194	100.0%	10,194	0.0%
DC 16 Total	30,708	2.5%	29,157	2.3%	27,945	2.2%	1,164,898	93.0%	1,252,707	4.2%
Masilonyana	9,458	0.7%	14,022	1.1%	11,043	0.8%	1,269,988	97.4%	1,304,511	4.4%
Tokologo*	6,783	1.9%	6,327	1.8%	5,731	1.6%	334,562	94.7%	353,402	1.2%
Tswelopele	24,043	15.5%	4,643	3.0%	3,055	2.0%	123,396	79.5%	155,138	0.5%
Matjhabeng	206,398	3.7%	117,474	2.1%	118,902	2.1%	5,091,152	92.0%	5,533,926	18.6%
Nala*	27,968	2.7%	21,166	2.0%	19,023	1.8%	972,381	93.4%	1,040,537	3.5%
Lejweleputswa District	(0)	0.0%	-	0.0%	-	0.0%	30,544	100.0%	30,544	0.1%
DC 18 Total	274,649	3.3%	163,632	1.9%	157,754	1.9%	7,822,023	92.9%	8,418,058	28.4%
Setsotso	24,556	4.7%	18,409	3.5%	16,924	3.2%	463,211	88.6%	523,100	1.8%
Dihlabeng	87,303	6.6%	23,145	1.8%	21,663	1.6%	1,187,894	90.0%	1,320,005	4.4%
Nketoana	29,240	3.2%	18,620	2.1%	18,033	2.0%	841,497	92.7%	907,391	3.1%
Maluti a Phofung	36,122	1.6%	36,567	1.7%	38,857	1.8%	2,084,507	94.9%	2,196,052	7.4%
Phumelela**	(2,455)	-0.6%	5,615	1.3%	5,791	1.4%	418,518	97.9%	427,469	1.4%
Mantsopa	34,228	4.2%	20,741	2.5%	13,325	1.6%	752,916	91.7%	821,211	2.8%
Thabo Mofutsanyana District	-	0.0%	-	0.0%	-	0.0%	4,173	100.0%	4,173	0.0%
DC 19 Total	208,996	3.4%	123,098	2.0%	114,593	1.8%	5,752,714	92.8%	6,199,401	20.9%
Moghaka	60,625	5.2%	28,396	2.4%	23,370	2.0%	1,052,478	90.4%	1,164,869	3.9%
Ngwathe	77,257	7.8%	26,812	2.7%	892,671	89.6%	-	996,740	3.4%	
Metsemaholo	197,730	8.0%	58,629	2.4%	42,472	1.7%	2,160,978	87.9%	2,459,810	8.3%
Matjabe	30,955	3.5%	14,002	1.6%	12,488	1.4%	819,427	93.4%	876,873	3.0%
Fezile Dabi	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
DC 16 Total	366,567	6.7%	127,840	2.3%	971,001	17.7%	4,032,883	73.3%	5,498,291	18.5%
Total Debt	1,784,342	6.0%	886,855	3.0%	1,477,988	5.0%	25,535,678	86.0%	29,684,863	100.0%

Annexure C – Creditors Age Analysis

Creditors by type	0-30 Days		31-60 Days		61-90 Days		Over 90 Days		Total	
	R'000	%	R'000	%	R'000	%	R'000	%	R'000	%
Bulk Electricity	619,781	4.7%	237,574	1.8%	327,564	2.5%	12,024,394	91.0%	13,209,314	59.2%
Bulk Water	212,293	3.2%	79,248	1.2%	14,814	0.2%	6,245,798	95.3%	6,552,153	29.3%
PAYE deductions	28,924	75.4%	4,812	12.5%	692	1.8%	3,945	10.3%	38,373	0.2%
VAT (output less input)	–	0.0%	–	0.0%	–	0.0%	–	0.0%	–	0.0%
Pensions / Retirement	59,390	26.3%	1,415	0.6%	1,216	0.5%	164,058	72.6%	226,078	1.0%
Loan repayments	828	8.5%	828	8.5%	1,656	16.9%	6,479	66.2%	9,791	0.0%
Trade Creditors	350,960	18.1%	95,813	4.9%	53,037	2.7%	1,436,990	74.2%	1,936,800	8.7%
Auditor General	4,567	10.0%	3,321	7.3%	1,763	3.9%	35,809	78.8%	45,460	0.2%
Other	9,104	2.9%	4,593	1.5%	4,583	1.5%	294,455	94.2%	312,735	1.4%
Total Debt	1,285,847	5.8%	427,603	1.9%	405,325	1.8%	20,211,928	90.5%	22,330,704	100.0%

