



treasury

Department of
Treasury
FREE STATE PROVINCE

CONSOLIDATED MUNICIPAL BUDGET
PERFORMANCE REPORT
FOR THE PERIOD ENDING
30 NOVEMBER 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 November 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 (M05)
 - Creditors (CR05)
 - Debtors (DB05)
- c) The compliance rate for the financial data strings for November 2022 is 95.65% with only **Nala municipality** that failed to submit the required reports for the month under review. However, 9 per cent (**Masilonyana and Tokologo municipalities**) still submitted the required data strings after the 10th working day which is a legislated requirement.
- d) The submission of the creditors and debtors age analysis is 91.30 % and 95.65% respectively, with **Nala failing to submit the data strings and Kopanong that submitted the creditors age analysis with errors**. Six municipalities (**Masilonyana, Tokologo, Phumelela, Mantsopa, Thabo Mofutsanyana and Moqhaka municipalities**) submitted the creditors' age analysis after the tenth working day. An analysis on the debtors' data string show that three municipalities (**Masilonyana, Tokologo, Mantsopa**) submitted after the due date, however, three 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)	M05	CR05	DB05	C-schedule M05
Mangaung						
Letsemeng						
Kopanong						
Mohokare						
Xhariep						
Masilonyana						
Tokologo						
Tswelopele						
Matjhabeng						
Nala						
Lejweleputswa						
Setsoto						
Dihlabeng						
Nketoana						
Maluti a Phofung						
Phumelela						
Mantsope						
Thabo Mofutsanyana						
Mochaka						
Ngwathe						
Metsimaholo						
Mafube						
Fezile Dabi						

Source: LGDB as at 9 January 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	<ul style="list-style-type: none"> - Transactions recorded on line items without budget - Property rates are not split according to all property categories in terms of the MPRA - Free basic services are not budgeted and expensed correctly - Correct funding source not used
Expenditure	<ul style="list-style-type: none"> - Transactions recorded on line items without budgets

	<ul style="list-style-type: none"> - 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	- Transactions recorded on line items without budgets
Conditional Grants	- Grant receipts not recorded under current liabilities (unspent grants) as per GRAP 23. mSCOA Circular 13 was issued as guidance for the correct recording of grants.
Cash Flow	- 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

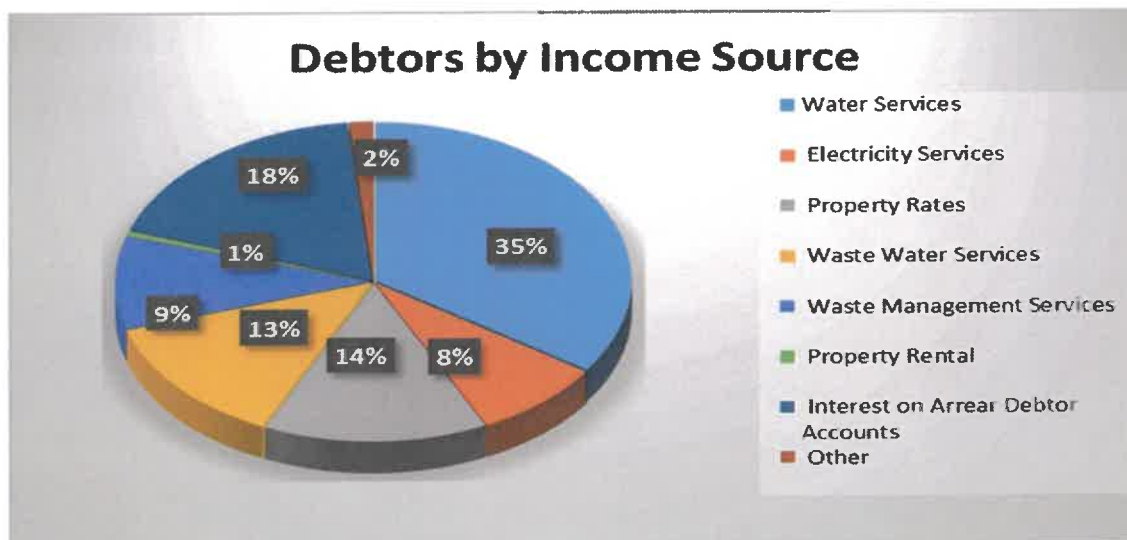
1. FINANCIAL HEALTH

1.1 DEBTORS

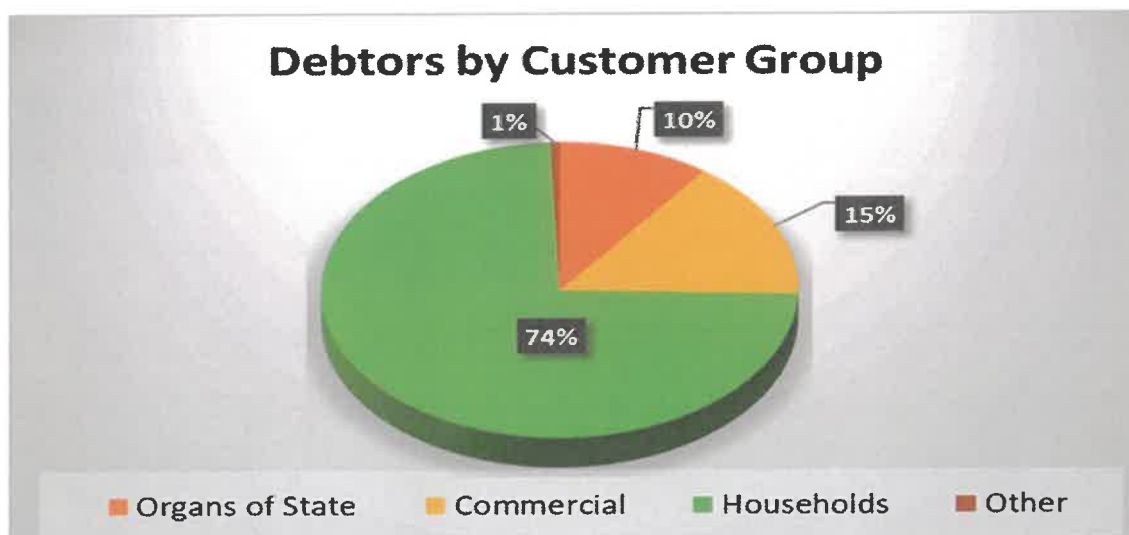
- 1.1.1 Aggregated debtors as at 30 November 2022 amounted to R29.615 billion having decreased with R1.09 billion from the previous month (*Oct 2022: R30.705 billion*). Annexure A and B provides the summary and breakdown of the outstanding debtors per income source. The municipal debt has grown substantially for debtors exceeding 90 days due to declining collection rates.
- 1.1.2 87.4 Per cent (R25.884 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 R21.889 billion, commercial with R4.490 billion and organs of state with R3.040 billion.
- 1.1.3 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.
- 1.1.4 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.

- 1.1.5 *Water services* remains the largest contributor to the total outstanding debt and amounts to R10.252 billion (34.6 per cent), followed by *interest on arrear debtor accounts* amounting to R5.404 billion (18.2 per cent). Debt relating to *property rates* contribute 14.1 per cent (R4.187 billion) to the total outstanding debt, whilst *waste water services* accounts for 13.3 per cent (R3.928 billion) of the total debt.



