



treasury

Department of
Treasury
FREE STATE PROVINCE

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



TABLE OF CONTENTS

A.	Methodology and Approach of this Report	3
B.	Purpose Of Report	3
C.	Compliance Monitoring with Laws & Regulations	4
D.	Overview of the Free State Municipal Budget Performance	6
	1. Financial Health	
	- Debtors	6
	- Creditors	7
	- Cash Flow	9
	2. Financial Performance	
	- Revenue Generated	10
	- Operating Expenditure	11
	- Capital Expenditure	13
	- Repairs & Maintenance	13
	3. Conditional Grants	14
	4. Assistance Provided and Other MFMA related matters	16
E.	Recommendations & Conclusion	17
	Annexures	
	- A : Debtors Age Analysis	19
	- B : Debtors Age Analysis per Municipality	19
	- C : Creditors Age Analysis	20
	- D : Creditors Age Analysis per Municipality	20
	- E : Financial Performance	21
	- F : Operating Revenue per Municipality	22
	- G : Operating Expenditure per Municipality	23
	- H : Capital Expenditure and Source of Finance	24
	- I : Capital Expenditure and Source of Finance per Municipality	25

A. METHODOLOGY AND APPROACH OF THIS REPORT

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

- Provincial Treasury uses the National Treasury Local Government Database as the primary source of data in the analysis of this report. It should be noted that the quality of this report largely depends on the credibility of the information contained in the reports submitted by municipalities.
- 22 of 23 municipalities are delegated by the Minister of Finance to the MEC for Finance to report and monitor on their finance. However, in order to provide a holistic picture of municipalities in the Province, the non-delegated municipality namely, ***Mangaung Municipality*** is included in this report.

B. PURPOSE OF REPORT

The consolidated report provide a review of the implementation of the 2022/2023 Medium Term Revenue & Expenditure Framework (MTREF) of the 23 municipalities in Free State as at **31 December 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 (M06)
 - Creditors (CR06)
 - Debtors (DB06)
- c) The compliance rate for the financial data strings for December 2022 improved from 95.65% to 100%. However, 21 per cent (**Letsemeng, Kopanong, Mohokare, Xhariep and Nala municipalities**) still submitted the required data strings after the 10th working day which is a legislated requirement.
- d) The submission of the creditors is 95.65 % (**Mohokare** submitted with errors), whilst the compliance of the debtors data string improved from 95.65% to 100.

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)	M06	CR06	DB06	C-schedule M06
Mangaung						
Letsemeng						
Kopanong						
Mohokare						
Xhariep						
Masilonyana						
Tokologo						
Tswelopele						
Matjhabeng						
Nala						
Lejweleputswa						
Setsoto						
Dihlabeng						
Nketoana						
Maluti a Phofung						
Phumelela						
Mantsope						
Thabo Mofutsanyana						
Moqhaka						
Ngwathe						
Metsimaholo						
Mafube						
Fezile Dabi						

Source: LGDB as at 25 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 remains commonly found during the analysis of the data strings:

Revenue	<ul style="list-style-type: none"> - Transactions recorded on line items without budget - Property rates are not split according to all property categories in terms of the MPRA - Free basic services are not budgeted and expensed correctly - Correct funding source not used
Expenditure	<ul style="list-style-type: none"> - Transactions recorded on line items without budgets - Use of one funding source for all expenditure (i.e equitable share or property rates) - Depreciation not split according to all asset classifications as per the asset register and not expensed monthly - Bulk water purchases not budgeted or expensed as inventory
Capital Expenditure	<ul style="list-style-type: none"> - Transactions recorded on line items without budgets
Conditional Grants	<ul style="list-style-type: none"> - Grant receipts not recorded under current liabilities (unspent grants) as per GRAP 23. mSCOA Circular 13 was issued as guidance for the correct recording of grants.
Cash Flow	<ul style="list-style-type: none"> - Cash flow mapping not correct. Cash flow statement compiled by transactions using a combination of the item and funding segments.