Annexure D – Creditors Age Analysis per municipality

Creditors Age Analysis	0-30 Days		31-60 Days		61-90 Days		Over 90 Days		Total	
	R'000	%	R'000	%	R'000	%	R'000	%	R'000	%
Mangaung Metro	540,161	82.2%	33,718	5.1%	24,993	3.8%	58,503	8.9%	657,375	2.9%
Letsemeng	9,030	5.4%	15,177	9.1%	5,858	3.5%	136,829	82.0%	166,894	0.7%
Kopanong	7,887	1.4%	–	0.0%	–	0.0%	565,938	98.6%	573,825	2.6%
Mohokare	4,449	3.3%	10,296	7.6%	104	0.1%	121,402	89.1%	136,252	0.6%
Xhariep District	2	0.0%	1,512	15.4%	(1)	0.0%	8,312	84.6%	9,824	0.0%
DC 16 Total	21,368	2.4%	26,985	3.0%	5,961	0.7%	832,482	93.9%	886,795	4.0%
Masilonyana	–	0.0%	–	0.0%	–	0.0%	80,651	100.0%	80,651	0.4%
Tokologo*	5,255	20.5%	735	2.9%	488	1.9%	19,145	74.7%	25,623	0.1%
Tswelopele	4	0.0%	11,209	13.6%	8,524	10.3%	62,890	76.1%	82,627	0.4%
Matjhabeng	415,508	4.1%	61,962	0.6%	111,394	1.1%	9,465,116	94.1%	10,053,980	45.0%
Nala*	46,463	5.4%	30,957	3.6%	9,624	1.1%	780,188	90.0%	867,231	3.9%
Lejweleputswa District	563	100.0%	–	0.0%	–	0.0%	–	0.0%	563	0.0%
DC 18 Total	467,793	4.2%	104,862	0.9%	130,029	1.2%	10,407,990	93.7%	11,110,674	49.8%
Setsotho	14,462	88.5%	623	3.8%	236	1.4%	1,027	6.3%	16,348	0.1%
Dihlabeng	34,701	3.7%	24	0.0%	25,047	2.7%	882,027	93.7%	941,798	4.2%
Nketoana	5,422	0.9%	25,409	4.4%	10,881	1.9%	530,278	92.7%	571,990	2.6%
Maluti a Phofung	–	0.0%	103,983	2.7%	93,682	2.4%	3,714,764	94.9%	3,912,429	17.5%
Phumelela**	431	0.1%	717	0.2%	2,036	0.7%	294,991	98.9%	298,175	1.3%
Mantsopa	108	0.0%	13,947	3.3%	7,580	1.8%	406,018	94.9%	427,652	1.9%
Thabo Mofutsanyana District	1,558	59.7%	–	0.0%	–	0.0%	1,051	40.3%	2,610	0.0%
DC 19 Total	56,682	0.9%	144,702	2.3%	139,461	2.3%	5,830,157	94.5%	6,171,002	27.6%
Moqhaka	70,656	8.8%	48,824	6.1%	67,172	8.4%	612,745	76.7%	799,398	3.6%
Ngwathe	90,449	5.0%	49,534	2.5%	29,289	1.6%	1,629,375	90.6%	1,798,647	8.1%
Metsimaholo	8,150	10.1%	2,418	3.0%	215	0.3%	69,786	86.6%	80,569	0.4%
Mafube	27,946	3.4%	16,560	2.0%	8,205	1.0%	770,891	93.6%	823,601	3.7%
Fezile Dabi	2,642	100.0%	–	0.0%	–	0.0%	–	0.0%	2,642	0.0%
DC 20 Total	199,843	5.7%	117,336	3.3%	104,881	3.0%	3,082,797	88.0%	3,504,857	15.7%
Total Debt	1,285,847	5.8%	427,603	1.9%	405,325	1.8%	20,211,928	90.5%	22,330,704	100.0%

