



treasury

Department of
Treasury
FREE STATE PROVINCE

CONSOLIDATED MUNICIPAL BUDGET
PERFORMANCE REPORT
FOR THE PERIOD ENDING
30 SEPTEMBER 2022



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A. METHODOLOGY AND APPROACH OF THIS REPORT

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

- 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 **30 September 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 (M03)
 - Creditors (CR03)
 - Debtors (DB03)
- c) The compliance rate for the financial data strings for September 2022 is 95.65% with only **Nala municipality** that failed to submit the required reports for the month under review. However, 17 per cent (**Letsemeng, Masilonyana, Phumelela and Mantsopa municipalities**) still submitted the required data strings after the 10th working day which is a legislated requirement. **Tswelopele** and **Setsoto** municipalities' submissions contained stage two errors (segment errors). Tswelopele municipality used the incorrect function segment with the water inventory item and Setsoto used the incorrect project and funding segment with opening balance items. Both municipalities were requested to correct the datastring and resubmit.
- d) The submission of the creditors and debtors age analysis is 95.65%, with only **Nala municipality** that failed to submit the data strings. Three municipalities (**Masilonyana, Dihlabeng and Mantsopa 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 two municipalities submitted after the due date (**Masilonyana and Mantospa municipalities**). Two 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)	M03	CR03	DB03	C-schedule M03
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 18 October 2022

Legend:

Successful	1st Phase error	2nd Phase error	Outstanding
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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	- Transactions recorded on line items without budget - Property rates are not split according to all property categories in
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	<p>terms of the MPRA</p> <ul style="list-style-type: none"> - 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 30 September 2022 amounted to R30.345 billion having increased with R103 million from the previous month (*Aug 2022: R30.242 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 86.8 Per cent (R26.326 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 R21.824 billion, commercial with R4.332 billion and organs of state with R3.997 billion.

Manguang Metro

1.1.3 The total debt reported by Manguang Metro amounted to R8.410 billion, of which 84.4 per cent is outstanding over 90 days. Households owe R4.926 billion and commercial properties R1.357 billion. Organs of state owe Manguang a total of R2.126 billion.

Xhariep District

- 1.1.4 Municipalities in the District are owed a total of R1.284 billion and 92.9 per cent is owed for longer than 90 days. The biggest contributor in the District 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 R8.648 billion (28.3 per cent). Highest debtors were reported by Matjhabeng (R5.738 billion), Masilonyana (R1.316 billion) and Nala (R1.040 billion). Debt owed to the Lejweleputswa District (R30.612 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.

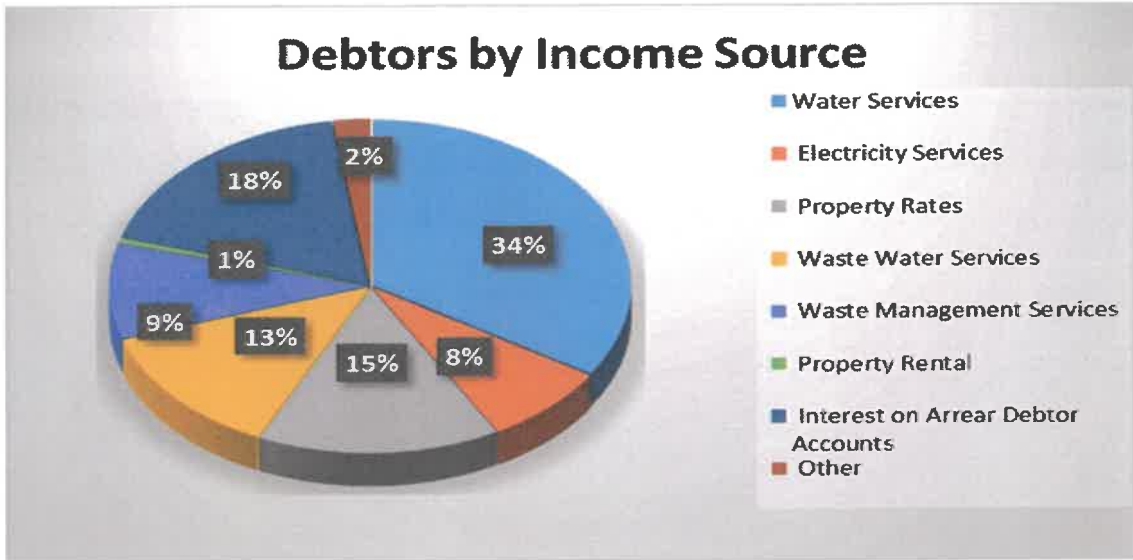
Thabo Mofutsanyana District

- 1.1.6 Debtors owe the municipalities in this District a total of R6.258 billion and it represents 20.9 per cent of the total in the Province. Highest outstanding debtors reported by Maluti a Phofung at R2.246 billion and Dihlabeng at R1.360 billion.

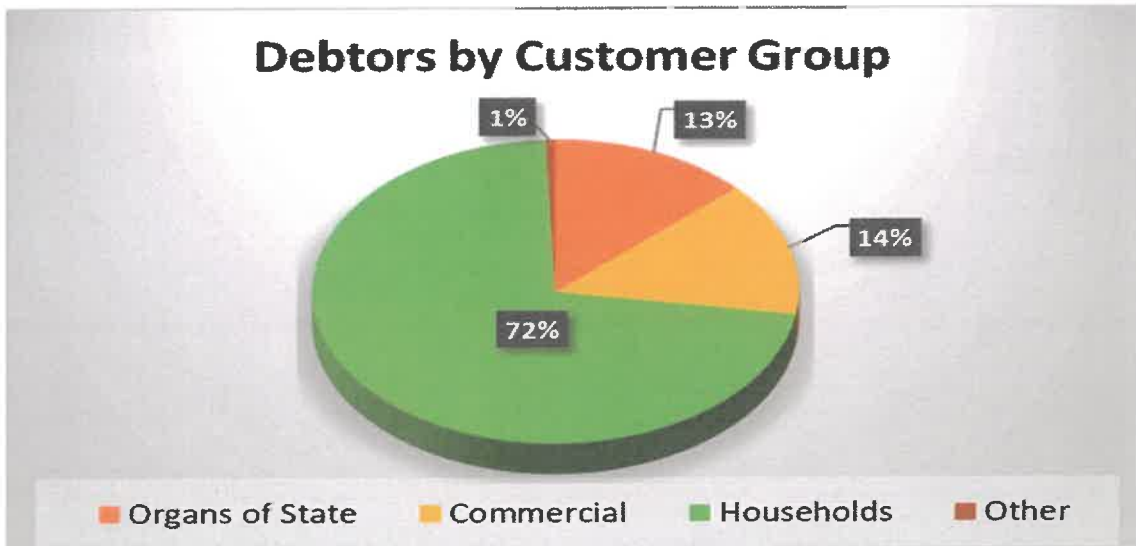
Fezile Dabi District

- 1.1.7 The total outstanding debtors amounted to R5.650 billion and three municipalities reported debtor above one billion rand, namely Moqhaka (R1.196 billion), Ngwathe (R1.017 billion) and Metsimaholo at R2.551 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 1000 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. The increase in the outstanding debt 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 R10.323 billion (34 per cent), followed by *interest on arrear debtor accounts*

amounting to R5.430 billion (17.9 per cent). Debt relating to *property rates* contribute 15.2 per cent (R4.601 billion) to the total outstanding debt, whilst *waste water services* accounts for 12.8 per cent (R3.890 billion) of the total debt.