- 1.1.6 The report also show the majority of the debt is owed by *Households*, which contributes 73.9 per cent (R21.889 billion) to the total debt, followed by *Businesses* with 15.2 per cent (R4.490 billion) and *Organs of State* with 10.3 per cent (R3.040 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 R441 million to **R24.089 billion** for the month under review (*Oct 2022: R23.648 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**. Eskom and water board debt are not reflected correctly on the financial systems.
- 1.2.4 Payables relating to bulk service providers (Eskom & Water Boards) contribute 86.8 per cent or **R20.914 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 R520.535 million of which 72.56 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	35,347	100.0%	–	0.0%	–	0.0%	–	0.0%	35,347	44.3%
Kopanong	1,420	6.8%	5,145	24.8%	–	0.0%	14,172	68.3%	20,738	26.0%
Matjhabeng	11,419	100.0%	–	0.0%	–	0.0%	–	0.0%	11,419	14.3%
Nala	13	100.0%	–	0.0%	–	0.0%	–	0.0%	13	0.0%
Thabo Mofutsanyana District	1,359	100.0%	–	0.0%	–	0.0%	–	0.0%	1,359	1.7%
Ngwathe	3,508	100.0%	–	0.0%	–	0.0%	–	0.0%	3,508	4.4%
Mafube	2,495	33.7%	1,329	18.0%	1,389	18.8%	2,185	29.5%	7,398	9.3%
Total Debt	55,562	69.6%	6,474	8.1%	1,389	1.7%	16,357	20.5%	79,783	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	51,693	100.0%	–	0.0%	–	0.0%	–	0.0%	51,693	11.7%
Kopanong	3,827	2.3%	1,976	1.2%	–	0.0%	163,053	96.6%	168,856	38.3%
Tswelopele	50	113.6%	–	0.0%	–	0.0%	(6)	-13.6%	44	0.0%
Matjhabeng	26,635	61.4%	9,290	21.4%	2,538	5.8%	4,933	11.4%	43,396	9.8%
Nala	4	100.0%	–	0.0%	–	0.0%	–	0.0%	4	0.0%
Setsotso	304	100.0%	–	0.0%	–	0.0%	–	0.0%	304	0.1%
Nketoana	315	59.0%	219	41.0%	–	0.0%	–	0.0%	534	0.1%
Ngwathe	3,188	100.0%	–	0.0%	–	0.0%	–	0.0%	3,188	0.7%
Mafube	1,257	0.7%	1,260	0.7%	1,260	0.7%	168,954	97.8%	172,732	39.2%
Total Debt	87,275	19.8%	12,745	2.9%	3,799	0.9%	336,934	76.4%	440,752	100.0%

1.3 CASH FLOW

1.3.1 Municipalities in the Province closed the month of November 2022 with a surplus cash and cash equivalent balance of R4.276 billion. It should however be noted that some municipalities continue to report incorrectly as per Table C7 (cash flow statement) *m*SCOA data strings and the inconsistencies negatively affect the credibility of the information presented on the cash flow statement.

1.3.2 Five municipalities (Tokologo, Matjhabeng, Moqhaka, Ngwathe and Mafube municipalities) reported a negative closing balance which might indicate eminent financial constraints, whilst three 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 Nov 2022)
Mangaung Metro	1,576,428	1,606,019	(197,123)	(5,644)	1,403,252	2,975,065
Letsemeng	–	–	–	–	–	–
Kopanong	–	391,937	–	–	391,937	391,937
Mohokare	1,594	26,342	(8,910)	(1)	17,431	19,025
Xhariep District	–	2,482	–	–	2,482	2,482
DC 16 Total	1,594	420,761	(8,910)	(1)	411,850	413,445
Masilonyana	–	–	–	–	–	–
Tokologo	–	(7,794)	12	–	(7,781)	(7,781)
Tswelopele	4,734	20,488	(1,865)	(37)	18,586	23,165
Matjhabeng	196,611	(221,162)	(41,351)	–	(262,512)	(59,005)
Nala	–	–	–	–	–	–
Lejweleputswa District	111,526	(6,254)	–	–	(6,254)	105,272
DC 18 Total	312,871	(214,722)	(43,203)	(37)	(257,962)	61,650
Setsotso	92,272	290,662	(66,484)	(22)	224,156	317,353
Dihlabeng	5,586	74,055	(34,527)	(3,108)	36,420	47,358
Nketoana	(930)	48,882	(20,248)	(42)	28,592	22,896
Maluti a Phofung	(64,264)	303,080	(95,448)	(482)	207,149	270,234
Phumelela	658	57,359	(8,859)	–	48,500	49,158
Mantsopa	–	38,833	(4,666)	–	34,167	34,167
Thabo Mofutsanyana District	–	8,472	–	–	8,472	8,472
DC 19 Total	33,321	821,342	(230,232)	(3,655)	587,455	749,638
Moqhaka	(3,560)	28,055	(23,685)	(1,297)	3,072	(11,032)
Ngwathe	(0)	(4,232)	(22,964)	(6)	(27,202)	(27,196)
Metsimaholo	112,461	13,031	(36,162)	(38)	(23,168)	94,311
Mafube	9,455	43,645	(8,853)	79	34,871	(115,323)
Fezile Dabi	84,594	50,913	(529)	–	50,384	134,982
DC 20 Total	202,949	131,412	(92,193)	(1,262)	37,956	75,742
Total	2,127,164	2,764,812	(571,661)	(10,599)	2,182,552	4,275,539

Source: NT Local Government Database

1.3.3 The collection rate reported by municipalities for the Province for the month under review is only **65.1 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:

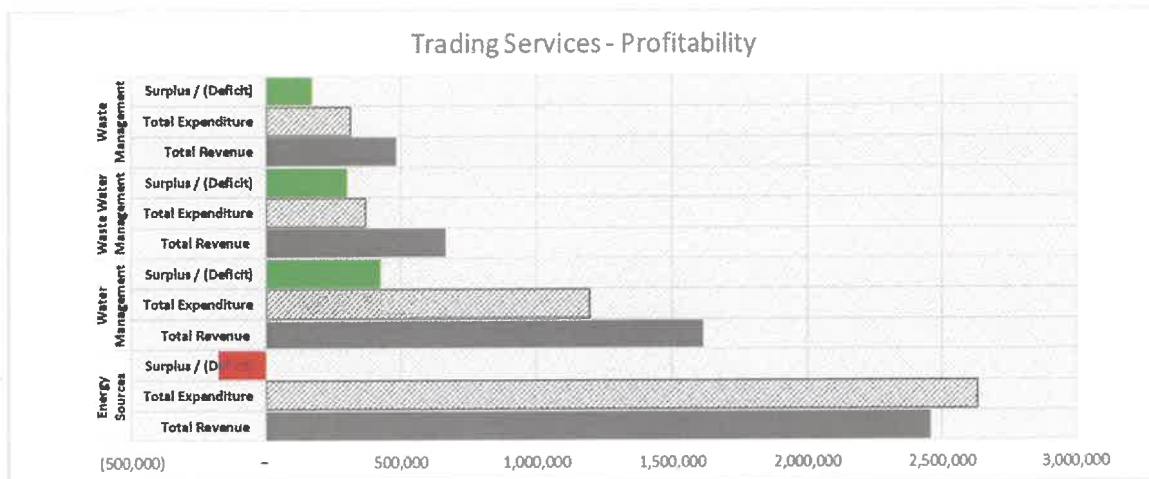
2.1 **REVENUE GENERATED**

2.1.1 The total generated revenue (billed) amounts to R8.609 billion or 36.6 per cent against the approved budget of R23.505 billion, whilst in respect of expenditure, municipalities spent an aggregate of 32.0 per cent or R7.496 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 51 and 24 per cent respectively to the total revenue. Property rates contribute 14 per cent (R1.218 billion) to the total revenue generated.

