



treasury

Department of
Treasury
FREE STATE PROVINCE

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

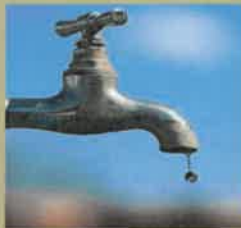


TABLE OF CONTENTS

A.	Methodology and Approach of this Report	3
B.	Purpose Of Report	3
C.	Compliance Monitoring with Laws & Regulations	4
D.	Overview of the Free State Municipal Budget Performance	6
1.	Financial Health	
-	Debtors	6
-	Creditors	8
-	Cash Flow	10
2.	Financial Performance	
-	Revenue Generated	11
-	Operating Expenditure	12
-	Capital Expenditure	13
-	Repairs & Maintenance	14
3.	Conditional Grants	15
4.	Indicators of Municipal Financial Health	17
5.	Assistance Provided and Other MFMA related matters	24
E.	Recommendations & Conclusion	25
	Annexures	
-	A : Debtors Age Analysis	27
-	B : Debtors Age Analysis per Municipality	27
-	C : Creditors Age Analysis	28
-	D : Creditors Age Analysis per Municipality	28
-	E : Financial Performance	29
-	F : Operating Revenue per Municipality	30
-	G : Operating Expenditure per Municipality	31
-	H : Capital Expenditure and Source of Finance	32
-	I : Capital Expenditure and Source of Finance per Municipality	33
-	J : Indicators of Municipal Financial Health	34

A. METHODOLOGY AND APPROACH OF THIS REPORT

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

- Provincial Treasury uses the National Treasury Local Government Database as the primary source of data in the analysis of this report. It should be noted that the quality of this report largely depends on the credibility of the information contained in the reports submitted by municipalities.
- 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 provide a review of the implementation of the 2022/2023 Medium Term Revenue & Expenditure Framework (MTREF) of the 23 municipalities in Free State as at **31 August 2022** as per Section 71(6) 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 consolidated report focuses on the status of compliance, operating revenue, operating expenditure, capital expenditure and funding, grant reporting, cash flow position, debtors and creditors as per the reporting requirement set out in Section 71(1) of the MFMA.

The report covers the following:

- 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) Section 71 of the MFMA requires all municipalities to submit monthly budget statements to the Provincial Treasury within 10 working days after the end of each month in a prescribed format and in accordance with the Municipal Budget and Reporting Regulations (MBRR).
- b) Municipalities were required to submit the following monthly mSCOA data strings for the period under review:
- Monthly In-Year (M02)
 - Creditors (CR02)
 - Debtors (DB02)
- c) The compliance rate for the financial data strings for August 2022 is 95.65% with only **Nala municipality** that failed to submit the required reports for the month under review. However, 40 per cent (**Dihlabeng, Mafube, Mantsopa, Mohokare, Nketoana, Phumelela, Thabo Mofutsanyana, Tokologo and Xhariep municipalities**) still submitted the required data strings after the 10th working day which is a legislated requirement. **Mohokare** and **Setsoto** municipalities' submissions contained stage two errors (segment errors). Mohokare municipality used the incorrect function segment with the water inventory item and Setsoto used the incorrect project and funding segment with opening balance items.
- d) The submission of the creditors and debtors age analysis is 95.65%, with only **Nala municipality** that failed to submit the data strings. Eleven municipalities (**Dihlabeng, Kopanong, Lejweleputswa, Maluti a Phofung, Mantospa, Masilonyana, Mohokare Nketoana, Phumelela, Tokologo and Xhariep municipalities**) submitted the creditors age analysis after the tenth working day and five municipalities had multiple submissions to rectify errors. An analysis on the debtors data string show that nine municipalities submitted after the due date (**Lejweleputswa, Mantospa, Masilonyana, Mohokare, Nketoana, Phumelela, Thabo Mofutsanyana, Tokologo and Xhariep municipalities**). Five municipalities had multiple submissions to rectify errors on the debtors data strings.

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)	M02	CR02	DB02	C-schedule M02
Mangaung						
Letsemeng						
Kopanong						
Mohokare						
Xhariep						
Masilonyana						
Tokologo						
Tswelopele						
Matjhabeng						
Nala						
Lejweleputswa						
Setsoto						
Dihlabeng						
Nketoana						
Maluti a Phofung						
Phumelela						
Mantsopa						
Thabo Mofutsanyana						
Moghaka						
Ngwathe						
Metsimaholo						
Mafube						
Fezile Dabi						

Source: LGDB as at 23 September 2022

Legend:

Successful	1st Phase error	2nd Phase error	Outstanding
------------	-----------------	-----------------	-------------

e) 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.

Segment Usage (data string analysis)

f) The following exceptions were commonly found during the analysis of the data strings:

Revenue	<ul style="list-style-type: none"> - Transactions recorded on line items without budget - Property rates are not split according to all property categories in terms of the MPRA - Free basic services are not budgeted and expensed correctly - Correct funding source not used
---------	--

Expenditure	<ul style="list-style-type: none"> - Transactions recorded on line items without budgets - Use of one funding source for all expenditure (i.e equitable share or property rates) - Depreciation not split according to all asset classifications as per the asset register and not expensed monthly - Bulk water purchases not budgeted or expensed as inventory
Capital Expenditure	<ul style="list-style-type: none"> - Transactions recorded on line items without budgets
Conditional Grants	<ul style="list-style-type: none"> - Grant receipts not recorded under current liabilities (unspent grants) as per GRAP 23.
Cash Flow	<ul style="list-style-type: none"> - Cash flow mapping not correct. Cash flow statement compiled by transactions using a combination of the item and funding segments.

g) 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 Aggregated debtors as at 31 August 2022 amounted to R30.242 billion having increased with R558 million from the previous month (*Jul 2022: R29.684 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.

1.1.2 85.8 Per cent (R25.952 billion) of the total debt owed to municipalities are outstanding for longer than 90 days and the majority of the debt is owed by households with R22.380 billion, commercial with R4.447 billion and organs of state with R3.224 billion.

Manguang Metro

1.1.3 The total debt reported by Manguang Metro amounted to R8.590 billion, of which 81 per cent is outstanding over 90 days. Households owe R5.664 billion and commercial properties R1.531 billion. Organs of state owe Manguang a total of R1.396 billion.

Xhariep District

1.1.4 Municipalities in the District are owed a total of R1.267 billion and 93.1 per cent is owed for longer than 90 days. The biggest contributor is Kopanong municipality with R467.453 million.

Lejweleputswa District

1.1.5 This District contributes the largest portion of the outstanding debtors in the Province, amounting to R8.565 billion (28.3 per cent). Highest debtors were reported by Matjhabeng (R5.658 billion), Masilonyana (R1.309 billion) and Nala (R1.040 billion). Debt owed to the Lejweleputswa District (R30.577 million) relates to the overpayment of Councillors in the 2015/16 financial year and the municipality has since then been unable to collect the money.

Thabo Mofutsanyana District

1.1.6 Debtors owe the municipalities in this District a total of R6.258 billion and it represents 20.7 per cent of the total in the Province. Highest outstanding debtors reported by Maluti a Phofung at R2.220 billion and Dihlabeng at R1.333 billion.

Fezile Dabi District

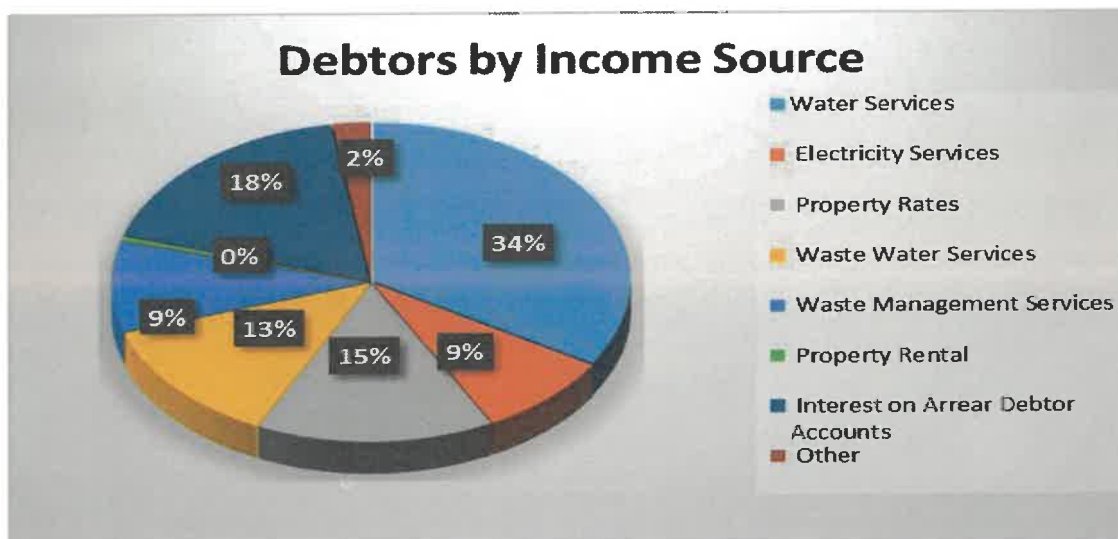
1.1.7 The total outstanding debtors amounted to R5.561 billion and three municipalities reported debtor above one billion rand, namely Moqhaka (R1.166 billion), Ngwathe (R1.017 billion) and Metsimaholo at R2.501 billion).

1.1.8 The norm for **the net debtors' day's ratio is 30 days** and the ratio provides information about consumer payment patterns and how well the municipality manages its debtors. If the ratio is above the norm, it is indicative that the municipality is experiencing challenges in the collection of outstanding amounts due to it and exposes the municipality to significant cash flow risks. The late payment of municipal bills is as a result of a municipality's failure to implement municipal credit control and debt collection systems.