1.1.12 The report also show the majority of the debt is owed by *Households*, which contributes 71.9 per cent (R21.824 billion) to the total debt, followed by *Businesses* with 14.3 per cent (R4.332 billion) and *Organs of State* with 13.2 per cent (R3.997 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 R672 million to **R23.433 billion** for the month under review (*Aug 2022: R22.761 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 87.2 per cent or **R20.436 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, **payment agreements** entered into between the municipalities and bulk service providers **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 R493.079 million of which 72.48 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	30 339	100.0%	–	0.0%	–	0.0%	–	0.0%	30 339	43.9%
Kopanong	1 420	6.8%	5 145	24.8%	–	0.0%	14 172	68.3%	20 738	30.0%
Matjhabeng	11 242	100.0%	–	0.0%	–	0.0%	–	0.0%	11 242	16.3%
Nala	13	100.0%	–	0.0%	–	0.0%	–	0.0%	13	0.0%
Setsotso	6	100.0%	–	0.0%	–	0.0%	–	0.0%	6	0.0%
Thabo Mofutsanyana District	1 460	100.0%	–	0.0%	–	0.0%	–	0.0%	1 460	2.1%
Ngwathe	5 375	100.0%	–	0.0%	–	0.0%	–	0.0%	5 375	7.8%
Mafube	4	100.0%	–	0.0%	–	0.0%	–	0.0%	4	0.0%
Total Debt	49 860	72.1%	5 145	7.4%	–	0.0%	14 172	20.5%	69 178	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	51 335	100.0%	–	0.0%	–	0.0%	–	0.0%	51 335	12.1%
Kopanong	3 827	2.3%	1 976	1.2%	–	0.0%	163 053	96.6%	168 856	39.8%
Tswelopele	–	0.0%	–	0.0%	–	0.0%	(6)	100.0%	(6)	0.0%
Matjhabeng	25 975	86.3%	244	0.8%	2 351	7.8%	1 539	5.1%	30 108	7.1%
Nala	4	100.0%	–	0.0%	–	0.0%	–	0.0%	4	0.0%
Nketoana	176	100.0%	–	0.0%	–	0.0%	–	0.0%	176	0.0%
Ngwathe	3 213	100.0%	–	0.0%	–	0.0%	–	0.0%	3 213	0.8%
Mafube	1 260	0.7%	1 265	0.7%	1 270	0.7%	166 419	97.8%	170 214	40.2%
Total Debt	85 791	20.2%	3 485	0.8%	3 621	0.9%	331 004	78.1%	423 901	100.0%

1.3 CASH FLOW

1.3.1 Municipalities in the Province closed the month of September 2022 with a surplus cash and cash equivalent balance of R4.188 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 (30 Sept 2022)
Mangaung Metro	1 576 428	1 144 533	(75 236)	(4 232)	1 065 066	2 636 879
Letsemeng	–	–	–	–	–	–
Kopanong	–	235 162	–	–	235 162	235 162
Mohokare	1 594	24 350	(7 997)	–	16 354	17 948
Xhariep District	–	136	–	–	136	136
DC 16 Total	1 594	259 649	(7 997)	–	251 652	253 247
Masilonyana	–	–	–	–	–	–
Tokologo	–	(10 439)	12	–	(10 427)	(10 427)
Tswelopele	4 734	29 853	(1 774)	(37)	28 041	32 621
Matjhabeng	196 611	(173 468)	(22 861)	–	(196 329)	8 444
Nala	–	–	–	–	–	–
Lejweleputswa District	111 526	17 368	–	–	17 368	128 894
DC 18 Total	312 871	(136 686)	(24 623)	(37)	(161 347)	159 531
Setsotso	92 272	232 967	(10 196)	(22)	222 749	315 946
Dihlabeng	5 586	31 983	(25 177)	(1 865)	4 941	15 879
Nketoana	(930)	49 993	(16 877)	(24)	33 092	32 161
Maluti a Phofung	(64 264)	497 631	(22 612)	74	475 093	476 374
Phumelela	658	50 710	(6 986)	–	43 723	44 381
Mantsopa	–	35 304	(4 666)	–	30 638	30 638
Thabo Mofutsanyana	–	8 314	–	–	8 314	8 314
DC 19 Total	33 321	906 901	(86 514)	(1 837)	818 550	923 694
Moqhaka	(3 560)	69 628	(13 108)	(800)	55 721	41 617
Ngwathe	(0)	8 183	(13 139)	5	(4 951)	946
Metsimaholo	112 461	10 033	(20 518)	(38)	(10 523)	106 956
Mafube	9 455	61 701	(2 754)	44	58 992	(75 876)
Fezile Dabi	84 594	56 492	(522)	–	55 970	140 598
DC 20 Total	202 949	206 038	(50 040)	(789)	155 209	214 242
Total	2 127 164	2 380 434	(244 410)	(6 894)	2 129 130	4 187 592

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:

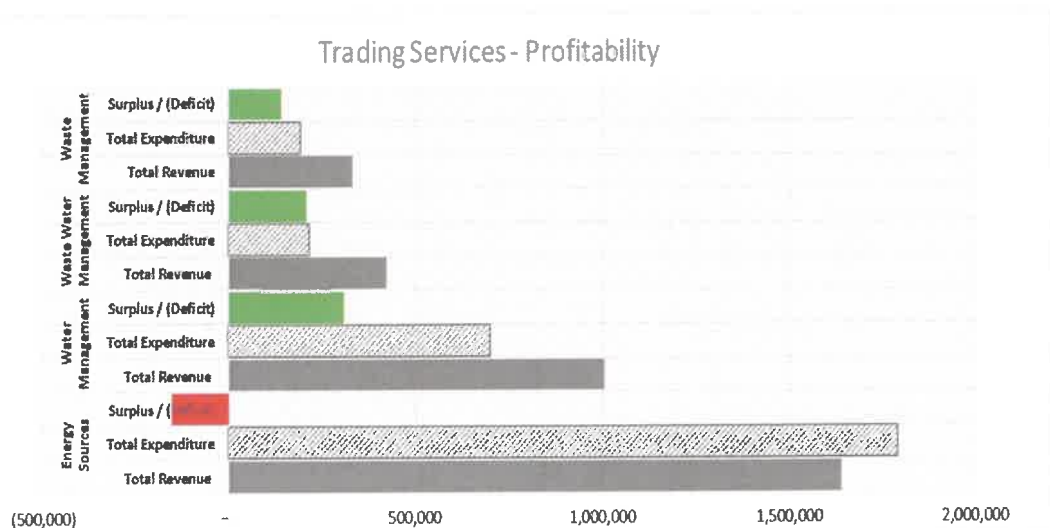
- Impact of the economic slowdown and the increasing in rates and tariffs year-on-year which affect household budgets and affordability levels;
- The cash flow time difference between paying for the increased cost of bulk electricity and water and the collection of revenues from customers;
- Breakdown 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 R6.069 billion or 25.8 per cent against the approved budget of R23.505 billion, whilst in respect of expenditure, municipalities spent an aggregate of 19.7 per cent or R4.618 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*, contributing 46 and 32 per cent respectively to the total revenue. Property rates contribute 12 per cent (R733.812 million) to the total revenue generated.
- 2.1.3 An aggregate operational surplus of R1.451 billion was reported for the period under review (year-to-date) excluding capital transfers.
- 2.1.4 Notably, three trading services (water, waste water and waste management) reported aggregated trading surpluses in the Province as at 30 September 2022. Whilst **energy sources** recorded an operating **deficit of R149.707 million**.

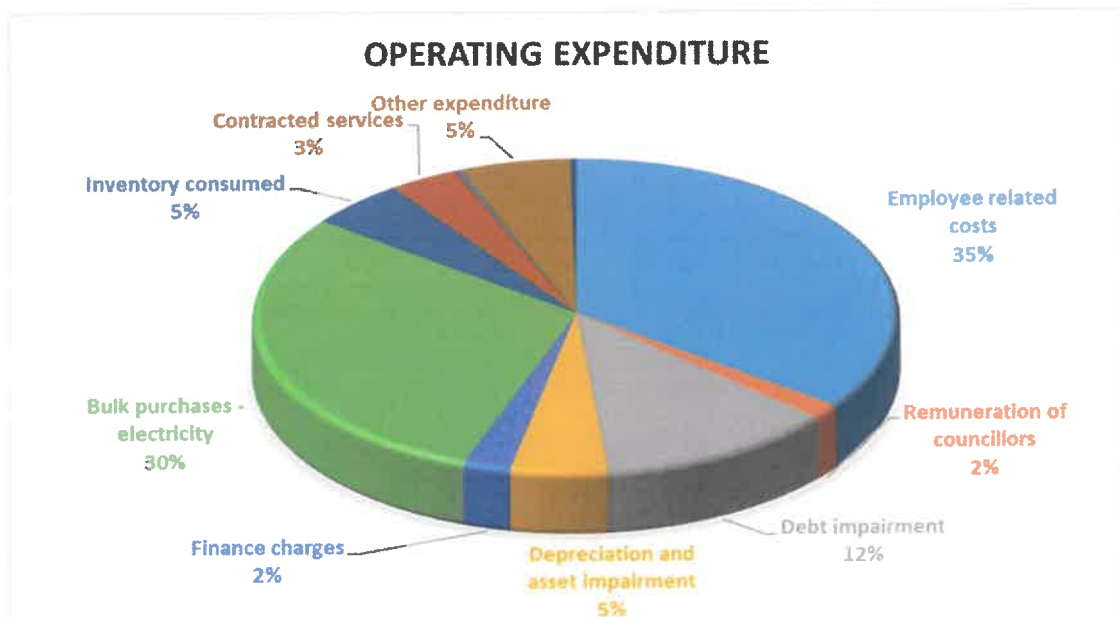


- 2.1.5 The table below show the aggregate surpluses / (deficits) recorded by municipalities on energy and water trading services, which may be an indication that the tariffs are not cost reflective.

