



treasury

Department of
Treasury
FREE STATE PROVINCE

CONSOLIDATED MUNICIPAL BUDGET
PERFORMANCE REPORT
FOR THE PERIOD ENDING
31 JANUARY 2023



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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 **31 January 2023** 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 (M07)
 - Creditors (CR07)
 - Debtors (DB07)
- c) The compliance rate for the financial data strings for January 2023 decreased from 100% to 95.65%; **Mafube** being the only municipality that failed to submit the financial data string. However, 26 per cent (**Mohokare, Tokologo, Nala, Maluti a Phofung, Phumelela and Mantsopa 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 % (**Kopanong** did not submit), whilst the compliance of the debtors data string remained at 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)	M07	CR07	DB07	C-schedule M07
Mangaung	Successful	Successful	Successful	Successful	Successful	Successful
Letsemeng	Successful	Successful	Successful	Successful	Successful	Successful
Kopanong	Successful	Successful	Successful	1st Phase error	Successful	Outstanding
Mohokare	Successful	Successful	Successful	Successful	Successful	Successful
Xhariep	Successful	Successful	Successful	Successful	Successful	Successful
Masilonyana	Successful	Successful	Successful	Successful	Successful	Successful
Tokologo	Successful	Successful	Successful	Successful	Successful	Successful
Tswelopele	Successful	Successful	Successful	Successful	Successful	Successful
Matjhabeng	Successful	Successful	Successful	Successful	Successful	Successful
Nala	Successful	Successful	Successful	Successful	Successful	Outstanding
Lejweleputswa	Successful	Successful	Successful	Successful	Successful	Successful
Setsoto	Successful	Successful	Successful	Successful	Successful	Successful
Dihlabeng	Successful	Successful	Successful	Successful	Successful	Successful
Nketoana	Successful	Successful	Successful	Successful	Successful	Successful
Maluti a Phofung	Successful	Successful	Successful	Successful	Successful	Outstanding
Phumelela	Successful	Successful	Successful	Successful	Successful	Outstanding
Mantsopa	Successful	Successful	Successful	Successful	Successful	Outstanding
Thabo Mofutsanyana	Successful	Successful	Successful	Successful	Successful	Successful
Moqhaka	Successful	Successful	Successful	Successful	Successful	Successful
Ngwathe	Successful	Successful	Successful	Successful	Successful	Successful
Metsimaholo	Successful	Successful	Successful	Successful	Successful	Successful
Mafube	Successful	Successful	1st Phase error	Successful	Successful	Outstanding
Fezile Dabi	Successful	Successful	Successful	Successful	Successful	Successful

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 and it impacts on :

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.

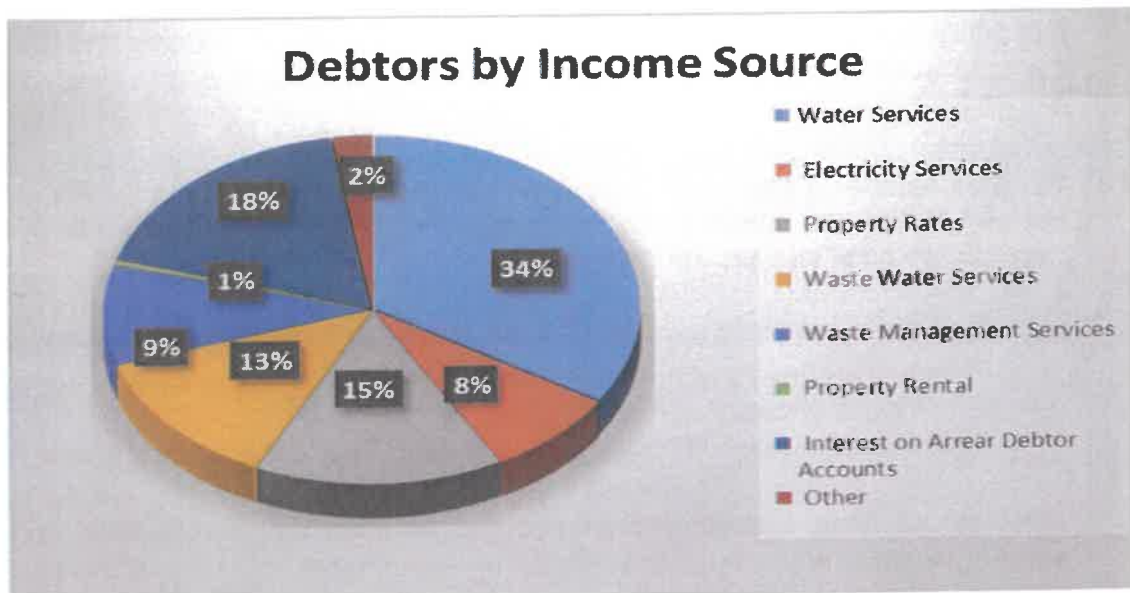
- g) Provincial Treasury provides support and assistance to municipalities on the identification and correction of errors on the data strings on a continuous basis through internal monitoring tools.