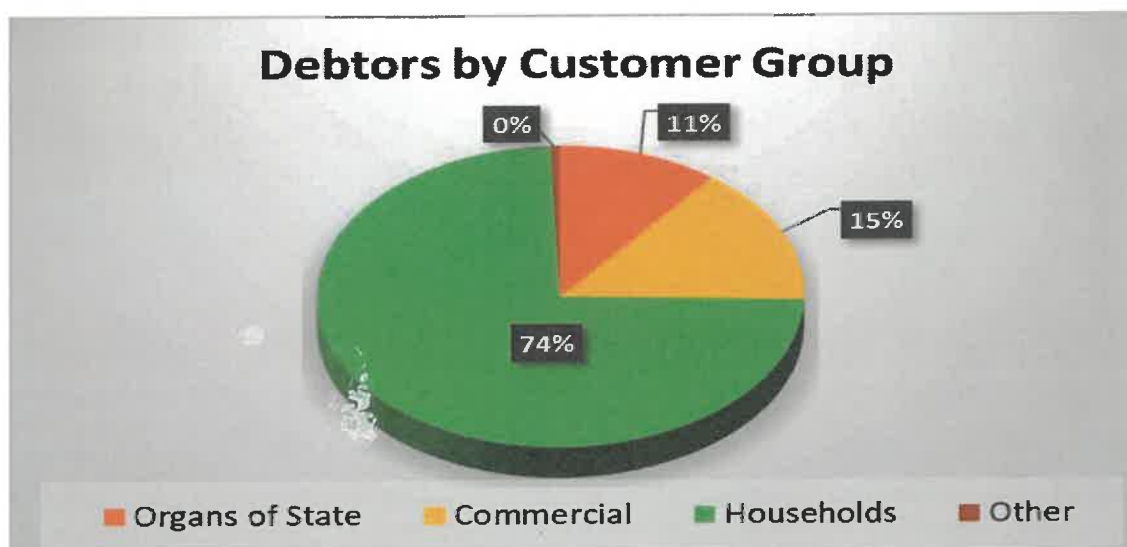
1.1.9 In the Province none of the municipalities are adhering to the norm of 30 days and in some cases the debtors days are above over 10000 days.

1.1.10 Although 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), the debt is increasing on a monthly basis. This is a clear indication that credit control and debt collection processes are not implemented by municipalities in the Province.

1.1.11 *Water services* remains the largest contributor to the total outstanding debt and amounts to R10.221 billion (33.8 per cent), followed by *interest on arrear debtor accounts* amounting to R5.388 billion (17.8 per cent). Debt relating to *property rates* contribute 15 per cent (R4.525 billion) to the total outstanding debt, whilst *waste water services* accounts for 12.8 per cent (R3.857 billion) of the total debt.



1.1.12 The majority of the debt is owed by *Households*, which contributes 74 per cent (R22.379 billion) to the total debt, followed by *Businesses* with 14.7 per cent (R4.447 billion) and *Organs of State* with 10.7 per cent (R3.225 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 **R22.761 billion** for the month under review (*Jul 2022: R22.33 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 87.5 per cent or **R19.910 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 R450.166 million of which 82.5 per cent of the total is outstanding for periods longer than 30 days. Kopanong and 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.

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	%
Mangaung Metro	6 980	100.0%	–	0.0%	–	0.0%	–	0.0%	6 980	17.6%
Kopanong	1 420	6.8%	5 145	24.8%	–	0.0%	14 172	68.3%	20 738	52.2%
Nala	13	100.0%	–	0.0%	–	0.0%	–	0.0%	13	0.0%
Thabo Mofutsanyana District	1 471	100.0%	–	0.0%	–	0.0%	–	0.0%	1 471	3.7%
Ngwathe	4 161	100.0%	–	0.0%	–	0.0%	–	0.0%	4 161	10.5%
Mafube	1 232	19.3%	1 215	19.1%	1 251	19.6%	2 674	42.0%	6 371	16.0%
Total Debt	15 278	38.5%	6 360	16.0%	1 251	3.1%	16 846	42.4%	39 734	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	51 495	100.0%	–	0.0%	–	0.0%	–	0.0%	51 495	12.5%
Kopanong	3 827	2.3%	1 976	1.2%	–	0.0%	163 053	96.6%	168 856	41.1%
Tswelopele	–	0.0%	–	0.0%	–	0.0%	(6)	100.0%	(6)	0.0%
Majhabeng	3 376	19.5%	1 568	9.1%	826	4.8%	11 537	66.7%	17 308	4.2%
Nala	4	100.0%	–	0.0%	–	0.0%	–	0.0%	4	0.0%
Setsoiso	343	54.6%	285	45.4%	–	0.0%	–	0.0%	628	0.2%
Ngwathe	3 192	100.0%	–	0.0%	–	0.0%	–	0.0%	3 192	0.8%
Mafube	1 265	0.7%	1 270	0.8%	73 397	43.4%	93 021	55.1%	168 954	41.2%
Total Debt	63 503	15.5%	5 100	1.2%	74 223	18.1%	267 606	65.2%	410 432	100.0%

1.3 CASH FLOW

1.3.1 Municipalities in the Province closed the month of August 2022 with a surplus cash and cash equivalent balance of R3.934 billion. It should however be noted that some municipalities continue to report incorrectly as per Table C7 (cash flow statement) mSCOA data strings and the inconsistencies negatively affect the credibility of the information presented on the cash flow statement..

1.3.2 Tokologo and Mafube municipalities (as indicated in the table below) reported a negative closing balance which might indicate eminent financial constraints, whilst five municipalities (Letsemeng, Masilonyana and Nala) 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 Aug 2022)
Mangaung Metro	1 576 428	950 318	(31 620)	(1 477)	917 221	2 493 649
Letsemeng	-	-	-	-	-	-
Kopanong	-	156 775	-	-	156 775	156 775
Mohokare	1 594	25 350	(7 475)	-	17 875	19 469
Xhariep District	-	160	-	-	160	160
DC 16 Total	1 594	182 285	(7 475)	-	174 810	176 404
Masilonyana	-	-	-	-	-	-
Tokologo	-	(12 668)	12	-	(12 656)	(12 656)
Tswelopele	4 734	27 893	(1 693)	(37)	26 163	30 742
Matjhabeng	196 611	(113 314)	(19 314)	-	(132 629)	72 144
Nala	-	-	-	-	-	-
Lejweleputswa District	111 526	30 143	-	-	30 143	141 668
DC 18 Total	312 871	(67 947)	(20 995)	(37)	(88 979)	231 899
Setsoiso	92 272	140 923	(6 593)	(12)	134 318	227 515
Dihlabeng	5 586	35 784	(16 354)	(1 243)	18 187	29 125
Nketoana	(930)	56 121	(10 525)	(24)	45 573	44 642
Maluti a Phofung	(64 264)	480 712	(20 442)	50	460 320	401 266
Phumelela	658	50 441	(2 828)	-	47 613	48 270
Mantsopa	-	24 967	(4 666)	-	20 301	20 301
Thabo Mofutsanyana	-	7 791	-	-	7 791	7 791
DC 19 Total	33 321	796 739	(61 408)	(1 229)	734 102	778 911
Moghaka	(3 560)	65 124	(10 126)	(535)	54 463	40 360
Ngwathe	(0)	10 755	(10 113)	(8)	634	6 530
Metsimaholo	112 461	25 268	(10 507)	(25)	14 756	132 235
Mafube	9 455	66 363	(1 536)	42	64 868	(69 999)
Ficks Dabi	84 594	59 242	(36)	-	59 207	143 834
DC 20 Total	202 949	226 773	(32 318)	(526)	193 925	252 960
Total	2 127 164	2 088 169	(153 816)	(3 270)	1 931 083	3 933 824

1.3.3 The collection rate reported by municipalities for the Province for the month under review is only **57.4 per cent**, which is significantly below the norm of 95 per cent 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:

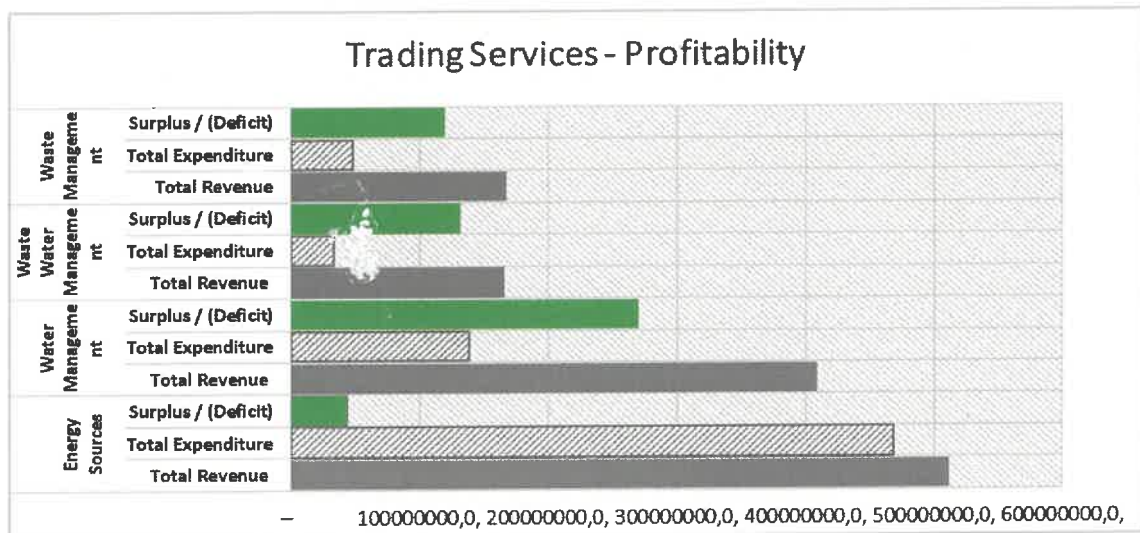
2.1 REVENUE GENERATED

2.1.1 The total generated revenue (billed) amounts to R4.625 billion or 19.7 per cent against the approved budget of R23.505 billion, whilst in respect of expenditure, municipalities spent an aggregate of 11.3 per cent or R2.649 billion against the total budget of R23.459 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 *service charges and transfers and subsidies*, both contributing 40 per cent to the total revenue. Property rates contribute 11 per cent (R500.826 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.