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

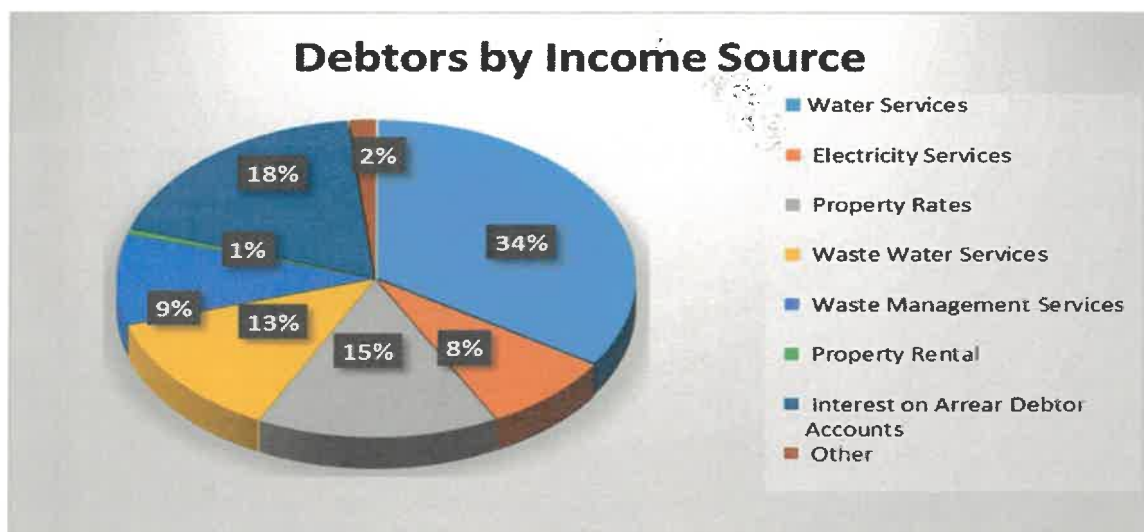
D. OVERVIEW OF FREE STATE MUNICIPAL BUDGET PERFORMANCE

1. FINANCIAL HEALTH

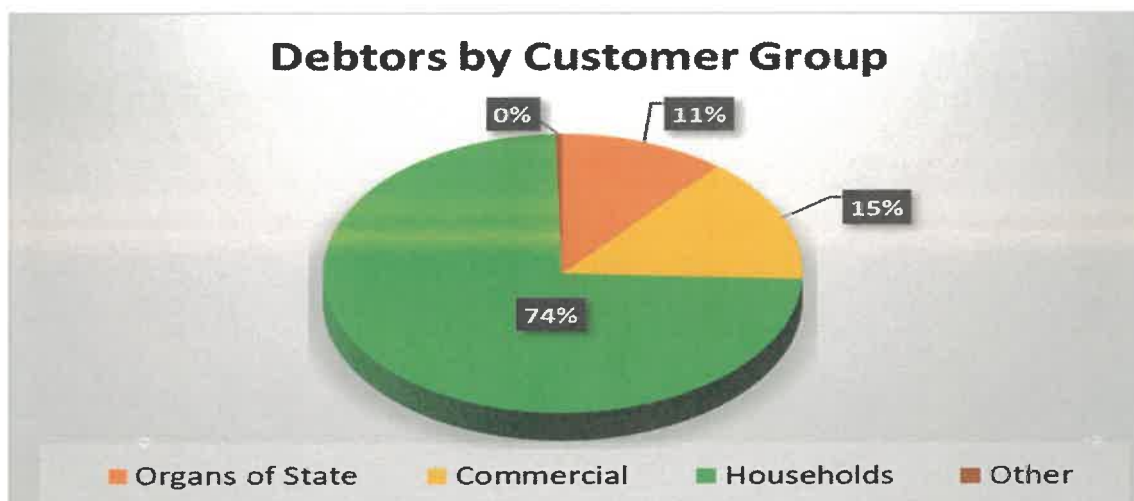
1.1 DEBTORS

- 1.1.1 Aggregated debtors as at 31 December 2022 amounted to R31.541 billion having increased with R1.93 billion from the previous month (*Nov 2022: 29.615 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 87.6 Per cent (R27.644 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 R23.296 billion, commercial with R4.573 billion and organs of state with R3.521 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 R10.761 billion (34.1 per cent), followed by *interest on arrear debtor accounts* amounting to R5.771 billion (18.3 per cent). Debt relating to *property rates* contribute 15.2 per cent (R4.782 billion) to the total outstanding debt, whilst *waste water services* accounts for 12.8 per cent (R4.047 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 (R23.296 billion) to the total debt, followed by *Businesses* with 14.5 per cent (R4.572 billion) and *Organs of State* with 11.2 per cent (R3.521 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 R218 million to **R24.307 billion** for the month under review (*Nov 2022: R24.089 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 86.7 per cent or **R21.078 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 R525.458 million of which 71.9 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	34,408	100.0%	–	0.0%	–	0.0%	–	0.0%	34,408	38.3%
Kopanong	1,366	5.3%	1,461	5.6%	1,420	5.5%	21,725	83.6%	25,973	28.9%
Matjhabeng	12,711	100.0%	–	0.0%	–	0.0%	–	0.0%	12,711	14.2%
Nala	13	100.0%	–	0.0%	–	0.0%	–	0.0%	13	0.0%
Thabo Mofutsanyana District	1,739	100.0%	–	0.0%	–	0.0%	–	0.0%	1,739	1.9%
Ngwathe	7,571	100.0%	1	0.0%	–	0.0%	0	0.0%	7,572	8.4%
Mafube	2,520	34.3%	1,281	17.4%	1,338	18.2%	2,213	30.1%	7,352	8.2%
Total Debt	60,330	67.2%	2,742	3.1%	2,758	3.1%	23,938	26.7%	89,769	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	51,502	100.0%	–	0.0%	–	0.0%	–	0.0%	51,502	11.8%
Kopanong	1,979	1.1%	1,993	1.1%	3,827	2.2%	166,848	95.5%	174,647	40.1%
Tswelopele	32	84.1%	12	31.5%	–	0.0%	(6)	-15.6%	39	0.0%
Matjhabeng	27,790	91.2%	–	0.0%	–	0.0%	2,676	8.8%	30,466	7.0%
Nala	4	100.0%	–	0.0%	–	0.0%	–	0.0%	4	0.0%
Setsoiso	188	99.5%	1	0.5%	–	0.0%	–	0.0%	189	0.0%
Nketoana	1,256	73.9%	225	13.3%	219	12.9%	–	0.0%	1,700	0.4%
Thabo Mofutsanyana District	1,008	100.0%	–	0.0%	–	0.0%	–	0.0%	1,008	0.2%
Ngwathe	2,144	100.0%	–	0.0%	–	0.0%	–	0.0%	2,144	0.5%
Mafube	1,257	0.7%	1,257	0.7%	1,260	0.7%	170,214	97.8%	173,990	39.9%
Total Debt	87,162	20.0%	3,489	0.8%	5,306	1.2%	339,732	78.0%	435,689	100.0%

1.3 CASH FLOW

1.3.1 Municipalities in the Province closed the month of December 2022 with a surplus cash and cash equivalent balance of R5.203 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 Four municipalities (Tokologo, Matjhabeng, Ngwathe and Mafube municipalities) reported a negative closing balance which might indicate eminent financial constraints, whilst two municipalities (Masilonyana and Nala) have not reported on the cash flow information.

Annexure D: Cash Flow - M06 Dec 2022

R thousands	Cash/Cash equivalents at year begin (1 Jul 2022)	Net Cashflow From/(Used) Operating Activities	Net Cashflow From/(Used) Investing Activities	Net Cashflow From/(Used) Financing Activities	Net Increase / (Decrease) in Cash Held	Cash/Cash equivalents month/year end (31 Dec 2022)
Mangaung Metro	1,576,428	2,539,326	(271,475)	(70,858)	2,196,994	3,768,807
Letsemeng	-	5,500	-	-	5,500	5,500
Kopanong	-	470,325	-	-	470,325	470,325
Mohokare	1,594	26,815	(8,964)	(1)	17,850	19,445
Xhariep District	-	5,733	-	-	5,733	5,733
DC 16 Total	1,594	508,372	(8,964)	(1)	499,408	501,002
Masilomyana	-	-	-	-	-	-
Tokologo	-	(6,648)	12	-	(6,636)	(6,636)
Tswelopele	4,734	43,874	(2,728)	(37)	41,109	45,688
Matjhabeng	198,611	(358,341)	(80,138)	-	(438,479)	(234,972)
Nala	-	-	-	-	-	-
Lejweleputswa District	111,526	(9,950)	-	-	(9,950)	101,576
DC 18 Total	312,871	(331,065)	(82,854)	(37)	(413,956)	(94,344)
Setsotso	92,272	306,526	(91,521)	(22)	214,982	308,180
Dihlabeng	5,586	78,718	(54,036)	(3,730)	20,952	31,891
Nketoana	(930)	87,566	(21,267)	(44)	66,255	60,559
Maluti a Phofung	(64,264)	503,681	(112,193)	(467)	391,021	454,106
Phumelela	658	60,229	(10,580)	-	49,649	50,307
Mantsopa	-	27,375	(4,666)	-	22,709	22,709
Thabo Mofutsanyana District	-	9,087	-	-	9,087	9,087
DC 19 Total	33,321	1,073,182	(294,263)	(4,263)	774,655	936,837
Moqhaka	(3,560)	46,984	(25,039)	(1,576)	20,369	6,265
Ngwathe	(0)	(30,628)	(22,964)	(6)	(53,598)	(53,593)
Metsimaholo	112,461	59,048	(64,594)	(38)	(5,584)	111,895
Mafube	9,455	44,559	(12,021)	84	32,622	(117,572)
Fezile Dabi	84,594	59,371	(529)	-	58,842	143,440
DC 20 Total	202,949	179,333	(125,147)	(1,535)	52,650	90,436
Total	2,127,164	3,969,148	(782,702)	(76,694)	3,109,751	5,202,738

Source: NT Local Government Database

1.3.3 The average collection rate reported by municipalities for the Province for the month under review is only **64.3 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.