D. OVERVIEW OF FREE STATE MUNICIPAL BUDGET PERFORMANCE

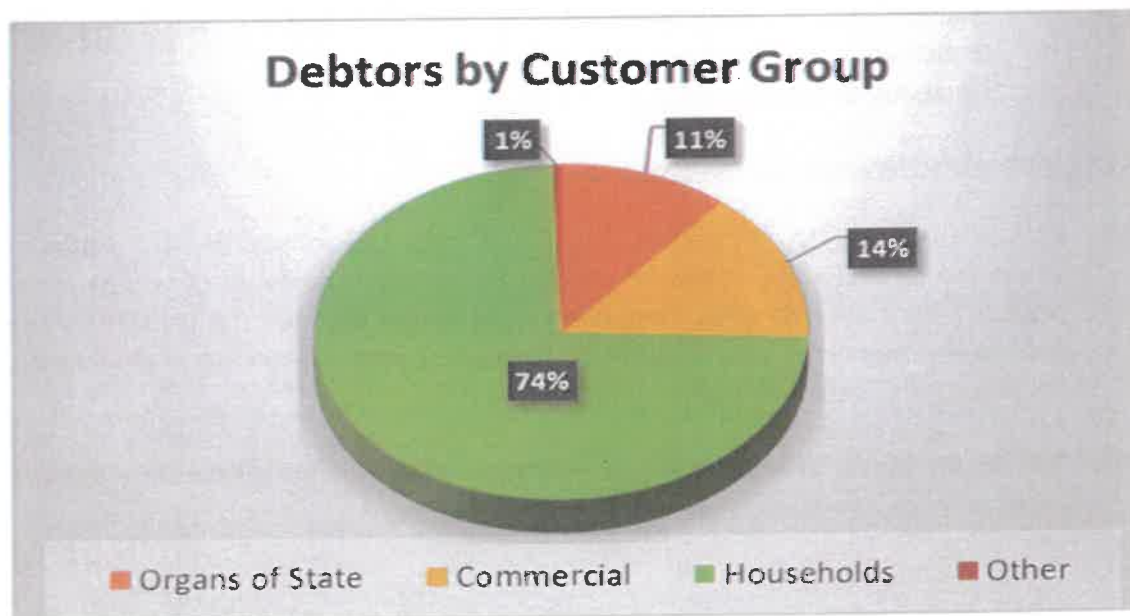
1. FINANCIAL HEALTH

1.1 DEBTORS

- 1.1.1 Aggregated debtors as at 31 January 2023 amounted to R32.008 billion having **increased** with R467 million from the previous month (*Dec 2022: R31.541 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 87.8 Per cent (R28.092 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 R23.608 billion, commercial with R4.647 billion and organs of state with R3.576 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 R10.920 billion (34.1 per cent), followed by *interest on arrear debtor accounts* amounting to R5.667 billion (17.7 per cent). Debt relating to *property rates* contribute 15.2 per cent (R4.858 billion) to the total outstanding debt, whilst *waste water services* accounts for 12.8 per cent (R4.109 billion) of the total debt.



1.1.6 The report also show the majority of the debt is owed by *Households*, which contributes 73.8 per cent (R23.608 billion) to the total debt, followed by *Businesses* with 14.5 per cent (R4.647 billion) and *Organs of State* with 11.2 per cent (R3.576 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 **decreased** with R14 million to **R24.293 billion** for the month under review (*Dec 2022: R24.307 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 87.5 per cent or **R21.266 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	7 509	100.0%	–	0.0%	–	0.0%	–	0.0%	7 509	11.7%
Kopanong	1 366	5.3%	1 461	5.6%	1 420	5.5%	21 725	83.6%	25 973	40.4%
Matjhabeng	12 270	100.0%	–	0.0%	–	0.0%	–	0.0%	12 270	19.1%
Nala	13	100.0%	–	0.0%	–	0.0%	–	0.0%	13	0.0%
Thabo Mofutsanyana District	1 477	100.0%	–	0.0%	–	0.0%	–	0.0%	1 477	2.3%
Ngwathe	7 625	92.2%	645	7.8%	–	0.0%	–	0.0%	8 270	12.9%
Mafube	2 472	28.4%	–	0.0%	1 364	15.7%	4 871	55.9%	8 708	13.6%
Total Debt	32 732	51.0%	2 406	3.3%	2 785	4.3%	26 596	41.4%	64 219	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	52 332	100.0%	–	0.0%	–	0.0%	–	0.0%	52 332	11.7%
Kopanong	1 979	1.1%	1 993	1.1%	3 827	2.2%	166 848	95.5%	174 647	38.9%
Tswelopele	304	80.6%	79	21.0%	–	0.0%	(6)	-1.6%	377	0.1%
Matjhabeng	27 689	67.0%	10 992	26.6%	–	0.0%	2 676	6.5%	41 357	9.2%
Nala	4	100.0%	–	0.0%	–	0.0%	–	0.0%	4	0.0%
Setsotho	173	100.0%	–	0.0%	–	0.0%	–	0.0%	173	0.0%
Nketoana	376	21.3%	1 134	64.5%	31	1.8%	219	12.4%	1 760	0.4%
Ngwathe	3 147	100.0%	–	0.0%	–	0.0%	–	0.0%	3 147	0.7%
Mafube	1 248	0.7%	1 257	0.7%	1 257	0.7%	171 474	97.9%	175 237	39.0%
Total Debt	87 255	19.4%	15 456	3.4%	5 115	1.1%	341 211	76.0%	449 037	100.0%

1.3 CASH FLOW

1.3.1 Municipalities in the Province closed the month of January 2023 with a surplus cash and cash equivalent balance of R5.513 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 two municipalities (Masilonyana and Nala) have not reported on the cash flow information at all.

