



treasury

Department of
Treasury
FREE STATE PROVINCE

**STATUS OF MUNICIPAL FINANCES
SECOND QUARTER
1 OCTOBER 2021 – 31 DECEMBER 2021**

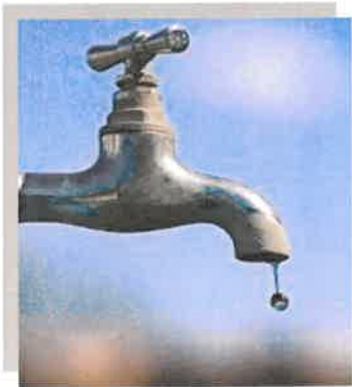


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1. EXECUTIVE SUMMARY

In essence, the content of this report covers the expenditure performance against the budgets of the 23 municipalities in the Free State Province for the period ending 31 December 2021 of the 2021/22 municipal financial year. In addition, the report also includes the spending performance on conditional grant, as per the requirements of Division of Revenue Act, 2021.

The report is prepared by using the datasets from the Municipal Standard Chart of Accounts (mSCOA) data strings which were uploaded by municipalities. The mSCOA Regulations were promulgated on 22 April 2014 and prescribes the uniform recording and classification of municipal budget and financial information at a transaction level. All municipalities and municipal entities had to comply with the Regulations by 1 July 2017. The mSCOA Regulations require that municipalities upload their budget and financial information in a data string format to the Local Government portal across the six mSCOA regulated segments

The report is part of the *In-year Management, Monitoring and Reporting System for Local Government (IYM)*, which enables provincial and national government to exercise oversight over municipalities, and identify possible problems in implementing municipal budgets and conditional grants.

The credibility of the information contained in the mSCOA data strings is still a concern. At the core of the problem is:

- The incorrect use of the mSCOA and municipal accounting practices by municipalities;
- A large number of municipalities are not budgeting, transacting and reporting directly in or from their core financial systems. Instead they prepare their budgets and reports on excel spreadsheet and then import the excel spreadsheets into the system. Often this manipulation of data lead to unauthorised, irregular, fruitful and wasteful (UIFW) expenditure and fraud and corruption as the controls that are built into the core financial systems are not triggered and transactions go through that should not; and
- Municipalities are not locking their adopted budgets or their financial systems at month-end to ensure prudent financial management. To enforce municipalities to lock their budgets and close their financial system at month-end in 2021/22, the Local Government Portal will be locked at the end of each quarter. System vendors were also requested to build this functionality into their municipal financial systems.

The reporting facilitates transparency, better in-year management as well as the oversight of budgets. This makes these reports 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 were continued technical support is provided to all municipalities.

2. KEY OBSERVATIONS

- 2.1 In aggregate, municipalities in the Free State Province have spent 42.3 per cent, or R9.42 billion, of the total expenditure budget of R22.13 billion as at 31 December 2021 (unaudited). In respect of revenue, aggregate billing and other revenue amounted to 47.1 per cent, or R10.29 billion, of the total revenue budget of R21.84 billion (unaudited).
- 2.2 The bulk of the total operating expenditure (38.8 per cent) relates to employee related cost and council remuneration, followed by bulk purchases at 23 per cent.
- 2.3 Municipalities budgeted for Compensation for Employees expenditure (including salaries and wages & council remuneration) at R7.05 billion, which constitutes 31.8 per cent of their total operational expenditure budget of R22.13 billion. As at 31 December 2021, spending on Compensation for Employees amounted to R3.66 billion or 51.9 per cent against the budget, which is in line with the straight line projection.
- 2.4 For the period under review the capital expenditure amounted to R899.6 million or 28.2 per cent against a total budget of R3.19 billion.
- 2.5 When billed revenue is measured against the budgets, the performance across three core services, namely water management, waste water management and waste management reflect surpluses at the end of the second quarter of 2021/22; whilst energy sources services reflected a deficit (shortfall). This does not take into account the collection rate.
- Billed energy sources revenue totaled R2.79 billion against expenditure of R2.85 billion (deficit of R56.7 million), which is concerning and which impacts on the viability of the municipalities;
 - Billed water revenue totaled R1.70 billion against expenditure of R1.36 billion (surplus of R348.2 million);
 - Billed waste water management revenue totaled R666.2 million against expenditure of R577.6 million (surplus of R88.5 million); and
 - Billed waste management revenue totaled R461.3 million against expenditure R424.4 million (surplus of R36.9 million).
- 2.6 As at 31 December 2021 the aggregate municipal consumer debts amounted to R26.87 billion (compared to R26.09 billion reported in the first quarter of 2021/22). Organs of state accounts for 15.7 per cent or R4.23 billion (R3.2 billion reported in the first quarter of 2021/22) of the total outstanding debtors. The largest component of this debt relates to Households and represents 69.9 per cent or R18.79 billion (R18.92 billion in the first quarter of 2021/22).
- 2.7 It needs to be acknowledged that not all the outstanding debt of R26.87 billion is realistically collectable, as these amounts are inclusive of debt older than 90 days (historic debt that has accumulated over an extended period), interest on arrears and

other recoveries. R23.34 billion (86.9%) of the total debt is outstanding for a period over 90 days.

2.8 If consumer debt is limited to below 90 days, then the actual realistically collectable amount is estimated at R3.53 billion. This should however not be interpreted that by implication it is suggested that the balance must be written-off by municipalities. Relevant debt write-off policies must be followed and all efforts taken to ensure debt is not collectable, before it can be written off.

2.9 The following municipalities reported the highest debtors outstanding:

Mangaung	-	R7.74 billion
Matjhabeng	-	R5.23 billion
Metsimaholo	-	R2.32 billion
Maluti a Phofung	-	R2.09 billion
Masilonyana	-	R1.23 billion
Dihlabeng	-	R1.21 billion

2.10 Municipalities owed their creditors R18.42 billion as at 31 December 2021 (*R18.69 billion reported at the end of September 2021*), the majority of which relates to bulk services debt (R16.5 billion). Free State Municipalities are experiencing cash flow challenges and therefore the payment plans with Eskom and Water Boards are not adhered to.

2.11 Most distressing is Accounting Officers of the following municipalities reported outstanding debt related to PAYE and pension / retirement contributions above 30 days:

Matjhabeng	-	R 53.8 million
Mafube	-	R163.5 million

2.12 The year-on-year increase in outstanding creditors is an indication that municipalities are experiencing liquidity and cash flow challenges.

2.13 The total balance on borrowing for all municipalities equates to R736.1 million. This includes long term loans of R727.8 million, bank overdrafts of R8.2 million and financial leases of R110 thousand.

2.14 As at 31 December 2021, the total investments made by municipalities equates to R479.7 million. Investments include bank deposits of R469.1 million, national government securities of R10.4 million and listed corporate bonds of R135 thousand.

Conditional Grants

2.15 In terms of the Division of Revenue Act a total of R2.11 billion was allocated to the Free State municipalities in terms of direct transfers (infrastructure, capacity and other grants).

- 2.16 The total conditional grant expenditure as at 31 December 2021, reported by the National Transferring Departments amount to R670.4 million or 31.8 per cent against an allocation of R2.11 billion.

Capacity Building and Other Conditional Grants Expenditure as at 31 December 2021

- 2.17 The overall expenditure reported by the National Transferring Departments on capacity building and other conditional grants (direct transfers) amounted to R52.5 million against the R124.1 million allocated to municipalities.
- 2.18 The highest performing conditional grant under this category is the Expanded Public Works Programme (EPWP) at 56.8 per cent, followed by the Finance Management Grant at 42.5 per cent against the allocation.