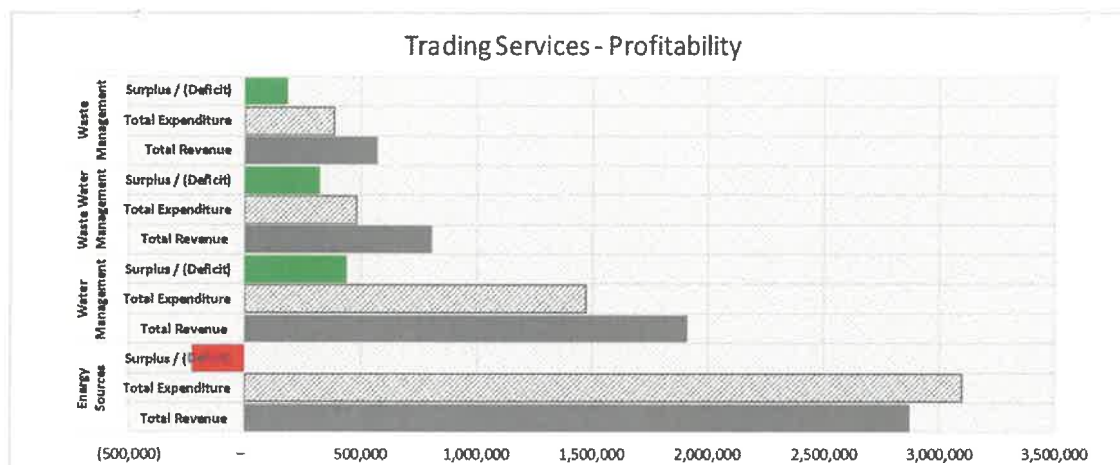
2. FINANCIAL PERFORMANCE

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 R11.036 billion or 47 per cent against the approved budget of R23.505 billion, whilst in respect of expenditure, municipalities spent an aggregate of 39.1 per cent or R9.178 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 47 and 28 per cent respectively to the total revenue. Property rates contribute 13 per cent (R1.458 billion) to the total revenue generated.
- 2.1.3 An aggregate operational surplus of R1.858 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 31 December 2022. Whilst **energy sources** recorded an operating **deficit of R223.4 million**.



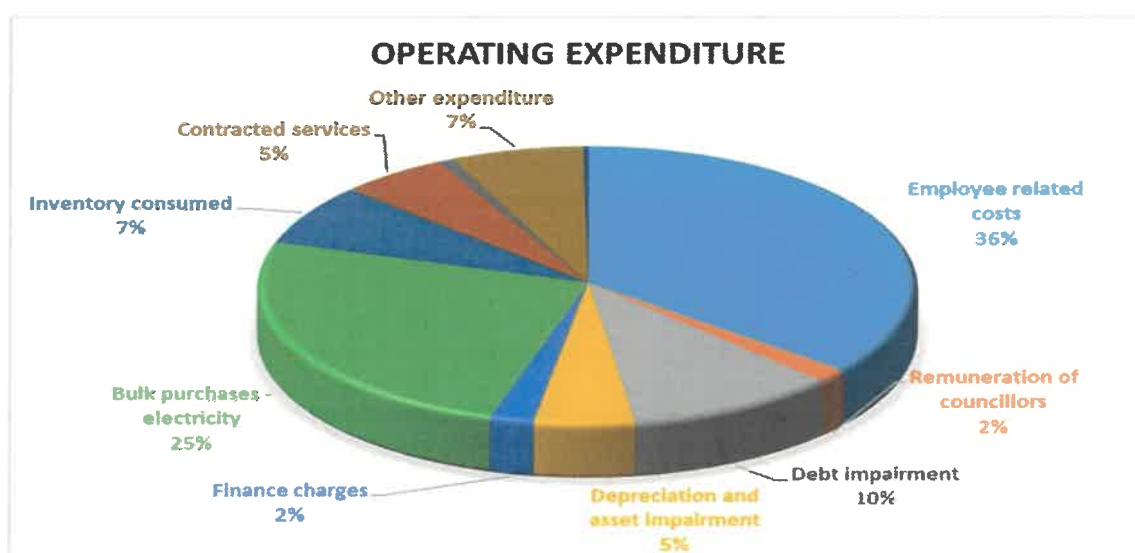
- 2.1.5 The table below show the aggregate surpluses / (deficits) recorded by municipalities on energy and water trading services, which may be an indication that the tariffs are not cost reflective.

R thousands	Energy Trading Service Surplus / (Deficit)	Water Trading Service Surplus / (Deficit)
Mangaung Metro	(151,650)	(42,902)
Letsemeng	(11,055)	6,244
Kopanong	41,191	12,916
Mohokare	(794)	4,678
Masilonyana	253	22,496
Tokologo	(12,724)	(837)
Tswelopele	5,821	(7,026)
Matjhabeng	259,870	203,657
Nala	9,796	(4,059)
Setsoto	18,478	47,507
Dihlabeng	49,590	21,709
Nketoana	(9,236)	(8,308)
Maluti a Phofung	(476,857)	11,537
Phumelela	(10,491)	(1,837)
Mantsopa	3,833	76
Moqhaka	143,210	44,149
Ngwathe	(52,120)	45,167
Metsimaholo	(28,579)	61,038
Mafube	(1,914)	22,562

2.2 OPERATING EXPENDITURE

2.2.1 The total operating expenditure reported amounted to R9.178 billion or 39.1 per cent against the budget. The total expenditure is below the straight line projection of 50%. Incorrect or non-reporting of expenditure also contributes to the poor performance reported.

2.2.2 The highest spending item reported at the end of December 2022 is *employee related cost* amounting to R3.292 billion or 36 per cent of the total expenditure, followed by *bulk purchases - electricity* amounting to R2.296 billion.



2.2.3 The performance of *employee related cost* against the budget is 45.69 per cent (R3.292 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	51,640	23.7%	1.6%
Municipal Staff	7,001,416	3,240,429	46.3%	98.4%
Board Members	785	65	8.3%	0.0%
Total	7,219,863	3,292,135	45.6%	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, Moqhaka and Metsimaholo).

Employee Related Cost - High Capacity Municipalities

Municipality	Employee Related Cost			Council Remuneration		
	Original Budget	YTD Dec 2022	%	Original Budget	YTD Dec 2022	%
Mangaung	2,393,515,462	1,152,548,080	48.2%	70,667,842	36,088,218	51.1%
Matjhabeng	906,572,359	442,090,528	48.8%	39,971,641	4,801,071	12.0%
Maluti-a-Phofung	660,113,301	351,059,008	53.2%	30,608,225	15,395,719	50.3%
Moqhaka	364,983,798	176,360,400	48.3%	22,248,609	10,661,552	47.9%
Metsimaholo	434,807,480	170,789,673	39.3%	20,869,770	9,957,084	47.7%
Total	4,759,992,400	2,292,847,689	48.2%	184,366,087	76,903,644	41.7%

Employee Related Cost - Medium Capacity Municipalities

Municipality	Employee Related Cost			Council Remuneration		
	Original Budget	YTD Dec 2022	%	Original Budget	YTD Dec 2022	%
Letsemeng	73,052,844	23,595,105	32.3%	5,167,420	1,816,257	35.1%
Kopanong	141,883,225	70,941,642	50.0%	6,491,999	3,245,988	50.0%
Tswelopele	78,739,925	102,228	0.1%	6,568,726		0.0%
Nala	160,137,291	62,816,987	39.1%	9,490,853	3,116,292	32.8%
Setsoto	228,323,196	110,721,307	48.5%	12,535,056	7,317,569	58.4%
Dihlabeng	348,057,308	172,231,124	49.5%	17,116,642	10,624,753	62.1%
Nketoana	151,733,243	61,069,195	40.2%	6,453,828	2,850,987	44.2%
Mantsopa	111,243,576	37,635,260	33.8%	6,221,546	2,783,241	44.7%
Ngwathe	266,190,371	133,666,806	50.2%	17,147,643	9,548,183	55.7%
Mafube	130,593,358	51,326,550	39.3%	11,399,215	3,198,405	28.1%
Total	1,689,954,337	723,906,204	42.8%	98,592,928	44,501,675	45.1%