2.1.3 An aggregate operational surplus of R1.112 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 November 2022. Whilst **energy sources** recorded an operating **deficit of R174.9 million**.



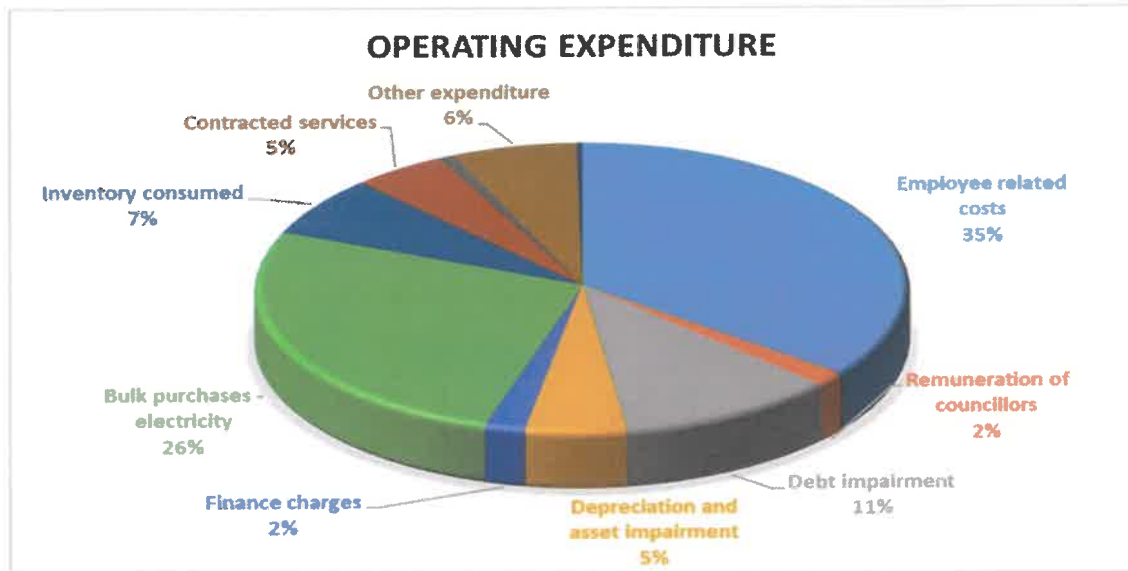
2.1.5 The table below show the aggregate surpluses / (deficits) recorded by municipalities on energy and water trading services, which may be an indication that the tariffs are not cost reflective.

R thousands	Energy Trading Service Surplus / (Deficit)	Water Trading Service Surplus / (Deficit)
Mangaung Metro	(115,663)	(39,310)
Letsemeng	(7,866)	5,276
Kopanong	34,326	10,763
Mohokare	(741)	4,177
Masilonyana	325	18,935
Tokologo	(12,481)	(583)
Tswelopele	2,489	(2,489)
Matjhabeng	235,167	191,039
Nala	8,021	2,433
Setsoto	6,565	28,979
Dihlabeng	57,073	26,668
Nketoana	(3,064)	(7,436)
Maluti a Phofung	(426,175)	11,308
Phumelela	(10,103)	(1,598)
Mantsopa	4,706	111
Moqhaka	121,437	41,300
Ngwathe	(39,640)	63,288
Metsimaholo	(27,730)	51,910
Mafube	(1,566)	18,734

2.2 OPERATING EXPENDITURE

2.2.1 The total operating expenditure reported amounted to R7.496 billion or 32.0 per cent against the budget. The total expenditure is below the straight line projection of 42%. Incorrect or non-reporting of expenditure also contributes to the poor performance.

2.2.2 The highest spending item reported at the end of November 2022 is *employee related cost* amounting to R2.662 billion or 35 per cent of the total expenditure, followed by *bulk purchases - electricity* amounting to R1.973 billion.



2.2.3 The performance of *employee related cost* against the budget is 36.9 per cent (R2.662 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	42,259	19.4%	1.6%
Municipal Staff	7,001,416	2,619,437	37.4%	98.4%
Board Members	785	57	7.2%	0.0%
Total	7,219,863	2,661,753	36.9%	100.0%

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

Employee Related Cost - High Capacity Municipalities

Municipality	Employee Related Cost			Council Remuneration		
	Original Budget	YTD Nov 2022	%	Original Budget	YTD Nov 2022	%
Mangaung	2,393,515,462	960,371,251	40.1%	70,667,842	30,374,616	43.0%
Matjhabeng	906,572,359	361,210,833	39.8%	39,971,641	4,015,920	10.0%
Maluti-a-Phofung	660,113,301	292,274,998	44.3%	30,608,225	12,970,113	42.4%
Mochaka	364,983,798	116,812,040	32.0%	22,248,609	7,293,247	32.8%
Metsimaholo	434,807,480	143,085,825	32.9%	20,869,770	8,294,820	39.7%
Total	4,759,992,400	1,873,754,947	39.4%	184,366,087	62,948,716	34.1%

Employee Related Cost - Medium Capacity Municipalities

Municipality	Employee Related Cost			Council Remuneration		
	Original Budget	YTD Nov 2022	%	Original Budget	YTD Nov 2022	%
Letsemeng	73,052,844	17,782,407	24.3%	5,167,420	1,386,493	26.8%
Kopanong	141,883,225	59,118,035	41.7%	6,491,999	2,704,990	41.7%
Tswelopele	78,739,925	51,114	0.1%	6,568,726		0.0%
Nala	160,137,291	30,637,105	19.1%	9,490,853	1,553,633	16.4%
Setsoto	228,323,196	90,561,108	39.7%	12,535,056	6,035,436	48.1%
Dihlabeng	348,057,308	143,189,904	41.1%	17,116,642	8,912,682	52.1%
Nketoana	151,733,243	25,173,181	16.6%	6,453,828	1,406,142	21.8%
Mantsopa	111,243,576	28,340,077	25.5%	6,221,546	2,125,892	34.2%
Ngwathe	266,190,371	111,513,033	41.9%	17,147,643	8,190,181	47.8%
Mafube	130,593,358	42,724,180	32.7%	11,399,215	2,692,958	23.6%
Total	1,689,954,337	549,090,144	32.5%	98,592,928	35,008,407	35.5%

Employee Related Cost - Low Capacity Municipalities

Municipality	Employee Related Cost			Council Remuneration		
	Original Budget	YTD Nov 2022	%	Original Budget	YTD Nov 2022	%
Mohokare	87,809,399	36,245,955	41.3%	5,675,733	2,331,135	41.1%
Xhariep	47,107,343	19,414,977	41.2%	4,105,315	2,044,579	49.8%
Masilonyana	124,336,427		0.0%	7,921,835		0.0%
Tokologo	65,061,962	21,539,519	33.1%	5,863,364	1,836,245	31.3%
Lejweleputswa	119,884,691	42,398,789	35.4%	10,671,632	4,309,581	40.4%
Phumelela	91,041,264	36,277,062	39.8%	6,891,170	3,015,955	43.8%
Thabo Mofutsanyana	102,434,027	35,087,960	34.3%	9,110,478	4,255,816	46.7%
Fezile Dabi	132,240,660	47,943,512	36.3%	7,515,130	3,247,124	43.2%
Total	769,915,773	238,907,774	31.0%	57,754,657	21,040,435	36.4%

2.2.5 Two municipalities, namely Masilonyana and Tswelopele municipalities did not report any employee related cost due to 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 R594.502 million or 18.1 per cent against the approved budget of R3.289 billion. Only two municipalities, reported expenditure above the straight line projection, namely Xhariep and Nketoana. The low expenditure can be attributed to the incorrect or non-recording of transactions on the financial systems.