R thousands	Energy Trading Service Surplus / (Deficit)	Water Trading Service Surplus / (Deficit)
Mangaung Metro	(55,941)	67,367
Letsemeng	(5,084)	3,641
Kopanong	20,596	6,458
Mohokare	(402)	1,605
Masilonyana	171	11,723
Tokologo	(7,320)	(423)
Tswelopele	13,038	(1,640)
Matjhabeng	144,624	103,520
Nala	–	–
Setsoto	7,131	24,761
Dihlabeng	29,954	14,572
Nketoana	(7,209)	(13,948)
Maluti a Phofung	(339,261)	(2,590)
Phumelela	(875)	(1,038)
Mantsopa	7,770	1,473
Moqhaka	86,792	23,312
Ngwathe	(43,594)	22,919
Metsimaholo	960	36,478
Mafube	(1,058)	8,950

2.2 OPERATING EXPENDITURE

- 2.2.1 The total operating expenditure reported amounted to R4.618 billion or 19.7 per cent against the budget. Only *electricity bulk purchases* performance is in line with the straight line projection of 25 per cent.
- 2.2.2 The highest spending item reported at the end of September 2022 is *employee related cost* amounting to R1.623 billion or 35 per cent of the total expenditure, followed by *bulk purchases - electricity* amounting to R1.369 billion.



2.2.3 The performance of *employee related cost* against the budget is 22.5 per cent (R1.623 billion). The majority of the expenditure reported (98.4 per cent) relates to salaries and wages for municipal staff as indicated in the table below:

Employee Related Cost (ERC)	Original Budget R'000	Actual Year To Date R'000	% Spent on Original Budget	% of Total ERC
Senior Management	217,661	25,998	11.9%	1.6%
Municipal Staff	7,001,416	1,596,740	22.8%	98.4%
Board Members	785	16	2.0%	0.0%
Total	7,219,863	1,622,754	22.5%	100.0%

2.2.4 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 Sept 2022	Original Budget	YTD Sept 2022
Mangaung	2,393,515,462	575,598,383	70,667,842	18,819,083
Matjhabeng	906,572,359	212,550,141	39,971,641	2,445,616
Maluti-a-Phofung	660,113,301	202,294,183	30,608,225	7,638,449
Moqhaka	364,983,798	87,390,912	22,248,609	5,602,625
Metsimaholo	434,807,480	85,665,688	20,869,770	4,976,892
Total	4,759,992,400	1,163,499,307	184,366,087	39,482,665

Employee Related Cost - Medium Capacity Municipalities

Municipality	Employee Related Cost		Council Remuneration	
	Original Budget	YTD Sept 2022	Original Budget	YTD Sept 2022
Letsemeng	73,052,844	11,701,287	5,167,420	946,604
Kopanong	141,883,225	35,470,821	6,491,999	1,622,994
Tswelopele	78,739,925		6,568,726	
Nala	160,137,291		9,490,853	
Setsoto	228,323,196	54,420,905	12,535,056	3,697,143
Dihlabeng	348,057,308	87,340,201	17,116,642	4,961,048
Nketoana	151,733,243	20,907,506	6,453,828	938,198
Mantsopa	111,243,576	9,307,102	6,221,546	805,044
Ngwathe	266,190,371	68,249,530	17,147,643	4,075,178
Mafube	130,593,358	25,820,758	11,399,215	1,682,064
Total	1,689,954,337	313,218,110	98,592,928	18,728,273

Municipality	Employee Related Cost		Council Remuneration	
	Original Budget	YTD Sept 2022	Original Budget	YTD Sept 2022
Mohokare	87,809,399	21,853,266	5,675,733	1,456,811
Xhariep	47,107,343	12,243,854	4,105,315	1,277,731
Masilonyana	124,336,427		7,921,835	
Tokologo	65,061,962	13,158,623	5,863,364	1,101,747
Lejweleputswa	119,884,691	25,819,443	10,671,632	2,478,556
Phumelela	91,041,264	22,539,648	6,891,170	1,856,889
Thabo Mofutsanyana	102,434,027	21,125,059	9,110,478	2,616,179
Fezile Dabi	132,240,660	29,323,489	7,515,130	1,949,411
Total	769,915,773	146,063,382	57,754,657	12,737,324

2.2.5 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.

2.3 CAPITAL EXPENDITURE

2.3.1 The aggregate capital expenditure amounts to R266.065 million or 8.1 per cent against the approved budget of R3.289 billion. All municipalities, except Nketoana, reported expenditure below the straight line projection of 25 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 (70 per cent) of the expenditure relates to trading services projects amounting to R186.892 million and consist of R30.357 million for *energy services*, R94.022 million for *water management*, R56.267 million for *waste water management* and R6.246 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 only 2.8 per cent of the total value of the PPE and is significantly below the norm of 8 per cent.

2.4.2 It is concerning that most municipalities did not budget sufficient 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 R166.350 million was spent on repairs and maintenance which amounts to 11.1 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						
Mangaung	MAN	517,045	517,045		119,207	23.1%
Total Metros		517,045	517,045		119,207	23.1%
Letsemeng	FS161	6,584	6,584		-	-
Kopanong	FS162	-	-		-	-
Mohokare	FS163	1,736	1,736		319	18.4%
Xhariep	DC16	405	405		107	26.4%
Total Xhariep		8,725	8,725		426	4.9%
Masilonyana	FS181	1,295	1,295		-	-
Tokologo	FS182	3,420	3,420		654	19.1%
Tswelopele	FS183	16,105	16,105		2,094	13.0%
Matjhabeng	FS184	302,694	302,694		4,888	1.6%
Nala	FS185	255,699	255,699		-	-
Lejweleputswa	DC18	3,531	3,531		51	1.5%
Total Lejweleputswa		582,743	582,743		7,687	1.3%
Setsotho	FS191	7,022	7,022		836	11.9%
Dihlabeng	FS192	19,403	19,403		1,767	9.1%
Nketoana	FS193	20,758	20,758		4,268	20.6%
Maluti-a-Phofung	FS194	139,287	139,287		2,580	1.9%
Phumelela	FS195	13,780	13,780		645	4.7%
Mantsopa	FS196	-	-		-	-
Thabo Mofutsanyana	DC19	449	449		-	-
Total Thabo Mofutsanyana		200,698	200,698		10,096	5.0%
Moghaka	FS201	82,246	82,246		12,796	15.6%
Ngwathe	FS203	35,894	35,894		15,559	43.3%
Metsimaholo	FS204	47,447	47,447		4	0.0%
Mafube	FS205	16,479	16,479		465	2.8%
Fezile Dabi	DC20	1,891	1,891		111	5.9%
Total Fezile Dabi		183,957	183,957		28,934	15.7%
Total Free State		1,493,169	1,493,169		166,350	11.1%