Employee Related Cost - Low Capacity Municipalities

Municipality	Employee Related Cost			Council Remuneration		
	Original Budget	YTD Dec 2022	%	Original Budget	YTD Dec 2022	%
Mohokare	87,809,399	43,361,594	49.4%	5,675,733	2,768,297	48.8%
Xhariep	47,107,343	23,924,856	50.8%	4,105,315	2,428,003	59.1%
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	42,107,439	35.1%	10,671,632	4,411,277	41.3%
Phumelela	91,041,264	43,845,162	48.2%	6,891,170	3,599,646	52.2%
Thabo Mofutsanyana	102,434,027	43,411,698	42.4%	9,110,478	4,969,867	54.6%
Fezile Dabi	132,240,660	57,190,576	43.2%	7,515,130	3,895,412	51.8%
Total	769,915,773	275,380,844	35.8%	57,754,657	23,908,747	41.4%

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 R820.6 million or 25 per cent against the approved budget of R3.289 billion. The majority of the municipalities (22) reported expenditure below the straight line projection. The low expenditure can be attributed to the incorrect or non-recording of transactions on the financial systems.
- 2.3.2 The majority (66 per cent) of the expenditure relates to trading services projects amounting to R542.949 million and consist of R112.651 million for *energy services*, R289.034 million for *water management*, R127.654 million for *waste water management* and R13.609 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 R485.620 million was spent on repairs and maintenance which amounts to 32.5 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	270,956	52.4%
Total Metros		517,045	517,045	270,956	52.4%
Letsemeng	FS161	6,584	6,584	1,585	24.1%
Kopanong	FS162	-	-	-	-
Mohokare	FS163	1,736	1,736	1,011	58.2%
Xhariep	DC16	405	405	124	30.7%
Total Xhariep		8,725	8,725	2,720	31.2%
Masilonyana	FS181	1,295	1,295	-	-
Tokologo	FS182	3,420	3,420	1,391	40.7%
Tswelopele	FS183	16,105	16,105	5,596	34.7%
Matjhabeng	FS184	302,694	302,694	14,141	4.7%
Nala	FS185	255,699	255,699	66,667	26.1%
Lejweleputswa	DC18	3,531	3,531	992	28.1%
Total Lejweleputswa		582,743	582,743	88,787	15.2%
Setsoto	FS191	7,022	7,022	2,671	38.0%
Dihlabeng	FS192	19,403	19,403	4,014	20.7%
Nketoana	FS193	20,758	20,758	6,277	30.2%
Maluti-a-Phofung	FS194	139,287	139,287	17,637	12.7%
Phumelela	FS195	13,780	13,780	3,568	25.9%
Mantsopa	FS196	-	-	-	-
Thabo Mofutsanyana	DC19	449	449	-	-
Total Thabo Mofutsanyana		200,698	200,698	34,167	17.0%
Moqhaka	FS201	82,246	82,246	41,716	50.7%
Ngwathe	FS203	35,894	35,894	37,811	105.3%
Metsimaholo	FS204	47,447	47,447	7,043	14.8%
Mafube	FS205	16,479	16,479	2,140	13.0%
Fezile Dabi	DC20	1,891	1,891	280	14.8%
Total Fezile Dabi		183,957	183,957	88,990	48.4%
Total Free State		1,493,169	1,493,169	485,620	32.5%

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 December 2022 show a total spending of R2.555 billion against the allocation (94.4 per cent). 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 municipality indicated that the error was corrected, and it will reflect in the next reporting month.
- 3.2 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	16,043	12,954	14,800	-	0.0%
Kopanong	46,436	13,001	2,392	-	-	0.0%
Mohokare	50,559	24,415	7,250	3,269	(23,359)	-46.2%
Xhariep	5,139	3,609	878	4,113	2,259	44.0%
Masilonyana	56,486	18,222	9,647	183	-	0.0%
Tokologo	48,125	26,234	9,715	-	32,755	68.1%
Tswelopele	38,773	17,593	13,526	13,252	(14,321)	-36.9%
Majhabeng	175,101	18,210	15,618	-	-	0.0%
Nala	53,465	17,550	8,349	27,715	17,631	33.0%
Lejweleputswa	8,706	4,025	376	4,595	2,278	26.2%
Setsotho	223,389	63,328	19,993	155,780	54,532	24.4%
Dihlabeng	65,169	25,575	9,900	-	-	0.0%
Nketoana	52,935	27,341	12,602	-	-	0.0%
Maluti a Phofung	267,210	72,520	65,619	188,270	2,091,151	782.6%
Phumelela	43,077	21,196	8,349	22,278	-	0.0%
Mantsopa	51,232	30,559	12,237	-	727	1.4%
Thabo Mofutsanyana	15,229	8,440	2,405	1,220	(3,861)	-25.4%
Moghaka	59,614	33,353	17,512	42,154	26,920	45.2%
Ngwathe	143,003	42,043	16,492	79,301	29,550	20.7%
Metsimaholo	112,976	31,320	13,192	110,015	71,419	63.2%
Mafube	58,460	18,500	8,830	31,697	16,067	27.5%
Fezile Dabi	4,918	3,258	208	-	-	0.0%
Total	2,705,942	710,042	298,353	1,313,091	2,554,558	94.4%

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	8,000	939	4,000	(870)	-3.8%
Expanded Public Works Programme	46,777	9,445	4,904	11,994	5,843	12.5%
Finance Management Grant	59,020	59,020	9,440	24,149	6,106	10.3%
Integrated National Electrification Prog	129,996	-	-	81,740	18,637	14.3%
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	270,756	2,150,114	254.5%
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	107,738	52.7%
Rural Roads Assets Man Systems Grant	9,654	6,756	1,319	4,472	1,583	16.4%
Urban settlement Development Grant	491,760	-	-	344,232	121,428	24.7%
Water Services Infrastructure Grant	332,599	210,443	125,906	123,195	15,260	4.6%
Total	2,705,942	710,042	298,353	1,313,091	2,554,558	94.4%

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 R2.150 billion was reported on the data strings for MIG, however, CoGTA reported spending of R263.948 million at the end of December 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	5,880	5,548	29%
Kopanong	22,932	3,577	3,562	16%
Mohokare	19,991	1,944	884	4%
Masilonyana	28,257	3,364	3,335	12%
Matjhabeng	136,630	22,386	17,676	13%
Mafube	25,129	5,012	5,012	20%

- 3.7 If municipalities did not meet the spending target of 44 per cent at the end of December 2022, the transferring departments might consider to stop further allocations to the municipalities and reduce the allocation for the current financial year. This will impact drastically on the infrastructure projects in the budget, which will have to be rolled over to the next financial year.

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.