2.3.2 The majority (70 per cent) of the expenditure relates to trading services projects amounting to R416.600 million and consist of R81.016 million for *energy services*, R227.407 million for *water management*, R96.312 million for *waste water management* and R11.865 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 R355.644 million was spent on repairs and maintenance which amounts to 23.8 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	223,904	43.3%
Total Metros		517,045	517,045	223,904 ▽	43.3%
Letsemeng	FS161	6,584	6,584	20	0.3%
Kopanong	FS162	-	-	-	-
Mohokare	FS163	1,736	1,736	610	35.2%
Xhariep	DC16	405	405	118	29.1%
Total Xhariep		8,725	8,725	748 ▽	8.6%
Masilonyana	FS181	1,295	1,295	-	-
Tokologo	FS182	3,420	3,420	816	23.9%
Tswelopele	FS183	16,105	16,105	3,921	24.3%
Matjhabeng	FS184	302,694	302,694	10,201	3.4%
Nala	FS185	255,699	255,699	27,253	10.7%
Lejweleputswa	DC18	3,531	3,531	720	20.4%
Total Lejweleputswa		582,743	582,743	42,911 ▽	7.4%
Setsoto	FS191	7,022	7,022	2,084	29.7%
Dihlabeng	FS192	19,403	19,403	2,731	14.1%
Nketoana	FS193	20,758	20,758	5,102	24.6%
Maluti-a-Phofung	FS194	139,287	139,287	11,444	8.2%
Phumelela	FS195	13,780	13,780	1,240	9.0%
Mantsopa	FS196	-	-	-	-
Thabo Mofutsanyana	DC19	449	449	-	-
Total Thabo Mofutsanyana		200,698	200,698	22,601 ▽	11.3%
Moqhaka	FS201	82,246	82,246	28,638	34.8%
Ngwathe	FS203	35,894	35,894	29,106	81.1%
Metsimaholo	FS204	47,447	47,447	6,553	13.8%
Mafube	FS205	16,479	16,479	939	5.7%
Fezile Dabi	DC20	1,891	1,891	244	12.9%
Total Fezile Dabi		183,957	183,957	65,480 ▽	35.6%
Total Free State		1,493,169	1,493,169	355,644 ▽	23.8%

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 November 2022 show a total spending of R2.585 billion against the allocation (95.6 per cent).

3.2 It must however be noted that the high spending is as a result of the over stating of the expenditure by Maluti a Phofung amounting to R2.091 billion. The heart of the problem

remains that municipalities are still not recording the receipting and spending on conditional grants correctly which impacts negatively on the information presented. Conditional grants must be recorded to be consistent with the reporting on the annual financial statements where only 'conditions met' are recognized as grants expenditure (GRAP 23). mSCOA Circular nr. 13 was issued to provide guidance to the municipalities in this regard.

3.3 The negative spending reflected in the table below indicate incorrect reporting by municipalities.

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

Municipalities	2022/23 Conditional Grants					
	Allocated	Transferred	Spend Nat	Received Mun	Spend Mun	% spend
Mangaung	1,059,348	173,707	30,309	614,449	250,810	23.7%
Letsemeng	66,592	9,643	6,392	14,800	–	0.0%
Kopanong	46,436	5,601	2,392	–	–	0.0%
Mohokare	50,559	17,347	7,250	3,269	23,359	46.2%
Xhariep	5,139	3,609	878	3,609	1,560	30.4%
Masilonyana	56,486	11,755	6,499	–	–	0.0%
Tokologo	48,125	21,204	1,352	–	21,387	44.4%
Tswelopele	38,773	12,665	9,378	6,810	15,304	39.5%
Matjhabeng	175,101	19,210	13,992	–	–	0.0%
Nala	53,465	11,861	4,684	16,774	6,994	13.1%
Lejweleputswa	8,706	5,025	376	4,595	1,459	16.8%
Setso	223,389	59,432	14,486	139,523	30,605	13.7%
Dihlabeng	65,169	25,415	2,005	–	–	0.0%
Nketoana	52,935	27,341	12,602	–	–	0.0%
Maluti a Phofung	267,210	60,073	45,952	127,302	2,091,151	782.6%
Phumelela	43,077	16,291	6,826	13,231	–	0.0%
Mantsoa	51,232	26,809	11,061	–	727	1.4%
Thabo Mofutsanyana	15,229	5,440	2,405	2,363	3,861	25.4%
Moghaka	59,614	30,060	12,900	33,353	26,920	45.2%
Ngwathe	143,003	40,243	13,227	79,301	29,550	20.7%
Metsimaholo	112,976	27,179	10,463	110,015	71,419	63.2%
Mafube	58,460	12,100	5,833	30,132	10,434	17.8%
Fezile Dabi	4,918	3,258	208	–	–	0.0%
Total	2,705,942	625,268	221,470	1,199,526	2,585,540	95.6%

3.5 The table below show the actual performance per grant:

Municipalities	2022/23 Conditional Grants					
	Allocated	Transferred	Spend Nat	Received Mun	Spend Mun	% spend
Energy Efficiency & Demand Man Grant	23,000	16,000	1,878	2,000	870	3.8%
Expanded Public Works Programme	46,707	9,445	4,904	10,976	9,030	19.3%
Finance Management Grant	59,020	59,020	9,440	25,291	9,479	16.1%
Integrated National Electrification Prog	129,996	–	–	72,740	17,416	13.4%
Metro Informal Settlements Partnership Grant	279,617	76,251	12,702	172,056	36,370	13.0%
Municipal Infrastructure Grant	844,877	180,756	106,870	204,387	2,164,034	256.1%
Municipal Systems Improvement Prog	–	–	–	3,100	–	0.0%
Neighbourhood Dev Partnership Grant	20,738	10,000	6,385	10,000	18,748	90.4%
Programme & Project Preperation Support Grant	13,673	–	–	–	–	0.0%
Public Transport network Grant	249,894	84,964	10,896	84,964	73,601	29.5%
Regional Bulk Infrastructure Grant	204,407	64,407	18,992	178,434	89,447	43.8%
Rural Roads Assets Man Systems Grant	9,654	6,756	1,319	4,472	2,152	22.3%
Urban settlement Development Grant	491,760	–	–	344,232	121,428	24.7%
Water Services Infrastructure Grant	332,599	117,669	48,084	86,874	42,966	12.9%
Total	2,705,942	625,268	221,470	1,199,526	2,585,540	95.6%

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 R2.164 billion was reported on the data strings for MIG, however, CoGTA reported spending of R195.026 million at the end of November 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 R'000	Transferred R'000	Spending R'000	% Spent on Allocation
Letsemeng	19,019	4,042	4,041	21%
Kopanong	22,932	1,254	1,220	5%
Mohokare	19,991	1,944	802	4%
Masilonyana	28,257	3,181	3,153	11%
Matjhabeng	136,630	14,231	14,231	10%
Mafube	25,129	3,447	3,445	14%

4. ASSISTANCE PROVIDED & OTHER MFMA RELATED MATTERS

- 4.1 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.
- 4.2 Municipalities were supported in complying with the criteria for the release of the equitable share tranche in December 2022 as set out in the MFMA Budget Circular nr. 112. Initially, seven municipalities did not receive the equitable share due to the non-submission of AFS, outstanding payments to Eskom, pension funds and other 3rd party payments, namely:

Kopanong
 Mohokare
 Masilonyana
 Nketoana
 Maluti a Phofung
 Mantsopa
 Mafube

Provincial Treasury assisted the municipalities to receive the equitable share tranche in December 2022.