*M12 / M11

Annexure E – Financial Performance

Description	Budget year 2022/23						
	Original Budget	M01 July Actual	M02 Aug Actual	M03 Sept Actual	Q1 Sept Actual	YTD Actual	%
R thousands							
Revenue By Source							
Property rates	2,961,987	249,723			249,723	249,723	8.4%
Service charges - electricity revenue	7,045,103	508,616			508,616	508,616	7.2%
Service charges - water revenue	3,082,952	243,724			243,724	243,724	7.9%
Service charges - sanitation revenue	1,289,518	93,442			93,442	93,442	7.2%
Service charges - refuse revenue	768,016	56,868			56,868	56,868	7.4%
Rental of facilities and equipment	101,041	6,868			6,868	6,868	6.8%
Interest earned - external investments	68,442	1,782			1,782	1,782	2.6%
Interest earned - outstanding debtors	1,150,908	109,146			109,146	109,146	9.5%
Dividends received	5,436	90			90	90	1.7%
Fines, penalties and forfeits	97,996	4,978			4,978	4,978	5.1%
Licences and permits	1,083	179			179	179	16.5%
Transfers and subsidies	5,420,847	1,222,184			1,222,184	1,222,184	22.5%
Other revenue	1,438,295	20,897			20,897	20,897	1.5%
Gains	73,265	34			34	34	0.0%
Total Revenue (excluding capital transfers and contributions)	23,504,889	2,518,532	-	-	2,518,532	2,518,532	10.7%
Expenditure By Type							
Employee related costs	7,219,863	462,656			462,656	462,656	6.4%
Remuneration of councillors	340,714	19,816			19,816	19,816	5.8%
Debt impairment	2,900,727	119,128			119,128	119,128	4.1%
Depreciation and asset impairment	1,283,363	18,985			18,985	18,985	1.5%
Finance charges	567,994	3,163			3,163	3,163	0.6%
Bulk purchases - electricity	5,133,934	379,583			379,583	379,583	7.4%
Inventory consumed	2,171,773	34,214			34,214	34,214	1.6%
Contracted services	1,778,296	35,735			35,735	35,735	2.0%
Transfers and subsidies	229,561	4,256			4,256	4,256	1.9%
Other expenditure	1,443,627	77,005			77,005	77,005	5.3%
Losses	388,901						0.0%
Total Expenditure	23,458,752	1,154,542	-	-	1,154,542	1,154,542	4.9%
Surplus/(Deficit)	46,137	1,363,991	-	-	1,363,991	1,363,991	2956.4%
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	2,624,801	50,346			50,346	50,346	1.9%
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educ Institutions)	14,398	(0)			(0)	(0)	0.0%
Transfers and subsidies - capital (in-kind - all)	65,750						0.0%
Surplus/(Deficit) after capital transfers and contributions	2,751,086	1,414,336	-	-	1,414,336	1,414,336	51.4%
Taxation							
Surplus/(Deficit) after taxation	2,751,086	1,414,336	-	-	1,414,336	1,414,336	51.4%
Attributable to minorities							
Surplus/(Deficit) attributable to municipality	2,751,086	1,414,336	-	-	1,414,336	1,414,336	51.4%
Share of surplus/ (deficit) of associate							
Surplus/(Deficit) for the year	2,751,086	1,414,336	-	-	1,414,336	1,414,336	51.4%