E. RECOMMENDATIONS & CONCLUSION

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

1. **Note** the aggregate revenue generated is 47 per cent whilst the operating expenditure is at 39.1 per cent against the total budgets and the expenditure is significantly **below the straight line projection of 50 per cent**. An operating surplus of R1.858 billion was reported. *The operating surplus does not take the actual collection rate into consideration.*
2. **Note** the performance of the capital expenditure for the period under review is **below the straight line projection of 50 per cent**, amounting to R820.6 million (25 per cent) against the adjusted budget of R3.289 billion.
3. **Note** municipalities reported aggregate spending on repairs and maintenance amounting to R485.6 million or 32.5 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 R31.541 billion (*Nov 2022 – R29.615 billion*).
5. **Note** the total outstanding creditor's amount to R24.307 billion (*Nov 2022 – R24.089 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 31
December 2022

Submitted by:

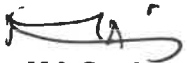


Dr R Chetty

ACTING CHIEF DIRECTOR: MUNICIPAL FINANCE MANAGEMENT

Date: 2023/01/27

Noted / Comments by:



Ms MA Sesing

HEAD OF DEPARTMENT

FREE STATE PROVINCIAL TREASURY

Date: 31-01-2023

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	542,658	5.0%	248,239	2.3%	457,297	4.2%	9,512,619	88.4%	10,760,812	34.1%
Trade and Other Receivables from Exchange Transactions - Electricity	301,670	11.8%	96,218	3.8%	208,863	8.2%	1,955,712	76.3%	2,562,463	8.1%
Receivables from Non-exchange Transactions - Property Rates	301,117	6.3%	127,645	2.7%	289,544	6.1%	4,063,622	85.0%	4,781,928	15.2%
Receivables from Exchange Transactions - Waste Water Management	155,139	3.8%	83,424	2.1%	204,829	5.1%	3,604,017	89.0%	4,047,409	12.8%
Receivables from Exchange Transactions - Waste Management	92,108	3.1%	54,071	1.8%	148,767	5.1%	2,636,151	89.9%	2,931,097	9.3%
Receivables from Exchange Transactions - Property Rental Debtors	1,936	1.2%	1,797	1.2%	1,801	1.2%	150,310	96.4%	155,845	0.5%
Interest on Arrear Debtor Accounts	204,420	3.5%	128,847	2.2%	320,356	5.6%	5,117,185	88.7%	5,770,809	18.3%
Other	(7,920)	-1.5%	5,319	1.0%	(71,447)	-13.5%	604,575	114.0%	530,528	1.7%
Total By Income Source	1,591,128	5.0%	745,561	2.4%	1,560,011	4.9%	27,644,191	87.6%	31,540,892	100.0%

Debtors Age Analysis By Customer Group	0-30 Days		31-60 Days		61-90 Days		Over 90 Days		Total	
	R'000	%	R'000	%	R'000	%	R'000	%	R'000	%
Organs of State	233,699	6.6%	99,624	2.8%	247,009	7.0%	2,941,116	83.5%	3,521,448	11.2%
Commercial	490,958	10.7%	132,265	2.9%	327,256	7.2%	3,621,613	79.2%	4,572,091	14.5%
Households	895,519	3.8%	506,211	2.2%	1,004,570	4.3%	20,889,378	89.7%	23,295,679	73.9%
Other	(29,048)	-19.2%	7,462	4.9%	(18,823)	-12.4%	192,084	126.6%	151,675	0.5%
Total By Customer Group	1,591,128	5.0%	745,561	2.4%	1,560,011	4.9%	27,644,191	87.6%	31,540,892	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	757,551	8.5%	229,707	2.6%	280,951	3.1%	7,670,986	85.8%	8,939,195	28.3%
Letsemeng	8,731	2.3%	6,912	1.8%	7,157	1.9%	357,522	94.0%	380,322	1.2%
Kopanong	10,536	2.3%	10,208	2.2%	10,453	2.2%	436,256	93.3%	467,453	1.5%
Mohokare	11,112	2.4%	11,523	2.5%	10,748	2.3%	432,596	92.8%	465,979	1.5%
Xhariep District	-	0.0%	-	0.0%	-	0.0%	9,582	100.0%	9,582	0.0%
DC 16 Total	30,379	2.3%	28,643	2.2%	28,358	2.1%	1,235,956	93.4%	1,323,336	4.2%
Masilonyana	12,307	0.9%	4,070	0.3%	(47,242)	-3.6%	1,345,316	102.3%	1,314,451	4.2%
Tokologo	17,777	4.5%	8,259	2.1%	8,599	2.2%	364,272	91.3%	398,906	1.3%
Tswelopele	6,857	4.3%	4,727	2.9%	4,874	3.0%	144,528	89.8%	160,987	0.5%
Matjhabeng	217,855	3.6%	182,840	3.0%	137,519	2.3%	5,484,543	91.1%	6,022,757	19.1%
Nala	28,219	2.9%	22,136	2.2%	20,138	2.0%	914,692	92.8%	985,185	3.1%
Lejweleputswa District	(0)	0.0%	-	0.0%	-	0.0%	30,724	100.0%	30,724	0.1%
DC 18 Total	283,015	3.2%	222,031	2.5%	123,889	1.4%	8,284,075	92.9%	8,913,010	28.3%
Setsotso	25,361	4.3%	20,049	3.4%	18,410	3.1%	523,767	89.1%	587,587	1.9%
Dihlabeng	77,363	5.6%	26,464	1.9%	24,540	1.8%	1,258,457	90.7%	1,386,824	4.4%
Nketoana	29,418	3.1%	28,194	3.0%	24,020	2.5%	865,726	91.4%	947,358	3.0%
Maluti a Phofung	28,536	1.2%	29,861	1.3%	29,157	1.3%	2,198,957	96.2%	2,286,510	7.2%
Phumelela	(1,116)	-0.2%	8,585	1.8%	7,932	1.7%	454,230	96.7%	469,631	1.5%
Mantsopa	35,459	4.0%	14,384	1.6%	23,318	2.6%	817,458	91.8%	890,599	2.8%
Thabo Mofutsanyana District	-	0.0%	-	0.0%	-	0.0%	4,163	100.0%	4,163	0.0%
DC 19 Total	195,022	3.0%	127,517	1.9%	127,377	1.9%	6,122,757	93.2%	6,572,672	20.8%
Moqhaka	50,759	4.1%	32,387	2.6%	30,608	2.5%	1,117,852	90.8%	1,231,607	3.9%
Ngwatho	71,414	7.2%	29,327	2.9%	897,068	89.9%	-	0.0%	997,808	3.2%
Metsimaholo	176,912	6.7%	60,988	2.3%	58,404	2.2%	2,339,269	88.8%	2,635,573	8.4%
Mafube	26,076	2.8%	14,961	1.6%	13,357	1.4%	873,296	94.1%	927,690	2.9%
Fezile Dabi	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
DC 16 Total	325,181	5.6%	137,664	2.4%	999,437	17.3%	4,330,417	74.8%	5,792,678	18.4%
Total Debt	1,591,128	5.0%	745,561	2.4%	1,560,011	4.9%	27,644,191	87.6%	31,540,892	100.0%