Infrastructure Conditional Grants Expenditure as at 31 December 2021

- 2.19 Direct conditional grants allocated for Infrastructure amounts to R1.98 billion in the 2021/22 financial year. This amount excludes the indirect or in-kind allocations to transferring officers executing specific projects on behalf of municipalities in the municipal area.
- 2.20 From the R1.98 billion allocated, R1.26 billion has been transferred to municipalities which constitutes 63.5 per cent. The total spending for the second quarter on Infrastructure reflected a total of R617.8 million or 31.1 per cent as reported by the National Transferring Departments.
- 2.21 The best performing grant against the allocation is the Rural Roads Assets Management Grant (RRAMS) at 47.7 per cent, followed by the Public Transport Network Grant at 44 per cent against the allocation.

2020/21 Unspent Conditional Grants

- 2.22 The unspent conditional grant process for the 2020/21 financial year has been finalised and the unspent amount to be repaid to the National Revenue Fund (NRF) has been identified.
- 2.23 A total of R313.5 million has been deducted from the second instalment of the Equitable Share released to the municipalities in December 2021 for the repayment of the 2020/21 unspent conditional grants (see attached table 12 for detail per municipality).

3. MUNICIPALITIES MEETING CRITERIA FOR DETERMINING SERIOUS FINANCIAL PROBLEMS IN TERMS OF SECTION 138 & 140 OF THE MFMA

- 3.1 In terms of section 138 of the MFMA, the following factors may indicate a serious financial problem:

- The municipality has failed to make payments as and when due;
- The municipality has defaulted on financial obligations for financial reasons;
- The actual current expenditure of the municipality has exceeded the sum of its actual current revenue plus available surpluses for at least two consecutive financial years (cash flow position);
- The municipality had an operating deficit in excess of five per cent of revenue in the most recent financial year for which financial information is available;
- The municipality is more than 60 days late in submitting its annual financial statements to the Auditor-General in accordance with section 126;
- The Auditor-General has withheld an opinion or issued a disclaimer due to inadequacies in the financial statements or records of the municipality, or has issued an opinion which identifies a serious financial problem in the municipality;
- Any of the above conditions exists in a municipal entity under the municipality's sole control;
- Any other material condition exists which indicates that the municipality, or a municipal entity under the municipality's sole control, is likely to be unable for financial reasons to meet its obligations.

- 3.2 In addition to the above section 140 of the MFMA indicates factors which may indicate that a municipality is in serious material breach of its obligations to meet its financial commitments, including the municipality has failed to make any other payment as and when due, which individually or in the aggregate is more than the amount as may be prescribed or, if not prescribed, more than two per cent of the municipality's budgeted operating expenditure.
- 3.3 The table below indicates the triggers (criteria) identified per municipality which may indicate financial distress refer to Table 12: Municipalities meeting criteria for determining serious financial problems in terms of section 138 & 140 of the MFMA which provide a more user friendly of the status which is attached to this report.
- 3.4 20 Municipalities in the FS have 3 or more triggers (criteria) indicating these municipalities are in crisis and distress and need urgent intervention to improve the financial position and sustainability going forward.

Municipalities	Nr of Triggers identified	S138 Triggers	S140 Triggers (Creditors >2% of Opex Budget)	S140 Triggers - Severe (Creditors >40% of Opex Budget)	Financial Distress 2020
Mangaung	3	✓	✓		✓
Letsemeng	4	✓	✓	✓	✓
Kopanong	4	✓	✓	✓	✓
Mohokare	4	✓	✓	✓	✓
Xhariep	3	✓	✓		✓
Masilonyana	3	✓	✓		✓
Tokologo	4	✓	✓	✓	✓
Tswelopele	3	✓	✓		✓
Matjhabeng	4	✓	✓	✓	✓
Nala	4	✓	✓	✓	✓
Lejweleputswa	0				
Setsoto	2	✓			✓
Dihlabeng	4	✓	✓	✓	✓
Nketoana	4	✓	✓	✓	✓
Maluti-a-Phofung	4	✓	✓	✓	✓
Phumelela	4	✓	✓	✓	✓
Mantsopa	4	✓	✓	✓	✓
Thabo Mofutsanyana	3	✓	✓		✓
Moghaka	4	✓	✓	✓	✓
Ngwathe	4	✓	✓	✓	✓
Metsimaholo	3	✓	✓		✓
Mafube	4	✓	✓	✓	✓
Fezile Dabi	1	✓			

4. LIST OF SUMMARY TABLES

The following summary tables are attached to this report:

- 1. Consolidated statement of financial performance
- 2. Consolidated statement of financial position
- 3. Operating revenue & expenditure per function – Energy Sources
- 4. Operating revenue & expenditure per function – Water Management
- 5. Operating revenue & expenditure per function – Waste Water Management
- 6. Operating revenue & expenditure per function – Waste Management
- 7. Aggregated municipal debtors age analysis
- 8. Aggregated municipal debtors age analysis – per municipality
- 9. Aggregated municipal creditors age analysis
- 10. Aggregated municipal creditors age analysis – per municipality
- 11. Conditional grants
- 12. Summary of Unspent Conditional Grants deducted from Equitable Share
- 13. Municipalities meeting criteria for determining serious financial problems in terms of section 138 & 140 of the MFMA
- 14. List of Non-compliance

5. RECOMMENDATIONS

It is recommended that the MEC for Finance:

- a) **Note** Section 216(2) of the Constitution of South Africa requires that the National Treasury must enforce compliance with the measures established to ensure both transparency and expenditure control in each sphere of government and may stop the transfer of funds to an organ of state if that organ of state commits a serious or persistent material breach of those measures. The criteria for the release of the Equitable Share Instalments for the 2022/23 municipal financial year are as follows:
- ✓ The 2022/23 adopted budget must be funded and adopted by Council as per the legal framework, as required in terms of section 18 of the MFMA and consistent with the Budget Council and Budget Forum resolutions:
 - The adopted budget must include budget allocations for bulk suppliers current account payments;
 - Should the adopted budget still be unfunded, then a funding plan will be required to show how the municipality intends moving progressively out of this position into a funded state, if this plan has been adopted in the past, then a progress report must be submitted on the framework previously shared to guide municipalities which is aligned to the rescue phase of the new approach to Municipal Financial Recovery Service (MFRS);
 - Those municipalities that adopted an unfunded budget must work with their respective Provincial Treasuries to rectify this position in the lead up to the main adjustments budget process in February 2023; and
 - A council resolution showing commitment to address the unfunded position must be submitted by these municipalities to the National Treasury by 01 July 2022.
 - ✓ Credible *m*SCOA data strings and source documents for the 2022/23 MTREF and 2021/22 audits must be generated directly from the core municipal financial system and successfully uploaded to the Local Government GoMuni Portal. Source documents must be submitted in PDF and no excel based spreadsheet/ templates will be accepted;
 - ✓ The report submitted by bulk suppliers in terms of section 41 of the MFMA must indicate that the current account has been paid timeously in terms of section 65(2)(e) of the MFMA. In addition, where the municipality has a repayment plan with Eskom and/ or the water boards, proof that the current accounts have been paid and a copy of the agreed upon payment plan (or evidence of negotiations underway with creditors) must be submitted to the National and provincial treasuries;
 - ✓ Municipalities must provide evidence that SARS, pension and other staff benefits deducted from municipal officials have been paid over the appropriate Funds and/ or institutions;
 - ✓ The information requested in MFMA Circulars No. 93, 98 and 107 on the reconciliation of the valuation roll have been submitted to the National Treasury as per the required timeframes;
 - ✓ The Competency Regulations reporting requirements have been complied with;

- ✓ Provide a copy of the Unauthorised, Irregular, Fruitless and Wasteful (UIF&W) expenditure register, the latest copy of the Municipal Public Accounts Committee (MPAC) recommendations, Council Resolution on UIFW as well as council approved UIFW Reduction Strategy, proof of establishment of the Disciplinary Committee Board (or evidence of progress towards their establishment) and updated audit action plan (where the audit has been completed);
- ✓ Those municipalities that received an adverse or disclaimed opinions for the 2020/21 financial year will not receive their funding allocation unless there is a council resolution committing to address these opinions with an implementable plan. The resolution must be signed by each member of the Council and submitted to National Treasury by 1 October 2022;
- ✓ The Municipal Financial Recovery Service progress reporting framework for financial recovery plans must be complied with by municipalities under intervention in terms of S139 of the Constitution;
- ✓ Additionally, those municipalities that have outstanding audits for both the 2019/20 and 2020/21 financial years as well as municipalities with outstanding 2020/21 audit opinions that also received an adverse or disclaimer opinion in 2019/20, will also not receive their allocation; and
- ✓ Any other outstanding documents as per the legal framework have been submitted including the AFS submission (municipality only and consolidated AFS).