2.1.4 Notably, all trading services (energy, water, waste water and waste management) reported aggregated trading surpluses in the Province as at 31 August 2022.



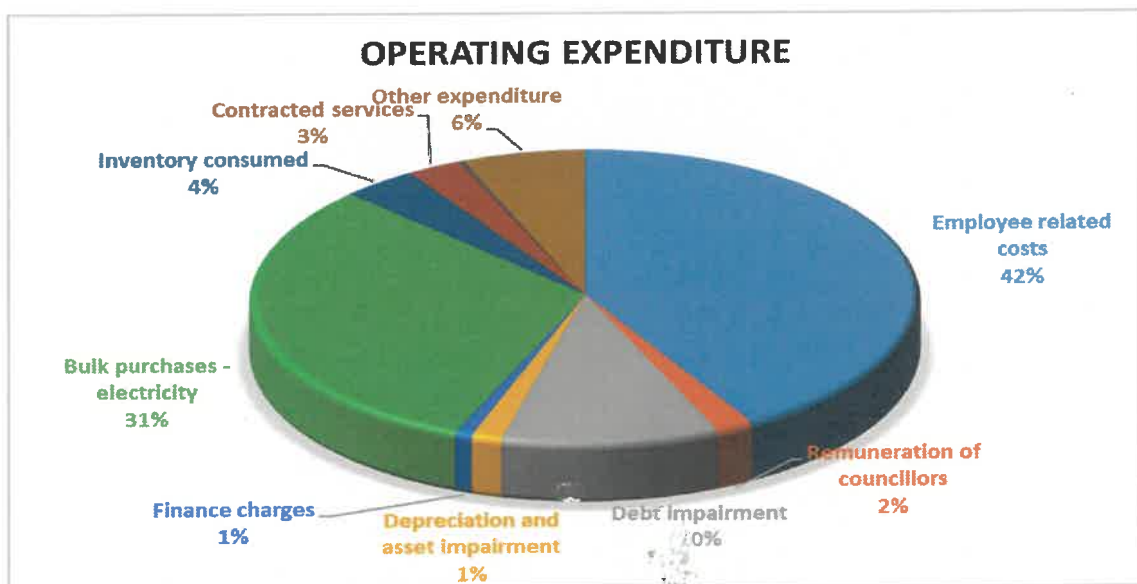
2.1.5 The following municipalities however reported aggregate deficits on energy and water trading services, which may be an indication that the tariffs are not cost reflective:

R thousands	Energy Trading Service Surplus / (Deficit)	Water Trading Service Surplus / (Deficit)
Mangaung Metro	(109 552)	177 778
Letsemeng	(3 753)	2 042
Mohokare	(347)	226
Masilonyana	(11)	8 069
Tokoloko	(4 165)	(80)

Tswelopele	9 271	(730)
Nketoana	(1 520)	(14 160)
Maluti a Phofung	(1 906)	(5 267)
Phumelela	(585)	229
Mantsopa	1 725	(85)
Ngwathe	(19 858)	18 819
Metsimaholo	(6 392)	36 591
Mafube	(568)	5 672

2.2 OPERATING EXPENDITURE

2.2.1 The highest spending item reported at the end of August 2022 is *employee related cost* amounting to R1.105 billion or 42 per cent of the total expenditure, followed by *bulk purchases - electricity* amounting to R820.993 million.



2.2.2 The performance of *employee related cost* against the budget is 15.3 per cent (R1.105 billion). The majority of the expenditure reported (98.3 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 Original Budget	% of Total ERC
Senior Management	217 661	18 528	8.5%	1.7%
Municipal Staff	7 001 416	1 086 233	15.5%	98.3%
Board Members	785	10	1.3%	0.0%
Total	7 219 863	1 104 771	15.3%	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 Aug 2022	Original Budget	YTD Aug 2022
Mangaung	2 393 515 462	383 342 697	70 667 842	13 097 820
Matjhabeng	906 572 359	143 088 713	39 971 641	1 660 464
Maluti-a-Phofung	660 113 301	143 552 290	30 608 225	5 216 508
Moqhaka	364 983 798	59 015 860	22 248 609	3 285 460
Metsimaholo	434 807 480	56 967 654	20 869 770	3 317 928
Total	4 759 992 400	785 967 214	184 366 087	26 578 180

Employee Related Cost - Medium Capacity Municipalities

Municipality	Employee Related Cost		Council Remuneration	
	Original Budget	YTD Aug 2022	Original Budget	YTD Aug 2022
Letsemeng	73 052 844	5 698 601	5 167 420	506 694
Kopanong	141 883 225	23 647 214	6 491 999	1 081 996
Tswelopele	78 739 925		6 568 726	
Nala	160 137 291		9 490 853	
Setsoto	228 323 196	36 262 065	12 535 056	2 543 900
Dihlabeng	348 057 308	59 082 677	17 116 642	3 304 217
Nketoana	151 733 243	20 635 371	6 453 828	938 198
Mantsopa	111 243 576	9 307 102	6 221 546	805 044
Ngwathe	266 190 371	45 724 183	17 147 643	2 703 510
Mafube	130 593 358	17 205 577	11 399 215	1 176 619
Total	1 689 954 337	217 562 790	98 592 928	13 060 178

Employee Related Cost - Low Capacity Municipalities

Municipality	Employee Related Cost		Council Remuneration	
	Original Budget	YTD Aug 2022	Original Budget	YTD Aug 2022
Mohokare	87 809 399	14 596 855	5 675 733	1 019 649
Xhariep	47 107 343	11 436 297	4 105 315	1 235 443
Masilonyana	124 336 427		7 921 835	
Tokologo	65 061 962	8 993 207	5 863 364	734 498
Lejweleputswa	119 884 691	17 323 049	10 671 632	1 661 140
Phumelela	91 041 264	15 536 231	6 891 170	1 271 397
Thabo Mofutsanyana	102 434 027	13 678 769	9 110 478	1 876 328
Fezile Dabi	132 240 660	19 703 381	7 515 130	1 286 350
Total	769 915 773	101 267 789	57 754 657	9 084 805

2.2.4 Three municipalities, namely Masilonyana, Tswelopele and Nala municipalities did not report any employee related cost. In the case of Masilonyana and Tswelopele the non-reporting is due the non-integration of the payroll system with the main financial system.

2.2.5 Under performances were also noted on debt impairment, depreciation, inventory consumed, contracted services and other expenditure. The expenditure reported on these items are significantly below the straight line projection.

2.3 CAPITAL EXPENDITURE

2.3.1 The aggregate capital expenditure amounts to R156.134 million or 4.7 per cent against the approved budget of R3.289 billion. All municipalities reported expenditure below the straight line projection of 16.67 per cent. The low expenditure can be attributed to

most projects being in the initial stages of the procurement processes and expenditure is expected to increase as the financial year progresses. Municipalities are advised to initiate the procurement processes earlier in the year to ensure that contractors are appointed at the start of a financial year.

- 2.3.2 The majority (69 per cent) of the expenditure relates to trading services projects amounting to R107.229 million. This consists of R16.706 million for *energy services*, R48.678 million for *water management*, R36.719 million for *waste water management* and R5.126 million for *waste management*.

2.4 REPAIRS AND MAINTENANCE

- 2.4.1 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 R1.493 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
- 2.4.2 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.
- 2.4.3 To date, a total of R102.872 million was spent on repairs and maintenance which amounts to 6.9 per cent against the budget. The table below show the repairs and maintenance expenditure reported per municipality:

R thousands		Code	Original Budget	Adjusted Budget	YTD Actual	%
FREE STATE						
A	Mangaung	MAN	517 045	517 045	77 506	15.0%
Total Metros			517 045	517 045	77 506	15.0%
B	Letsemeng	FS161	6 584	6 584	-	-
B	Kopanong	FS162	-	-	-	-
B	Mohokare	FS163	1 736	1 736	217	12.5%
C	Xhariep	DC16	405	405	66	16.3%
Total Xhariep			8 725	8 725	283	3.2%
B	Masilonyana	FS181	1 295	1 295	-	-
B	Tokologo	FS182	3 420	3 420	653	19.1%
B	Tswelopele	FS183	16 105	16 105	1 155	7.2%
B	Matjhabeng	FS184	302 694	302 694	2 909	1.0%
B	Nala	FS185	255 699	255 699	-	-
C	Lejweleputswa	DC18	3 531	3 531	-	-
Total Lejweleputswa			582 743	582 743	4 717	0.8%
B	Setsoto	FS191	7 022	7 022	270	3.8%
B	Dihlabeng	FS192	19 403	19 403	705	3.6%
B	Nketoana	FS193	20 758	20 758	3 282	15.8%
B	Maluti-a-Phofung	FS194	139 287	139 287	815	0.6%
B	Phumelela	FS195	13 780	13 780	155	1.1%
B	Mantsopa	FS196	-	-	-	-
C	Thabo Mofutsanyana	DC19	449	449	-	-
Total Thabo Mofutsanyan			200 698	200 698	5 226	2.6%
B	Moqhaka	FS201	82 246	82 246	4 485	5.5%
B	Ngwathe	FS203	35 894	35 894	11 092	30.9%
B	Metsimaholo	FS204	47 447	47 447	(880)	(1.9%)
B	Mafube	FS205	16 479	16 479	360	2.2%
C	Fezile Dabi	DC20	1 891	1 891	82	4.4%
Total Fezile Dabi			183 957	183 957	15 140	8.2%
Total Free State			1 493 169	1 493 169	102 872	6.9%