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 Jan 2023)
Mangaung Metro	1 576 428	2 859 542	(312 940)	(70 658)	2 475 745	4 047 557
Letsemeng	–	5 500	–	–	5 500	5 500
Kopanong	–	548 712	–	–	548 712	548 712
Mohokare	1 594	27 400	(8 964)	(1)	18 435	20 030
Xhariep District	–	8 342	–	–	8 342	8 342
DC 16 Total	1 594	589 954	(8 964)	(1)	580 990	582 584
Masilonyana	–	–	–	–	–	–
Tokologo	–	(5 522)	12	–	(5 510)	(5 510)
Tswelopele	4 734	37 962	(2 766)	(37)	35 159	39 738
Matjhabeng	196 611	(416 952)	(89 468)	–	(506 420)	(302 913)
Nala	–	–	–	–	–	–
Lejweleputswa District	111 526	15 772	–	–	15 772	127 298
DC 18 Total	312 871	(368 740)	(92 222)	(37)	(460 999)	(141 387)
Setsotho	92 272	317 451	(102 165)	(22)	215 263	308 460
Dihlabeng	5 586	110 964	(59 333)	(4 351)	47 280	58 218
Nketoana	(930)	87 352	(21 737)	(59)	65 555	59 859
Maluti a Phofung	(64 264)	501 479	(117 911)	(454)	383 114	446 366
Phumelela	658	59 760	(16 082)	–	43 678	44 336
Mantsopa	–	18 196	(4 666)	–	13 530	13 530
Thabo Mofutsanyana	–	6 669	–	–	6 669	6 669
DC 19 Total	33 321	1 101 871	(321 894)	(4 887)	775 089	937 439
Moqhaka	(3 560)	37 403	(26 139)	(1 783)	9 480	(4 624)
Ngwathe	(0)	(22 447)	(22 524)	(4)	(44 975)	(44 969)
Metsimaholo	112 461	49 908	(65 405)	(38)	(15 534)	101 945
Mafube	9 455	44 559	(12 021)	84	32 622	(117 572)
Fezile Dabi	84 594	67 619	(529)	–	67 090	151 689
DC 20 Total	202 949	177 041	(126 617)	(1 741)	48 683	86 469
Total	2 127 164	4 359 667	(862 636)	(77 524)	3 419 507	5 512 662

1.3.3 The average collection rate reported by municipalities for the Province for the month under review is only **63.5 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:

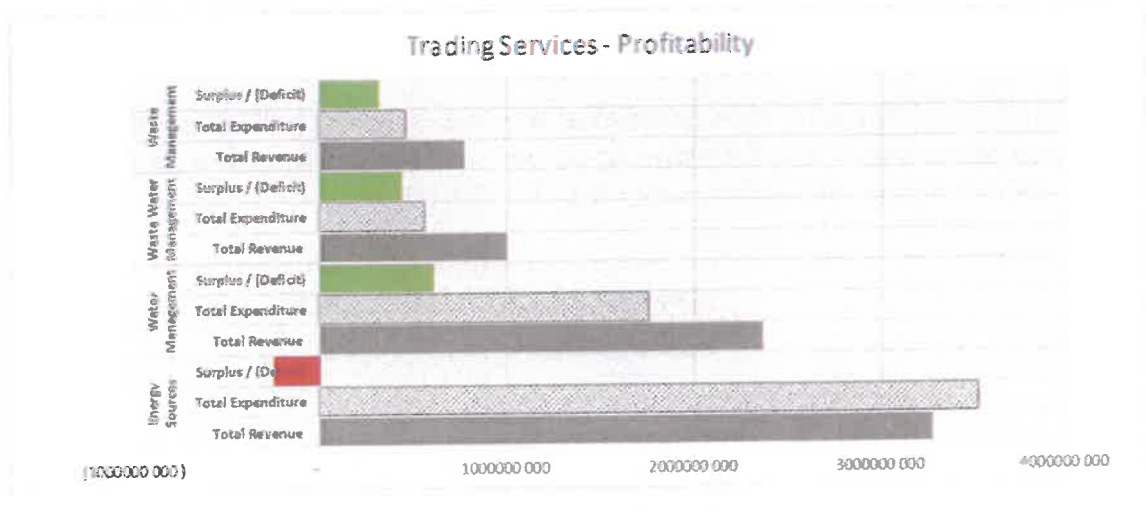
- Impact of the economic slowdown and the increasing in rates and tariffs year-on-year which affect household budgets and affordability levels;
- The cash flow time difference between paying for the increased cost of bulk electricity and water and the collection of revenues from customers;
- Breakdown 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 R12.840 billion or 55 per cent against the approved budget of R23.505 billion, whilst in respect of expenditure, municipalities spent an aggregate of 46 per cent or R10.741 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 (R1.703 billion) to the total revenue generated.
- 2.1.3 An aggregate operational surplus of R2.100 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 January 2023. Whilst **energy sources** recorded an operating **deficit of R243.5 million**.