Annexure F – Operating Revenue per municipality

R thousands	Original Budget	Adjusted Budget	YTD	% of Budget	Property Rates Billed	Service Charges			Interest Earned: Outstanding Debtors	Transfers Recognised	Other Revenue Generated
						Electricity Billed	Water Billed	Sanitation Billed			
Mangaung Metro	8,811,248	8,811,248	1,046,882	11.9%	125,151	130,181	39,435	14,230	36,293	367,002	20,757
Letsemeng	201,215	201,215	40,873	20.3%	2,120	208	924	898	3,015	30,821	86
Kopanong	356,403	356,403	54,865	15.4%	3,057	4,272	2,012	1,564	1,500	35,383	70
Mohokare	230,060	230,060	35,871	15.6%	1,495	2,370	1,100	670	3,185	26,911	110
Xhariep District	64,564	64,564	19,910	30.8%	-	-	-	-	-	19,801	109
DC 16 Total	852,242	852,242	151,489	17.8%	6,672	6,850	4,036	3,133	7,700	112,916	374
Masilonyana	362,877	362,877	9,362	2.6%	-	4,580	2,621	1,583	0	-	29
Tokologo	141,362	141,362	-	0.0%	-	-	-	-	-	-	-
Tswelopele	196,575	196,575	59,252	30.1%	16,301	429	325	311	393	35,805	552
Matjhlabeng	3,677,907	3,677,907	412,900	11.2%	34,795	36,313	15,714	9,601	25,600	220,024	4,054
Nala	516,179	516,179	-	0.0%	-	-	-	-	-	-	-
Lejweleputswa District	156,028	156,028	56,390	36.1%	-	-	-	-	33	56,207	150
DC 18 Total	5,050,929	5,050,929	537,904	10.6%	51,096	41,322	18,661	11,495	26,026	312,036	4,785
Setsooto	612,167	612,167	33,947	5.5%	5,633	6,236	3,332	4,309	3,220	547	883
Ditlhabeng	928,658	928,658	145,882	15.7%	18,444	5,892	4,929	5,051	6,424	81,975	1,041
Nketoana	443,163	443,163	80,205	18.1%	1,426	5,891	5,212	2,441	10,083	47,408	2,765
Maluti a Phofung	1,899,235	1,899,235	-	0.0%	-	-	-	-	-	-	-
Phumelela	197,775	197,775	-	0.0%	-	-	-	-	-	-	-
Mantsopa	342,670	342,670	16,037	4.7%	1,784	1,299	2,636	1,818	5,528	-	120
Thabo Mofutsanyana	161,756	161,756	51,483	31.8%	-	-	-	-	-	50,879	604
DC 19 Total	4,585,424	4,585,424	327,553	7.1%	27,287	19,318	16,109	13,619	25,256	180,809	5,413
Moghaka	1,129,762	1,129,762	159,821	14.1%	6,852	12,168	4,842	3,355	3,203	100,399	915
Ngwathe	936,722	936,722	154,805	16.5%	11,350	11,346	8,690	7,287	4,578	81,639	1,402
Metsimaholo	1,673,585	1,673,585	72,613	4.3%	21,314	22,539	1,669	3,749	6,091	-	1,101
Mafube	286,129	286,129	-	0.0%	-	-	-	-	-	-	-
Fezile Dabi	178,849	178,849	67,465	37.7%	-	-	-	-	-	67,383	82
DC 20 Total	4,205,046	4,205,046	454,704	10.8%	39,516	46,053	15,201	14,391	13,872	249,421	3,500
Total	23,504,889	23,504,889	2,518,532	10.7%	249,723	243,724	93,442	56,868	109,146	1,222,184	34,829