Failure to comply with the above criteria will result in National Treasury invoking section 38 of the MFMA which empowers National Treasury to withhold a municipality's equitable share if the municipality commits a serious or persistent breach of the measures established in terms of Section 216(2) of the Constitution which includes reporting obligations set out in the MFMA and National Treasury requests for information in terms of Section 74 of the MFMA.

- b) **Note** that this report should be tabled in the FS Legislature as required by Section 71(7) of the MFMA,2003 within 45 days after the end of each quarter. This report must also be serve at the Standing Committee for Finance (PROPAC) for municipalities to account for municipal failures that impact on sustaining basic service delivery.

Submitted by:



Mr IE Poore

Acting CHIEF DIRECTOR: MUNICIPAL FINANCE MANAGEMENT

Date: 17/03/2022

STATUS OF MUNICIPAL FINANCES - SECOND QUARTER (1 OCTOBER 2021 – 31 DECEMBER 2021)

Supported by:



**Ms MA Sesing
ACTING HEAD OF DEPARTMENT
FREE STATE PROVINCIAL TREASURY**

Date: 23-03-2022

Approved / Not approved:



**Ms. G Brown
MEC FOR FINANCE**

Date: 25/03/2022

SUMMARY TABLES

Table 1: Consolidated statement of financial performance

Description	Budget year 2021/22								
	Original Budget	Q1 Sept Actual	Q2 Dec Actual	Q3 Mar Actual	Q4 June Actual	YTD Actual	YTD Budget	YTD Variance	YTD variance %
R thousands									
Financial Performance									
Property rates	3,001,498	744,020	770,751	-	-	1,514,771	1,505,534	9,237	0.61
Service charges	11,079,524	2,071,716	2,948,961	-	-	5,020,677	5,545,677	(525,000)	(9.47)
Investment revenue	56,787	6,262	1,236	-	-	7,498	27,243	(19,745)	(72.48)
Transfers and subsidies	4,722,321	1,792,495	967,059	-	-	2,759,554	2,451,320	308,234	12.57
Other own revenue	2,974,911	434,052	558,918	-	-	992,970	1,515,897	(522,928)	(34.50)
Total Revenue (excluding capital transfers and contributions)	21,835,041	5,048,544	5,246,926	-	-	10,295,471	11,045,672	(750,201)	(6.79)
Employee costs	6,703,173	1,485,303	2,020,426	-	-	3,505,729	3,351,904	153,825	4.59
Remuneration of councillors	342,853	73,723	75,684	-	-	149,407	171,333	(21,926)	(12.80)
Depreciation & asset impairment	1,323,996	18,329	440,481	-	-	458,809	638,111	(179,302)	(28.10)
Finance charges	710,869	45,008	181,348	-	-	226,356	350,383	(124,027)	(35.40)
Materials and bulk purchases	6,896,255	1,259,815	1,607,709	-	-	2,867,524	3,457,281	(589,758)	(17.06)
Transfers and subsidies	223,799	15,009	9,139	-	-	24,149	109,100	(84,951)	(77.87)
Other expenditure	5,926,860	898,724	1,293,947	-	-	2,192,671	3,010,489	(817,818)	(27.17)
Total Expenditure	22,127,805	3,795,910	5,628,734	-	-	9,424,644	11,088,600	(1,663,956)	(15.01)
Surplus/(Deficit)	(292,764)	1,252,634	(381,808)	-	-	870,826	(42,929)	913,755	(2,128.54)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	2,551,222	205,086	591,323	-	-	796,409	1,298,150	(501,741)	(38.65)
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educ Institutions) & Transfers and subsidies - capital (in kind - all)	63,314	1,125	29,494	-	-	30,619	31,657	(1,038)	(3.28)
Surplus/(Deficit) after capital transfers & contributions	2,321,772	1,458,846	239,008	-	-	1,697,854	1,286,878	410,976	31.94
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	2,321,772	1,458,846	239,008	-	-	1,697,854	1,286,878	410,976	31.94

Source: National Treasury Local Government database

Table 2: Consolidated statement of financial position

Description	Budget year 2021/22								
	Original Budget	Q1 Sept Actual	Q2 Dec Actual	Q3 Mar Actual	Q4 June Actual	YTD Actual	YTD Budget	YTD Variance	YTD variance %
R thousands									
ASSETS									
Current assets									
Cash	1,720,122	678,657	(334,065)			344,592	1,012,121	(667,529)	(65.95)
Call deposits and investments	341,224	493,064	(269,807)			223,257	134,298	88,959	66.24
Consumer debtors	12,844,464	7,605,535	1,095,561			8,701,095	8,018,001	683,095	8.52
Other debtors	1,987,851	8,773,389	599,293			9,372,683	1,148,337	8,224,346	716.20
Current portion of long-term receivables	375	792,331	15,033			807,365	325	807,039	248,083.13
Inventory	1,017,650	873,249	121,576			994,824	679,159	315,666	46.48
Total current assets	17,911,686	19,216,225	1,227,590	-	-	20,443,816	10,992,240	9,451,576	85.98
Non current assets									
Long-term receivables	246,769	1,125,283	29,987			1,155,270	245,991	909,279	369.64
Investments	3,193	6,956	(3)			6,954	2,846	4,108	144.35
Investment property	3,915,485	5,186,703	(135,557)			5,051,146	2,886,894	2,164,253	74.97
Investment in Associate	1,172	1,124				1,124	586	539	91.92
Property, plant and equipment	40,989,809	37,975,244	3,242,653			41,217,897	30,514,116	10,703,781	35.08
Biological	4,103	1,610				1,610	2,790	(1,180)	(42.30)
Intangible	190,019	86,519	(1,397)			85,122	155,126	(70,004)	(45.13)
Other non-current assets	83,127	1,716,544	48,660			1,765,204	41,855	1,723,349	4,117.40
Total non current assets	45,433,677	46,099,984	3,184,344	-	-	49,284,328	33,850,204	15,434,124	45.60
TOTAL ASSETS	63,345,363	65,316,209	4,411,935	-	-	69,728,144	44,842,444	24,885,700	55.50
LIABILITIES									
Current liabilities									
Bank overdraft	344		206			206	172	34	19.88
Borrowing	190,930	244,339	454			244,793	240,593	4,200	1.75
Consumer deposits	316,620	275,879	9,525			285,404	221,838	63,565	28.65
Trade and other payables	18,540,292	32,410,330	3,332,959			35,743,289	10,691,612	25,051,677	234.31
Provisions	1,002,232	2,561,498	75,280			2,636,778	531,082	2,105,696	396.49
Total current liabilities	20,050,417	35,492,045	3,418,424	-	-	38,910,469	11,685,296	27,225,173	232.99
Non current liabilities									
Financial liabilities	793,023	1,134,709	29,834			1,164,543	698,917	465,626	66.62
Provisions	1,845,610	2,308,270	(80,729)			2,227,541	1,652,119	575,422	34.83
Total non current liabilities	2,638,633	3,442,979	(50,895)	-	-	3,392,084	2,351,036	1,041,048	44.28
TOTAL LIABILITIES	22,689,050	38,935,024	3,367,529	-	-	42,302,553	14,036,332	28,266,221	201.38
NET ASSETS	40,656,312	26,381,185	1,044,406	-	-	27,425,591	30,806,112	(3,380,521)	(10.97)
COMMUNITY WEALTH/EQUITY									
Accumulated Surplus/(Deficit)	32,506,856	19,586,388	1,042,332			20,628,719	25,141,461	(4,512,742)	(0)
Reserves	6,811,151	6,503,160	2,400			6,505,560	6,769,213	(262,653)	(0)
TOTAL COMMUNITY WEALTH/EQUITY	39,318,008	26,089,548	1,044,732	-	-	27,134,279	31,909,674	(4,775,394)	(0)