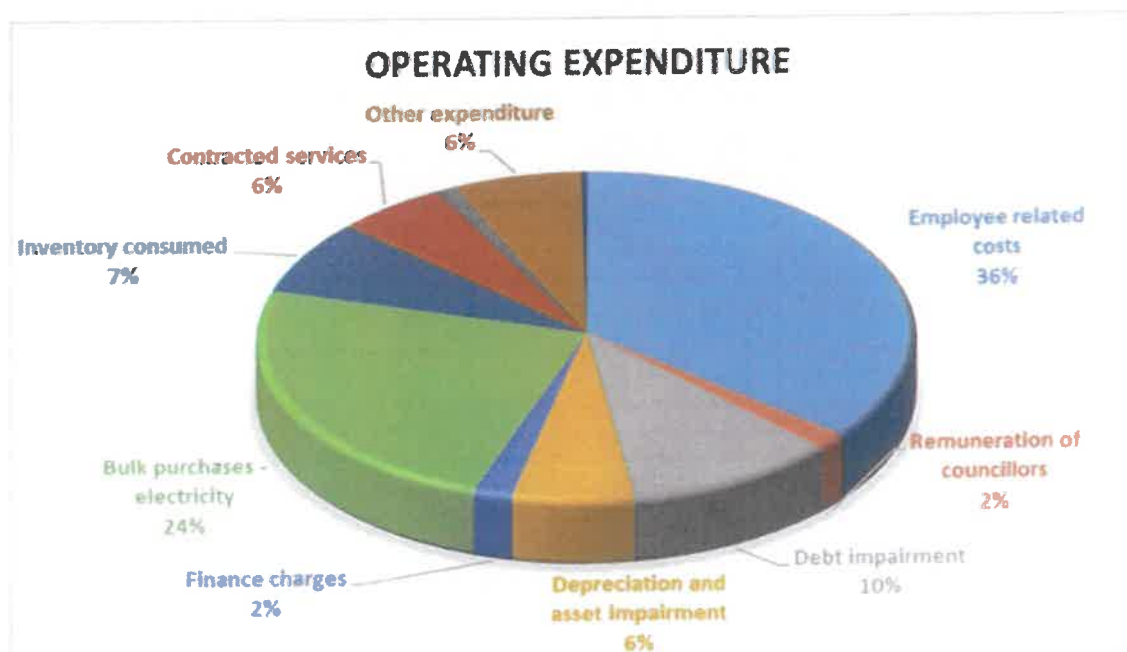


- 2.1.5 The table below show the aggregate surpluses / (deficits) recorded by municipalities on energy and water trading services, which may be an indication that the tariffs are not cost reflective.

R thousands	Energy Trading Service Surplus / (Deficit)	Water Trading Service Surplus / (Deficit)
Mangaung Metro	(175 840)	71 282
Letsemeng	(12 842)	7 825
Kopanong	48 057	15 068
Mohokare	(848)	5 951
Masilonyana	249	26 034
Tokologo	(13 746)	(852)
Tswelopele	6 162	(8 061)
Matjhabeng	299 241	245 757
Nala	17 758	1 666
Setsoto	18 329	50 556
Dihlabeng	54 842	15 194
Nketoana	(24 683)	(22 164)
Maluti a Phofung	(538 751)	23 810
Phumelela	(20 588)	(2 431)
Mantsopa	10 278	187
Moqhaka	164 205	49 374
Ngwathe	(33 298)	51 642
Metsimaholo	(40 119)	55 219
Mafube	(1 914)	22 562

2.2 OPERATING EXPENDITURE

- 2.2.1 The total operating expenditure reported amounted to R10.741 billion or 46 per cent against the budget. The total expenditure is below the straight line projection of 58%. 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 January 2023 is *employee related cost* amounting to R3.852 billion or 36 per cent of the total expenditure, followed by *bulk purchases - electricity* amounting to R2.565 billion.



2.2.3 The performance of *employee related cost* against the budget is 54.5 per cent (R3.852 billion). The majority of the expenditure reported (98.5 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	59 467	27.3%	1.5%
Municipal Staff	7 001 416	3 792 096	54.2%	98.5%
Board Members	785	74	9.4%	0.0%
Total	7 219 863	3 851 637	53.3%	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 Jan 2023	%	Original Budget	YTD Jan 2023	%
Mangaung	2 393 515 462	1 344 797 025	56.2%	70 667 842	42 074 561	59.5%
Matjhabeng	906 572 359	518 282 844	57.2%	39 971 641	5 586 223	14.0%
Maluti-a-Phofung	660 113 301	412 905 898	62.6%	30 608 225	17 821 326	58.2%
Moqhaka	364 983 798	207 464 846	56.8%	22 248 609	12 350 243	55.5%
Metsimaholo	434 807 480	202 345 322	46.5%	20 869 770	11 619 348	55.7%
Total	4 759 992 400	2 685 795 935	56.4%	184 366 087	89 451 701	48.5%