E. RECOMMENDATIONS & CONCLUSION

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

1. **Note** the aggregate revenue generated is 36.6 per cent whilst the operating expenditure is at 32 per cent against the total budgets and the expenditure is **below the straight line projection of 42 per cent**. An operating surplus of R1.112 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 42 per cent**, amounting to R594.502 million (18.1 per cent) against the adjusted budget of R3.289 billion.
3. **Note** municipalities reported aggregate spending on repairs and maintenance amounting to R355.644 million or 23.8 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 R29.615 billion (*Oct 2022 – R30.706 billion*).
5. **Note** the total outstanding creditor's amount to R24.089 billion (*Oct 2022 – R23.648 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** 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.
7. **Note** the support initiatives provided by the Treasury, MFMA unit.

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

Submitted by:



Ms D Smit
DEPUTY DIRECTOR: IYM

Date: 2023-01-09

Noted / Comments by:



Dr R Chetty
DIRECTOR: BUDGETS & IYM

Date: 2023-01-09

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

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	523,463	5.1%	284,135	2.8%	420,488	4.1%	9,024,221	88.0%	10,252,308	34.6%
Trade and Other Receivables from Exchange Transactions - Electricity	288,972	11.8%	95,873	3.9%	195,557	8.0%	1,859,855	76.2%	2,440,257	8.2%
Receivables from Non-exchange Transactions - Property Rates	259,655	6.2%	101,651	2.4%	263,900	6.3%	3,561,597	85.1%	4,186,803	14.1%
Receivables from Exchange Transactions - Waste Water Management	151,122	3.8%	78,069	2.0%	203,190	5.2%	3,495,904	89.0%	3,928,285	13.3%
Receivables from Exchange Transactions - Waste Management	85,942	3.1%	49,627	1.8%	147,182	5.3%	2,520,496	89.9%	2,803,248	9.5%
Receivables from Exchange Transactions - Property Rental Debtors	1,857	1.2%	1,763	1.1%	1,717	1.1%	148,695	96.5%	154,033	0.5%
Interest on Arrear Debtor Accounts	180,969	3.3%	115,097	2.1%	310,027	5.7%	4,798,000	88.8%	5,404,094	18.2%
Other	13,366	3.0%	(52,845)	-11.9%	10,385	2.3%	475,043	106.5%	445,950	1.5%
Total By Income Source	1,505,348	5.1%	673,370	2.3%	1,552,445	5.2%	25,883,813	87.4%	29,614,977	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	150,023	4.9%	136,719	4.5%	182,538	6.0%	2,570,358	84.6%	3,039,638	10.3%
Commercial	479,698	10.7%	135,037	3.0%	318,790	7.1%	3,556,685	79.2%	4,490,211	15.2%
Households	873,506	4.0%	400,002	1.8%	1,049,101	4.8%	19,566,283	89.4%	21,888,892	73.9%
Other	2,121	1.1%	1,612	0.8%	2,018	1.0%	190,487	97.1%	196,237	0.7%
Total By Customer Group	1,505,348	5.1%	673,370	2.3%	1,552,445	5.2%	25,883,813	87.4%	29,614,977	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	714,347	8.1%	292,535	3.3%	245,250	2.8%	7,514,504	85.7%	8,766,635	29.6%
Letsemeng	13,113	3.5%	(399)	-0.1%	7,046	1.9%	352,236	94.7%	371,995	1.3%
Kopanong	10,536	2.3%	10,208	2.2%	10,453	2.2%	436,256	93.3%	467,453	1.6%
Mohokare	11,699	2.6%	10,971	2.4%	13,235	2.9%	421,545	92.2%	457,451	1.5%
Xhariep District	-	0.0%	-	0.0%	-	0.0%	9,582	100.0%	9,582	0.0%
DC 16 Total	35,348	2.7%	20,780	1.6%	30,734	2.4%	1,219,619	93.4%	1,306,481	4.4%
Masilonyana	18,098	1.4%	(61,448)	-4.7%	12,030	0.9%	1,333,750	102.4%	1,302,430	4.4%
Tokologo	17,500	4.5%	8,638	2.2%	6,357	1.6%	358,317	91.7%	390,813	1.3%
Tswelopele	6,221	3.9%	5,639	3.6%	4,533	2.9%	141,460	89.6%	157,853	0.5%
Majhaheng	241,491	4.1%	144,573	2.5%	130,633	2.2%	5,383,100	91.2%	5,899,797	19.9%
Nala*	24,552	2.6%	22,760	2.4%	21,891	2.3%	681,392	92.7%	950,596	3.2%
Lejweleputswa District	(0)	0.0%	-	0.0%	-	0.0%	30,724	100.0%	30,724	0.1%
DC 18 Total	307,862	3.5%	120,163	1.4%	175,444	2.0%	8,128,744	93.1%	8,732,212	29.5%
Setsotho	23,276	4.1%	19,469	3.4%	18,987	3.3%	508,391	89.2%	570,123	1.9%
Dihlabeng	80,998	5.8%	27,222	2.0%	23,468	1.7%	1,258,456	90.5%	1,390,144	4.7%
Nketoana	31,100	3.4%	27,972	3.0%	19,573	2.1%	847,526	91.5%	926,172	3.1%
Maluti a Phofung	31,366	1.4%	30,341	1.3%	31,890	1.4%	2,187,597	95.9%	2,281,194	7.7%
Phumelela	(51)	0.0%	8,064	1.7%	6,849	1.5%	448,269	96.8%	463,131	1.6%
Mantsopa	16,112	1.9%	23,795	2.8%	14,168	1.7%	804,096	93.7%	858,172	2.9%
Thabo Mofutsanyana District*	-	0.0%	-	0.0%	-	0.0%	4,167	100.0%	4,167	0.0%
DC 19 Total	182,802	2.8%	136,863	2.1%	114,935	1.8%	6,058,503	93.3%	6,493,103	21.9%
Moqhaka	53,253	4.4%	33,703	2.8%	27,284	2.3%	1,097,741	90.6%	1,211,981	4.1%
Ngwathe	100,336	9.6%	25,068	2.4%	918,271	88.0%	-	0.0%	1,043,675	3.5%
Metsimaholo	86,251	7.5%	30,851	2.7%	25,645	2.2%	1,005,178	87.6%	1,147,924	3.9%
Mafube	25,151	2.8%	13,407	1.5%	14,883	1.6%	859,525	94.1%	912,966	3.1%
Fezile Dabi	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
DC 16 Total	264,990	6.1%	103,029	2.4%	986,083	22.8%	2,962,444	68.6%	4,316,546	14.6%
Total Debt	1,505,348	5.1%	673,370	2.3%	1,552,445	5.2%	25,883,813	87.4%	29,614,977	100.0%