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 September 2022 show a total spending of R85.744 million against the allocation (3.2 per cent).
- 3.2 This is significantly below the straight line projection and heart of the problem are municipalities that still do not record 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	345,823	60,710	5.7%
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	1,254	24.4%
Masilonyana	56,486	–	–	0.0%
Tokologo	48,125	–	17,241	35.8%
Tswelopele	38,773	6,810	(11,376)	-29.3%
Matjhabeng	175,101	–	–	0.0%
Nala	53,465	–	–	0.0%
Lejweleputswa	8,706	4,025	439	5.0%
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	30,060	–	0.0%
Ngwathe	143,003	37,243	–	0.0%
Metsimaholo	112,976	50,930	24,160	21.4%
Mafube	58,460	16,704	3,257	5.6%
Fezile Dabi	4,918	–	–	0.0%
Total	2,705,942	581,630	85,744	3.2%

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	2,000	–	0.0%
Expanded Public Works Programme	46,707	4,115	994	2.1%
Finance Management Grant	59,020	19,420	(1,665)	-2.8%
Integrated National Electrification Prog	129,996	36,963	1,389	1.1%
Metro Informal Settlements Partnership Grant	279,617	76,251	12,479	4.5%
Municipal Infrastructure Grant	844,877	88,765	494	0.1%
Neighbourhood Dev Partnership Grant	20,738	10,000	9,633	46.5%
Programme & Project Preperation Support Grant	13,673	–	–	0.0%
Public Transport network Grant	249,894	84,964	11,487	4.6%
Regional Bulk Infrastructure Grant	204,407	28,467	28,663	14.0%
Rural Roads Assets Man Systems Grant	9,654	5,118	902	9.3%
Urban settlement Development Grant	491,760	172,116	26,850	5.5%
Water Services Infrastructure Grant	332,599	53,450	(5,481)	-1.6%
Total	2,705,942	581,630	85,744	3.2%

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 total expenditure of R494 thousand was reported on the data strings for MIG, however, CoGTA reported spending of R106.870 million at the end of September 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	2,605	2,577	9%
Matjhabeng	136,630	9,500	9,447	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	Letsemeng Nala Tokologo Mafube
Nr. of municipalities with cash balances below R10m.	Mohokare Xhariep

	Masilonyana Dihlabeng Mantsopa
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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 Xhariep Nala Tokologo Dihlabeng Nketoana Mafube Moqhaka Ngwathe
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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 cash and investment to cover financial obligations)	Mangaung Letsemeng Mohokare Matjhabeng Nala Tokologo Tswelopele Dihlabeng Maluti a Phofung Nketoana Phumelela Mafube Moghaka Ngwathe
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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
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Indicator 5: Asset renewal / rehabilitation expenditure level

Norm	Formula	How should the ratio be interpreted
40% of CAPEX	Source/ Method: (Total Renewal of Existing Assets + Total Upgrading of Existing Assets) / Total Capital Expenditure	Asset renewal/rehabilitation of existing assets refers to costs incurred in relation to refurbishment, rehabilitation 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 Nala Tswelopele Lejweleputswa Dihlabeng Maluti a Phofung Phumelela Thabo Mofutsanyana Mafube Metsimaholo Moqhaka
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Indicator 6: Asset renewal / Depreciation level

Norm	Formula	How should the ratio be interpreted
100% of Depreciation	Source/ Method: (Total Renewal of Existing Assets + Total Upgrading of Existing Assets) / Depreciation & 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
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Indicator 7: Total CAPEX as Percentage of Total Expenditure

Norm	Formula	How should the ratio be interpreted
10% - 20% of Total Expenditure	Source/ Method: (Total capital expenditure / (Total operating expenditure + Total capital expenditure)) × 100	Total capital expenditure as a percentage of total expenditure is used to assess the level of capital 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	Mohokare Tswelopele Dihlabeng Nketoana Phumelela
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Indicator 8: Liquidity Ratio

Norm	Formula	How should the ratio be interpreted
Ratio 1:1	Source/ Method: (Cash + ST Investments) / 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	Masilonyana Nala Tokologo Lejweleputswa Mantsopa Fezile Dabi
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Indicator 9: Debtors Days

Norm	Formula	How should the ratio be interpreted
30 Days	Source/ Method: (Total consumer debtors / (Property Rates + Service charges electricity revenue + Service charges water revenue + Service charges sanitation revenue + Service charges refuse revenue)) × 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 3,000 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)) × 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	Mohokare
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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 Xhariep
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	Matjhabeng Nala Tswelopele Dihlabeng Maluti a Phofung Nketoana Phumelela Thabo Mofutsanyana Mafube Moqhaka Ngwathe
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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 Xhariep Matjhabeng Nala Maluti a Phofung Thabo Mofutsanyana Ngwathe
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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 FSPT coordinated meetings between National Treasury and Transferring Departments to discuss the 2021/22 roll over applications. Two meetings were held:

15 September 2022 - Preparatory Session: Meeting was held between Provincial Treasury and the transferring departments to evaluate the applications and recommend whether the applications should be approved.

27 September 2022 – Meeting with National Treasury: Meeting was attended by:

- National and Provincial Treasury,
- Department of Cooperative Governance (National)
- Department of Cooperative Governance & Traditional Affairs (Provincial)
- Department of Minerals Resources and Energy
- Department of Water and Sanitation
- Department of Human Settlement

The total requested roll over amount was R830.962 million, of which only 8 per cent (R64.473 million) was provisionally approved. Below is a table of the requests received and the outcome of the evaluations:

Municipalities R'000	Total Amount requested	Total Amount approved	Total Amount rejected	Reason for rejection
Mangaung	508 751	-	508 751 (Not yet finalised)	City Manager (Municipal Manger) not appoint (post vacant for more than 6 months)
Letsemeng	22 732	-	22 732	Requested amount not cash backed
Mohokare	46 458	-	46 458	21/22 AFS not submitted, amount requested not cash backed.
Matjhabeng	61 286	48 800	12,486	Application for WSIG was omitted.
Setsotho	60 781	8 939	51 842	Contractors appointed late.
Dihlabeng	21 923	-	21 923	Total spending for financial year is less than 50% for the grant, requested amount is not cash backed, projects only in tender phase.
Phumelela	10 476	-	10 476	Amount requested not cash backed
Mantsopa	8 843	-	8 843	21/22 AFS not submitted, amount requested not cash backed, MM not appointed (post vacant for more than 6 months)
Ngwathe	61 930	-	61 930	Amount requested not cash backed.
Metsimaholo	9 877	5 132	4 745	Contractors appointed late.
Mafube	16 303	-	16 303	21/22 AFS not submitted, amount requested not cash backed.
Fezile Dabi	1 602	1 602	-	
TOTAL	830 962	64 473	815 289	

E. RECOMMENDATIONS & CONCLUSION

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

1. **Note** the aggregate revenue generated is 25.8 per cent whilst the operating expenditure is at 19.7 per cent against the total budgets and the expenditure is below the straight line projection of 25 per cent. An operating surplus of R1.451 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 25 per cent, amounting to R266.065 million (8.1 per cent) against the adjusted budget of R3.289 billion.
3. **Note** municipalities reported aggregate spending on repairs and maintenance amounting to R166.350 million or 11.1 per cent against the budget of R1.493 billion. The provision (budget) for **repairs and maintenance is significantly below the norm of 8 per cent** of the total PPE value, amounting only to 2.8 per cent. **This practice would severely affect revenue generating assets in the long term.**
4. **Note** the total outstanding debtors amount to R30.345 billion (*Aug 2022 – R30.242 billion*).
5. **Note** the total outstanding creditor's amount to R23.433 billion (*Aug 2022 – R22.761 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 30
September 2022

Submitted by:



Mr. SB Mhlambi

Acting CHIEF DIRECTOR: MUNICIPAL FINANCE MANAGEMENT

Date: _____

Noted / Comments by:



Ms. MA Sesing

ACTING HEAD OF DEPARTMENT
FS PROVINCIAL TREASURY

Date: 02-11-2022

Annexures

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

Annexure A – Debtors Age Analysis

Debtors Age Analysis By Income Source	0-30 Days		31-60 Days		61-90 Days		Over 90 Days		Total	
	R'000	%	R'000	%	R'000	%	R'000	%	R'000	%
Trade and Other Receivables from Exchange Transactions - Water	520,090	5.0%	267,416	2.6%	404,277	3.9%	9,131,622	88.5%	10,323,405	34.0%
Trade and Other Receivables from Exchange Transactions - Electricity	304,827	12.8%	84,287	3.5%	144,822	6.1%	1,848,702	77.6%	2,382,638	7.9%
Receivables from Non-exchange Transactions - Property Rates	318,869	6.9%	133,958	2.9%	315,142	6.8%	3,832,786	83.3%	4,600,755	15.2%
Receivables from Exchange Transactions - Waste Water Management	159,501	4.1%	77,054	2.0%	201,695	5.2%	3,452,745	88.7%	3,890,994	12.8%
Receivables from Exchange Transactions - Waste Management	95,026	3.4%	51,649	1.8%	150,235	5.3%	2,536,654	89.5%	2,833,563	9.3%
Receivables from Exchange Transactions - Property Rental Debtors	2,397	1.5%	1,917	1.2%	6,258	4.0%	145,291	93.2%	155,863	0.5%
Interest on Arrear Debtor Accounts	179,463	3.3%	108,759	2.0%	279,249	5.1%	4,862,768	89.5%	5,430,239	17.9%
Other	26,543	3.8%	50,449	7.2%	111,207	15.8%	515,404	73.3%	703,603	2.3%
Total By Income Source	1,607,896	5.3%	776,042	2.6%	1,635,469	5.4%	26,325,973	86.8%	30,345,381	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	301,286	7.5%	125,416	3.1%	196,663	4.9%	3,373,696	84.4%	3,997,062	13.2%
Commercial	432,172	10.0%	206,916	4.8%	411,665	9.5%	3,281,387	75.7%	4,332,141	14.3%
Households	874,419	4.0%	442,342	2.0%	1,018,775	4.7%	19,488,701	89.3%	21,824,237	71.9%
Other	19	0.0%	1,368	0.7%	8,366	4.4%	182,188	94.9%	191,941	0.6%
Total By Customer Group	1,607,896	5.3%	776,042	2.6%	1,635,469	5.4%	26,325,973	86.8%	30,345,381	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	714,671	8.5%	309,162	3.7%	288,890	3.4%	7,096,905	84.4%	8,409,628	27.7%
Letsemeng	16,566	4.5%	(2)	0.0%	8,294	2.3%	341,625	93.2%	366,483	1.2%
Kopanong	10,536	2.3%	10,208	2.2%	10,453	2.2%	436,256	93.3%	467,453	1.5%
Mohokare	13,510	3.1%	11,229	2.6%	10,595	2.4%	404,949	92.0%	440,282	1.5%
Xhariep District	-	0.0%	-	0.0%	-	0.0%	9,694	100.0%	9,694	0.0%
DC 16 Total	40,612	3.2%	21,435	1.7%	29,342	2.3%	1,192,524	92.9%	1,283,913	4.2%
Masilonyana	14,441	1.1%	(2,503)	-0.2%	9,890	0.8%	1,294,163	98.3%	1,315,991	4.3%
Tokologo	6,534	1.8%	3,791	1.0%	6,133	1.7%	350,344	95.5%	366,802	1.2%
Tswelopele	8,090	5.2%	6,543	4.2%	17,236	11.0%	124,501	79.6%	156,370	0.5%
Matjhabeng	217,228	3.8%	146,348	2.6%	129,092	2.2%	5,244,948	91.4%	5,737,617	18.9%
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%	30,612	100.0%	30,612	0.1%
DC 18 Total	274,261	3.2%	175,344	2.0%	181,373	2.1%	8,016,950	92.7%	8,647,928	28.5%
Setsofso	23,454	4.3%	18,710	3.4%	18,193	3.3%	485,818	88.9%	546,175	1.8%
Dihlabeng	84,005	6.2%	32,946	2.4%	22,536	1.7%	1,220,294	89.7%	1,359,780	4.5%
Nketoana	30,720	3.4%	21,617	2.4%	18,790	2.1%	821,846	92.0%	892,973	2.9%
Maluti a Phofung	34,357	1.5%	31,894	1.4%	33,543	1.5%	2,146,279	95.6%	2,246,073	7.4%
Phumelela	(1,526)	-0.3%	6,855	1.5%	13,196	2.9%	433,042	95.9%	451,567	1.5%
Mantsopa	44,597	5.2%	14,150	1.7%	14,461	1.7%	779,777	91.4%	852,984	2.8%
Thabo Mofutsanyana District	-	0.0%	-	0.0%	-	0.0%	4,194	100.0%	4,194	0.0%
DC 19 Total	215,605	3.4%	126,172	2.0%	120,719	1.8%	5,891,249	92.7%	6,353,745	20.9%
Moqhaka	61,055	5.1%	34,850	2.9%	29,250	2.4%	1,070,560	89.5%	1,195,715	3.9%
Ngwathe	78,815	7.8%	26,921	2.6%	911,070	89.6%	-	0.0%	1,016,807	3.4%
Metsimaholo	199,019	7.8%	69,198	2.7%	61,526	2.4%	2,220,846	87.1%	2,550,590	8.4%
Matfube	23,858	2.7%	12,959	1.5%	13,298	1.5%	836,936	94.4%	887,053	2.9%
Fezile Dabi	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
DC 16 Total	362,747	6.4%	143,929	2.5%	1,015,145	18.0%	4,128,344	73.1%	5,650,166	18.6%
Total Debt	1,607,896	5.3%	776,042	2.6%	1,635,469	5.4%	26,325,973	86.8%	30,345,381	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	487,644	3.5%	321,084	2.3%	353,433	2.6%	12,684,697	91.6%	13,846,857	59.1%
Bulk Water	160,381	2.4%	92,560	1.4%	81,196	1.2%	6,254,769	94.9%	6,588,906	28.1%
PAYE deductions	49,860	72.1%	5,145	7.4%	–	0.0%	14,172	20.5%	69,178	0.3%
VAT (output less input)	–	0.0%	–	0.0%	–	0.0%	–	0.0%	–	0.0%
Pensions / Retirement	85,791	20.2%	3,485	0.8%	3,621	0.9%	331,004	78.1%	423,901	1.8%
Loan repayments	828	9.4%	856	9.8%	1,656	18.9%	5,429	61.9%	8,769	0.0%
Trade Creditors	391,027	19.3%	152,638	7.5%	62,675	3.1%	1,418,729	70.1%	2,025,068	8.6%
Auditor General	7,863	15.5%	5,162	10.2%	1,634	3.2%	36,123	71.1%	50,782	0.2%
Other	5,569	1.3%	(376)	-0.1%	29,293	7.0%	385,483	91.8%	419,968	1.8%
Total Debt	1,188,963	5.1%	580,554	2.5%	533,507	2.3%	21,130,407	90.2%	23,433,431	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	392,858	79.5%	25,772	5.2%	4,062	0.8%	71,360	14.4%	494,051	2.1%
Letsemeng	(5,564)	-3.7%	5,133	3.4%	620	0.4%	150,462	99.9%	150,651	0.6%
Kopanong	14,445	1.8%	20,154	2.6%	–	0.0%	747,183	95.6%	781,782	3.3%
Mohokare	73	0.1%	2,916	2.2%	22	0.0%	129,264	97.7%	132,274	0.6%
Xhariep District	676	6.2%	16	0.1%	36	0.3%	10,255	93.4%	10,984	0.0%
DC 16 Total	9,630	0.9%	28,219	2.6%	678	0.1%	1,037,163	96.4%	1,075,691	4.6%
Masilonyana	–	0.0%	(12,502)	-25.7%	(7,078)	-14.6%	68,169	140.3%	48,590	0.2%
Tokologo	5,435	16.3%	726	2.2%	7,939	23.8%	19,218	57.7%	33,318	0.1%
Tswelopele	191	0.2%	147	0.2%	4	0.0%	81,869	99.6%	82,212	0.4%
Matjhabeng	419,067	4.0%	111,280	1.1%	215,280	2.1%	9,737,662	92.9%	10,463,290	44.7%
Nala*	46,463	5.4%	30,957	3.6%	9,624	1.1%	780,188	90.0%	867,231	3.7%
Lejweleputswa District	28	100.0%	–	0.0%	–	0.0%	–	0.0%	28	0.0%
DC 18 Total	471,184	4.1%	130,608	1.1%	225,770	2.0%	10,687,106	92.8%	11,514,668	49.1%
Setsofso	9,773	27.4%	13,364	37.5%	11,016	30.9%	1,480	4.2%	35,633	0.2%
Dihlabeng	38,935	3.9%	76,610	7.7%	32,924	3.3%	844,829	85.1%	993,298	4.2%
Nketoana	32,422	5.4%	21,098	3.5%	2,988	0.5%	545,322	90.6%	601,830	2.6%
Maluti a Phofung	106,956	2.5%	150,673	3.5%	122,591	2.8%	3,969,968	91.3%	4,350,187	18.6%
Phumelela	429	0.1%	1,708	0.5%	962	0.3%	307,660	99.0%	310,759	1.3%
Mantsopa	–	0.0%	9,949	2.3%	11,698	2.7%	415,408	95.0%	437,054	1.9%
Thabo Mofutsanyana District	1,740	67.5%	–	0.0%	–	0.0%	837	32.5%	2,577	0.0%
DC 19 Total	190,255	2.8%	273,401	4.1%	182,178	2.7%	6,085,504	90.4%	6,731,337	28.7%
Moqhaka	44,215	5.1%	55,128	6.4%	59,119	6.8%	704,739	81.6%	863,202	3.7%
Ngwathe	61,504	3.2%	59,162	3.1%	43,129	2.2%	1,757,249	91.5%	1,921,044	8.2%
Metsimaholo	12,790	36.0%	2,040	5.7%	2,355	6.6%	18,311	51.6%	35,497	0.2%
Mafube	6,707	0.8%	6,224	0.8%	16,216	2.0%	768,974	96.3%	798,121	3.4%
Fezile Dabi	(180)	100.0%	–	0.0%	–	0.0%	–	0.0%	(180)	0.0%
DC 20 Total	125,037	3.5%	122,554	3.4%	120,820	3.3%	3,249,273	89.8%	3,617,684	15.4%
Total Debt	1,188,963	5.1%	580,554	2.5%	533,507	2.3%	21,130,407	90.2%	23,433,431	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	232,986	733,812	733,812	24.8%
Service charges - electricity revenue	7,045,103	512,795	546,540	549,803	1,609,138	1,609,138	22.8%
Service charges - water revenue	3,082,952	253,854	214,395	258,172	726,421	726,421	23.6%
Service charges - sanitation revenue	1,289,518	99,627	96,344	97,478	293,449	293,449	22.8%
Service charges - refuse revenue	768,016	62,766	58,636	58,378	179,780	179,780	23.4%
Rental of facilities and equipment	101,041	7,102	7,032	7,663	21,797	21,797	21.6%
Interest earned - external investments	68,442	(11,181)	9,978	8,059	6,856	6,856	10.0%
Interest earned - outstanding debtors	1,150,908	115,936	119,321	125,924	361,181	361,181	31.4%
Dividends received	5,436	90	209	579	877	877	16.1%
Fines, penalties and forfeits	97,996	5,003	(830)	2,348	6,521	6,521	6.7%
Licences and permits	1,083	179	148	160	487	487	44.9%
Agency services	2						0.0%
Transfers and subsidies	5,420,847	1,590,619	258,166	54,006	1,902,790	1,902,790	35.1%
Other revenue	1,438,295	36,349	141,171	48,391	225,912	225,912	15.7%
Gains	73,265	34	99	14	147	147	0.2%
Total Revenue (excluding capital transfers and contributions)	23,504,889	2,942,446	1,682,763	1,443,960	6,069,169	6,069,169	25.8%
Expenditure By Type							
Employee related costs	7,219,863	566,177	535,503	521,100	1,622,781	1,622,781	22.5%
Remuneration of councillors	340,714	23,838	24,546	22,564	70,948	70,948	20.8%
Debt impairment	2,900,727	119,949	158,331	265,832	544,112	544,112	18.8%
Depreciation and asset impairment	1,283,363	19,110	19,578	182,423	221,111	221,111	17.2%
Finance charges	567,994	4,162	18,174	87,743	110,078	110,078	19.4%
Bulk purchases - electricity	5,133,934	383,329	437,664	548,086	1,369,079	1,369,079	26.7%
Inventory consumed	2,171,773	35,230	62,158	130,807	228,195	228,195	10.5%
Contracted services	1,778,296	39,723	30,136	91,102	160,961	160,961	9.1%
Transfers and subsidies	229,561	4,256	3,532	15,649	23,437	23,437	10.2%
Other expenditure	1,443,627	81,020	78,889	94,173	254,082	254,082	17.6%
Losses	388,901		(49)	13,639	13,590	13,590	3.5%
Total Expenditure	23,458,752	1,276,794	1,368,463	1,973,118	4,618,374	4,618,374	19.7%
Surplus/(Deficit)	46,137	1,665,652	314,300	(529,158)	1,450,795	1,450,795	3144.6%
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	2,624,801	50,346	33,966	105,220	189,531	189,531	7.2%
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	504	609	609	4.2%
Transfers and subsidies - capital (in-kind - all)	65,750			14,587	14,587	14,587	22.2%
Surplus/(Deficit) after capital transfers and contributions	2,751,086	1,715,998	348,372	(408,847)	1,655,523	1,655,523	60.2%
Taxation							
Surplus/(Deficit) after taxation	2,751,086	1,715,998	348,372	(408,847)	1,655,523	1,655,523	60.2%
Attributable to minorities							
Surplus/(Deficit) attributable to municipality	2,751,086	1,715,998	348,372	(408,847)	1,655,523	1,655,523	60.2%
Share of surplus/ (deficit) of associate							
Surplus/(Deficit) for the year	2,751,086	1,715,998	348,372	(408,847)	1,655,523	1,655,523	60.2%