Employee Related Cost - Medium Capacity Municipalities

Municipality	Employee Related Cost			Council Remuneration		
	Original Budget	YTD Jan 2023	%	Original Budget	YTD Jan 2023	%
Letsemeng	73 052 844	29 399 728	40.2%	5 167 420	2 246 021	43.5%
Kopanong	141 883 225	82 765 249	58.3%	6 491 999	3 786 986	58.3%
Tswelopele	78 739 925	102 228	0.1%	6 568 726		0.0%
Nala	160 137 291	78 693 305	49.1%	9 490 853	3 883 591	40.9%
Setsotho	228 323 196	129 469 415	56.7%	12 535 056	8 464 360	67.5%
Dihlabeng	348 057 308	200 552 290	57.6%	17 116 642	12 328 824	72.0%
Nketoana	151 733 243	61 100 232	40.3%	6 453 828	2 850 987	44.2%
Mantsopa	111 243 576	47 330 424	42.5%	6 221 546	3 424 711	55.0%
Ngwathe	266 190 371	155 532 687	58.4%	17 147 643	10 906 185	63.6%
Mafube	130 593 358	51 326 550	39.3%	11 399 215	3 198 405	28.1%
Total	1 689 954 337	836 272 108	49.5%	98 592 928	51 090 070	51.8%

Employee Related Cost - Low Capacity Municipalities

Municipality	Employee Related Cost			Council Remuneration		
	Original Budget	YTD Jan 2023	%	Original Budget	YTD Jan 2023	%
Mohokare	87 809 399	50 950 364	58.0%	5 675 733	3 205 458	56.5%
Xhariep	47 107 343	27 865 884	59.2%	4 105 315	2 810 291	68.5%
Masilonyana	124 336 427		0.0%	7 921 835		0.0%
Tokologo	65 061 962	26 159 010	40.2%	5 863 364	2 334 663	39.8%
Lejweleputswa	119 884 691	56 567 986	47.2%	10 671 632	5 853 195	54.8%
Phumelela	91 041 264	51 014 327	56.0%	6 891 170	4 178 874	60.6%
Thabo Mofutsanyana	102 434 027	50 653 781	49.5%	9 110 478	5 702 668	62.6%
Fezile Dabi	132 240 660	66 357 758	50.2%	7 515 130	4 520 973	60.2%
Total	769 915 773	329 569 110	42.8%	57 754 657	28 606 122	49.5%

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 R901.4 million or 27.4 per cent against the approved budget of R3.289 billion. The majority of the municipalities (22) reported expenditure below 50%.

2.3.2 The majority (64 per cent) of the expenditure relates to trading services projects amounting to R575.380 million and consist of R129.363 million for *energy services*, R303.189 million for *water management*, R128.769 million for *waste water management* and R14.059 million for *waste management*.

2.3.3 Although incorrect or non-recording of transactions on the financial systems contributes to the low performance reported, municipalities also have challenges in implementation of the capital projects. These challenges include:

- The financial sustainability of municipalities in the Province is regressing and therefore projects to be funded with own funding do not realize.
- Conditional Grants are not ring-fenced and therefore once it is paid into the bank account of a municipality, it is easily used for operational expenditure.
- Conditional Grants are spend on operational expenditure for example salaries, SARS, Eskom, etc.
- Late appointment of contractors due to delays in the procurement processes.
- The technical ability of municipalities to manage grants is not sufficient (e.g municipal staff appointed are not engineers with the technical skills to manage the implementation of a project).

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 Property Plant and Equipment (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 R564.765 million was spent on repairs and maintenance which amounts to 38.4 per cent against the budget. The table below show the repairs and maintenance expenditure reported per municipality:

			Original Budget	Adjusted Budget	YTD Actual	%
R thousands	Code					
FREE STATE						
A	Mangaung	MAN	517 045	549 367	311 792	56.8%
	Total Metros		517 045	549 367	311 792	56.8%
B	Letsemeng	FS161	6 584	6 584	1 585	24.1%
B	Kopanong	FS162	-	-	-	-
B	Mohokare	FS163	1 736	1 736	1 266	72.9%
C	Xhariep	DC16	405	405	125	30.9%
	Total Xhariep		8 725	8 725	2 976	34.1%
B	Masilonyana	FS181	1 295	1 295	-	-
B	Tokologo	FS182	3 420	3 420	1 786	52.2%
B	Tswelopele	FS183	16 105	16 105	6 804	42.2%
B	Matjhabeng	FS184	302 694	247 814	15 766	6.4%
B	Nala	FS185	255 699	255 699	72 301	28.3%
C	Lejweleputswa	DC18	3 531	3 531	1 012	28.7%
	Total Lejweleputswa		582 743	527 863	97 668	18.5%
B	Setsoo	FS191	7 022	7 022	3 156	44.9%
B	Dihlabeng	FS192	19 403	19 403	6 530	33.7%
B	Nkeobana	FS193	20 758	20 758	6 527	31.4%
B	Maluti-a-Phofung	FS194	139 287	139 287	24 679	17.7%
B	Phumelela	FS195	13 780	13 780	5 699	41.4%
B	Mantsopa	FS196	-	-	-	-
C	Thabo Mofutsanyana	DC19	449	449	-	-
	Total Thabo Mofutsanyana		200 698	200 698	46 592	23.2%
B	Moqhaka	FS201	82 246	82 246	46 653	56.7%
B	Ngwathe	FS203	35 894	35 894	46 874	130.6%
B	Metsimaholo	FS204	47 447	47 447	9 761	20.6%
B	Mafube	FS205	16 479	16 479	2 140	13.0%
C	Fezile Dabi	DC20	1 891	1 891	308	16.3%
	Total Fezile Dabi		183 957	183 957	105 737	57.5%
	Total Free State		1 493 169	1 470 611	564 765	38.4%