Table 3: Operating revenue and expenditure per function – Energy Sources

Description	Budget year 2021/22									
	Original Budget	Adjusted Budget	Q1 Sept Actual	Q2 Dec Actual	Q3 Mar Actual	Q4 June Actual	YTD Actual	YTD Budget	YTD Variance	YTD variance %
R thousands										
Revenue By Source										
Property rates										
Service charges - electricity revenue	6,245,118	6,245,118	933,980	1,800,471			2,734,451	3,120,748	(386,297)	(12.38)
Service charges - water revenue			47	41			87		87	
Service charges - sanitation revenue										
Service charges - refuse revenue										
Rental of facilities and equipment	772	772	255	35			290	1,697	(1,408)	(82.92)
Interest earned - external investments	640	640	49	291			340	320	20	6.36
Interest earned - outstanding debtors	81,426	81,426	(46,405)	74,148			27,742	46,365	(18,623)	(40.17)
Dividends received										
Fines, penalties and forfeits	5,987	5,987	1,601	4,325			5,926	2,993	2,933	97.97
Licences and permits										
Agency services										
Transfers and subsidies	69,045	69,045	14,952	1,727			16,679	45,032	(28,353)	(62.96)
Other revenue	14,223	14,223	1,156	2,972			4,128	6,705	(2,577)	(38.43)
Gains	1	1	(13)	2,376			2,363	1	2,363	457,852.71
Total Revenue (excluding capital transfers and contributions)	6,417,211	6,417,211	905,621	1,886,386	-	-	2,792,007	3,223,862	(431,855)	(13.40)
Expenditure By Type										
Employee related costs	610,486	610,486	85,221	259,061			344,282	305,638	38,644	12.64
Remuneration of councillors										
Debt impairment	302,745	302,745	11,147	15,449			26,596	157,513	(130,916)	(83.11)
Depreciation and asset impairment	145,584	145,584	18,107	94,926			113,033	68,844	44,188	64.19
Finance charges	120,119	120,119	30	33			63	60,059	(59,996)	(99.90)
Bulk purchases - electricity	4,965,745	4,965,745	1,015,867	1,102,175			2,118,042	2,466,350	(348,308)	(14.12)
Inventory consumed	77,802	77,802	8,195	33,768			41,963	38,795	3,168	8.17
Contracted services	228,329	302,329	43,017	105,599			148,616	140,326	8,291	5.91
Transfers and subsidies	880	880	1,241	0			1,241	440	801	182.02
Other expenditure	112,447	112,447	6,351	47,877			54,228	56,214	(1,986)	(3.53)
Losses	116	116	(541)	1,144			603	58	545	939.56
Total Expenditure	6,564,252	6,638,252	1,188,636	1,660,033	-	-	2,848,669	3,294,237	(445,569)	(13.53)
Surplus/(Deficit)										
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	119,524	120,645	9,090	10,829			19,919	61,210	(41,291)	(67.46)
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educ Institutions)	13,000	13,000	1,126	831			1,956	6,500	(4,544)	(69.90)
Transfers and subsidies - capital (in-kind - all)	314	314						157	(157)	(100.00)
Surplus/(Deficit) after capital transfers and contributions	(14,203)	(87,082)	(272,799)	238,013	-	-	(34,786)	(2,508)	(32,278)	1,286.97
Taxation										
Surplus/(Deficit) after taxation	(14,203)	(87,082)	(272,799)	238,013	-	-	(34,786)	(2,508)	(32,278)	1,286.97
Atributable to minorities										
Surplus/(Deficit) attributable to municipality	(14,203)	(87,082)	(272,799)	238,013	-	-	(34,786)	(2,508)	(32,278)	1,286.97
Share of surplus/ (deficit) of associate										
Surplus/(Deficit) for the year	(14,203)	(87,082)	(272,799)	238,013	-	-	(34,786)	(2,508)	(32,278)	1,286.97

Table 4: Operating revenue and expenditure per function – Water Management

Description	Budget year 2021/22							
	Original Budget	Q1 Sept Actual	Q2 Dec Actual	Q3 Mar Actual	YTD Actual	YTD Budget	YTD Variance	YTD variance %
R thousands								
Revenue By Source								
Property rates						(987)	987	(100.00)
Service charges - electricity revenue	(1,973)							(2.46)
Service charges - water revenue	2,870,588	702,507	697,234		1,399,742	1,435,003	(35,262)	(2.46)
Service charges - sanitation revenue	21,509	1	203		204	10,754	(10,550)	(98.10)
Service charges - refuse revenue								
Rental of facilities and equipment	266					133	(133)	(100.00)
Interest earned - external investments								
Interest earned - outstanding debtors	378,677	90,086	98,171		188,256	189,339	(1,082)	(0.57)
Dividends received								
Fines, penalties and forfeits		2,002	1,980		3,981		3,981	
Licences and permits								
Agency services								
Transfers and subsidies	347,773	19,433	91,560		110,993	184,448	(73,455)	(39.82)
Other revenue	152	140	117		257	73	184	253.88
Gains								
Total Revenue (excluding capital transfers and contributions)	3,616,992	814,168	889,265	-	1,703,433	1,818,762	(115,329)	(6.34)
Expenditure By Type								
Employee related costs	395,746	97,517	127,240		224,757	197,894	26,864	13.57
Remuneration of councillors								
Debt impairment	1,049,997	209,961	193,657		403,618	525,031	(121,413)	(23.12)
Depreciation and asset impairment	81,223		56,143		56,143	39,535	16,608	42.01
Finance charges	160	13	13,206		13,219	80	13,139	16,400.36
Bulk purchases - electricity								
Inventory consumed	1,581,453	161,976	418,592		580,568	789,841	(209,273)	(26.50)
Contracted services	103,189	22,020	25,963		47,983	51,553	(3,571)	(6.93)
Transfers and subsidies		239	1,064		1,303		1,303	
Other expenditure	40,846	6,137	13,623		19,759	20,368	(608)	(2.99)
Losses	306,301		7,837		7,837	153,150	(145,314)	(94.88)
Total Expenditure	3,558,915	497,863	857,324	-	1,355,187	1,777,453	(422,265)	(23.76)
Surplus/(Deficit)	58,076	316,305	31,941	-	348,246	41,310	306,936	743.01
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	626,890	48,810	77,673		126,483	328,034	(201,551)	(61.44)
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educ Institutions)								
Transfers and subsidies - capital (in-kind - all)								
Surplus/(Deficit) after capital transfers and contributions	684,966	365,115	109,614	-	474,729	369,344	105,385	28.53
Taxation								
Surplus/(Deficit) after taxation	684,966	365,115	109,614	-	474,729	369,344	105,385	28.53
Attributable to minorities								
Surplus/(Deficit) attributable to municipality	684,966	365,115	109,614	-	474,729	369,344	105,385	28.53
Share of surplus/ (deficit) of associate								
Surplus/(Deficit) for the year	684,966	365,115	109,614	-	474,729	369,344	105,385	28.53