3. CONDITIONAL GRANTS

- 3.1 In terms of the Division of Revenue Act, 2021 a total of R2.705 billion was allocated to municipalities in the Province in terms of direct infrastructure grants, capacity building and other current transfers. The performance at the end of August 2022 show a total spending of R7.801 million against the allocation.
- 3.2 Municipalities are still not recording the receipting and spending on conditional grants correctly which impacts negatively on the information presented. 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	Received Mun	Spend Mun	% spend
Mangaung	1 059 348	343 723	18 657	1.8%
Letsemeng	66 592	8 325	–	0.0%
Kopanong	46 436	–	–	0.0%
Mohokare	50 559	3 000	(9 940)	-19.7%
Xhariep	5 139	3 609	776	15.1%
Masilonyana	56 486	–	–	0.0%
Tokologo	48 125	–	5 130	10.7%
Tswelopele	38 773	286	(6 855)	-17.7%
Matjhabeng	175 101	–	–	0.0%
Nala	53 465	–	–	0.0%
Lejweleputswa	8 706	3 708	(257)	-3.0%
Setsoto	223 389	–	–	0.0%
Dihlabeng	65 169	–	–	0.0%
Nketoana	52 935	–	–	0.0%
Maluti a Phofung	267 210	68 073	–	0.0%
Phumelela	43 077	5 226	–	0.0%
Mantsopa	51 232	–	–	0.0%
Thabo Mofutsanyana	15 229	1 801	–	0.0%
Moqhaka	59 614	13 613	–	0.0%
Ngwathe	143 003	22 243	–	0.0%
Metsimaholo	112 976	42 817	216	0.2%
Mafube	58 460	16 704	74	0.1%
Fezile Dabi	4 918	–	–	0.0%
Total	2 705 942	533 128	7 801	0.3%

3.5 The table below show the actual performance per grant:

Municipalities	2022/23 Conditional Grants			
	Allocated	Received Mun	Spend Mun	% spend
Energy Efficiency & Demand Man Grant	23 000	1 000	–	0.0%
Expanded Public Works Programme	46 707	3 798	121	0.3%
Finance Management Grant	59 020	15 020	(1 797)	-3.0%
Integrated National Electrification Prog	129 996	36 963	–	0.0%
Metro Informal Settlements Partnership Grant	279 617	76 251	3 936	1.4%
Municipal Infrastructure Grant	844 877	74 618	(2 711)	-0.3%
Neighbourhood Dev Partnership Grant	20 738	10 000	6 381	30.8%
Programme & Project Preperation Support Grant	13 673	–	–	0.0%
Public Transport network Grant	249 894	84 964	1 994	0.8%
Regional Bulk Infrastructure Grant	204 407	5 354	3 086	1.5%
Rural Roads Assets Man Systems Grant	9 654	5 118	552	5.7%
Urban settlement Development Grant	491 760	172 116	6 181	1.3%
Water Services Infrastructure Grant	332 599	47 926	(9 940)	-3.0%
Total	2 705 942	533 128	7 801	0.3%

3.5 Differences were also noted between expenditure reported to the Department of Cooperative Governance and Traditional Affairs (CoGTA) and the data strings, specifically with regards to the Municipal Infrastructure Grant. A negative spending of

R2.711 million was reported on the data strings, however, CoGTA reported spending of R71.331 million at the end of August 2022. More emphasis should be placed on the alignment of information reported to various Departments.

- 3.6 Six municipalities were placed on the 'Cost Reimbursement Model' by CoGTA for the Municipal Infrastructure Grant (MIG) due to the poor performance reported during previous financial years. This implies that the funds are only transferred to the municipalities after verified invoices are submitted to the Department. The status of the transfers and spending for these municipalities are as follow:

Municipalities	Allocation	Transferred	Spending	% Spent on Allocation
Letsemeng	19,019	1 374	1,374	7%
Kopanong	22,932	0	0	0
Mohokare	19,991	0	0	0
Masilonyana	28,257	2,578	2,605	9%
Matjhabeng	136,630	9,447	9,500	7%
Mafube	25,129	0	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:

Indicator 1: Cash/cash equivalent position

Norm	Formula	How should the ratio be interpreted
Positive Cash Position	Source/ Method: Cash + ST Inv - Bank Overdraft	Indicates whether municipalities have adequate cash and investments to meet their financial commitments and sustain their operations. If a municipality encounters ongoing cash problems, it would be prudent to reevaluate the municipality's revenue and expenditure, cash flow systems and long-term viability.

Persistent negative cash balances is a strong indicator that a municipality is experiencing serious financial problems. It should however be noted that although only one municipality reported a negative cash balance, it may be that more municipalities had negative cash balances, but due to incorrect reporting the information are not reflected correctly on the data strings.

Nr. of municipalities with negative cash balances	Tokologo Mafube
Nr. of municipalities with cash balances below R10m.	Letsemeng Mohokare Xhariep Masilonyana Mantsopa

Indicator 2: Cash Coverage

Norm	Formula	How should the ratio be interpreted
1 – 3 Months	Source/ Method: (Cash + ST Investments - Bank Overdraft) / ((Employee related costs + Remuneration of councillors + Debt Impairment + Finance charges + Bulk purchases + Contracted services + Repayment of borrowing + Other materials + Other expenditure + Cash transfers & grants) / 12)	The cash coverage ratio is essential to measure whether a municipality has adequate cash to meet its monthly fixed operational costs.

Nr. of municipalities with cash coverage less than 3 month	Letsemeng Mohokare Tokologo Dihlabeng Mantsopa Mafube Moqhaka Ngwathe
--	--

The municipalities indicated in the table above reported a ratio below one month, it signals potential financial problems and that its ability to meet its obligations to provide basic services or meet its financial commitments is compromised.

Amongst the factors that contributes to this poor cash flow management in these municipalities, the most common are:

- Overspending of operational budgets – many municipalities are spending beyond their approved budgets and as a result, make use of bank overdraft facilities to cover this overspending. This has led to most municipalities being under severe financial pressure to meet their financial commitments;
- High monthly fixed costs – a number of municipalities are struggling with high fixed costs such as salaries and wages, contracted services and administrative costs;
- Poor financial planning – municipalities fail to perform good cash flow forecasts during the budget process. It is therefore expected that these municipalities will suffer from cash shortages and ultimately be in a financial distress position; and
- Inadequate cash flow management – the lack of clear, comprehensive policy on cash flow management backed by a realistic cash management plan lead to ineffective cash flow management. This also includes the lack of a welldefined investment or cash backed reserves strategy to ensure that cash surpluses are properly invested.

Indicator 3: Cash plus investments less applications

Norm	Formula	How should the ratio be interpreted
Funded Budget Position	Source/ Method: Cash + ST Inv + LT Investments - Bank Overdraft Less Application of Cash (Refer calculation on Table A8)	Municipalities should have adequate cash and investment to cover their financial obligations (current and future operations) and be able to build cash reserves. This is to ensure that municipalities have a buffer against internal and external risks and adequate funding in order to achieve their stated objectives.

Nr. of municipalities with negative accumulated surpluses (inadequate investment to cover financial obligations)	cash-backed cash and	Mangaung Letsemeng Mohokare Masilonyana Matjhabeng Tokologo Tswelopele Dihlabeng Maluti a Phofung Mantsopa Nketoana Phumelela Setsoto Metsimaholo Moghaka Ngwathe
--	----------------------	--

Indicator 4: Repairs & maintenance expenditure level

Norm	Formula	How should the ratio be interpreted
8% of Carrying value of PPE	Source/ Method: R&M as a % of PPE (carrying value) from table A9	Repairs and maintenance of infrastructure is critical to restore or maintain the economic benefits and service potential expected from an asset. A ratio below this norm is a reflection that inadequate provision is being made for repairs and maintenance which could lead to early impairment of an asset.

Poor spending on repairs and maintenance is widespread in all municipalities and this suggests that there is no effort to protect infrastructure assets. Long-term deferring of asset maintenance and renewals can lead to more breakdowns and service disruption or substandard services and ultimately service delivery collapse. Regular maintenance helps to preserve the useful life of an asset.

Many municipalities only perform corrective maintenance instead of preventative maintenance. This means that no or minimal maintenance is undertaken unless, or until, the asset no longer functions to the required standard or has broken down whereas preventative maintenance is planned maintenance undertaken to reduce the likelihood of failure and to kept the asset operating at an acceptable level.

Nr. of municipalities with a repairs & maintenance level below 8%	All municipalities
---	--------------------

Indicator 5: Asset renewal / rehabilitation expenditure level

Norm	Formula	How should the ratio be interpreted
40% of CAPEX	Source/ Method: (Total Renewal of Existing	Asset renewal/rehabilitation of existing assets refers to costs incurred in relation to refurbishment, rehabilitation

Norm	Formula	How should the ratio be interpreted
	$\frac{\text{Assets} + \text{Total Upgrading of Existing Assets}}{\text{Total Capital Expenditure}}$	or reconstruction of assets to return its desired service levels.

It is important to ensure sustainability of service delivery beyond the initial or original useful life of the asset. If the service provided by the asset is still required at the end of its useful life, the asset must be renewed or the asset life span must be improved before it reaches its useful life. Municipalities should adequately allocate funding for asset renewal, especially if an asset is aged or dilapidated.

Nr. of municipalities below the norm of 40%	Mangaung Kopanong Letsemeng Masilonyana Matjhabeng Tswelopele Lejweleputswa Dihlabeng Maluti a Phofung Phumelela Thabo Mofutsanyana Mafube Metsimaholo Moghaka Fezile Dabi
---	--

Indicator 6: Asset renewal / Depreciation level

Norm	Formula	How should the ratio be interpreted
100% of Depreciation	Source/ Method: $\frac{\text{Total Renewal of Existing Assets} + \text{Total Upgrading of Existing Assets}}{\text{Depreciation} \& \text{asset impairment}}$	Asset renewal as a percentage of depreciation is essential to identify the potential decline or improvement of asset condition and standards. When an asset of a municipality has declined in value or its useful life has reduced, that municipality is encouraged to invest 100 per cent of depreciation towards renewal, upgrading or replacement of existing assets. A ratio below 100 per cent indicates that the municipality is not adequately spending on asset renewal to improve the condition of an asset. The rate at which an asset depreciates or loses value should be the rate at which the municipality provides for the future replacement or renewal of that asset.