*M04

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	374,103	2.6%	163,527	1.1%	233,554	1.6%	13,490,204	94.6%	14,261,388	59.2%
Bulk Water	107,043	1.6%	67,798	1.0%	70,937	1.1%	6,406,652	96.3%	6,652,431	27.6%
PAYE deductions	55,562	69.6%	6,474	8.1%	1,389	1.7%	16,357	20.5%	79,783	0.3%
VAT (output less input)	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Pensions / Retirement	87,275	19.8%	12,745	2.9%	3,799	0.9%	336,934	76.4%	440,752	1.8%
Loan repayments	828	10.1%	828	10.1%	1,656	20.2%	4,879	59.6%	8,191	0.0%
Trade Creditors	193,427	9.0%	112,585	5.2%	86,708	4.0%	1,757,254	81.7%	2,149,974	8.9%
Auditor General	17,414	22.8%	10,708	14.0%	5,592	7.3%	42,708	55.9%	76,422	0.3%
Other	6,192	1.5%	48,302	11.5%	(966)	-0.2%	366,700	87.3%	420,228	1.7%
Total Debt	841,845	3.5%	422,968	1.8%	402,669	1.7%	22,421,689	93.1%	24,089,171	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	315,219	69.5%	14,253	3.1%	24,802	5.5%	99,365	21.9%	453,639	1.9%
Letsemeng	(967)	-0.7%	(2,716)	-1.9%	(5,221)	-3.6%	151,983	106.2%	143,079	0.6%
Kopanong*	14,445	1.8%	20,154	2.6%	-	0.0%	747,183	95.6%	781,782	3.2%
Mohokare	84	0.1%	1,035	0.8%	44	0.0%	130,260	99.1%	131,423	0.5%
Xhariep District	3,254	23.2%	60	0.4%	741	5.3%	9,981	71.1%	14,036	0.1%
DC 16 Total	16,816	1.6%	18,533	1.7%	(4,436)	-0.4%	1,039,407	97.1%	1,070,320	4.4%
Masilonyana	-	0.0%	107	0.2%	46	0.1%	50,356	99.7%	50,509	0.2%
Tokologo	436	1.1%	8,680	21.7%	4,414	11.0%	26,533	66.2%	40,063	0.2%
Tswelopele	3,478	3.5%	18,817	18.7%	191	0.2%	78,048	77.6%	100,535	0.4%
Matjhabeng	214,924	2.0%	101,494	0.9%	154,125	1.4%	10,255,575	95.6%	10,726,118	44.5%
Nala**	25,561	2.8%	20,989	2.3%	576	0.1%	858,143	94.8%	905,269	3.8%
Lejweleputswa District	442	100.0%	-	0.0%	-	0.0%	-	0.0%	442	0.0%
DC 18 Total	244,841	2.1%	150,087	1.3%	159,352	1.3%	11,268,656	95.3%	11,822,936	49.1%
Setsofso	12,973	68.5%	3,843	20.3%	899	4.7%	1,227	6.5%	18,942	0.1%
Dihlabeng	49,472	4.8%	69,582	6.7%	3,212	0.3%	915,323	88.2%	1,037,588	4.3%
Nketoana	5,048	0.8%	18,158	3.0%	27,452	4.5%	564,867	91.8%	615,525	2.6%
Maluti a Phofung	75,473	1.7%	73,461	1.6%	104,841	2.3%	4,287,253	94.4%	4,541,029	18.9%
Phumelela	250	0.1%	1,594	0.5%	3,903	1.2%	317,718	98.2%	323,464	1.3%
Mantsopa	4,455	1.0%	5,252	1.2%	588	0.1%	431,140	97.7%	441,435	1.8%
Thabo Mofutsanyana District	1,574	64.7%	48	2.0%	-	0.0%	812	33.4%	2,435	0.0%
DC 19 Total	149,245	2.1%	171,938	2.5%	140,895	2.0%	6,518,340	93.4%	6,980,418	29.0%
Moqhaka	38,428	4.2%	38,422	4.2%	32,167	3.5%	803,544	88.1%	912,561	3.8%
Ngwathe	61,598	3.1%	18,652	0.9%	39,278	2.0%	1,862,788	94.0%	1,982,317	8.2%
Metsimaholo	2,609	10.0%	1,831	7.0%	279	1.1%	21,393	81.9%	26,112	0.1%
Mafube	16,001	1.9%	9,252	1.1%	10,332	1.2%	808,196	95.8%	843,781	3.5%
Fezile Dabi	(2,913)	100.0%	-	0.0%	-	0.0%	-	0.0%	(2,913)	0.0%
DC 20 Total	115,724	3.1%	68,157	1.8%	82,056	2.2%	3,495,921	92.9%	3,761,859	15.6%
Total Debt	841,845	3.5%	422,968	1.8%	402,669	1.7%	22,421,689	93.1%	24,089,171	100.0%

Annexure E – Financial Performance

Description	Budget year 2022/23							
	Original Budget	Q1 Sept Actual	M04 Oct Actual	M05 Nov Actual	M06 Dec Actual	Q2 Dec Actual	YTD Actual	%
R thousands								
Revenue By Source								
Property rates	2,961,987	736,065	243,425	238,754		482,179	1,218,243	41.1%
Service charges - electricity revenue	7,045,103	1,617,577	401,289	401,394		802,683	2,420,260	34.4%
Service charges - water revenue	3,082,952	731,108	353,720	148,771		502,491	1,233,598	40.0%
Service charges - sanitation revenue	1,289,518	296,860	101,321	96,548		197,869	494,728	38.4%
Service charges - refuse revenue	768,016	181,984	581	56,916		57,497	239,481	31.2%
Rental of facilities and equipment	101,041	21,800	6,749	5,101		11,849	33,649	33.3%
Interest earned - external investments	68,442	6,957	10,029	7,742		17,771	24,728	36.1%
Interest earned - outstanding debtors	1,150,908	366,155	133,242	124,694		257,935	624,091	54.2%
Dividends received	5,436	884	(437)	442		6	889	16.4%
Fines, penalties and forfeits	97,996	6,522	3,161	2,983		6,144	12,666	12.9%
Licences and permits	1,083	487	167	166		334	820	75.7%
Agency services	2	0	0			0	0	16.1%
Transfers and subsidies	5,420,847	1,903,072	63,330	40,881		104,212	2,007,283	37.0%
Other revenue	1,438,295	226,231	45,853	22,562		68,415	294,646	20.5%
Gains	73,265	147	1,124	2,528		3,652	3,799	5.2%
Total Revenue (excluding capital transfers and contributions)	23,504,889	6,095,848	1,363,554	1,149,481	-	2,513,035	8,608,883	36.6%
Expenditure By Type								
Employee related costs	7,219,863	1,638,094	517,756	505,903		1,023,659	2,661,753	36.9%
Remuneration of councillors	340,714	71,714	24,933	22,351		47,283	118,998	34.9%
Debt impairment	2,900,727	544,112	122,646	139,384		262,030	806,142	27.8%
Depreciation and asset impairment	1,283,363	221,836	73,977	73,734		147,711	369,547	28.8%
Finance charges	567,994	110,078	17,149	25,590		42,739	152,817	26.9%
Bulk purchases - electricity	5,133,934	1,369,079	358,054	245,561		603,615	1,972,694	38.4%
Inventory consumed	2,171,773	229,108	124,030	154,417		278,447	507,555	23.4%
Contracted services	1,778,296	163,942	107,310	84,480		191,789	355,731	20.0%
Transfers and subsidies	229,561	23,437	14,283	19,425		33,708	57,145	24.9%
Other expenditure	1,443,627	255,842	103,790	113,961		217,751	473,593	32.8%
Losses	388,901	13,590		6,852		6,852	20,442	5.3%
Total Expenditure	23,458,752	4,640,832	1,463,927	1,391,657	-	2,855,584	7,496,416	32.0%
Surplus/(Deficit)	46,137	1,455,016	(100,373)	(242,176)	-	(342,549)	1,112,467	2411.2%
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	2,624,801	190,653	2,276,382	(22,277)		2,254,105	2,444,758	93.1%
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educ Institutions)	14,398	609	995	22		1,017	1,627	11.3%
Transfers and subsidies - capital (in-kind - all)	65,750	14,587	6,226			6,226	20,814	31.7%
Surplus/(Deficit) after capital transfers and contributions	2,751,086	1,660,866	2,183,231	(264,431)	-	1,918,800	3,579,666	130.1%
Taxation								
Surplus/(Deficit) after taxation	2,751,086	1,660,866	2,183,231	(264,431)	-	1,918,800	3,579,666	130.1%
Attributable to minorities								
Surplus/(Deficit) attributable to municipality	2,751,086	1,660,866	2,183,231	(264,431)	-	1,918,800	3,579,666	130.1%
Share of surplus/ (deficit) of associate								
Surplus/(Deficit) for the year	2,751,086	1,660,866	2,183,231	(264,431)	-	1,918,800	3,579,666	130.1%