Annexure C – Creditors Age Analysis

Creditors by type	0-30 Days		31-60 Days		61-90 Days		Over 90 Days		Total	
	R'000	%	R'000	%	R'000	%	R'000	%	R'000	%
Bulk Electricity	382,888	2.7%	202,560	1.4%	4,469,449	31.0%	9,344,370	64.9%	14,399,268	59.2%
Bulk Water	112,410	1.7%	73,503	1.1%	75,403	1.1%	6,416,992	96.1%	6,678,308	27.5%
PAYE deductions	60,330	67.2%	2,742	3.1%	2,758	3.1%	23,938	26.7%	89,769	0.4%
VAT (output less input)	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Pensions / Retirement	87,162	20.0%	3,489	0.8%	5,306	1.2%	339,732	78.0%	435,689	1.8%
Loan repayments	828	9.0%	520	5.6%	1,243	13.5%	6,616	71.9%	9,207	0.0%
Trade Creditors	116,660	5.3%	209,360	9.4%	128,940	5.8%	1,760,510	79.5%	2,215,470	9.1%
Auditor General	8,639	12.4%	17,974	25.8%	1,509	2.2%	41,566	59.6%	69,688	0.3%
Other	7,629	1.9%	4,209	1.0%	855	0.2%	396,938	96.9%	409,632	1.7%
Total Debt	776,547	3.2%	514,357	2.1%	4,685,464	19.3%	18,330,663	75.4%	24,307,030	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	331,580	54.9%	151,660	25.1%	11,695	1.9%	108,687	18.0%	603,621	2.5%
Letsemeng	(14,971)	-11.6%	732	0.6%	(4,040)	-3.1%	147,625	114.1%	129,345	0.5%
Kopanong	15,449	1.9%	13,556	1.6%	14,445	1.7%	783,195	94.7%	826,646	3.4%
Mohokare	84	0.1%	1,035	0.8%	44	0.0%	130,260	99.1%	131,423	0.5%
Khariep District	(924)	-7.1%	1,778	13.7%	1,457	11.2%	10,716	82.3%	13,027	0.1%
DC 16 Total	(364)	0.0%	17,101	1.6%	11,907	1.1%	1,071,796	97.4%	1,100,440	4.5%
Masilonyana	104	0.2%	265	0.5%	1,764	3.0%	56,470	96.4%	58,604	0.2%
Tokologo	795	2.0%	1,366	3.5%	8,278	21.1%	28,784	73.4%	39,222	0.2%
Tswelopele	3,762	3.6%	3,428	3.3%	18,817	18.1%	78,239	75.1%	104,247	0.4%
Majhabeng	181,057	1.7%	149,601	1.4%	143,743	1.3%	10,287,054	95.6%	10,761,455	44.3%
Nala	12,099	1.3%	18,692	2.0%	13,010	1.4%	873,957	95.2%	917,757	3.8%
Lejweleputswa District	149	100.0%	-	0.0%	-	0.0%	-	0.0%	149	0.0%
DC 18 Total	197,967	1.7%	173,351	1.5%	185,611	1.6%	11,324,504	95.3%	11,881,433	48.9%
Setsooto	6,996	47.1%	2,384	16.0%	3,500	23.5%	1,983	13.3%	14,862	0.1%
Dihlabeng	37,712	3.7%	7,744	0.8%	22,239	2.2%	949,091	93.3%	1,016,786	4.2%
Nketoana	17,033	2.7%	1,214	0.2%	14,529	2.3%	587,408	94.7%	620,184	2.6%
Maluti a Phofung	66,322	1.5%	62,861	1.4%	4,343,045	97.1%	-	0.0%	4,472,228	18.4%
Phumelela	575	0.2%	244	0.1%	1,026	0.3%	319,970	99.4%	321,816	1.3%
Mantsopa	3	0.0%	8,784	2.0%	5,246	1.2%	435,927	96.9%	449,961	1.9%
Thabo Mofutsanyana District	2,955	78.4%	-	0.0%	-	0.0%	812	21.6%	3,767	0.0%
DC 19 Total	131,596	1.9%	83,232	1.2%	4,389,584	63.6%	2,295,192	33.3%	6,899,603	28.4%
Moqakka	37,364	4.1%	55,542	6.1%	39,082	4.3%	783,220	85.6%	915,208	3.8%
Ngwathe	59,321	3.0%	17,585	0.9%	39,605	2.0%	1,883,428	94.2%	1,999,939	8.2%
Metsimaholo	3,426	5.8%	3,011	5.1%	1,059	1.8%	51,448	87.3%	58,943	0.2%
Mafube	15,364	1.8%	12,875	1.5%	6,921	0.8%	812,389	95.9%	847,549	3.5%
Fezile Dabi	293	100.0%	-	0.0%	-	0.0%	-	0.0%	293	0.0%
DC 20 Total	115,768	3.0%	89,013	2.3%	86,667	2.3%	3,530,484	92.4%	3,821,932	15.7%
Total Debt	776,547	3.2%	514,357	2.1%	4,685,464	19.3%	18,330,663	75.4%	24,307,030	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	241,006	237,998	722,429	1,458,494	49.2%
Service charges - electricity revenue	7,045,103	1,617,577	401,289	407,435	389,597	1,198,322	2,815,899	40.0%
Service charges - water revenue	3,082,952	731,108	353,720	153,980	221,473	729,173	1,460,280	47.4%
Service charges - sanitation revenue	1,289,518	296,860	101,321	99,978	98,752	300,051	596,911	46.3%
Service charges - refuse revenue	768,016	181,984	581	59,137	59,427	119,146	301,130	39.2%
Rental of facilities and equipment	101,041	21,800	6,749	5,139	6,890	18,778	40,578	40.2%
Interest earned - external investments	68,442	6,957	10,029	7,952	9,478	27,459	34,416	48.5%
Interest earned - outstanding debtors	1,150,908	366,155	133,242	129,737	148,907	411,885	778,040	67.6%
Dividends received	5,436	884	(437)	442	15	21	905	16.6%
Fines, penalties and forfeits	97,996	6,522	3,161	2,990	477	6,628	13,150	13.4%
Licences and permits	1,083	487	167	166	139	473	959	88.6%
Agency services	2	0	0	0	0	0	1	26.8%
Transfers and subsidies	5,420,847	1,903,072	63,330	41,392	1,059,033	1,163,755	3,066,826	56.6%
Other revenue	1,438,295	226,231	45,853	23,690	168,863	238,405	464,636	32.3%
Gains	73,265	147	1,124	2,535	71	3,729	3,876	5.3%
Total Revenue (excluding capital transfers and contributions)	23,504,889	6,095,848	1,363,554	1,175,579	2,401,121	4,940,254	11,036,102	47.0%
Expenditure By Type								
Employee related costs	7,219,863	1,638,094	517,756	521,226	615,059	1,654,041	3,292,135	45.6%
Remuneration of councillors	340,714	71,714	24,933	23,134	25,533	73,600	145,314	42.6%
Debt impairment	2,900,727	544,112	122,646	139,384	136,120	398,149	942,262	32.5%
Depreciation and asset impairment	1,283,363	221,836	73,977	73,734	77,092	224,803	446,639	34.8%
Finance charges	567,994	110,078	17,149	29,023	43,045	89,216	199,295	35.1%
Bulk purchases - electricity	5,133,934	1,369,079	358,054	253,490	316,178	927,722	2,296,801	44.7%
Inventory consumed	2,171,773	229,108	124,030	162,010	144,369	430,409	659,517	30.4%
Contracted services	1,778,296	163,942	107,310	87,993	134,464	329,767	493,709	27.8%
Transfers and subsidies	229,561	23,437	14,283	19,425	16,841	50,549	73,986	32.8%
Other expenditure	1,443,627	255,842	103,790	115,184	127,823	346,797	602,640	41.7%
Losses	388,901	13,590		6,852	5,426	12,278	25,867	6.7%
Total Expenditure	23,458,752	4,640,832	1,463,927	1,431,454	1,641,951	4,537,331	9,178,164	39.1%
Surplus/(Deficit)	46,137	1,455,016	(100,373)	(255,874)	759,170	402,923	1,857,938	3831.2%
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	2,624,801	190,653	2,276,382	(16,579)	132,371	2,392,174	2,582,827	98.4%
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	58	1,076	1,685	11.7%
Transfers and subsidies - capital (in-kind - all)	65,750	14,587	6,226		8,962	15,188	29,775	45.3%
Surplus/(Deficit) after capital transfers and contributions	2,751,086	1,660,866	2,183,231	(272,431)	900,561	2,811,360	4,472,226	162.4%
Taxation								
Surplus/(Deficit) after taxation	2,751,086	1,660,866	2,183,231	(272,431)	900,561	2,811,360	4,472,226	162.4%
Attributable to minorities								
Surplus/(Deficit) attributable to municipality	2,751,086	1,660,866	2,183,231	(272,431)	900,561	2,811,360	4,472,226	162.4%
Share of surplus/ (deficit) of associate								
Surplus/(Deficit) for the year	2,751,086	1,660,866	2,183,231	(272,431)	900,561	2,811,360	4,472,226	162.4%