Annexure F – Operating Revenue per municipality

	Original Budget	Adjusted Budget	YTD	% of Budget	Property Rates Billed	Service Charges			Interest Earned: Outstanding Debtors	Transfers Recognised	Other Revenue Generated	
						Electricity Billed	Water Billed	Sanitation Billed				Refuse Removal Billed
R thousands												
Mangaung Metro	8,811,248	8,811,248	2,512,332	28.5%	377,528	941,969	330,728	118,573	42,509	118,393	377,717	204,916
Letsemeng	201,215	201,215	46,592	23.2%	6,366	7,742	643	2,800	2,724	7,000	32,092	(12,774)
Kopanoeng	356,403	356,403	164,596	46.2%	9,170	21,021	12,817	6,037	4,692	4,500	106,149	210
Mohokare	230,060	230,060	55,136	24.0%	4,103	-	8,840	3,271	1,997	9,687	26,911	326
Xhariep District	64,564	64,564	20,663	32.0%	-	-	-	-	-	0	20,427	236
DC 16 Total	852,242	852,242	286,986	33.7%	19,639	28,762	22,299	12,109	9,413	21,187	185,578	(12,002)
Masilonyana	362,877	362,877	23,877	6.6%	-	1,825	11,723	7,230	2,905	63	-	130
Tokologo	141,362	141,362	9,644	6.8%	(11)	95	468	3,866	2,491	2,637	1	98
Tswelopele	196,575	196,575	76,600	39.0%	18,709	15,231	1,414	974	934	1,401	36,262	1,674
Matjhabeng	3,677,907	3,677,907	823,283	22.4%	103,820	207,658	119,030	47,264	28,820	81,734	223,152	11,805
Nala	516,179	516,179	-	0.0%	-	-	-	-	-	-	-	-
Lejweputswa District	156,028	156,028	57,000	36.5%	-	-	-	-	-	101	56,624	275
DC 18 Total	5,050,929	5,050,929	990,404	19.6%	122,518	224,808	132,635	59,334	35,151	85,936	316,040	13,982
Seitsoto	612,167	612,167	191,341	31.3%	16,987	26,498	18,537	9,979	12,899	9,832	94,189	2,420
Ditlhabeng	928,658	928,658	265,957	28.6%	40,705	67,999	17,519	14,425	14,699	19,503	88,123	2,984
Nketoana	443,163	443,163	140,463	31.7%	4,268	19,270	16,314	9,589	7,271	30,351	50,346	3,054
Maluti a Phofung	1,899,235	1,899,235	434,168	22.9%	28,021	15,448	25,369	10,884	10,591	(5)	311,270	32,589
Phumelela	197,775	197,775	57,621	29.1%	9,429	31	2,949	3,472	3,137	6,823	31,557	223
Mantsopa	342,670	342,670	39,152	11.4%	3,544	12,871	2,800	5,245	3,609	10,886	-	196
Thabo Mofutsanyana District	161,756	161,756	52,146	32.2%	-	-	-	-	-	-	50,879	1,267
DC 19 Total	4,585,424	4,585,424	1,180,847	25.8%	102,954	142,118	83,487	53,594	52,207	77,391	626,364	42,733
Moqhaka	1,129,762	1,129,762	290,860	25.7%	20,510	98,027	32,560	14,715	10,264	10,291	100,399	4,094
Ngwathe	936,722	936,722	249,704	26.7%	28,161	67,468	22,199	18,390	14,851	14,949	81,639	2,046
Metsimaholo	1,673,585	1,673,585	404,909	24.2%	55,291	105,985	95,264	12,307	11,303	19,474	99,839	5,446
Matube	286,129	286,129	83,413	29.2%	7,211	0	7,250	4,426	4,083	13,559	46,532	352
Fezile Dabi	178,849	178,849	69,714	39.0%	-	-	-	-	-	-	68,683	1,031
DC 20 Total	4,205,046	4,205,046	1,098,599	26.1%	111,174	271,480	157,272	49,838	40,500	58,274	397,092	12,969
Total	23,504,889	23,504,889	6,069,169	25.8%	733,812	1,609,138	726,421	293,449	179,780	361,181	1,902,790	262,597