Table 5: Operating revenue and expenditure per function – Waste Water Management

Description	Budget year 2021/22								
	Original Budget	Q1 Sept Actual	Q2 Dec Actual	Q3 Mar Actual	Q4 June Actual	YTD Actual	YTD Budget	YTD Variance	YTD variance %
R thousands									
Revenue By Source									
Property rates	8,571	(959)	(745)			(1,704)	4,286	(5,990)	(139.76)
Service charges - electricity revenue	(11,698)	(554)	(815)			(1,369)	(5,559)	4,190	(75.37)
Service charges - water revenue	(345)	241	(6)			235	(8)	242	(3,193.31)
Service charges - sanitation revenue	1,144,826	264,248	267,072			531,320	579,911	(48,591)	(8.38)
Service charges - refuse revenue									
Rental of facilities and equipment									
Interest earned - external investments									
Interest earned - outstanding debtors	85,782	35,959	40,234			76,193	42,891	33,301	77.64
Dividends received									
Fines, penalties and forfeits		895	795			1,690		1,690	
Licences and permits									
Agency services									
Transfers and subsidies	237,167	18,989	40,229			59,219	128,900	(69,681)	(54.06)
Other revenue	995	38	558			596	498	98	19.68
Gains									
Total Revenue (excluding capital transfers and contributions)	1,465,300	318,857	347,321	-	-	666,178	750,918	(84,741)	(11.28)
Expenditure By Type									
Employee related costs	399,929	94,828	98,807			193,635	200,247	(6,612)	(3.30)
Remuneration of councillors									
Debt impairment	187,549	29,462	24,692			54,154	93,807	(39,653)	(42.27)
Depreciation and asset impairment	69,059		62,185			62,185	34,529	27,656	80.09
Finance charges	60,583	3,718	27,751			31,470	30,291	1,179	3.89
Bulk purchases - electricity									
Inventory consumed	53,591	7,618	8,515			16,133	27,958	(11,825)	(42.30)
Contracted services	136,093	21,926	91,805			113,731	68,002	45,728	67.25
Transfers and subsidies									
Other expenditure	110,613	36,494	69,835			106,329	55,113	51,215	92.93
Losses									
Total Expenditure	1,017,415	194,046	383,591	-	-	577,637	509,949	67,688	13.27
Surplus/(Deficit)	447,884	124,811	(36,270)	-	-	88,541	240,970	(152,429)	(63.26)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	96,140	432	34,974			35,406	62,565	(27,159)	(43.41)
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educ Institutions)									
Transfers and subsidies - capital (in-kind - all)	40,000		28,598			28,598	20,000	8,598	42.99
Surplus/(Deficit) after capital transfers and contributions	584,024	125,243	27,302	-	-	152,545	323,535	(170,990)	(52.85)
Taxation									
Surplus/(Deficit) after taxation	584,024	125,243	27,302	-	-	152,545	323,535	(170,990)	(52.85)
Attributable to minorities									
Surplus/(Deficit) attributable to municipality	584,024	125,243	27,302	-	-	152,545	323,535	(170,990)	(52.85)
Share of surplus/ (deficit) of associate									
Surplus/(Deficit) for the year	584,024	125,243	27,302	-	-	152,545	323,535	(170,990)	(52.85)

Table 6: Operating revenue and expenditure per function – Waste Management

Description	Budget year 2021/22								
	Original Budget	Q1 Sept Actual	Q2 Dec Actual	Q3 Mar Actual	Q4 June Actual	YTD Actual	YTD Budget	YTD Variance	YTD variance %
R thousands									
Revenue By Source									
Property rates	(609)						(305)	305	(100.00)
Service charges - electricity revenue	(3,944)						(1,972)	1,972	(100.00)
Service charges - water revenue	1,035						517	(517)	(100.00)
Service charges - sanitation revenue	(9,975)						(4,988)	4,988	(100.00)
Service charges - refuse revenue	683,491	155,822	159,700			315,523	341,810	(26,287)	(7.69)
Rental of facilities and equipment	1,738						869	(869)	(100.00)
Interest earned - external investments	274						137	(137)	(100.00)
Interest earned - outstanding debtors	72,067	23,575	26,190			49,765	36,172	13,593	37.58
Dividends received									
Fines, penalties and forfeits	161	822	747			1,569	81	1,488	1,846.39
Licences and permits									
Agency services									
Transfers and subsidies	425,014	17,158	77,305			94,463	220,800	(126,337)	(57.22)
Other revenue	2,271	6	3			10	1,135	(1,126)	(99.16)
Gains									
Total Revenue (excluding capital transfers and contributions)	1,171,522	197,383	263,946	-	-	461,329	594,256	(132,927)	(22.37)
Expenditure By Type									
Employee related costs	635,129	134,099	147,035			281,134	317,754	(36,619)	(11.52)
Remuneration of councillors									
Debt impairment	164,872	25,476	18,694			44,169	82,457	(38,288)	(46.43)
Depreciation and asset impairment	60,822						29,942	(29,942)	(100.00)
Finance charges	10,638	3,601	1,200			4,801	5,319	(517)	(9.73)
Bulk purchases - electricity									
Inventory consumed	17,095	3,638	2,818			6,456	8,537	(2,081)	(24.38)
Contracted services	73,141	7,420	15,738			23,159	36,364	(13,205)	(36.31)
Transfers and subsidies	8,000		32			32	4,000	(3,968)	(99.20)
Other expenditure	140,692	21,802	42,841			64,643	70,300	(5,657)	(8.05)
Losses									
Total Expenditure	1,110,389	196,037	228,358	-	-	424,395	554,672	(130,277)	(23.49)
Surplus/(Deficit)	61,134	1,347	35,588	-	-	36,934	39,584	(2,650)	(6.69)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	26,621						13,310	(13,310)	(100.00)
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educ Institutions)									
Transfers and subsidies - capital (in-kind - all)									
Surplus/(Deficit) after capital transfers and contributions	87,755	1,347	35,588	-	-	36,934	52,894	(15,960)	(30.17)
Taxation									
Surplus/(Deficit) after taxation	87,755	1,347	35,588	-	-	36,934	52,894	(15,960)	(30.17)
Attributable to minorities									
Surplus/(Deficit) attributable to municipality	87,755	1,347	35,588	-	-	36,934	52,894	(15,960)	(30.17)
Share of surplus/ (deficit) of associate									
Surplus/(Deficit) for the year	87,755	1,347	35,588	-	-	36,934	52,894	(15,960)	(30.17)

Table 7: Aggregated municipal 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	438,346	5.0%	211,438	2.4%	413,941	4.8%	7,644,729	87.8%	8,708,455	32.4%
Trade and Other Receivables from Exchange Transactions - Electricity	330,887	13.2%	81,514	3.2%	230,889	9.2%	1,867,526	74.4%	2,510,816	9.3%
Receivables from Non-exchange Transactions - Property Rates	285,525	7.2%	115,689	2.9%	248,526	6.3%	3,326,308	83.7%	3,976,048	14.8%
Receivables from Exchange Transactions - Waste Water Management	127,734	4.0%	68,400	2.1%	178,345	5.5%	2,854,066	88.4%	3,228,545	12.0%
Receivables from Exchange Transactions - Waste Management	84,074	3.0%	69,974	2.5%	145,853	5.2%	2,490,444	89.3%	2,790,345	10.4%
Receivables from Exchange Transactions - Property Rental Debtors	1,683	1.3%	1,662	1.3%	1,591	1.3%	120,473	96.1%	125,409	0.5%
Interest on Arrear Debtor Accounts	131,072	2.8%	84,486	1.8%	265,730	5.7%	4,148,451	89.6%	4,629,739	17.2%
Recoverable unauthorised, irregular or fruitless and wasteful Expenditure	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Other	(28,937)	-3.2%	22,810	2.5%	19,971	2.2%	890,290	98.5%	904,135	3.4%
Total By Income Source	1,370,383	5.1%	655,974	2.4%	1,504,848	5.6%	23,342,288	86.9%	26,873,492	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	247,461	5.8%	141,710	3.3%	261,284	6.2%	3,582,051	84.6%	4,232,506	15.7%
Commercial	449,560	11.9%	107,534	2.8%	306,207	8.1%	2,915,687	77.2%	3,778,989	14.1%
Households	676,989	3.6%	403,178	2.1%	976,194	5.2%	16,731,114	89.1%	18,786,574	69.9%
Other	(2,728)	-3.6%	3,552	4.7%	(38,837)	-51.5%	113,435	150.4%	75,423	0.3%
Total By Customer Group	1,370,383	5.1%	655,974	2.4%	1,504,848	5.6%	23,342,288	86.9%	26,873,492	100.0%