Municipalities are encouraged to incorporate depreciation costs in the determination of tariffs as assets are consumed in the provision of services. Inclusion of this item will lead to a more cost-reflective tariff for the municipality allowing for sufficient revenue to be generated to fund infrastructure renewal or replacement in future. When an asset is regularly utilised, it loses value and its useful life diminishes, therefore sufficient funds will be required to replace such asset in future.

Nr. of municipalities not adequately spending on asset renewal to improve the condition of an asset.	All Municipalities
--	--------------------

Indicator 7: Total CAPEX as Percentage of Total Expenditure

Norm	Formula	How should the ratio be interpreted
10% - 20% of Total	Source/ Method: $\frac{\text{Total capital expenditure}}{\text{Total expenditure}}$	Total capital expenditure as a percentage of total expenditure is used to assess the level of capital

Norm	Formula	How should the ratio be interpreted
Expenditure	$(\text{Total operating expenditure} + \text{Total capital expenditure}) \times 100$	investments made by municipalities in responding to historical service delivery backlogs and addressing growing needs.

Municipalities are heavily dependent on intergovernmental transfers for capital investments and should explore ways of leveraging external finance to expand their capital investments. Without access to other funding instruments, municipalities in the Province will not have the required resources to invest in infrastructure.

Capital expenditure below 10% is indicative that the municipality is not sufficiently investing in infrastructure needed for delivery of services, whilst expenditure over 20%, although seen as a good performance to accelerate in service delivery, it may present risks of financial sustainability.

Nr. of municipalities with capital expenditure between of 10%- 20% to total expenditure	Dihlabeng Maluti a Phofung Phumelela Moghaka
---	---

Indicator 8: Liquidity Ratio

Norm	Formula	How should the ratio be interpreted
Ratio 1:1	Source/ Method: $(\text{Cash} + \text{ST Investments}) / \text{Total Current Liabilities}$	Liquidity ratio is an important indicator used to determine the municipality's ability to pay off current debt obligations from cash and investment without raising external capital.

Municipalities with strong liquidity positions will have adequate cash available to pay their short-term obligations, despite economic challenges that may be present in the environment.

Nr. of municipalities with liquidity positions above the norm	Letsemeng Xhariep Masilonyana Tokologo Lejweleputswa Fezile Dabi
---	---

Indicator 9: Debtors Days

Norm	Formula	How should the ratio be interpreted
30 Days	Source/ Method: $(\text{Total consumer debtors} / (\text{Property Rates} + \text{Service charges electricity revenue} + \text{Service charges water revenue} + \text{Service charges sanitation revenue} + \text{Service charges refuse revenue})) \times 365$	Net Debtor Days refers to the average number of days required for a municipality to receive payment from its consumers for bills/invoices issued for services.

This indicator provides information about consumer payment patterns and how well the municipality manages its debtors. If the ratio is above the norm, it is indicative that the municipality is experiencing challenges in the collection of outstanding amounts due to it and exposes the municipality to significant cash flow risks.

The late payment of municipal bills is as a result of a municipality's failure to implement municipal credit control and debt collection systems.

In the Province none of the municipalities are adhering to the norm of 30 days and in some cases the debtors days are above over 20000 days.

Indicator 10: Creditors Days

Norm	Formula	How should the ratio be interpreted
30 Days	Source/ Method: (Trade payables / (Bulk purchases + Other materials + Contracted services + Other expenditure + Total Capital Expenditure)) x 365	A shorter payment period (less than 30 days) indicates that payments are made promptly and creditors are prioritized.

Timely payment of creditors is not only essential for the liquidity of local economies and the survival of SMMEs but is also a good reflection of the extent of financial challenges facing a municipality. The creditors payment period provides information about the municipality's payments patterns and how well the cash flow is being managed.

In the Province none of the municipalities are adhering to the norm of 30 days and in some cases the debtors days are well above over 10,000 days. The late or non-payment of creditors has dire consequences for both private and public sectors. Delayed or non-payment for services rendered to municipalities have a negative impact on job creation and the financial viability of their operations.

Indicator 11: Debt (Total Borrowing) vs Total Operating Revenue

Norm	Formula	How should the ratio be interpreted
Max 45%	Source/ Method: (Bank overdraft + Current Liabilities borrowings + Non-Current Liabilities borrowings) / Total operating revenue	The purpose of the indicator is to provide assurance that sufficient revenue will be generated to repay liabilities.

The ratio assesses the affordability level of a municipality to service debt from own generated revenue. The threshold for total borrowing is 45% of the total operating revenue. An outcome of less than 45% indicates that the municipality has capacity to take up additional funding from borrowings.

Nr. of municipalities with a borrowing threshold above the norm	Mangaung Mohokare
---	----------------------

Indicator 12: Current Ratio

Norm	Formula	How should the ratio be interpreted
1.5 to 2.0 : 1 (Below 1:1 = "technical insolvency)	Source/ Method: Current Assets / Current Liabilities	The ratio is used to assess the municipality's ability to pay back its current liabilities (debt and payables) with its current assets (cash, inventory and receivables). A ratio of below 1 suggests that a municipality will be unable to pay all its current or short-term obligations if they fall due at any specific point.

If current liabilities exceed current assets, it highlights serious financial challenges and most likely, liquidity challenges. A ratio of below 1 suggests that a municipality will be unable to pay all its current or short-term obligations if they fall due at any specific point.

Nr. of municipalities with below a ratio of 1	Mangaung Kopanong Mohokare Matjhabeng Dihlabeng Maluti a Phofung Mantsopa Nketoana Phumelela Thabo Mofutsanyana Mafube Moqhaka Ngwathe
---	--

Indicator 13: Solvency Ratio

Norm	Formula	How should the ratio be interpreted
1:1 (Below 1:1 = "technical insolvency")	Source/ Method: Total Assets / Total Liabilities	The solvency ratio evaluates the total liabilities of a municipality as a percentage of its total assets. The purpose of the ratio is to measure the ability of a municipality to pay off its long-term debt obligations with its assets. This ratio is often used by potential investors when evaluating a municipality's creditworthiness or long-term financial health. An unfavourable ratio can indicate that a municipality is in the worst position to continue with its operations.

Nr. of municipalities with unfavourable solvency ratio	Kopanong Matjhabeng Maluti a Phofung Thabo Mofutsanyana Ngwathe
--	---

Disclaimer: It should be noted that the above assessment and ratios were calculated based on the information (data strings) submitted by municipalities and extracted from the National Treasury Local Government Database. The quality and credibility of the information reported remains a concern.

- 4.4 Based on the submission of the monthly reports, an assessment of these indicators shows that **18 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 MIG Quarterly Performance Meetings were held during August with all Districts. The following was highlighted during the sessions:
- Progress on registered projects;
 - Compliance matters;
 - Alignment of spending reported to transferring department and mSCOA data strings.

E. RECOMMENDATIONS & CONCLUSION

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

1. **Note** the aggregate revenue generated is 19.7 per cent whilst the operating expenditure is at 11.3 per cent against the total budgets and below the straight line projection of 16.67 per cent. 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 16.67 per cent, amounting to R156.134 million (4.7 per cent) against the adjusted budget of R3.289 billion.
3. **Note** municipalities reported aggregate spending on repairs and maintenance amounting to R102.872 million or 6.9 per cent against the budget of R1.493 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 R30.242 billion (*July 2022 – R29.68 billion*).
5. **Note** the total outstanding creditor's amount to R22.761 billion (*July 2022 – R22.33 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 18 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
August 2022

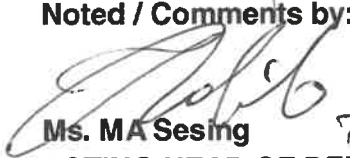
Submitted by:


Mr. SB Mhlambi
Acting CHIEF DIRECTOR: MUNICIPAL FINANCE MANAGEMENT

Date:

08/10/22

Noted / Comments by:


Ms. MA Sesing 7th MABELO
ACTING HEAD OF DEPARTMENT
FS PROVINCIAL TREASURY

Date:

07/10/2022

26

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	504 784	4.9%	229 642	2.2%	452 006	4.4%	9 034 516	88.4%	10 220 947	33.8%
Trade and Other Receivables from Exchange Transactions - Electricity	437 023	17.0%	85 893	3.3%	347 389	13.5%	1 699 504	66.1%	2 569 809	8.5%
Receivables from Non-exchange Transactions - Property Rates	315 010	7.0%	136 545	3.0%	286 723	6.3%	3 786 606	83.7%	4 524 884	15.0%
Receivables from Exchange Transactions - Waste Water Management	156 608	4.1%	77 995	2.0%	197 672	5.1%	3 424 895	88.8%	3 857 170	12.8%
Receivables from Exchange Transactions - Waste Management	94 419	3.4%	52 441	1.9%	146 200	5.2%	2 513 493	89.6%	2 806 552	9.3%
Receivables from Exchange Transactions - Property Rental Debtors	2 011	1.3%	1 907	1.3%	2 405	1.6%	143 510	95.8%	149 833	0.5%
Interest on Arrear Debtor Accounts	170 324	3.2%	107 745	2.0%	296 685	5.5%	4 813 617	89.3%	5 388 371	17.8%
Other	67 831	9.4%	111 446	15.4%	8 163	1.1%	536 357	74.1%	723 798	2.4%
Total By Income Source	1 748 042	5.8%	803 628	2.7%	1 737 776	5.7%	25 952 498	85.8%	30 241 943	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	210 674	6.5%	103 692	3.2%	201 697	6.3%	2 708 674	84.0%	3 224 737	10.7%
Commercial	630 396	14.2%	237 928	5.4%	314 759	7.1%	3 263 639	73.4%	4 446 722	14.7%
Households	907 825	4.1%	453 350	2.0%	1 218 288	5.4%	19 800 218	88.5%	22 379 681	74.0%
Other	(853)	-0.4%	8 658	4.5%	9 031	1.6%	179 967	94.3%	190 804	0.6%
Total By Customer Group	1 748 042	5.8%	803 628	2.7%	1 737 776	5.7%	25 952 498	85.8%	30 241 943	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	886 848	10.3%	306 921	3.6%	432 907	5.0%	6 963 507	81.1%	8 590 184	28.4%
Letsemeng	6 959	1.9%	8 746	2.4%	8 341	2.3%	334 447	93.3%	358 492	1.2%
Kopanong	10 536	2.3%	10 208	2.2%	10 453	2.2%	436 256	93.3%	467 453	1.5%
Mohokare	11 493	2.7%	10 737	2.5%	9 967	2.3%	398 437	92.5%	430 634	1.4%
Xhariep District	–	0.0%	–	0.0%	–	0.0%	10 194	100.0%	10 194	0.0%
DC 16 Total	28 987	2.3%	29 690	2.3%	28 761	2.3%	1 179 335	93.1%	1 266 773	4.2%
Masilonyana	5 044	0.4%	9 898	0.8%	13 861	1.1%	1 280 525	97.8%	1 309 327	4.3%
Tokoloko	10 490	2.8%	6 625	1.8%	6 527	1.8%	345 412	93.6%	369 053	1.2%
Tswelopele	9 598	6.1%	20 654	13.1%	3 966	2.5%	123 764	78.3%	157 982	0.5%
Matjhabeng	230 792	4.1%	137 924	2.4%	107 942	1.9%	5 181 232	91.6%	5 657 890	18.7%
Nala*	27 968	2.7%	21 166	2.0%	19 023	1.8%	972 381	93.4%	1 040 537	3.4%
Lejweleputswa District	(0)	0.0%	–	0.0%	–	0.0%	30 577	100.0%	30 577	0.1%
DC 18 Total	283 892	3.3%	196 266	2.3%	151 318	1.8%	7 933 890	92.6%	8 565 366	28.3%
Setsoho	24 171	4.5%	19 388	3.6%	17 581	3.3%	474 373	88.6%	535 513	1.8%
Dikhabeng	83 686	6.3%	23 514	1.8%	21 815	1.6%	1 204 322	90.3%	1 333 336	4.4%
Nketoana	27 245	3.1%	22 086	2.5%	16 924	1.9%	817 604	92.5%	883 859	2.9%
Maluti a Phofung	33 245	1.5%	34 339	1.5%	35 149	1.6%	2 117 692	95.4%	2 220 424	7.3%
Phumelela	(1 843)	-0.4%	13 571	3.0%	6 722	1.5%	427 982	95.9%	446 432	1.5%
Mantsopa	34 820	4.2%	15 245	1.8%	20 266	2.4%	764 209	91.6%	834 539	2.8%
Thabo Mofutsanyana District	–	0.0%	–	0.0%	–	0.0%	4 297	100.0%	4 297	0.0%
DC 19 Total	201 323	3.2%	128 143	2.0%	118 457	1.9%	5 810 479	92.8%	6 258 400	20.7%
Moqhaka	53 499	4.6%	33 067	2.8%	25 326	2.2%	1 054 032	90.4%	1 165 923	3.9%
Ngwathe	78 815	7.8%	26 921	2.6%	911 070	89.6%	–	0.0%	1 016 807	3.4%
Metsimaholo	190 478	7.6%	69 059	2.8%	56 874	2.3%	2 184 659	87.3%	2 501 071	8.3%
Mafube	24 200	2.8%	13 561	1.5%	13 062	1.5%	826 597	94.2%	877 419	2.9%
Fezile Dabi	–	0.0%	–	0.0%	–	0.0%	–	0.0%	–	0.0%
DC 16 Total	346 992	6.2%	142 608	2.6%	1 006 332	18.1%	4 065 288	73.1%	5 561 220	18.4%
Total Debt	1 748 042	5.8%	803 628	2.7%	1 737 776	5.7%	25 952 498	85.8%	30 241 943	100.0%

*M12 (2022)

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	634 784	4.8%	240 039	1.8%	263 364	2.0%	12 077 013	91.4%	13 215 199	58.1%
Bulk Water	179 370	2.7%	78 614	1.2%	76 200	1.1%	6 361 188	95.0%	6 695 372	29.4%
PAYE deductions	15 278	38.5%	6 360	16.0%	1 251	3.1%	16 846	42.4%	39 734	0.2%
VAT (output less input)	–	0.0%	–	0.0%	–	0.0%	–	0.0%	–	0.0%
Pensions / Retirement	63 503	15.5%	5 100	1.2%	74 223	18.1%	267 606	65.2%	410 432	1.8%
Loan repayments	828	8.9%	856	9.2%	1 656	17.8%	5 979	64.2%	9 319	0.0%
Trade Creditors	379 130	19.1%	82 449	4.1%	92 158	4.6%	1 436 231	72.2%	1 989 968	8.7%
Auditor General	4 236	8.6%	3 798	7.7%	3 977	8.1%	37 154	75.6%	49 164	0.2%
Other	15 956	4.5%	3 880	1.1%	4 700	1.3%	326 825	93.0%	351 360	1.5%
Total Debt	1 293 084	5.7%	421 095	1.9%	517 529	2.3%	20 528 841	90.2%	22 760 548	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	492 198	83.6%	6 752	1.1%	20 131	3.4%	69 855	11.9%	588 937	2.6%
Letsemeng	(2 655)	-1.8%	(2 353)	-1.6%	7 001	4.7%	147 689	98.7%	149 682	0.7%
Kopanong	14 445	1.8%	20 154	2.6%	–	0.0%	747 183	95.6%	781 782	3.4%
Mohokare	4 247	3.2%	22	0.0%	10 003	7.4%	120 272	89.4%	134 543	0.6%
Xhariep District	(12)	-0.1%	35	0.3%	1 842	17.9%	8 413	81.8%	10 279	0.0%
DC 16 Total	16 026	1.5%	17 857	1.7%	18 846	1.8%	1 023 557	95.1%	1 076 286	4.7%
Masilonyana	–	0.0%	–	0.0%	–	0.0%	65 004	100.0%	65 004	0.3%
Tokologo	961	3.4%	8 305	29.2%	718	2.5%	18 502	65.0%	28 486	0.1%
Tswelopele	272	0.3%	4	0.0%	10 810	13.1%	71 414	86.6%	82 500	0.4%
Majhabeng	457 544	4.5%	128 489	1.3%	122 285	1.2%	9 507 851	93.1%	10 216 168	44.9%
Nala*	46 463	5.4%	30 957	3.6%	9 624	1.1%	780 188	90.0%	867 231	3.8%
Lejweleputswa District	105	100.0%	–	0.0%	–	0.0%	–	0.0%	105	0.0%
DC 18 Total	505 346	4.5%	167 755	1.5%	143 436	1.3%	10 442 959	92.7%	11 259 495	49.5%
Setsotso	14 946	52.7%	11 875	41.9%	302	1.1%	1 228	4.3%	28 350	0.1%
Dihlabeng	49 634	5.3%	184	0.0%	33 658	3.6%	859 447	91.1%	942 923	4.1%
Nketoana	23 226	3.9%	3 987	0.7%	24 587	4.1%	540 814	91.3%	592 614	2.6%
Maluti a Phofung	1 162	0.0%	7 768	0.2%	117 822	3.0%	3 812 319	96.8%	3 939 070	17.3%
Phumelela	50	0.0%	426	0.1%	936	0.3%	307 236	99.5%	308 647	1.4%
Mantsopa	191	0.0%	11 555	2.7%	17 145	4.0%	402 353	93.3%	431 243	1.9%
Thabo Mofutsanyana District	1 645	54.8%	–	0.0%	159	5.3%	1 196	39.9%	3 000	0.0%
DC 19 Total	90 853	1.5%	35 793	0.6%	194 609	3.1%	5 924 593	94.9%	6 245 748	27.4%
Moqhaka	63 708	7.7%	61 236	7.4%	49 717	6.0%	657 310	79.0%	831 971	3.7%
Ngwathe	65 390	3.5%	117 505	6.3%	3 352	0.2%	1 688 404	90.1%	1 874 651	8.2%
Metsimaholo	51 610	70.6%	3 133	4.3%	761	1.0%	17 563	24.0%	73 066	0.3%
Mafube	8 085	1.0%	11 063	1.4%	86 677	10.7%	704 601	86.9%	810 426	3.6%
Fezile Dabi	(132)	100.0%	–	0.0%	–	0.0%	–	0.0%	(132)	0.0%
DC 20 Total	188 660	5.3%	192 937	5.4%	140 507	3.9%	3 067 878	85.5%	3 589 983	15.8%
Total Debt	1 293 084	5.7%	421 095	1.9%	517 529	2.3%	20 528 841	90.2%	22 760 548	100.0%

*M12 (2022)