Annexure F – Operating Revenue per municipality

R thousands	Original Budget	Adjusted Budget	YTD	% of Budget	Property Rates Billed	Service Charges			Interest Earned: Outstanding Debtors	T transfers Recognised	Other Revenue Generated	
						Electricity Billed	Water Billed	Sanitation Billed				Refuse Removal Billed
Mangaung Metro	8,811,248	8,811,248	4,325,197	49.1%	757,089	1,573,213	608,277	237,075	84,772	244,826	440,233	379,712
Letsemeng	201,215	201,215	94,192	46.8%	12,759	14,445	739	5,614	5,435	14,584	53,179	(12,562)
Kopanong	356,403	356,403	329,192	92.4%	18,340	42,042	25,633	12,074	9,384	9,000	212,298	420
Mohokare	230,060	230,060	83,844	36.4%	8,041	—	17,852	6,562	4,004	19,865	26,911	609
Xhariep District	64,564	64,564	37,993	58.8%	—	—	—	—	—	0	37,698	294
DC 16 Total	852,242	852,242	545,221	64.0%	39,140	56,486	44,223	24,250	18,823	43,449	330,087	(11,239)
Masilomyana	362,877	362,877	46,623	12.8%	15,952	3,683	22,496	14,192	(52,606)	93	42,541	273
Tokologo	141,362	141,362	36,048	25.5%	3,197	269	1,031	8,753	5,667	16,685	1	445
Tswelopele	196,575	196,575	129,219	65.7%	22,783	25,752	2,729	1,948	1,871	2,931	67,047	4,159
Matjhabeng	3,677,907	3,677,907	1,587,064	43.2%	207,984	368,399	244,466	94,535	57,375	179,047	406,863	28,394
Nala	516,179	516,179	153,158	29.7%	9,010	33,366	21,224	13,699	8,869	15,386	47,807	3,796
Lejweleputswa District	156,028	154,573	61,094	39.5%	—	—	—	—	—	212	58,463	2,419
DC 18 Total	5,050,929	5,049,474	2,013,207	39.9%	258,926	431,469	291,947	133,126	21,176	214,355	622,723	39,485
Seifsofso	612,167	612,167	363,938	59.5%	34,094	48,246	37,886	19,977	25,819	21,619	170,115	6,182
Ditjhabeng	928,658	928,658	463,424	49.9%	74,356	118,197	36,736	28,314	28,729	41,645	129,379	6,066
Nketoana	443,163	443,163	271,716	61.3%	8,557	38,560	32,970	18,879	14,351	63,485	86,720	8,193
Maluti a Phofung	1,899,235	1,899,235	866,115	45.6%	56,180	63,087	46,456	21,801	21,593	(5)	561,051	95,952
Phumelela	197,775	197,775	79,884	40.4%	12,101	70	7,617	6,977	6,317	14,659	31,557	586
Manitsopa	342,670	342,670	37,241	10.9%	3,515	10,773	2,883	5,243	3,619	10,862	—	346
Thabo Mofutsanyana District	161,756	161,756	93,308	57.7%	—	—	—	—	—	—	90,938	2,370
DC 19 Total	4,585,424	4,585,424	2,175,625	47.4%	188,803	278,932	164,548	101,192	100,429	152,265	1,069,759	119,696
Moqhaka	1,129,762	1,129,762	552,928	48.9%	41,045	177,842	66,323	29,610	20,688	20,121	186,981	10,319
Ngwathe	936,722	936,722	413,985	44.2%	53,028	127,577	43,901	33,653	24,503	31,308	96,665	3,349
Metsimaholo	1,673,585	1,673,585	786,673	47.0%	106,798	170,379	218,708	29,701	22,564	43,086	183,418	12,019
Mafube	286,129	286,129	150,937	52.8%	13,666	0	22,352	8,304	8,175	28,630	67,958	1,854
Fezile Dabi	178,849	178,849	72,329	40.4%	—	—	—	—	—	—	69,003	3,326
DC 20 Total	4,205,046	4,205,046	1,976,852	47.0%	214,536	475,797	351,285	101,267	75,930	123,145	604,025	30,867
Total	23,504,889	23,503,434	11,036,102	47.0%	1,458,494	2,815,899	1,460,280	596,911	301,130	778,040	3,066,826	558,522

Source: NT Local Government Database

Annexure G – Operating Expenditure per municipality

R thousands	Original Budget	Adjusted Budget	YTD	% of Budget	Employee Related Cost	Remuneration of Councillors	Debt Impairment	Depreciation & Asset Impairment	Bulk Purchases	Other Expenditure
Mangaung Metro	8,157,202	8,157,202	4,250,261	52.1%	1,152,548	36,088	681,129	441,934	1,233,238	705,322
Letsemeng	248,391	248,391	63,978	25.8%	23,595	1,816	-	-	14,051	24,516
Kopanong	457,775	457,775	91,903	20.1%	70,942	3,246	-	-	850	16,865
Mohokare	223,971	223,971	61,926	27.6%	43,362	2,768	-	-	446	15,351
Xhariep District	63,569	63,569	35,710	56.2%	23,925	2,428	-	375	-	8,982
DC 16 Total	993,706	993,706	253,517	25.5%	161,823	10,259	-	375	15,347	65,714
Masilonyana	418,858	418,858	773	0.2%	-	-	-	-	-	773
Tokologo	139,355	139,355	62,514	44.9%	21,540	1,836	-	-	11,874	27,264
Tswelopele	226,720	226,720	54,478	24.0%	102	-	7	-	17,689	36,681
Matjhabeng	3,677,446	3,677,446	845,562	23.0%	442,091	4,801	3,898	-	93,443	301,329
Nala	514,508	514,508	134,694	26.2%	62,617	3,116	-	-	15,402	53,559
Lejweleputswa District	198,134	194,321	65,258	33.6%	42,107	4,411	-	-	-	18,739
DC 18 Total	5,175,021	5,171,208	1,163,278	22.5%	568,457	14,165	3,905	-	138,407	438,345
Setsootso	612,385	612,385	239,463	39.1%	110,721	7,318	15,610	-	49,515	56,299
Ditlhabeng	877,035	877,035	358,742	40.9%	172,231	10,625	17,894	-	55,274	102,719
Nketoana	607,525	607,525	217,833	35.9%	61,069	2,851	59,469	-	32,393	62,051
Maluti a Phofung	2,081,050	2,081,050	998,274	48.0%	351,059	15,396	18,225	-	410,891	202,703
Phumelela	197,723	197,723	82,079	41.5%	43,845	3,600	-	-	10,569	24,066
Mantsopa	338,180	338,180	43,913	13.0%	37,635	2,783	-	-	528	2,966
Thabo Mofutsanyana District	182,984	182,984	48,360	26.4%	43,412	4,970	-	968	-	(990)
DC 19 Total	4,896,881	4,896,881	1,988,664	40.6%	819,973	47,542	111,198	968	559,170	449,813
Moghaka	1,101,002	1,101,002	317,209	28.8%	176,360	10,662	1,065	2	12,125	116,995
Ngwathe	1,012,124	1,012,124	412,745	40.8%	133,667	9,548	-	-	178,727	90,803
Metsimaholo	1,646,928	1,646,928	636,296	38.6%	170,790	9,957	142,682	-	159,743	153,124
Mafube	284,082	284,082	73,861	26.0%	51,327	3,198	2,283	-	43	17,010
Fezile Dabi	191,805	191,805	82,331	42.9%	57,191	3,895	-	3,359	-	17,886
DC 20 Total	4,235,942	4,235,942	1,522,443	35.9%	589,334	37,261	146,030	3,362	350,639	395,819
Total	23,458,752	23,454,939	9,178,164	39.1%	3,292,135	145,314	942,262	446,639	2,296,801	2,055,013