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 January 2023 show a total spending of R721.391 million against the allocation (26.7 per cent).
- 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	269 512	84 396	631 024	288 084	27.2%
Letsemeng	66 592	37 349	29 407	14 800	-	0.0%
Kopanong	46 436	16 578	6 543	-	-	0.0%
Mohokare	50 559	26 359	8 286	3 269	(23 359)	-46.2%
Xhariep	5 139	3 609	2 707	4 113	2 698	52.5%
Masilonyana	56 486	19 746	10 668	183	-	0.0%
Tokologo	48 125	38 574	16 220	-	32 755	68.1%
Tswelopele	38 773	20 538	20 609	13 252	(14 321)	-36.9%
Matjhabeng	175 101	35 476	25 373	-	-	0.0%
Nala	53 465	35 126	20 792	27 715	19 024	35.6%
Lejweleputswa	8 706	4 025	3 917	6 595	2 504	28.8%
Setsoto	223 389	154 861	89 746	155 780	66 827	29.9%
Dihlabeng	65 169	25 575	18 445	56 833	56 159	86.2%
Nketoana	52 935	27 845	15 157	-	-	0.0%
Maluti a Phofung	267 210	185 495	125 369	188 270	142 415	53.3%
Phumelela	43 077	31 600	17 939	22 278	452	1.0%
Mantsopa	51 232	38 430	19 431	-	727	1.4%
Thabo Mofutsanyana	15 229	9 440	7 732	(1 528)	(6 610)	-43.4%
Moqhaka	59 614	42 154	30 068	42 154	36 765	61.7%
Ngwathe	143 003	78 293	25 722	79 301	29 550	20.7%
Metsimaholo	112 976	81 831	45 345	110 015	71 654	63.4%
Mafube	58 460	31 697	15 657	31 697	16 067	27.5%
Fezile Dabi	4 918	3 258	691	-	-	0.0%
Total	2 705 942	1 217 371	640 220	1 385 750	721 391	26.7%

- 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	11 000	8 328	6 000	(870)	-3.8%
Expanded Public Works Programme	46 707	9 445	14 409	10 420	8 864	19.0%
Finance Management Grant	59 020	59 020	19 111	23 485	6 027	10.2%
Integrated National Electrification Prog	129 996	85 774	46 337	81 740	32 439	25.0%
Metro Informal Settlements Partnership Grant	279 617	172 056	36 828	172 056	47 364	16.9%
Municipal Infrastructure Grant	844 877	416 006	263 948	282 173	176 156	20.8%
Municipal Systems Improvement Prog	-	-	-	3 100	-	0.0%
Neighbourhood Dev Partnership Grant	20 738	10 000	15 493	19 738	21 265	102.5%
Programme & Project Preperation Support Grant	13 673	-	-	6 837	-	0.0%
Public Transport network Grant	249 894	84 964	31 038	84 964	78 841	31.5%
Regional Bulk Infrastructure Grant	204 407	151 907	74 303	213 839	150 453	73.6%
Rural Roads Assets Man Systems Grant	9 654	6 756	4 519	3 960	1 271	13.2%
Urban settlement Development Grant	491 760	-	-	344 232	139 781	28.4%
Water Services Infrastructure Grant	332 599	210 443	125 906	133 205	59 799	18.0%
Total	2 705 942	1 217 371	640 220	1 385 750	721 391	26.7%

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 R176.156 million was reported on the data strings for MIG, however, CoGTA reported spending of R327.268 million at the end of January 2023. 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	4,201	4,192	18%
Mohokare	19,991	1,944	968	5%
Masilonyana	28,257	4,634	4,605	16%
Matjhabeng	136,630	38,481	19,946	15%
Mafube	25,129	8,384	8,384	33%

3.7 The transferring departments for conditional grants (MIG, WSIG, RBIG, etc) might consider to stop further allocations to the municipalities in the 2022/23 financial where under performances were noted 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.
- 4.2 The Mid-year Budget and Performance Assessments were due on 25 January 2023. All municipalities submitted their assessments as required by the MFMA, section 72. Mid-year Bilaterals were conducted during February 2023 to provide inputs to the main 2022/23 adjustment budget.

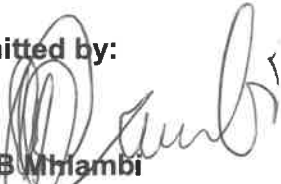
E. RECOMMENDATIONS & CONCLUSION

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

1. **Note** the aggregate revenue generated is 55 per cent whilst the operating expenditure is at 46 per cent against the total budgets and the expenditure is significantly **below the straight line projection of 58 per cent**. An operating surplus of R2.100 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 58 per cent**, amounting to R901.438 million (25.8 per cent) against the adjusted budget of R3.289 billion.
3. **Note** municipalities reported aggregate spending on repairs and maintenance amounting to R564.765 million or 3.4 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 R32.008 billion (*Dec 2022 – R31.541 billion*).
5. **Note** the total outstanding creditor's amount to R24.293 billion (*Dec 2022 – R24.307 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
January 2023

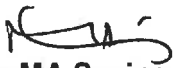
Submitted by:



Mr. SB Mhlambi
ACTING CHIEF DIRECTOR: MUNICIPAL FINANCE MANAGEMENT

Date: _____

Noted / Comments by:



Ms MA Sesing
HEAD OF DEPARTMENT
FREE STATE PROVINCIAL TREASURY

Date: 01-03-2023

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	531 964	4.9%	260 057	2.4%	427 107	3.9%	9 701 046	88.8%	10 920 174	34.1%
Trade and Other Receivables from Exchange Transactions - Electricity	287 769	11.3%	76 322	3.0%	197 377	7.7%	1 985 786	78.0%	2 547 254	8.0%
Receivables from Non-exchange Transactions - Property Rates	302 782	6.2%	129 922	2.7%	285 499	5.9%	4 139 872	85.2%	4 858 074	15.2%
Receivables from Exchange Transactions - Waste Water Management	159 484	3.9%	81 764	2.0%	207 477	5.0%	3 661 119	89.1%	4 109 845	12.8%
Receivables from Exchange Transactions - Waste Management	91 809	3.1%	54 208	1.8%	148 757	5.0%	2 677 747	90.1%	2 972 522	9.3%
Receivables from Exchange Transactions - Property Rental Debtors	1 952	1.2%	1 763	1.1%	1 776	1.1%	151 886	96.5%	157 377	0.5%
Interest on Arrear Debtor Accounts	203 570	3.6%	134 616	2.4%	326 641	5.8%	5 002 010	88.3%	5 666 836	17.7%
Other	(20 542)	-2.6%	23 357	3.0%	(165)	0.0%	772 824	99.7%	775 474	2.4%
Total By Income Source	1 558 789	4.9%	762 008	2.4%	1 594 469	5.0%	28 092 289	87.8%	32 007 555	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	231 078	6.5%	113 490	3.2%	182 102	5.1%	3 049 736	85.3%	3 576 407	11.2%
Commercial	467 109	10.1%	145 284	3.1%	329 279	7.1%	3 705 813	79.7%	4 647 485	14.5%
Households	892 639	3.8%	494 334	2.1%	1 077 404	4.6%	21 143 456	89.6%	23 607 833	73.8%
Other	(32 038)	-18.2%	8 900	5.1%	5 684	3.2%	193 284	109.9%	175 830	0.5%
Total By Customer Group	1 558 789	4.9%	762 008	2.4%	1 594 469	5.0%	28 092 289	87.8%	32 007 555	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	730 495	8.1%	264 802	2.9%	218 312	2.4%	7 860 148	86.6%	9 073 756	28.3%
Letsemeng	8 668	2.2%	8 237	2.1%	6 598	1.7%	363 863	93.9%	387 366	1.2%
Kopanong	10 536	2.3%	10 208	2.2%	10 453	2.2%	436 256	93.3%	467 453	1.5%
Mohokare	10 815	2.3%	10 972	2.3%	11 381	2.4%	442 078	93.0%	475 247	1.5%
Xhariep District	-	0.0%	-	0.0%	-	0.0%	9 582	100.0%	9 582	0.0%
DC 16 Total	30 019	2.2%	29 417	2.2%	28 433	2.1%	1 251 778	93.4%	1 339 648	4.2%
Masilonyana	11 984	0.9%	12 738	1.0%	(1 866)	-0.1%	1 297 811	88.3%	1 320 666	4.1%
Tokologo	17 694	4.3%	8 647	2.1%	8 177	2.0%	372 458	91.5%	406 976	1.3%
Tswelopele	6 668	4.1%	5 320	3.3%	3 852	2.4%	145 659	90.2%	161 499	0.5%
Majhabeng	208 079	3.4%	161 357	2.6%	172 322	2.8%	5 583 735	91.2%	6 125 483	19.1%
Nala	25 174	2.5%	22 245	2.2%	19 633	2.0%	929 200	93.3%	996 252	3.1%
Lejweleputswa District	(0)	0.0%	-	0.0%	-	0.0%	30 763	100.0%	30 763	0.1%
DC 18 Total	269 599	3.0%	210 307	2.3%	202 118	2.2%	8 359 625	92.5%	9 041 649	28.2%
Setsootso	25 646	4.3%	20 000	3.3%	18 736	3.1%	538 258	89.3%	602 640	1.9%
Dihlabeng	73 507	5.2%	29 030	2.1%	24 708	1.8%	1 277 006	90.9%	1 404 251	4.4%
Nketoana	33 051	3.4%	26 779	2.8%	27 246	2.8%	885 571	91.0%	972 647	3.0%
Maluti a Phofung	37 415	1.6%	27 236	1.2%	29 255	1.3%	2 215 722	95.9%	2 309 627	7.2%
Phumelela	(1 679)	-0.4%	7 469	1.6%	8 373	1.8%	460 402	97.0%	474 565	1.5%
Mantsopa	33 427	3.7%	13 849	1.5%	13 578	1.5%	839 040	93.2%	899 894	2.8%
Thabo Mofutsanyana District	-	0.0%	-	0.0%	-	0.0%	4 163	100.0%	4 163	0.0%