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	269 272	231 554		500 826	500 826	16.9%
Service charges - electricity revenue	7 045 103	512 795	546 540		1 059 335	1 059 335	15.0%
Service charges - water revenue	3 082 952	253 854	214 395		468 248	468 248	15.2%
Service charges - sanitation revenue	1 289 518	99 627	96 344		195 971	195 971	15.2%
Service charges - refuse revenue	768 016	62 766	58 636		121 402	121 402	15.8% #DIV/0!
Rental of facilities and equipment	101 041	7 103	7 032		14 135	14 135	14.0%
Interest earned - external investments	68 442	(11 181)	9 978		(1 202)	(1 202)	-1.8%
Interest earned - outstanding debtors	1 150 908	115 936	119 321		235 257	235 257	20.4%
Dividends received	5 436	90	209		298	298	5.5%
Fines, penalties and forfeits	97 996	5 003	(830)		4 173	4 173	4.3%
Licences and permits	1 083	179	148		327	327	30.2%
Agency services	2						0.0%
Transfers and subsidies	5 420 847	1 590 619	258 166		1 848 784	1 848 784	34.1%
Other revenue	1 438 295	36 349	141 176		177 525	177 525	12.3%
Gains	73 265	34	99		134	134	0.2%
Total Revenue (excluding capital transfers and contributions)	23 504 889	2 942 447	1 682 767	-	4 625 215	4 625 215	19.7%
Expenditure By Type							
Employee related costs	7 219 863	566 177	538 621		1 104 798	1 104 798	15.3%
Remuneration of councillors	340 714	23 838	24 885		48 723	48 723	14.3%
Debt impairment	2 900 727	119 949	158 331		278 281	278 281	9.6%
Depreciation and asset impairment	1 283 363	18 985	19 453		38 438	38 438	3.0%
Finance charges	567 994	4 162	18 174		22 336	22 336	3.9%
Bulk purchases - electricity	5 133 934	383 329	437 664		820 993	820 993	16.0%
Inventory consumed	2 171 773	35 230	62 158		97 388	97 388	4.5%
Contracted services	1 778 296	39 723	30 136		69 859	69 859	3.9%
Transfers and subsidies	229 561	4 256	3 532		7 787	7 787	3.4%
Other expenditure	1 443 627	81 009	79 182		160 191	160 191	11.1%
Losses	388 901		(49)		(49)	(49)	0.0%
Total Expenditure	23 458 752	1 276 658	1 372 087	-	2 648 745	2 648 745	11.3%
Surplus/(Deficit)	46 137	1 665 790	310 681	-	1 976 470	1 976 470	4283.9%
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	2 624 801	50 346	33 966		84 312	84 312	3.2%
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educ Institutions)	14 398	(0)	106		106	106	0.7%
Transfers and subsidies - capital (in-kind - all)	65 750						0.0%
Surplus/(Deficit) after capital transfers and contributions	2 751 086	1 716 135	344 753	-	2 060 888	2 060 888	74.9%
Taxation							
Surplus/(Deficit) after taxation	2 751 086	1 716 135	344 753	-	2 060 888	2 060 888	74.9%
Attributable to minorities							
Surplus/(Deficit) attributable to municipality	2 751 086	1 716 135	344 753	-	2 060 888	2 060 888	74.9%
Share of surplus/ (deficit) of associate							
Surplus/(Deficit) for the year	2 751 086	1 716 135	344 753	-	2 060 888	2 060 888	74.9%

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
	Budget	Budget					Electricity Billed	Water Billed	Sanitation Billed			
Mangaung Metro	8 811 248	8 811 248	1 824 813	20.7%	251 162	642 080	211 358	79 010	28 423	77 136	368 129	167 516
Letsemeng	201 215	201 215	37 043	18.4%	4 242	5 510	440	1 862	1 811	3 942	32 092	(12 855)
Kopanong	356 403	356 403	109 731	30.8%	6 113	14 014	8 544	4 025	3 128	3 000	70 766	140
Mohokare	230 060	230 060	45 701	19.9%	2 790	-	5 859	2 176	1 329	6 413	26 911	224
Xhariep District	64 564	64 564	20 135	31.2%	-	-	-	-	-	0	19 949	186
DC 16 Total	852 242	852 242	212 610	24.9%	13 145	19 524	14 843	8 063	6 268	13 354	149 717	(12 305)
Masilonyana	362 877	362 877	15 775	4.3%	-	1 091	8 069	1 906	1 581	45	-	84
Tokologo	141 362	141 362	9 652	6.8%	(7)	123	468	30 386	2 491	2 641	-	73
Tswelopele	196 575	196 575	68 507	34.9%	17 925	10 633	989	650	623	884	36 034	771
Matjhabeng	3 677 907	3 677 907	615 119	16.7%	69 156	135 630	78 290	31 358	19 163	53 463	220 052	8 008
Nala	516 179	516 179	-	0.0%	-	-	-	-	-	-	-	-
Lejweleputswa District	156 028	156 028	56 526	36.2%	-	-	-	-	-	65	56 245	216
DC 18 Total	5 050 929	5 050 929	765 580	15.2%	87 074	147 476	87 815	40 778	23 857	57 098	312 331	9 151
Setsotho	612 167	612 167	158 558	25.9%	11 305	16 955	12 908	6 654	8 603	6 496	94 189	1 448
Ditjhabeng	928 658	928 658	207 064	22.3%	29 288	45 597	11 307	9 690	9 940	12 884	86 123	2 234
Nketoana	443 163	443 163	108 370	24.5%	2 849	12 019	10 586	6 014	4 877	20 415	50 346	1 265
Maluti a Phofung	1 899 235	1 899 235	385 558	20.3%	18 694	8 983	17 148	7 318	7 033	(5)	309 148	17 240
Phumelela	197 775	197 775	50 935	25.3%	8 542	18	1 859	2 325	2 100	4 438	31 557	97
Mantsopa	342 670	342 670	15 972	4.7%	1 784	2 806	1 242	2 630	1 819	5 535	-	156
Thabo Mofutsanyana	161 756	161 756	51 618	31.9%	-	-	-	-	-	-	50 879	739
DC 19 Total	4 585 424	4 585 424	978 075	21.3%	72 463	86 378	55 049	34 630	34 372	49 762	622 241	23 179
Moghaka	1 129 762	1 129 762	224 533	19.9%	13 691	63 440	21 815	9 767	6 800	6 725	100 399	1 897
Ngwathe	936 722	936 722	206 211	22.0%	19 898	51 477	16 676	13 701	11 411	9 716	81 639	1 693
Metsimaholo	1 673 585	1 673 585	273 184	16.3%	38 263	48 960	56 148	7 100	7 549	12 419	99 198	3 546
Matube	286 129	286 129	71 058	24.8%	5 130	-	4 543	2 923	2 722	9 047	46 446	246
Fezile Dabi	178 849	178 849	69 150	38.7%	-	-	-	-	-	-	68 683	467
DC 20 Total	4 205 046	4 205 046	844 137	20.1%	76 982	163 878	99 182	33 490	28 483	37 907	396 366	7 849
Total	23 504 889	23 504 889	4 625 215	19.7%	500 826	1 059 335	468 248	195 971	121 402	235 257	1 848 784	195 390

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	1 338 747	16.4%	383 343	13 098	182 736	38 438	595 054	126 077
Letsemeng	248 391	248 391	18 557	7.5%	5 699	507	-	-	5 132	7 220
Kopanong	457 775	457 775	30 634	6.7%	23 647	1 082	-	-	283	5 622
Mohokare	223 971	223 971	24 219	10.8%	14 597	1 020	-	-	215	8 387
Xhariep District	63 569	63 569	15 415	24.2%	11 436	1 235	-	-	-	2 743
DC 16 Total	993 706	993 706	88 825	8.9%	55 379	3 844	1 234	-	5 631	23 972
Masilonyana	418 858	418 858	330	0.1%	-	-	-	-	-	330
Tokologo	139 355	139 355	21 153	15.2%	8 993	734	-	-	3 783	7 643
Tswelopele	226 720	226 720	6 961	3.1%	-	-	7	-	1 074	5 881
Matjhabeng	3 677 446	3 677 446	239 323	6.5%	143 089	1 660	1 234	-	33 716	59 624
Nala	514 508	514 508	-	0.0%	-	-	-	-	-	-
Lejweputswa District	198 134	198 134	24 247	12.2%	17 323	1 661	-	-	-	5 263
DC 18 Total	5 175 021	5 175 021	292 015	5.6%	169 405	4 056	1 240	-	38 572	78 741
Seitsoto	612 385	612 385	84 665	13.8%	36 262	2 544	6 425	-	23 711	15 723
Dihlabeng	877 035	877 035	124 585	14.2%	59 083	3 304	143	-	32 398	29 658
Nketoana	607 525	607 525	94 030	15.5%	20 635	938	39 574	-	9 955	22 927
Maluti a Phofung	2 081 050	2 081 050	160 095	7.7%	143 552	5 217	-	-	-	11 326
Phumelela	197 723	197 723	19 649	9.9%	15 536	1 271	-	-	601	2 241
Mantsopa	338 180	338 180	12 299	3.6%	9 307	805	-	-	329	1 857
Thabo Mofutsanyana	182 984	182 984	(2 531)	-1.4%	13 679	1 876	-	-	-	(18 086)
DC 19 Total	4 896 881	4 896 881	492 793	10.1%	298 055	15 956	46 142	-	66 994	65 647
Mochaka	1 101 002	1 101 002	83 702	7.6%	59 016	3 285	48	-	1 042	20 310
Ngwathe	1 012 124	1 012 124	146 237	14.4%	45 724	2 704	-	-	71 072	26 737
Metsimaholo	1 646 928	1 646 928	157 752	9.6%	56 968	3 318	47 240	-	42 627	7 599
Mafube	284 082	284 082	22 391	7.9%	17 206	1 177	874	-	-	3 135
Fezile Dabi	191 805	191 805	26 283	13.7%	19 703	1 286	-	-	-	5 293
DC 20 Total	4 235 942	4 235 942	436 365	10.3%	198 617	11 770	48 163	-	114 742	63 074
Total	23 458 752	23 458 752	2 644 745	11.3%	1 104 798	48 723	278 281	38 438	820 993	357 511