Source: NT Local Government Database

Table 8: Aggregate 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	633,283	8.2%	205,979	2.7%	257,312	3.3%	6,640,181	85.8%	7,736,755	28.8%
Letsemeng	7,510	2.4%	6,415	2.0%	6,307	2.0%	294,050	93.6%	314,282	1.2%
Kopanong*	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Mohokare*	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Xhariep District	-	0.0%	-	0.0%	-	0.0%	10,194	100.0%	10,194	0.0%
DC 16 Total	7,510	2.3%	6,415	2.0%	6,307	1.9%	304,244	93.8%	324,476	1.2%
Masilonyana	16,225	1.3%	13,100	1.1%	14,877	1.2%	1,183,160	96.4%	1,227,361	4.6%
Tokologo	6,832	2.1%	5,813	1.8%	5,603	1.7%	306,719	94.4%	324,966	1.2%
Tswelopele	6,373	4.5%	4,486	3.2%	3,653	2.6%	125,946	89.7%	140,457	0.5%
Majhabeng	190,461	3.6%	138,006	2.6%	139,425	2.7%	4,764,887	91.1%	5,232,779	19.5%
Nala	26,565	2.8%	20,068	2.1%	19,205	2.0%	889,002	93.1%	954,840	3.6%
Lejweleputswa District	(28)	-0.1%	-	0.0%	-	0.0%	30,370	100.1%	30,342	0.1%
DC 18 Total	246,428	3.1%	181,473	2.3%	182,763	2.3%	7,300,083	92.3%	7,910,746	29.4%
Setsotso	23,771	4.1%	20,058	3.5%	18,732	3.3%	511,395	89.1%	573,956	2.1%
Dihlabeng	74,062	6.1%	26,298	2.2%	24,132	2.0%	1,088,258	89.7%	1,212,750	4.5%
Nketoana	23,271	2.9%	18,121	2.2%	16,890	2.1%	756,572	92.8%	814,855	3.0%
Maluti a Phofung	34,398	1.6%	31,524	1.5%	39,704	1.9%	1,988,650	95.0%	2,094,275	7.8%
Phumelela	(2,066)	-0.5%	5,430	1.3%	5,675	1.4%	400,393	97.8%	409,432	1.5%
Mantsopa	16,524	2.3%	16,395	2.2%	14,880	2.0%	685,081	93.5%	732,880	2.7%
Thabo Mofutsanyana District	-	0.0%	2,317	34.6%	-	0.0%	4,386	65.4%	6,703	0.0%
DC 19 Total	169,960	2.9%	120,145	2.1%	120,013	2.1%	5,434,734	93.0%	5,844,852	21.7%
Moghaka	35,972	3.5%	40,823	4.0%	24,203	2.4%	928,589	90.2%	1,029,587	3.8%
Ngwathe	69,155	7.6%	29,223	3.2%	811,951	89.2%	-	0.0%	910,329	3.4%
Metsimaholo	194,285	8.4%	60,095	2.6%	88,917	3.8%	1,976,696	85.2%	2,319,993	8.6%
Mafube	13,790	1.7%	11,822	1.5%	13,382	1.7%	757,760	95.1%	796,754	3.0%
Fezile Dabi	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
DC 20 Total	313,203	6.2%	141,962	2.8%	938,453	18.6%	3,663,046	72.4%	5,056,663	18.8%
Total Debt	1,370,383	5.1%	655,974	2.4%	1,504,848	5.6%	23,342,288	86.9%	26,873,492	100.0%

Source: NT Local Government Database

* Information for M06 not submitted

Table 9: Aggregate 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	311,999	2.9%	433,368	4.0%	146,549	1.4%	9,847,458	91.7%	10,739,375	58.3%
Bulk Water	380,955	6.6%	54,540	0.9%	107,688	1.9%	5,214,168	90.6%	5,757,350	31.2%
PAYE deductions	49,265	84.7%	1,844	3.2%	1,606	2.8%	5,462	9.4%	58,177	0.3%
VAT (output less input)	968	100.0%	–	0.0%	–	0.0%	–	0.0%	968	0.0%
Pensions / Retirement deductions	16,966	7.5%	12,726	5.6%	13,233	5.9%	182,916	81.0%	225,840	1.2%
Loan repayments	50,515	82.8%	828	1.4%	1,656	2.7%	8,019	13.1%	61,018	0.3%
Trade Creditors	118,228	9.8%	107,976	8.9%	166,344	13.8%	816,566	67.5%	1,209,115	6.6%
Auditor General	7,609	10.6%	13,339	18.6%	10,910	15.2%	40,019	55.7%	71,877	0.4%
Other	(3,756)	-1.2%	7,520	2.5%	17,932	6.0%	279,245	92.8%	300,940	1.6%
Total Debt	932,750	5.1%	632,140	3.4%	465,918	2.5%	16,393,852	89.0%	18,424,660	100.0%

Table 10: 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	552,201	87.7%	38,416	6.1%	12,737	2.0%	26,550	4.2%	629,905	3.4%
Letsemeng	(12,748)	-11.2%	5,344	4.7%	(2,748)	-2.4%	124,221	108.9%	114,070	51.1%
Kopanong	–	0.0%	–	0.0%	–	0.0%	–	0.0%	–	0.0%
Mohokare*	337	0.3%	4,185	4.0%	78	0.1%	99,587	95.6%	104,186	46.7%
Xhariep District	(613)	-12.2%	(1,855)	-36.9%	(454)	-9.0%	7,948	158.1%	5,026	2.3%
DC 16 Total	(13,024)	-5.8%	7,674	3.4%	(3,124)	-1.4%	231,756	103.8%	223,282	1.2%
Masilonyana	118	0.6%	(1,923)	-9.7%	(731)	-3.7%	22,377	112.8%	19,842	0.2%
Tokologo	595	2.8%	6,478	30.4%	–	0.0%	14,223	66.8%	21,296	0.2%
Tswelopele	123	0.2%	–	0.0%	6,529	10.9%	53,114	88.9%	59,766	0.6%
Matjhabeng	176,707	1.9%	96,724	1.0%	256,785	2.8%	8,683,018	94.2%	9,213,234	91.3%
Nala*	3,952	0.5%	20,756	2.7%	21,348	2.8%	728,506	94.1%	774,563	7.7%
Lejweleputswa District	44	100.0%	–	0.0%	–	0.0%	–	0.0%	44	0.0%
DC 18 Total	181,539	1.8%	122,035	1.2%	283,932	2.8%	9,501,238	94.2%	10,088,744	54.8%
Setsoiso	4,141	53.4%	1,877	24.2%	881	11.4%	858	11.1%	7,757	0.2%
Dihlabeng	23,111	2.9%	3,351	0.4%	40,670	5.0%	742,040	91.7%	809,171	19.4%
Nketoana	15,657	5.3%	1,080	0.4%	205	0.1%	280,464	94.3%	297,407	7.1%
Maluti a Phofung	765	0.0%	390,889	16.6%	301	0.0%	1,968,228	83.4%	2,360,183	56.6%
Phumelela	1,439	0.5%	4,734	1.6%	3,388	1.2%	283,055	96.7%	292,615	7.0%
Mantsopa*	315	0.1%	1,780	0.4%	6,099	1.5%	391,492	97.9%	399,686	9.6%
Thabo Mofutsanyana District	1,504	41.0%	133	3.6%	–	0.0%	2,032	55.4%	3,669	0.1%
DC 19 Total	46,931	1.1%	403,843	9.7%	51,545	1.2%	3,668,169	88.0%	4,170,488	22.6%
Moqhaka	40,012	6.0%	32,116	4.8%	33,740	5.0%	563,276	84.2%	669,144	3.6%
Ngwathe	56,196	3.2%	11,618	0.7%	38,154	2.2%	1,624,612	93.9%	1,730,580	9.4%
Metsimaholo	29,473	24.4%	6,782	5.6%	3,557	2.9%	80,823	67.0%	120,634	0.7%
Mafube	26,530	3.4%	9,656	1.2%	45,377	5.8%	697,429	89.5%	778,992	4.2%
Fezile Dabi	12,891	100.0%	–	0.0%	–	0.0%	–	0.0%	12,891	0.1%
DC 20 Total	165,102	5.0%	60,172	1.8%	120,828	3.6%	2,966,139	89.6%	3,312,241	18.0%
Total Debt	932,750	5.1%	632,140	3.4%	465,918	2.5%	16,393,852	89.0%	18,424,660	100.0%