Source: NT Local Government Database

Annexure G – Operating Expenditure per municipality

	Original Budget	Adjusted Budget	YTD	% of Budget	Employee Related Cost	Remuneration of Councillors	Debt Impairment	Depreciation & Asset Impairment	Bulk Purchases	Other Expenditure
R thousands										
Mangaung Metro	8,157,202	8,157,202	2,226,079	27.3%	575,598	18,819	408,990	220,733	757,152	244,787
Letsemeng	248,391	248,391	34,425	13.9%	11,701	947	-	-	7,186	14,592
Kopanong	457,775	457,775	45,952	10.0%	35,471	1,623	-	-	425	8,433
Mohokare	223,971	223,971	33,122	14.8%	21,853	1,457	-	-	215	9,597
Xhariep District	63,569	63,569	17,567	27.6%	12,244	1,278	-	375	-	3,670
DC 16 Total	993,706	993,706	131,066	13.2%	81,269	5,304	-	375	7,826	36,292
Masilonyana	418,858	418,858	473	0.1%	-	-	-	-	-	473
Tokologo	139,355	139,355	31,148	22.4%	13,159	1,102	-	-	6,710	10,178
Tswelopele	226,720	226,720	12,627	5.6%	-	-	7	-	1,535	11,085
Matjhabeng	3,677,446	3,677,446	392,619	10.7%	212,550	2,446	2,042	-	55,076	120,506
Nala	514,508	514,508	-	0.0%	-	-	-	-	-	-
Lejweleputswa District	198,134	198,134	36,431	18.4%	25,819	2,479	-	-	-	8,133
DC 18 Total	5,175,021	5,175,021	473,298	9.1%	251,528	6,026	2,049	-	63,320	150,374
Seisoetso	612,385	612,385	122,925	20.1%	54,421	3,697	9,301	-	30,276	25,229
Dihlabeng	877,035	877,035	179,056	20.4%	87,340	4,961	245	-	32,398	54,112
Nketoana	607,525	607,525	124,866	20.6%	20,908	938	50,754	-	20,583	31,683
Maluti a Phofung	2,081,050	2,081,050	576,993	27.7%	202,294	7,638	-	-	257,167	109,893
Phumelela	197,723	197,723	33,155	16.8%	22,540	1,857	-	-	913	7,845
Mantsopa	338,180	338,180	12,303	3.6%	9,307	805	-	-	329	1,862
Thabo Mofutsanyana District	182,984	182,984	10,514	5.7%	21,125	2,616	-	-	-	(13,227)
DC 19 Total	4,896,881	4,896,881	1,059,813	21.6%	417,935	22,513	60,300	-	341,666	217,399
Moqhaka	1,101,002	1,101,002	136,116	12.4%	87,391	5,603	690	-	1,648	40,784
Ngwathe	1,012,124	1,012,124	225,543	22.3%	68,250	4,075	-	-	110,458	42,761
Metsimaholo	1,646,928	1,646,928	293,767	17.8%	85,666	4,977	70,633	-	86,965	45,526
Mafube	284,082	284,082	34,082	12.0%	25,821	1,682	1,450	-	43	5,086
Fezile Dabi	191,805	191,805	38,610	20.1%	29,323	1,949	-	-	-	7,334
DC 20 Total	4,235,942	4,235,942	728,118	17.2%	296,450	18,286	72,773	3	199,115	141,491
Total	23,458,752	23,458,752	4,618,374	19.7%	1,622,781	70,948	544,112	221,111	1,369,079	790,342

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	14,631	3,449	22,591	22,591	18.7%
Executive and council	28,615	(2)	10,693	535	11,226	11,226	39.2%
Finance and administration	92,196	4,513	3,938	2,895	11,346	11,346	12.3%
Internal audit	55			20	20	20	
<i>Community and public safety</i>	500,000	4,494	8,544	8,675	21,713	21,713	4.3%
Community and social services	58,044	4,418	3,924	1,452	9,795	9,795	16.9%
Sport and recreation	81,925	71	663	89	823	823	1.0%
Public safety	24,304	5	9	24	38	38	0.2%
Housing	333,479		3,946	7,110	11,056	11,056	3.3%
Health	2,250						0.0%
<i>Economic and environmental services</i>	646,917	4,628	12,630	17,539	34,797	34,797	5.4%
Planning and development	89,972	8	27	684	718	718	0.8%
Road transport	554,030	4,620	12,603	16,855	34,078	34,078	6.2%
Environmental protection	2,916						
<i>Trading services</i>	2,014,575	51,477	55,753	79,663	186,892	186,892	9.3%
Energy sources	481,396	6,709	9,998	13,651	30,357	30,357	6.3%
Water management	970,143	24,933	23,745	45,344	94,022	94,022	9.7%
Waste water management	465,253	16,676	20,044	19,548	56,267	56,267	12.1%
Waste management	97,783	3,159	1,967	1,120	6,246	6,246	6.4%
<i>Other</i>	6,657			72	72	72	1.1%
Total Capital Expenditure - Functional	3,289,017	65,110	91,556	109,398	266,065	266,065	8.1%
Funded by							
National Government	2,639,822	52,497	63,382	92,975	208,854	208,854	7.9%
Provincial Government				1,120	1,120	1,120	
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	272	2,258	2,258	15.8%
Transfers recognised - capital	2,654,132	53,539	64,326	94,367	212,232	212,232	8.0%
Borrowing	92,504	2,411	3,288	1,751	7,451	7,451	8.1%
Internally generated funds	513,185	8,160	23,909	13,079	45,148	45,148	8.8%
Total Capital Funding	3,259,822	64,111	91,523	109,197	264,831	264,831	8.1%