Annexure F – Operating Revenue per municipality

R thousands	Original Budget	Adjusted Budget	YTD	% of Budget	Property Rates Billed	Service Charges				Interest Earned: Outstanding Debtors	Transfers Recognised	Other Revenue Generated
						Electricity Billed	Water Billed	Sanitation Billed	Refuse Removal Billed			
Mangaung Metro	8,811,248	8,811,248	3,606,266	40.9%	632,049	1,367,854	506,640	197,901	70,692	198,323	399,531	233,277
Letsemeng	201,215	201,215	65,277	32.4%	10,634	12,250	591	4,676	4,522	11,142	34,100	(12,638)
Kopanong	356,403	356,403	274,326	77.0%	15,283	35,035	21,361	10,062	7,820	7,500	176,915	350
Mohokare	230,060	230,060	73,959	32.1%	6,724	—	14,591	5,463	3,334	16,423	26,911	512
Xhariep District	64,564	64,564	20,986	32.5%	—	—	—	—	—	0	20,733	253
DC 16 Total	852,242	852,242	434,548	51.0%	32,641	47,284	36,543	20,201	15,676	35,065	258,659	(11,522)
Masilonyana	362,877	362,877	(8,989)	-2.5%	10,636	3,118	18,935	11,872	(53,841)	77	—	213
Tokologo	141,362	141,362	27,178	19.2%	2,102	181	840	7,122	4,608	11,913	1	412
Tswelopele	196,575	196,575	90,832	46.2%	21,411	21,597	2,454	1,623	1,558	2,419	36,718	3,051
Matjhabeng	3,677,907	3,677,907	1,216,715	33.1%	173,019	317,058	208,694	78,791	47,870	144,613	224,450	22,220
Nala	516,179	516,179	52,543	10.2%	4,504	18,206	10,550	6,843	4,428	4,974	1,589	1,449
Lejweleputswa District	156,028	156,028	60,237	38.6%	—	—	—	—	—	174	57,644	2,419
DC 18 Total	5,050,929	5,050,929	1,438,516	28.5%	211,673	360,160	241,473	106,250	4,623	164,169	320,402	29,766
Setsootso	612,167	612,167	254,450	41.6%	28,388	40,908	31,301	16,641	21,509	17,501	92,741	5,461
Ditlhabeng	928,658	928,658	372,582	40.1%	63,195	102,774	31,925	23,710	24,122	33,890	88,123	4,843
Nketoana	443,163	443,163	206,046	46.5%	7,119	32,233	27,652	16,741	12,008	51,838	50,450	8,005
Maluti a Phofung	1,899,235	1,899,235	572,382	30.1%	47,065	58,991	40,555	18,349	18,063	(5)	314,136	75,228
Phumelela	197,775	197,775	72,637	36.7%	11,164	57	6,416	5,794	5,244	11,904	31,557	502
Manitsopa	342,670	342,670	37,308	10.9%	3,583	10,793	2,899	5,244	3,619	10,861	—	319
Thabo Mofutsanyana District	161,756	161,756	49,870	30.8%	—	—	—	—	—	—	47,887	1,982
DC 19 Total	4,585,424	4,585,424	1,565,275	34.1%	160,514	245,756	140,738	86,479	84,564	125,989	624,894	96,341
Moqhaka	1,129,762	1,129,762	409,956	36.3%	34,209	150,190	55,824	24,651	17,209	16,400	102,028	9,444
Ngwathe	936,722	936,722	375,905	40.1%	45,387	107,392	61,566	28,969	21,098	25,851	82,694	2,947
Metsimaholo	1,673,585	1,673,585	594,454	35.5%	89,650	141,624	173,924	23,249	18,808	34,685	103,416	9,099
Mafube	286,129	286,129	113,875	39.8%	12,120	0	16,890	7,027	6,811	23,608	46,656	761
Fezile Dabi	178,849	178,849	70,088	39.2%	—	—	—	—	—	—	69,003	1,085
DC 20 Total	4,205,046	4,205,046	1,564,277	37.2%	181,367	399,206	308,204	83,896	63,926	100,544	403,797	23,337
Total	23,504,889	23,504,889	8,608,883	36.6%	1,218,243	2,420,260	1,233,598	494,728	239,481	624,091	2,007,283	371,198

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	3,580,352	43.9%	960,371	30,375	590,344	368,201	1,078,089	552,972
Letsemeng	248,391	248,391	51,169	20.6%	17,782	1,386	-	-	11,813	20,186
Kopanong	457,775	457,775	76,586	16.7%	59,118	2,705	-	-	708	14,055
Mohokare	223,971	223,971	51,507	23.0%	36,246	2,331	-	-	446	12,485
Xhariep District	63,569	63,569	29,404	46.3%	19,415	2,045	-	375	-	7,569
DC 16 Total	993,706	993,706	208,666	21.0%	132,561	8,467	-	375	12,967	54,295
Masilonyana	418,858	418,858	678	0.2%	-	-	-	-	-	678
Tokologo	139,355	139,355	51,947	37.3%	21,540	1,836	-	-	11,775	16,796
Tswelopele	226,720	226,720	44,404	19.6%	51	-	7	-	17,311	27,036
Matjhabeng	3,677,446	3,677,446	663,873	18.1%	361,211	4,016	3,726	-	69,408	225,511
Nala	514,508	514,508	58,545	11.4%	30,637	1,554	-	-	7,473	18,882
Lejweleputswa District	198,134	198,134	62,400	31.5%	42,399	4,310	-	-	-	15,692
DC 18 Total	5,175,021	5,175,021	881,847	17.0%	455,837	11,715	3,733	-	105,967	304,594
Setotso	612,385	612,385	202,482	33.1%	90,561	6,035	14,827	-	43,058	48,000
Dihlabeng	877,035	877,035	267,676	30.5%	143,190	8,913	451	-	34,862	80,260
Nketoana	607,525	607,525	159,984	26.3%	25,173	1,406	59,453	-	26,724	47,228
Maluti a Phofung	2,081,050	2,081,050	855,274	41.1%	292,275	12,970	15,014	-	366,364	168,651
Phumelela	197,723	197,723	66,383	33.6%	36,277	3,016	-	-	10,164	16,926
Mantsope	338,180	338,180	33,507	9.9%	28,340	2,126	-	-	528	2,512
Thabo Mofutsanyana District	182,984	182,984	33,849	18.5%	35,088	4,256	-	968	-	(6,463)
DC 19 Total	4,896,881	4,896,881	1,619,155	33.1%	650,904	38,722	89,745	968	481,701	357,114
Moqhaka	1,101,002	1,101,002	222,185	20.2%	116,812	7,293	1,054	-	11,678	85,348
Ngwathe	1,012,124	1,012,124	337,509	33.3%	111,513	8,190	-	-	146,443	71,363
Metsimaholo	1,646,928	1,646,928	523,143	31.8%	143,086	8,295	119,256	-	135,805	116,702
Mafube	284,082	284,082	58,272	20.5%	42,724	2,693	2,011	-	43	10,800
Fezile Dabi	191,805	191,805	65,288	34.0%	47,944	3,247	-	3	-	14,094
DC 20 Total	4,235,942	4,235,942	1,206,396	28.5%	462,079	29,718	122,320	3	293,969	298,307
Total	23,458,752	23,458,752	7,496,416	32.0%	2,661,753	118,998	806,142	369,547	1,972,694	1,567,283