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							
<i>Municipal governance and administration</i>	120 866	4 511	14 098	-	18 609	18 609	15.4%
Executive and council	28 615	(2)	10 693		10 691	10 691	37.4%
Finance and administration	92 196	4 513	3 405		7 918	7 918	8.6%
Internal audit	55						
<i>Community and public safety</i>	500 000	4 494	8 544	-	13 038	13 038	2.6%
Community and social services	58 044	4 418	3 924		8 342	8 342	14.4%
Sport and recreation	81 925	71	663		734	734	0.9%
Public safety	24 304	5	9		15	15	0.1%
Housing	333 479		3 946		3 946	3 946	1.2%
Health	2 250						0.0%
<i>Economic and environmental services</i>	646 917	4 628	12 630	-	17 258	17 258	2.7%
Planning and development	89 972	8	27		35	35	0.0%
Road transport	554 030	4 620	12 603		17 223	17 223	3.1%
Environmental protection	2 916						
<i>Trading services</i>	2 014 575	51 477	55 753	-	107 229	107 229	5.3%
Energy sources	481 396	6 709	9 998		16 706	16 706	3.5%
Water management	970 143	24 933	23 745		48 678	48 678	5.0%
Waste water management	465 253	16 676	20 044		36 719	36 719	7.9%
Waste management	97 783	3 159	1 967		5 126	5 126	5.2%
<i>Other</i>	6 657						0.0%
Total Capital Expenditure - Functional	3 289 017	65 110	91 024	-	156 134	156 134	4.7%
Funded by							
National Government	2 639 822	52 497	63 382		115 880	115 880	4.4%
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)	14 310	1 042	943		1 986	1 986	13.9%
Transfers recognised - capital	2 654 132	53 539	64 326	-	117 865	117 865	4.4%
Borrowing	92 504	2 411	3 288		5 699	5 699	6.2%
Internally generated funds	513 185	8 160	23 376		31 536	31 536	6.1%
Total Capital Funding	3 259 822	64 111	90 990	-	155 101	155 101	4.8%

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	31 600	2.5%	16 167	-	-	-	15 433	11 784	4 678	15 138
Letsemeng	56 944	56 944	29	0.1%	-	-	-	-	29	-	-	29
Kopanong	41 785	41 785	400	1.0%	-	400	-	-	0	400	-	-
Mohokare	46 476	46 476	6 173	13.3%	-	29	5 477	-	666	5 477	-	696
Xhariep District	1 024	1 024	82	8.0%	-	-	-	-	82	-	-	82
DC 16 Total	146 229	146 229	6 683	4.6%	-	429	5 477	-	777	5 877	-	806
Masilonyana	51 228	51 228	-	0.0%	-	-	-	-	-	-	-	-
Tokologo	120 871	120 871	8 028	6.6%	-	2 683	-	-	5 344	8 028	-	-
Tswelopele	38 430	38 430	2 471	6.4%	-	-	-	-	2 471	-	-	1 472
Matjhabeng	176 809	176 809	19 380	11.0%	63	18	7 552	-	11 747	9 541	-	9 839
Nala	47 295	47 295	-	0.0%	-	-	-	-	-	-	-	-
Lejweputswa District	8 800	8 800	79	0.9%	-	-	-	-	79	-	-	79
DC 18 Total	443 434	443 434	29 958	6.8%	63	2 702	7 552	-	19 642	17 568	-	11 391
Setsotso	243 689	243 689	3 938	1.6%	-	2 890	-	-	1 047	2 890	1 021	11
Ditlabeng	130 167	130 167	16 354	12.6%	-	15 818	-	23	513	15 841	-	513
Nketoana	54 718	54 718	9 560	17.5%	-	5 547	4 013	-	-	9 560	-	-
Maluti a Phofung	294 505	294 505	20 442	6.9%	-	3 900	10 113	-	6 429	20 268	-	174
Phumelela	53 847	53 847	2 937	5.5%	-	464	2 473	-	-	2 937	-	-
Mantsopa	52 395	52 395	4 104	7.8%	-	3 791	304	-	8	4 104	-	-
Thabo Mofutsanyana	4 002	4 002	18	0.5%	-	-	-	-	18	-	-	-
DC 19 Total	833 323	833 323	57 352	6.9%	-	32 410	16 904	-	8 016	55 599	1 021	698
Moghaka	80 773	80 773	10 117	12.5%	-	850	-	5 015	4 252	6 799	-	3 319
Ngwathe	135 280	135 280	10 113	7.5%	-	9 368	145	-	600	10 113	-	-
Metsimaholo	309 640	309 640	8 701	2.8%	18	1 846	6 642	88	106	8 594	-	107
Matube	58 183	58 183	1 574	2.7%	458	1 072	-	-	43	1 530	-	43
Fezile Dabi	1 320	1 320	36	2.7%	-	-	-	-	36	-	-	36
DC 20 Total	585 196	585 196	30 540	5.2%	476	13 137	6 787	5 103	5 037	27 036	-	3 504
Total	3 289 017	3 289 017	156 134	4.7%	16 706	48 678	36 719	5 126	48 904	117 865	5 699	31 536

Source: NT Local Government Database

Annexure J – Indicators of Municipal Health

STATE OF LOCAL GOVERNMENT FINANCE - ACTUALS YTD 1st Quarter Ended 30 September 2022			FUNDING COMPLIANCE				ASSET MANAGEMENT AND SUSTAINABILITY				ASSET/LIABILITY RATIOS				
Province	Demarcation Cat Description	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 - Solvency Ratio
Free State	A Mangaung	MAN	1 490 466 288	-6 915 555 577	5 58	0.41%	2.33%	1.92%	2.31%	0.14	779 36	1 884 22	58.75%	0.88	2.36
Free State	B Kopaong	FS162	49 589 870	109 997 371	19 43	0.00%	0.00%	0.00%	1.29%	-3.49	124 21	-821 81	0.00%	-4.54	-4.57
Free State	B Letsemeng	FS161	4 077 316	-2 960 594	-2 75	0.00%	0.00%	0.00%	0.15%	7 08	394 51	-304 12	0.04%	35.77	35.82
Free State	B Mankare	FS163	9 129 817	-390 549 959	-45 67	0.05%	83 50	0.00%	20.31%	0.04	3 018 99	2 531 08	258.93%	0.71	2.37
Free State	C Xhariep	DC16	9 160 284	764 577	4 84	60.92%	100.00%	0.00%	0.53%	1 90	0 00	258 54	0.00%	1 36	1 98
Free State	B Mafisanyana	FS181	3 786 640	-632 391	137 92	0.00%	0.00%	0.00%	0.00%	1 62	326 72	13 21	0.00%	7 58	7 58
Free State	B Mafikeng	FS184	319 372 739	-13 593 254 154	6 44	0.04%	25.80%	0.00%	7.49%	0.02	1 540 47	33 998 09	0.00%	0.34	0.92
Free State	B Tlokeng	FS182	-32 448 229	-18 003 160	-15 50	0.00%	77.51%	0.00%	27.51%	3 95	401 83	-81 60	0.00%	2 76	1 78
Free State	B Tsweletso	FS183	33 636 035	-65 360 101	45 76	0.21%	0.00%	0.00%	26.20%	0.28	810 90	3 400 76	10.90%	1 04	4 50
Free State	IC Lefy eleputswa	DC18	141 668 395	254 556 483	69 12	0.00%	0.00%	0.00%	0.39%	7 41	0 00	1 029 31	0.00%	7 62	5 34
Free State	B Driaberg	FS192	25 550 244	-1 195 194 759	-0 63	0.03%	9 66%	0.00%	11 60%	0 02	694 76	4 789 80	8 98%	0 52	2 08
Free State	B Mafui-a-Phofung	FS194	538 267 120	-12 269 039 949	33 38	0.02%	0.00%	0.00%	11 32%	0 05	10 221 92	99 010 88	-2 09%	0 34	0 74
Free State	B Mantsopa	FS196	1 579 551	-1 322 455	1 54	0.00%	92 38	0.00%	25 02%	0 31	73 53	220 74	0 00%	0 91	1 72
Free State	B Mekoana	FS193	26 235 654	-2 184 254 112	3 34	0.00%	69 45%	0.00%	9 23%	0 04	-21 470	6 228 68	8 50%	0 18	1 71
Free State	B Phumelela	FS195	37 206 737	-419 159 622	11 06	0.02%	0.00%	0.00%	13 00%	0 09	134 44	25 193 32	0 00%	0 26	1 92
Free State	B Seisoto	FS191	114 396 714	-196 421 812	4 46	0.01%	100 00%	0.00%	4 44%	0 46	1 846 45	857 71	1 63%	2 13	8 79
Free State	C Thabo Mofutsanyana	DC19	39 569 352	56 431 359	-124 45	0.00%	0.00%	0.00%	-0 72%	-2 17	0 00	380 79	1 07%	-2 00	-2 06
Free State	B Mafube	FS205	-121 020 459	302 597 099	-83 16	0.03%	0.00%	0.00%	6 57%	-0 15	5 216 88	51 594 85	0 00%	0 33	1 69
Free State	B Mefimpholo	FS204	142 045 696	-126 219 531	5 80	-0 07%	32 84%	0.00%	5 23%	0 11	1 000 88	1 182 57	0 00%	1 25	2 25
Free State	B Mophala	FS201	12 603 897	-21 165 136	-0 84	0 23%	20 98%	0.00%	10 78%	0 01	1 536 47	8 644 13	12 13%	0 72	2 86
Free State	B Njwathe	FS203	26 051 609	-2 729 606 909	-5 58	0 72%	96 56%	0.00%	6 47%	0 01	722 92	6 721 60	0 57%	0 31	0 96
Free State	C Felele Dabi	DC20	122 296 486	1 250 652 505	55 00	0 11%	0 00%	0 00%	0 14%	20 61	0 00	437 11	0 00%	21 29	4 72



**TO: MEMBERS OF THE EXECUTIVE COUNCIL
HEADS OF DEPARTMENTS
STAFF IN THE DEPARTMENT OF TREASURY**

APPOINTMENT AS THE ACTING HOD: PROVINCIAL TREASURY

Kindly be advised that in terms of Section 32 of the Public Service Act, 1994 (Proclamation No. 103 Of 1994), I wish to inform you that I have appointed Mr T.M Mabilo- Chief Director as Acting Head of the Department of Treasury from 04-07 October 2022 as the Acting Head of Department, Me Masechaba Sasing will not be available during this period.

This official will be responsible for the performance of the duties of the abovementioned post and the concomitant delegated powers attached to the said post.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ms S.H. Ntombela'.

**MS S.H. NTOMBELA, MPL
PREMIER: FREE STATE**

DATE: 04 OCTOBER 2022

PREMIER2022: OCTOBER 2022 ACTING HOD TREASURY MR MABILO