Source: NT Local Government Database

Annexure G – Operating Expenditure per municipality

R thousands	Original Budget	Adjusted Budget	YTD	% of Budget	Employee Related Cost	Remuneration of Councillors	Debt Impairment	Depreciation & Asset Impairment	Bulk Purchases	Other Expenditure
Mangaung Metro	8,157,202	8,157,202	671,755	8.2%	188,177	7,304	91,934	18,985	324,541	40,814
Letsemeng	248,391	248,391	14,120	5.7%	5,690	507	-	-	4,632	3,292
Kopanong	457,775	457,775	15,317	3.3%	11,824	541	-	-	142	2,811
Mohokare	223,971	223,971	10,468	4.7%	7,205	555	-	-	-	2,709
Xhariep District	63,569	63,569	6,646	10.5%	4,781	344	-	-	-	1,521
DC 16 Total	993,706	993,706	46,551	4.7%	29,499	1,947	-	-	4,773	10,332
Masilonyana	418,858	418,858	-	0.0%	-	-	-	-	-	-
Tokologo	139,355	139,355	-	0.0%	-	-	-	-	-	-
Tswelopele	226,720	226,720	2,588	1.1%	-	-	7	-	145	2,435
Matjhabeng	3,677,446	3,677,446	109,432	3.0%	71,022	875	144	-	-	37,390
Nala	514,508	514,508	-	0.0%	-	-	-	-	-	-
Lejweleputswa District	198,134	198,134	13,337	6.7%	8,983	807	-	-	-	3,547
DC 18 Total	5,175,021	5,175,021	125,357	2.4%	80,005	1,682	150	-	145	43,373
Setsoho	612,385	612,385	41,731	6.8%	19,075	-	2,895	-	11,343	8,418
Dihlabeng	877,035	877,035	41,122	4.7%	28,333	1,634	43	-	-	11,112
Nketoana	607,525	607,525	21,941	3.6%	8,734	470	126	-	-	12,611
Maluti a Phofung	2,081,050	2,081,050	-	0.0%	-	-	-	-	-	-
Phumelela	197,723	197,723	-	0.0%	-	-	-	-	-	-
Mantsopa	338,180	338,180	10,536	3.1%	9,307	805	-	-	129	295
Thabo Mofutsanyana	182,984	182,984	12,025	6.6%	7,034	711	-	-	-	4,280
DC 19 Total	4,896,881	4,896,881	127,355	2.6%	72,483	3,620	3,064	-	11,472	36,716
Mochaka	1,101,002	1,101,002	39,314	3.6%	30,416	1,643	18	-	148	7,090
Ngwathe	1,012,124	1,012,124	72,360	7.1%	23,385	1,335	-	-	38,323	9,318
Meisimaholo	1,646,928	1,646,928	58,691	3.6%	28,498	1,659	23,962	-	181	4,392
Matube	284,082	284,082	-	0.0%	-	-	-	-	-	-
Fezile Dabi	191,805	191,805	13,158	6.86%	10,194	626	-	-	-	2,339
DC 20 Total	4,235,942	4,235,942	183,524	4.3%	92,492	5,262	23,980	-	38,651	23,139
Total	23,458,752	23,458,752	1,154,542	4.9%	462,656	19,816	119,128	18,985	379,583	154,373

Source: NT Local Government Database

Annexure H – Capital Expenditure and Source of Finance

Description	Budget year 2022/23						
	Original Budget	M01 July Actual	M02 Aug Actual	M03 Sept Actual	Q1 Sept Actual	YTD Actual	%
R thousands							
Capital Expenditure - Functional							
Municipal governance and administration	120,866	4,324	-	-	4,324	4,324	3.6%
Executive and council	28,615	(150)			(150)	(150)	-0.5%
Finance and administration	92,196	4,474			4,474	4,474	4.9%
Internal audit	55						
Community and public safety	500,000	394	-	-	394	394	0.1%
Community and social services	58,044	318			318	318	0.5%
Sport and recreation	81,925	71			71	71	0.1%
Public safety	24,304	5			5	5	0.0%
Housing	333,479						0.0%
Health	2,250						0.0%
Economic and environmental services	646,917	1,677	-	-	1,677	1,677	0.3%
Planning and development	89,972	8			8	8	0.0%
Road transport	554,030	1,669			1,669	1,669	0.3%
Environmental protection	2,916						
Trading services	2,014,575	40,119	-	-	40,119	40,119	2.0%
Energy sources	481,396	6,709			6,709	6,709	1.4%
Water management	970,143	22,324			22,324	22,324	2.3%
Waste water management	465,253	7,927			7,927	7,927	1.7%
Waste management	97,783	3,159			3,159	3,159	3.2%
Other	6,657						0.0%
Total Capital Expenditure - Functional	3,289,017	46,513	-	-	46,513	46,513	1.4%
Funded by							
National Government	2,639,822	34,088			34,088	34,088	1.3%
Provincial Government							
District Municipality							
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporators, Higher Educ Institutions)	14,310	1,042			1,042	1,042	7.3%
Transfers recognised - capital	2,654,132	35,130	-	-	35,130	35,130	1.3%
Borrowing	92,504	2,411			2,411	2,411	2.6%
Internally generated funds	513,185	7,973			7,973	7,973	1.6%
Total Capital Funding	3,259,822	45,514	-	-	45,514	45,514	1.4%