Source: NT Local Government Database

Annexure H – Capital Expenditure and Source of Finance

Description	Budget year 2022/23							
	Original Budget	Q1 Sept Actual	M04 Oct Actual	M05 Nov Actual	M06 Dec Actual	Q2 Dec Actual	YTD Actual	%
R thousands								
Capital Expenditure - Functional								
<i>Municipal governance and administration</i>	120,866	22,635	5,939	4,485	-	10,424	33,059	27.4%
Executive and council	28,615	11,226	3,004	2,469		5,473	16,698	58.4%
Finance and administration	92,196	11,390	2,936	1,846		4,782	16,171	17.5%
Internal audit	55	20		170		170	190	
<i>Community and public safety</i>	500,000	21,713	27,434	9,550	-	36,984	58,697	11.7%
Community and social services	58,044	9,795	1,213	5,100		6,313	16,107	27.8%
Sport and recreation	81,925	823	771	24		796	1,619	2.0%
Public safety	24,304	38	33	(22)		10	49	0.2%
Housing	333,479	11,056	25,417	4,449		29,865	40,922	12.3%
Health	2,250							0.0%
<i>Economic and environmental services</i>	646,917	35,810	44,121	6,116	-	50,237	86,047	13.3%
Planning and development	89,972	718	9	122		131	849	0.9%
Road transport	554,030	35,092	44,112	5,994		50,106	85,198	15.4%
Environmental protection	2,916							
<i>Trading services</i>	2,014,575	186,892	137,064	92,644	-	229,708	416,600	20.7%
Energy sources	481,396	30,357	37,013	13,645		50,659	81,016	16.8%
Water management	970,143	94,022	78,929	54,457		133,385	227,407	23.4%
Waste water management	465,253	56,267	19,856	20,189		40,045	96,312	20.7%
Waste management	97,783	6,246	1,266	4,353		5,619	11,865	12.1%
Other	6,657	72		27		27	99	1.5%
Total Capital Expenditure - Functional	3,289,017	267,122	214,558	112,823	-	327,380	594,502	18.1%
Funded by								
National Government	2,639,822	209,868	185,996	95,066		281,062	490,930	18.6%
Provincial Government		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	2,258	1,796	506		2,302	4,560	31.9%
Transfers recognised - capital	2,654,132	213,246	187,793	95,571	-	283,364	496,610	18.7%
Borrowing	92,504	7,451	1,400	870		2,269	9,720	10.5%
Internally generated funds	513,185	45,148	24,782	16,558		41,340	86,489	16.9%
Total Capital Funding	3,259,822	265,845	213,974	112,999	-	326,974	592,818	18.2%

Annexure I – Capital Expenditure and Source of Finance

R thousands	Original Budget	Adjusted Budget	YTD	% of Budget	Expenditure				Funding			
					Energy Sources	Water Management	Waste Water Management	Waste Management	Other	Transfers Recognised - Capital	Borrowing	Internally generated Funds
Mangaung Metro	1,280,835	1,280,835	197,115	15.4%	58,146	18,830	8,135	-	112,004	137,389	8,696	51,029
Letsemeng	56,944	56,944	842	1.5%	-	-	-	-	842	464	-	377
Kopanong	41,785	41,785	1,000	2.4%	-	1,000	-	-	0	1,000	-	-
Moikokare	46,476	46,476	6,870	14.8%	-	59	6,080	-	731	6,080	-	790
Xhariep District	1,024	1,024	654	63.9%	-	-	-	-	654	-	-	654
DC 16 Total	146,229	146,229	9,366	6.4%	-	1,059	6,080	-	2,227	7,545	-	1,821
Masibong	51,228	51,228	-	0.0%	-	-	-	-	-	-	-	-
Tokologo	120,871	120,871	22,163	18.3%	-	13,213	3,163	-	5,787	22,163	-	-
Tswelopele	38,430	38,430	2,635	6.9%	-	3	-	-	2,632	-	-	2,632
Majhabeng	176,809	176,809	41,416	23.4%	795	75	22,131	-	18,415	25,343	-	16,074
Nala	47,295	47,295	2,749	5.8%	-	-	-	-	2,749	2,691	-	-
Lejweletswa District	8,800	8,800	149	1.7%	-	-	-	-	149	-	-	149
DC 18 Total	443,434	443,434	69,111	15.6%	795	13,292	25,294	-	29,731	50,197	-	18,854
Setsoho	243,689	243,689	57,163	23.5%	724	54,752	232	-	1,456	54,983	1,024	781
Ditlhabeng	130,167	130,167	34,527	26.5%	347	31,202	-	-	2,955	32,593	-	1,934
Nketoana	54,718	54,718	24,729	45.2%	-	20,551	4,013	-	165	24,299	-	-
Maluti a Phofung	294,505	294,505	95,592	32.5%	10,986	44,835	21,989	-	17,782	89,731	-	5,862
Phumelela	53,847	53,847	9,452	17.6%	-	799	7,157	-	1,497	9,452	-	-
Mantsope	52,395	52,395	4,372	8.3%	269	3,791	304	-	8	4,372	-	-
Thabo Mofutsanyana District	4,002	4,002	819	20.5%	-	-	-	-	819	-	-	-
DC 19 Total	833,323	833,323	226,655	27.2%	12,325	155,929	33,696	-	24,682	215,431	1,024	8,577
Moqhaka	80,773	80,773	23,706	29.3%	1,191	4,724	1,237	-	4,801	19,887	-	3,819
Ngwathe	135,280	135,280	22,964	17.0%	-	21,915	449	-	600	22,660	-	305
Metsimaholo	309,640	309,640	36,166	11.7%	6,893	4,825	21,421	-	2,938	34,673	-	1,492
Mafube	58,183	58,183	8,890	15.3%	1,666	6,833	-	-	391	8,828	-	63
Fezile Dabi	1,320	1,320	529	40.1%	-	-	-	-	529	-	-	529
DC 20 Total	585,196	585,196	92,255	15.8%	9,750	38,298	23,107	-	11,842	86,048	-	6,207
Total	3,289,017	3,289,017	594,502	18.1%	81,016	227,407	96,312	-	11,865	496,610	9,720	86,489

Source: NT Local Government Database