Annexure I – Capital Expenditure and Source of Finance

R thousands	Original Budget			Adjusted Budget		YTD		% of Budget		Expenditure						Funding							
	Original Budget	Adjusted Budget	YTD	YTD	% of Budget	Energy Sources	Water Management	Waste Water Management	Waste Management	Other	Transfers - Recognised - Capital	Borrowing	Internally generated Funds	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	75,228	75,228	5.9%	27,303	2,393	6,126	-	39,404	43,989	6,429	24,809										
Letsemeng	56,944	56,944	37	37	0.1%	-	-	-	-	37	-	-	37										
Kopanong	41,785	41,785	600	600	1.4%	-	600	-	-	0	600	-	0										
Mohokare	46,476	46,476	6,241	6,241	13.4%	-	59	5,477	-	705	5,477	-	764										
Xhariep District	1,024	1,024	616	616	60.1%	-	-	-	-	616	-	-	616										
DC 16 Total	146,229	146,229	7,494	7,494	5.1%	-	659	5,477	-	1,358	6,077	-	1,417										
Masilonyana	51,228	51,228	-	-	0.0%	-	-	-	-	-	-	-	-										
Tokologo	120,871	120,871	18,558	18,558	15.4%	-	13,213	-	-	5,344	18,558	-	-										
Tswelopele	38,430	38,430	2,546	2,546	6.6%	-	3	-	-	2,542	-	-	1,543										
Matjhabeng	176,809	176,809	22,927	22,927	13.0%	63	75	9,164	-	13,625	11,930	-	10,997										
Nala	47,295	47,295	-	-	0.0%	-	-	-	-	-	-	-	-										
Lejweleputswa District	8,800	8,800	79	79	0.9%	-	-	-	-	79	-	-	79										
DC 18 Total	443,434	443,434	44,109	44,109	9.9%	63	13,292	9,164	-	21,592	30,488	-	12,619										
Setsoiso	243,689	243,689	7,061	7,061	2.9%	489	5,518	-	-	1,054	5,518	1,021	500										
Ditlabeng	130,167	130,167	25,177	25,177	19.3%	2	24,405	-	23	748	24,403	-	774										
Nketoana	54,718	54,718	23,023	23,023	42.1%	-	19,010	4,013	-	-	23,023	-	-										
Maluti a Phofung	294,505	294,505	22,468	22,468	7.6%	-	3,900	10,955	-	7,613	22,189	-	279										
Phumelela	53,847	53,847	7,090	7,090	13.2%	-	574	5,843	-	673	7,090	-	-										
Matsoapa	52,395	52,395	4,104	4,104	7.8%	-	3,791	304	-	8	4,104	-	-										
Thabo Mofutsanyana District	4,002	4,002	209	209	5.2%	-	-	-	-	209	-	-	-										
DC 19 Total	833,323	833,323	89,132	89,132	10.7%	491	57,197	21,116	23	10,305	86,327	1,021	1,553										
Moghaka	80,773	80,773	13,129	13,129	16.3%	1,191	1,541	542	6,135	3,720	9,623	-	3,505										
Ngwathe	135,280	135,280	13,139	13,139	9.7%	-	12,394	145	-	600	13,139	-	-										
Metsimaholo	309,640	309,640	20,521	20,521	6.6%	560	4,568	13,697	88	1,608	19,861	-	660										
Mafube	58,183	58,183	2,791	2,791	4.8%	750	1,978	-	-	63	2,728	-	63										
Fezile Dabi	1,320	1,320	522	522	39.6%	-	-	-	-	522	-	-	522										
DC 20 Total	585,196	585,196	50,102	50,102	8.6%	2,501	20,481	14,384	6,223	6,514	45,351	-	4,751										
Total	3,289,017	3,289,017	266,065	266,065	8.1%	30,357	94,022	56,267	6,246	79,173	212,232	7,451	45,148										

Source: NT Local Government Database

Annexure J – Indicators of Municipal Health

STATE OF LOCAL GOVERNMENT FINANCE - ACTUALS YTD 1st Quarter Ended 30 September 2022 Year 2022/23 (Source: MSCO)

Province	Cat	Demarcation	Demarc Code	FUNDING COMPLIANCE			ASSET MANAGEMENT AND SUSTAINABILITY				ASSET/LIABILITY RATIOS					DISTRESS INDICATOR
				Indicator 1 - Cash/eq. 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	
Free State	A	Margaring	MAN	1,361,777.62	3,271,067.96	3.09	0.03%	15.25%	5.44%	0.13	494.27	1,338.09	42.45%	0.86	2.3	
Free State	B	Kopanoong	FS162	74,384.45	164,995.05	19.45	0.00%	0.00%	0.00%	3.48	124.21	-321.81	0.00%	-4.54	-4.5	
Free State	B	Lebeneng	FS161	-3,050.67	-7,356.53	-3.97	0.00%	0.00%	0.00%	4.46	368.30	-77.58	0.05%	2.85	2.8	
Free State	B	Mkhotlane	FS163	6,441,566	-238,394,223	-23.16	0.07%	92.59%	0.00%	0.03	2,228.13	2,462.88	214.13%	0.77	-2.9	
Free State	C	Xosha	DC16	2,360,006	3,271,594	-0.07	44.38%	100.00%	-164.18%	5.08	0.00	-211.92	0.00%	-5.15	-5.6	
Free State	B	Melipotanya	FS161	5,326,191	2,619,961	164.57	0.00%	0.00%	0.00%	1.78	318.28	14.32	-0.00%	7.58	7.5	
Free State	B	Maitjhabeng	FS164	294,734,961	-12,436,818,513	3.17	0.07%	21.81%	0.00%	0.02	1,066.26	19,327.47	0.00%	0.34	0.92	
Free State	B	Nala	FS165	-11,264,661	-10,633,795	-8.20	0.00%	0.00%	0.00%	64.68	289.32	-203.42	0.00%	-28.28	-34.34	
Free State	B	Tokologo	FS162	-44,673,731	-29,435,920	-10.65	0.00%	90.29%	0.00%	3.63	282.59	41.65	0.00%	2.84	1.34	
Free State	B	Tswelopele	FS163	27,503,474	-44,324,926	8.85	0.38%	0.00%	0.00%	0.23	654.66	1,835.14	9.75%	0.98	4.46	
Free State	C	Lejwelepuswaa	DC18	128,693,625	165,304,198	41.82	0.09%	0.00%	0.00%	7.04	1,000	645.32	0.00%	7.27	5.11	
Free State	B	Dhlabang	FS162	3,034,795	-910,433,393	-1.81	0.06%	10.52%	0.00%	0.00	535.42	3,320.42	6.74%	0.52	2.07	
Free State	B	Maitj-a-Phuthung	FS164	569,626,588	-345,887,688	-10.43	11.48%	0.13%	0.00%	0.88	225.35	935.01	0.00%	0.80	0.63	
Free State	B	Matsoya	FS166	8,948,225	19,801,834	8.73	0.00%	92.38%	0.00%	1.15	267.19	236.43	0.00%	3.92	4.46	
Free State	B	Nketwana	FS163	11,903,054	-2,137,260,630	0.94	0.38%	0.00%	0.00%	0.01	-78.93	3,507.94	6.79%	0.17	1.72	
Free State	B	Phumelela	FS165	24,515,115	-394,326,273	1.96	0.09%	0.00%	0.00%	0.06	196.92	9,209.07	0.00%	0.24	1.90	
Free State	B	Sesoto	FS161	151,694,570	704,284	5.77	0.04%	100.00%	0.00%	0.59	1,273.01	650.05	1.04%	2.24	8.71	
Free State	C	Thabo Mofutsanyana	DC19	27,995,282	45,501,808	34.61	0.00%	0.00%	0.00%	-1.56	0.00	497.01	1.05%	-1.34	-1.36	
Free State	B	Mafube	FS205	-123,644,067	-12,612,284	-54.44	0.04%	0.00%	0.00%	-0.16	3,633.95	31,017.03	0.00%	0.34	1.69	
Free State	B	Melismahob	FS204	129,395,241	590,677,740	3.97	0.00%	25.19%	0.00%	0.10	569.20	504.51	0.00%	1.26	2.26	
Free State	B	Mophaka	FS201	16,560,706	-166,188,921	-1.61	0.64%	19.16%	0.00%	0.02	1,070.89	4,823.76	9.27%	0.74	2.85	
Free State	B	Ngwathe	FS203	34,562,992	-2,390,361,832	-3.96	1.01%	97.58%	0.00%	0.01	585.53	4,472.56	0.47%	0.32	0.94	
Free State	C	Festile Daki	DC20	109,344,678	591,600,251	34.14	0.15%	63.38%	10,188.00%	19.51	0.00	283.72	0.00%	20.27	4.46	