Annexure I – Capital Expenditure and Source of Finance

R thousands	Original Budget	Adjusted Budget	YTD	% of Budget	Expenditure				Funding			
					Energy Sources	Water Management	Waste Water Management	Waste Management	Other	Transfers Recognised - Capital	Borrowing	Internally generated Funds
Mangaung Metro	1,280,835	1,280,835	9,058	0.7%	6,646	-	-	-	2,411	724	2,411	5,922
Letsemeng	56,944	56,944	8	0.0%	-	-	-	-	8	-	-	8
Kopanong	41,785	41,785	200	0.5%	-	200	-	-	0	200	-	-
Mohokare	46,476	46,476	5,756	12.4%	-	-	5,154	-	602	5,154	-	602
Xhariep District	1,024	1,024	-	0.0%	-	-	-	-	-	-	-	-
DC 16 Total	146,229	146,229	5,964	4.1%	200	200	5,154	610	610	5,354	-	610
Masilonyana	51,228	51,228	-	0.0%	-	-	-	-	-	-	-	-
Tokologo	120,871	120,871	-	0.0%	-	-	-	-	-	-	-	-
Tswelopele	38,430	38,430	1,011	2.6%	-	-	-	-	1,011	-	-	11
Matjhabeng	176,809	176,809	(1,283)	-0.7%	63	-	(1,385)	-	40	(1,385)	-	102
Nala	47,295	47,295	-	0.0%	-	-	-	-	-	-	-	-
Lejweleputswa District	8,800	8,800	-	0.0%	-	-	-	-	-	-	-	-
DC 18 Total	443,434	443,434	(272)	-0.1%	63	-	(1,385)	1,050	1,050	(1,385)	-	113
Setsoho	243,689	243,689	-	0.0%	-	-	-	-	-	-	-	-
Dihlabeng	130,167	130,167	10,807	8.3%	-	10,936	-	-	(129)	10,936	-	(129)
Nketoana	54,718	54,718	8,241	15.1%	-	4,228	4,013	-	-	8,241	-	-
Maluti a Phofung	294,505	294,505	-	0.0%	-	-	-	-	-	-	-	-
Phumelela	53,847	53,847	-	0.0%	-	-	-	-	-	-	-	-
Mantsopa	52,395	52,395	3,799	7.3%	-	3,791	-	-	8	3,799	-	-
Thabo Mofutsanyana	4,002	4,002	-	0.0%	-	-	-	-	-	-	-	-
DC 19 Total	833,323	833,323	22,847	2.7%	18,955	18,955	4,013	(121)	(121)	22,976	-	(129)
Moghaka	80,773	80,773	5,675	7.0%	-	407	-	-	2,109	4,236	-	1,440
Ngwathe	135,280	135,280	3,224	2.4%	-	2,762	145	-	318	3,224	-	-
Metsimaholo	309,640	309,640	-	0.0%	-	-	-	-	-	-	-	-
Mafube	58,183	58,183	-	0.0%	-	-	-	-	-	-	-	-
Fezile Dabi	1,320	1,320	17	1.29%	-	-	-	-	17	-	-	17
DC 20 Total	585,196	585,196	8,916	1.5%	3,169	3,159	145	2,444	2,444	7,460	-	1,457
Total	3,289,017	3,289,017	46,513	1.4%	6,709	22,324	7,927	6,395	2,411	35,130	2,411	7,973