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	25,975	36,400	59,034	48.8%
Executive and council	28,615	11,226	3,004	2,469	24,569	30,042	41,268	144.2%
Finance and administration	92,196	11,390	2,936	1,846	1,406	6,187	17,577	19.1%
Internal audit	55	20		170		170	190	
<i>Community and public safety</i>	500,000	21,713	27,434	9,839	5,422	42,695	64,407	12.9%
Community and social services	58,044	9,795	1,213	5,100	(1,610)	4,702	14,497	25.0%
Sport and recreation	81,925	823	771	313	919	2,004	2,827	3.5%
Public safety	24,304	38	33	(22)	2	12	50	0.2%
Housing	333,479	11,056	25,417	4,449	6,111	35,977	47,033	14.1%
Health	2,250							0.0%
<i>Economic and environmental services</i>	646,917	35,810	44,121	9,804	64,404	118,329	154,139	23.8%
Planning and development	89,972	718	9	122	10,759	10,890	11,608	12.9%
Road transport	554,030	35,092	44,112	9,682	53,644	107,439	142,531	25.7%
Environmental protection	2,916							
<i>Trading services</i>	2,014,575	186,892	137,064	94,747	124,246	356,057	542,949	27.0%
Energy sources	481,396	30,357	37,013	13,645	31,636	82,294	112,651	23.4%
Water management	970,143	94,022	78,929	54,457	61,627	195,012	289,034	29.8%
Waste water management	465,253	56,267	19,856	22,292	29,240	71,387	127,654	27.4%
Waste management	97,783	6,246	1,266	4,353	1,744	7,363	13,609	13.9%
<i>Other</i>	6,657	72		27		27	99	1.5%
Total Capital Expenditure - Functional	3,289,017	267,122	214,558	118,903	220,046	553,507	820,628	25.0%
Funded by								
National Government	2,639,822	209,868	185,996	101,146	179,093	466,235	676,103	25.6%
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	975	3,277	5,535	38.7%
Transfers recognised - capital	2,654,132	213,246	187,793	101,652	180,068	469,513	682,758	25.7%
Borrowing	92,504	7,451	1,400	870	678	2,947	10,398	11.2%
Internally generated funds	513,185	45,148	24,782	16,558	38,909	80,250	125,398	24.4%
Total Capital Funding	3,259,822	265,845	213,974	119,080	219,655	552,709	818,554	25.1%

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	271,500	21.2%	66,309	24,957	9,927	-	170,307	203,304	9,374	58,822
Letsemeng	56,944	56,944	842	1.5%	-	-	-	-	842	464	-	377
Kopanong	41,785	41,785	1,200	2.9%	-	1,200	-	-	0	1,200	-	-
Mohokare	46,476	46,476	6,872	14.8%	-	59	6,080	-	732	6,080	-	791
Xhariep District	1,024	1,024	676	66.0%	-	-	-	-	676	-	-	676
DC 16 Total	146,229	146,229	9,590	6.6%	-	1,259	6,080	-	2,250	7,745	-	1,845
Masilonyana	51,228	51,228	2	0.0%	-	-	-	-	2	-	-	2
Tokologo	120,871	120,871	32,048	26.5%	-	20,072	4,202	-	7,775	32,048	-	-
Tswelopele	38,430	38,430	3,383	8.8%	-	3	-	-	3,380	663	-	2,708
Majhabeng	176,809	176,809	80,204	45.4%	1,655	1,333	34,158	-	43,058	38,627	-	41,577
Nala	47,295	47,295	12,121	25.6%	-	692	2,780	-	8,650	11,730	-	-
Lejweputswa District	8,800	8,800	149	1.7%	-	-	-	-	149	-	-	149
DC 18 Total	443,434	443,434	127,906	28.8%	1,655	22,099	41,140	-	63,013	83,068	-	44,435
Setotso	243,689	243,689	78,978	32.4%	724	75,402	1,327	-	1,525	76,729	1,024	827
Dihlabeng	130,167	130,167	54,036	41.5%	347	49,350	-	23	4,316	52,054	-	1,982
Nketoana	54,718	54,718	25,314	46.3%	-	20,713	4,274	-	328	24,884	-	-
Maluti a Phofung	294,505	294,505	112,193	38.1%	23,553	45,628	23,551	-	19,460	99,536	-	12,657
Phumelela	53,847	53,847	10,686	19.8%	-	799	7,822	-	2,066	10,686	-	-
Mantsope	52,395	52,395	4,372	8.3%	269	3,791	304	-	8	4,372	-	-
Thabo Mofutsanyana District	4,002	4,002	844	21.1%	-	-	-	-	844	-	-	-
DC 19 Total	833,323	833,323	286,423	34.4%	24,893	195,682	37,278	23	28,547	268,261	1,024	15,466
Moqhaka	80,773	80,773	25,060	31.0%	1,191	5,428	1,521	13,497	3,422	22,619	-	2,441
Ngwathe	135,280	135,280	22,964	17.0%	-	21,915	449	-	600	22,660	-	305
Meisimaholo	309,640	309,640	64,598	20.9%	15,876	8,755	31,259	88	8,619	63,106	-	1,492
Maifube	58,183	58,183	12,058	20.7%	2,728	8,939	-	-	391	11,995	-	63
Fezile Dabi	1,320	1,320	529	40.1%	-	-	-	-	529	-	-	529
DC 20 Total	585,196	585,196	125,209	21.4%	19,795	45,037	33,229	13,586	13,562	120,379	-	4,829
Total	3,289,017	3,289,017	820,628	25.0%	112,651	289,034	127,654	13,609	277,680	682,758	10,398	125,398

Source: NT Local Government Database