Source: NT Local Government Database

* Information for M06 not submitted

Table 11: Conditional grants status as at 31 December 2021

2nd Quarter Ended 31 December 2021

CONDITIONAL GRANTS TRANSFERRED FROM NATIONAL DEPARTMENTS AND ACTUAL PAYMENTS MADE BY MUNICIPALITIES: PRELIMINARY RESULTS

Summary

R thousands	Division of revenue Act No. 16 of 2019	Adjustment (Mid year)	Other Adjustments	Total Available 2021/22	Year to date		First Quarter		Second Quarter		YTD Expenditure		% Changes from 1st to 2nd Q		% Changes for the 2nd Q	
					Approved payment schedule	Transferred to municipalities for direct grants	Actual expenditure National Department 2021	Actual expenditure by municipalities by 30 September 2021	Actual expenditure National Department 2021	Actual expenditure by municipalities by 31 December 2021	Actual expenditure National Department	Actual expenditure by municipalities	Actual expenditure National Department	Actual expenditure by municipalities	Exp as % of Allocation National Department	Exp as % of Allocation by municipalities
2,106,554	1,984,496	-	-	2,106,554	1,884,496	2,106,554	255,037	1,004,14	414,759	275,115	670,399	266,102	62.2%	(267.3%)	51.8%	12.6%
781,076	781,076	-	-	781,076	781,076	781,076	111,166	190,719	190,719	65,961	301,675	87,881	71.6%	4859.6%	38.6%	11.2%
223,648	108,119	-	-	223,648	180,708	223,648	22,812	12,848	12,848	50,817	96,389	30,817	23.3%	-	44.0%	40.6%
10,000	10,000	-	-	10,000	10,000	10,000	14,765	5,813	5,813	27,494	27,494	13,6%	(12.9%)	25.5%	25.4%	
9,222	-	-	-	9,222	9,222	9,222	1,100	820	3,301	2,467	4,401	3,277	200.1%	-	47.7%	36.5%
213,921	374,617	-	-	213,921	150,300	213,921	23,202	(9,716)	45,428	21,043	69,630	12,127	96.8%	(324.6%)	32.1%	5.7%
374,617	-	-	-	374,617	285,337	374,617	52,275	(15,287)	54,456	25,027	106,731	9,791	4.2%	(264.3%)	28.6%	2.6%
263,893	-	-	-	263,893	40,000	263,893	10,217	-	-	25,306	10,217	25,306	(100.0%)	-	3.9%	9.6%
124,085	-	-	-	124,085	93,645	124,085	20,120	(481)	32,420	7,277	52,540	6,706	61.2%	(1613.5%)	42.4%	5.5%
6,934	57,400	-	-	6,934	57,400	6,934	7,493	(1,302)	16,886	4,223	24,378	2,921	125.3%	(424.1%)	42.5%	5.1%
41,224	-	-	-	41,224	26,934	41,224	12,627	821	10,787	3,054	23,414	3,875	(14.6%)	-	56.8%	9.4%
18,500	-	-	-	18,500	7,000	18,500	-	-	4,757	-	4,757	-	-	-	26.7%	-
1,120,614	-	-	-	1,120,614	1,120,614	1,120,614	-	-	-	-	-	-	-	-	-	-
1,106,284	551,316	-	-	1,106,284	951,316	1,106,284	2,311	(1,302)	16,886	4,223	24,378	2,921	125.3%	(424.1%)	42.5%	5.1%
64,868	100	-	-	64,868	64,868	64,868	100	-	-	-	-	-	-	-	-	-
90,000	-	-	-	90,000	90,000	90,000	-	-	-	-	-	-	-	-	-	-
14,330	-	-	-	14,330	14,330	14,330	-	-	-	-	-	-	-	-	-	-
14,330	-	-	-	14,330	14,330	14,330	-	-	-	-	-	-	-	-	-	-
3,226,168	-	-	-	3,226,168	3,226,168	3,226,168	255,037	(10,014)	414,759	275,115	670,399	266,102	62.2%	(267.3%)	20.6%	8.3%
495,269	-	-	-	495,269	495,269	495,269	-	-	-	-	-	-	-	-	-	-
495,269	-	-	-	495,269	495,269	495,269	-	-	-	-	-	-	-	-	-	-
3,724,437	-	-	-	3,724,437	3,226,168	3,724,437	255,037	(10,014)	414,759	275,115	670,399	266,102	62.2%	(267.3%)	20.6%	8.3%

Table 12: Summary of Unspent Conditional Grants deducted from Equitable Share

Municipality	Amount Deducted R'000
Mangaung Metro	18,379
Letsemeng	7,678
Kopanong	18,010
Mohokare	25,609
Xhariep District	-
Masilonyana	5,028
Tokologo	3,974
Tswelopele	-
Matjhabeng	100,062
Nala	2,639
Lejweleputswa District	197
Setsotso	32,779
Dihlabeng	-
Nketoana	6,610
Maluti a Phofung	37,622
Phumelela	-
Mantsopa*	4,761
Thabo Mofutsanyana District	910
Moghaka	9,459
Ngwathe	25,056
Meisimaholo	-
Mafube	13,272
Fezile Dabi	1,495
Total Amount Deducted	313,540

*Source: NT Updated Payment Schedule

Table 13: Municipalities meeting criteria for determining serious financial problems in terms of section 138 & 140 of the MFMA