Annexure J – Indicators of Municipal Health

STATE OF LOCAL GOVERNMENT FINANCE - ACTUALS MONTHLY YEAR 2022/23			FUNDING COMPLIANCE			ASSET MANAGEMENT AND SUSTAINABILITY				ASSET/LIABILITY RATIOS				INDICATOR	
Province	Demarcation Cat	Demarc Code	Indicator 1 - Cash/cash equivalent position	Indicator 2 - Cash plus investments less applications	Indicator 3 - Cash Coverage	Indicator 4 - Repairs and maintenance expenditure level	Indicator 5 - Asset renewal/rehabilitation expenditure level	Indicator 6 - Asset renewal/Depreciation level	Indicator 7 - Total CAPEX as Percentage of Total Expenditure	Indicator 8 - Liquidity Ratio	Indicator 9 - Debtors Days	Indicator 10 - Creditors Days	Indicator 11 - Debt (Total Borrowing) vs Total Operating Revenue	Indicator 12 - Current Ratio	Indicator 13 - FINANCIAL DISTRESS Solvency Ratio
Free State	A Mangaurg	MA1	1,268,894,500	-3,488,097,632	3,60	0.18%	5.15%	2.46%	1.33%	0.12	2,021,07	3,623,43	105.84%	0.93	2.41 Financial Distress
Free State	B Kopanong	FS162	24,794,935	54,988,685	19,43	0.00%	0.00%	0.00%	1.29%	-3.49	124,21	-821,81	0.00%	-4.54	Financial Distress
Free State	B Letsameg	FS161	42,330,065	6,416,081	28,00	0.00%	0.00%	0.00%	0.05%	1.70	458,92	750,98	0.02%	2.05	
Free State	B Monokare	FS163	8,103,799	-380,202,765	-92,02	0.00%	89.55%	0.00%	35.48%	0.03	5,910,76	4,644,07	329.40%	0.69	2.40 Financial Distress
Free State	B Xhalep	DC16	12,966,394	11,446,333	21,54	0.00%	0.00%	0.00%	0.00%	-303.33	0.00	-243,83	0.00%	-339.97	Financial Distress
Free State	B Masitoyana	FS161	1,285,526	-1,455,392	0.00	0.00%	0.00%	0.00%	0.00%	0.93	369,70	0.00	0.00%	7.00	Financial Distress
Free State	B Matjhabeng	FS164	389,123,737	-11,730,013,487	21,34	0.04%	0.00%	0.00%	-1.19%	0.03	2,870,68	106,667,52	0.00%	0.33	0.74 Financial Distress
Free State	B Tswelopele	FS183	36,700,209	-79,999,707	143,15	0.11%	0.00%	0.00%	28.09%	0.31	1,117,45	9,309,55	12.61%	1.01	4.10 Financial Distress
Free State	C Lejweletswa	DC18	150,472,995	296,882,406	137,83	0.00%	0.00%	0.00%	0.00%	9.14	0.00	1,701,12	0.00%	9.38	5.95
Free State	B Dhabeng	FS192	25,669,263	-427,626,242	-12,81	0.01%	1.55%	0.00%	20.81%	0.02	2,143,33	11,239,59	0.00%	0.72	2.63 Financial Distress
Free State	B Mantsopa	FS186	-3,597,357	-246,934	-4,10	0.00%	99.78%	0.00%	26.50%	-1.64	241,14	75,71	0.00%	1.77	3.50 Financial Distress
Free State	B Nkezana	FS183	29,172,281	-2,133,173,710	14,81	0.11%	79.41%	0.00%	27.31%	0.04	39,41	11,762,54	11.89%	0.21	1.77 Financial Distress
Free State	B Setsoto	FS191	38,459,070	-334,459,061	-13,04	-0.00%	0.00%	0.00%	0.00%	0.16	3,401,42	1,626,74	9.86%	1.87	10.10 Financial Distress
Free State	C Tlhabo Motjanyana	DC19	40,927,167	36,367,381	42,95	0.00%	0.00%	0.00%	0.00%	39.16	0.00	-85,58	1.34%	39.41	23.77
Free State	B Metsimaholo	FS204	88,218,868	-1,026,167,643	16,00	-0.14%	0.00%	0.00%	0.00%	0.07	2,958,87	18,792,02	0.03%	1.26	2.29 Financial Distress
Free State	B Mochlaka	FS201	29,403,640	427,639,805	-21,37	0.05%	11.80%	0.00%	12.61%	0.03	3,601,88	20,330,43	16.11%	0.77	2.92 Financial Distress
Free State	B Ngwathe	FS203	28,322,608	39,473,958	1,62	1.22,58%	90.15%	0.00%	4.27%	5.20	262,09	-149,76	0.00%	18.33	19.04
Free State	C Fezile Dabi	DC20	134,459,309	17,289,965,087	116,05	0.04%	0.00%	0.00%	0.13%	9.90	0.00	1,057,22	0.00%	10.67	4.48