MUNICIPALITIES MEETING CRITERIA FOR DETERMINING SERIOUS FINANCIAL PROBLEMS IN TERMS OF SECTION 138 & 140 OF THE MFMA												
MFMA s138 Triggers Q2 2021/22		MFMA s140 Triggers Based on Full Year Adjusted Budget Q2 2021/22		MFMA s140 Triggers (SEVERE) Based on Full Year Adjusted Budget Q2 2021/22		MFMA s140 Triggers (SEVERE) Based on Full Year Adjusted Budget Q2 2021/22		State of LG Finance & Fin Management Report 2018/19				
0%		0%		0%		0%		0%				
Number of Municipalities Meeting One or More Triggers Based on Adopted Budget	3 & 4 Triggers	Failure to make payments as & when due (s138(a) (90 days > R'time) Dec 2021	Operating Deficit > 5% of total direct revenue (s138(a)) Dec 2021	Negative/ Outstanding A/R (s138(a) & (b)) FY 2020/21	s138 Trigger index (Meeting 1 or more Criteria)	Failure to make any other payment > 2% of operating expenditure (s140(2)(c)) Dec-21	Water Boards Total creditors > 2% Opex > 2% Opex > 2% Opex	s140 Trigger index (Meeting 1 or more Criteria)	Failure to make any other payment > 40% of operating expenditure (s140(2)(c)) Dec-21	Water Boards Total creditors > 40% Opex > 40% Opex	Severe s140 Trigger index (Meeting 1 or more Criteria)	Financial Distress Trigger Index
212	32 (5%)	172	24	141	198	72	89	127	38	47	24 (8%)	163
Code	Name	CAP	CAT	No of								
FREE STATE												
MAN	Marghaat	H	A	1	TRUE	TRUE	TRUE	1	-	TRUE	-	TRUE
FS161	Leseleng	M	B3	1	TRUE	TRUE	TRUE	1	TRUE	TRUE	1	TRUE
FS162	Kopanoeng	M	B3	1	-	TRUE	TRUE	1	-	TRUE	1	TRUE
FS163	Mokhotlong	L	B3	1	TRUE	TRUE	TRUE	1	TRUE	TRUE	1	TRUE
DC16	Xhasepe	L	C1	1	TRUE	TRUE	TRUE	1	TRUE	TRUE	1	TRUE
FS181	Mashepanyana	L	B3	1	TRUE	TRUE	TRUE	1	TRUE	TRUE	1	TRUE
FS182	Tlokotopo	L	B3	1	TRUE	TRUE	TRUE	1	TRUE	TRUE	1	TRUE
FS183	Tswaingobale	M	B3	1	TRUE	TRUE	TRUE	1	TRUE	TRUE	1	TRUE
FS184	Mafjharberg	H	B1	1	TRUE	TRUE	TRUE	1	TRUE	TRUE	1	TRUE
FS185	Nalla	H	B3	1	TRUE	TRUE	TRUE	1	TRUE	TRUE	1	TRUE
DC18	Ljupha-Phopho	L	C1	1	-	TRUE	TRUE	1	-	TRUE	1	TRUE
FS181	Schobos	M	B3	1	TRUE	TRUE	TRUE	1	TRUE	TRUE	1	TRUE
FS192	Ditjhabeng	M	B2	1	TRUE	TRUE	TRUE	1	TRUE	TRUE	1	TRUE
FS193	Nkomoana	M	B3	1	TRUE	TRUE	TRUE	1	TRUE	TRUE	1	TRUE
FS194	Maditlana-Phobung	H	B3	1	TRUE	TRUE	TRUE	1	TRUE	TRUE	1	TRUE
FS195	Phaniselala	L	B3	1	TRUE	TRUE	TRUE	1	TRUE	TRUE	1	TRUE
FS196	Mariboga	M	B3	1	TRUE	TRUE	TRUE	1	TRUE	TRUE	1	TRUE
DC19	Tsabo-Mafjharanyana	L	C1	1	-	TRUE	TRUE	1	-	TRUE	1	TRUE
FS201	Moylaba	H	B2	1	TRUE	TRUE	TRUE	1	TRUE	TRUE	1	TRUE
FS203	Nquthu	M	B3	1	TRUE	TRUE	TRUE	1	TRUE	TRUE	1	TRUE
FS204	Masimabobbi	H	B2	1	TRUE	TRUE	TRUE	1	TRUE	TRUE	1	TRUE
FS205	Makheke	M	B3	1	TRUE	TRUE	TRUE	1	TRUE	TRUE	1	TRUE
DC20	Facile Deal	L	C1	1	-	TRUE	TRUE	1	-	TRUE	1	TRUE

Table 14: List of Non Compliance

1. Municipalities that did not submit the performance indicator reports required for the period ending 31 December 2021 in terms of Section 74 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003)

MAN	Mangaung
FS161	Letsemeng
FS162	Kopanong
FS163	Mohokare
DC16	Xhariep
FS181	Masilonyana
FS182	Tokologo
FS183	Tswelopele
FS184	Matjhabeng
FS185	Nala
DC18	Lejweleputswa
FS191	Setsoto
FS192	Dihlabeng
FS193	Nketoana
FS194	Maluti a Phofung
FS195	Phumelela
FS196	Mantsopa
DC19	Thabo Mofutsanyana
FS201	Moqhaka
FS203	Ngwathe
FS204	Metsimaholo
FS205	Mafube
DC20	Fezile Dabi

2. Municipalities with incomplete reporting on monthly data strings required for the period ending 31 December 2021 in terms of Section 71 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

FS162	Kopanong
FS163	Mohokare
FS185	Nala

3. Municipalities that did not submit the signed Section 71 report for the period ending 31 December 2021 in terms of Section 71 of the Municipal Financial Management Act, 2003 (Act No. 56 of 2003).

MAN	Mangaung
FS161	Letsemeng
FS162	Kopanong
FS163	Mohokare
DC16	Xhariep
FS181	Masilonyana
FS182	Tokologo
FS183	Tswelopele
FS184	Matjhabeng
FS185	Nala
DC18	Lejweleputswa
FS191	Setsoto

FS192	Dihlabeng
FS193	Nketoana
FS194	Maluti a Phofung
FS195	Phumelela
FS196	Mantsopa
DC19	Thabo Mofutsanyana
FS201	Moqhaka
FS203	Ngwathe
FS204	Metsimaholo
FS205	Mafube
DC20	Fezile Dabi

4. Municipalities that have not submitted signed reports on Conditional Grant spending for the period ending 31 December 2021 in terms of Section 74(1) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

MAN	Mangaung
FS161	Letsemeng
FS162	Kopanong
FS163	Mohokare
DC16	Xhariep
FS181	Masilonyana
FS182	Tokololo
FS183	Tswelopele
FS184	Matjhabeng
FS185	Nala
DC18	Lejweleputswa
FS191	Setsoto
FS192	Dihlabeng
FS193	Nketoana
FS194	Maluti a Phofung
FS195	Phumelela
FS196	Mantsopa
DC19	Thabo Mofutsanyana
FS201	Moqhaka
FS203	Ngwathe
FS204	Metsimaholo
FS205	Mafube
DC20	Fezile Dabi

5. Municipalities that did not submit the electronic data strings and sign-off on their external loans (BM) for the period ending 31 December 2021 in terms of Section 74(1) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

		Electronic Data string	Sign-Off
MAN	Mangaung	Yes	No
FS161	Letsemeng	Yes	No
FS162	Kopanong	No	No
FS163	Mohokare	No	No
DC16	Xhariep	Yes	No
FS181	Masilonyana	Yes	No
FS182	Tokololo	Yes	No

FS183	Tswelopele	Yes	No
FS184	Matjhabeng	Yes	No
FS185	Nala	No	No
DC18	Lejweleputswa	Yes	No
FS191	Setsoto	No	No
FS192	Dihlabeng	Yes	No
FS193	Nketoana	No	No
FS194	Maluti a Phofung	Yes	No
FS195	Phumelela	Yes	No
FS196	Mantsopa	Yes	No
DC19	Thabo Mofutsanyana	Yes	No
FS201	Moqhaka	Yes	No
FS203	Ngwathe	Yes	No
FS204	Metsimaholo	Yes	No
FS205	Mafube	Yes	No
DC20	Fezile Dabi	Yes	No

6. Municipalities that did not submit the electronic data strings and sign-off on their long term investments (IM) for the period ending 31 December 2021 in terms of Section 74(1) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

		Electronic Data string	Sign-Off
MAN	Mangaung	Yes	No
FS161	Letsemeng	Yes	No
FS162	Kopanong	No	No
FS163	Mohokare	No	No
DC16	Xhariep	Yes	No
FS181	Masilonyana	No	No
FS182	Tokologo	No	No
FS183	Tswelopele	No	No
FS184	Matjhabeng	Yes	No
FS185	Nala	Yes	No
DC18	Lejweleputswa	Yes	No
FS191	Setsoto	No	No
FS192	Dihlabeng	Yes	No
FS193	Nketoana	No	No
FS194	Maluti a Phofung	Yes	No
FS195	Phumelela	No	No
FS196	Mantsopa	Yes	No
DC19	Thabo Mofutsanyana	Yes	No
FS201	Moqhaka	Yes	No
FS203	Ngwathe	Yes	No
FS204	Metsimaholo	Yes	No
FS205	Mafube	Yes	No
DC20	Fezile Dabi	Yes	No