DC 19 Total	201 367	3.0%	124 363	1.9%	121 896	1.8%	6 220 162	93.3%	6 667 787	20.8%
Moqhaka	47 071	3.8%	28 775	2.3%	29 691	2.4%	1 141 065	91.5%	1 246 602	3.9%
Ngwathe	68 582	6.7%	29 993	2.9%	920 833	90.3%	-	0.0%	1 019 408	3.2%
Metsimaholo	185 349	6.9%	58 919	2.2%	58 366	2.2%	2 377 475	88.7%	2 690 108	8.4%
Mafube	26 307	2.8%	15 433	1.6%	14 821	1.6%	882 037	94.0%	938 598	2.9%
Fezile Dabi	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
DC 16 Total	327 309	5.6%	133 119	2.3%	1 023 711	17.4%	4 400 577	74.8%	5 884 716	18.4%
Total Debt	1 558 789	4.9%	762 008	2.4%	1 594 469	5.0%	28 092 289	87.8%	32 007 555	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	386 400	2.7%	181 027	1.2%	173 092	1.2%	13 823 676	94.9%	14 564 194	60.0%
Bulk Water	71 046	1.1%	73 012	1.1%	72 405	1.1%	6 484 880	96.8%	6 701 343	27.6%
PAYE deductions	32 732	51.0%	2 106	3.3%	2 785	4.3%	26 596	41.4%	64 219	0.3%
VAT (output less input)	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Pensions / Retirement	87 255	19.4%	15 456	3.4%	5 115	1.1%	341 211	76.0%	449 037	1.8%
Loan repayments	1 084	11.1%	528	5.4%	1 525	15.7%	6 600	67.8%	9 736	0.0%
Trade Creditors	119 859	5.8%	75 979	3.7%	65 305	3.2%	1 810 544	87.4%	2 071 687	8.5%
Auditor General	3 673	5.1%	9 852	13.7%	17 846	24.8%	40 705	56.5%	72 076	0.3%
Other	4 424	1.2%	(16 925)	-4.7%	(327)	-0.1%	373 597	103.6%	360 769	1.5%
Total Debt	706 472	2.9%	341 034	1.4%	337 747	1.4%	22 907 809	94.3%	24 293 061	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	247 544	73.5%	16 084	4.8%	14 819	4.4%	58 469	17.4%	336 916	1.4%
Letsemeng	4 847	3.6%	(14 134)	-10.4%	566	0.4%	144 647	106.4%	135 926	0.6%
Kopanong*	15 449	1.9%	13 556	1.6%	14 445	1.7%	783 195	94.7%	826 646	3.4%
Mohokare	2 759	2.1%	130	0.1%	83	0.1%	130 298	97.8%	133 269	0.5%
Xhariep District	65	0.5%	(770)	-5.9%	1 787	13.8%	11 880	91.7%	12 962	0.1%
DC 16 Total	23 119	2.1%	(1 218)	-0.1%	16 882	1.5%	1 070 020	96.5%	1 108 803	4.6%
Masilonyana	10	0.0%	(18 897)	-47.9%	(2 300)	-5.8%	60 669	153.7%	39 482	0.2%
Tokologo	1 460	3.5%	2 349	5.7%	1 366	3.3%	36 295	87.5%	41 469	0.2%
Tswelopele	4 802	4.5%	3 817	3.6%	3 416	3.2%	94 960	88.8%	106 995	0.4%
Matjhabeng	239 903	2.2%	163 050	1.5%	74 983	0.7%	10 421 667	95.6%	10 899 604	44.9%
Nala	6 201	0.7%	15 646	1.7%	18 692	2.0%	886 957	95.6%	927 495	3.8%
Lejweleputswa District	219	100.0%	-	0.0%	-	0.0%	-	0.0%	219	0.0%
DC 18 Total	252 595	2.1%	165 965	1.4%	96 156	0.8%	11 500 548	95.7%	12 015 264	49.5%
Setsotho	9 639	65.3%	317	2.2%	2 110	14.3%	2 686	18.2%	14 753	0.1%
Dihlabeng	33 458	3.3%	24 816	2.4%	26 363	2.6%	939 802	91.7%	1 024 439	4.2%
Nketoana	22 761	3.6%	16 370	2.6%	917	0.1%	600 933	93.8%	640 982	2.6%
Maluti a Phofung	209	0.0%	50 182	1.1%	60 267	1.3%	4 405 334	97.5%	4 515 993	18.6%
Phumelela	842	0.2%	2 966	0.9%	5 485	1.6%	328 689	97.3%	337 981	1.4%
Mantsopa	4 454	1.0%	3	0.0%	9 042	2.0%	440 930	97.0%	454 430	1.9%
Thabo Mofutsanyana District	1 602	66.4%	-	0.0%	-	0.0%	812	33.6%	2 414	0.0%
DC 19 Total	72 966	1.0%	94 656	1.4%	104 184	1.5%	6 719 187	96.1%	6 990 992	28.8%
Moqhaka	38 217	4.1%	34 132	3.6%	54 133	5.7%	816 880	86.6%	943 362	3.9%
Ngwathe	59 895	3.0%	17 960	0.9%	38 745	1.9%	1 873 869	94.1%	1 990 469	8.2%
Metsimaholo	3 122	5.4%	2 556	4.4%	977	1.7%	51 246	88.5%	57 901	0.2%
Mafube	9 014	1.1%	10 899	1.3%	11 852	1.4%	817 591	96.3%	849 355	3.5%
Fezile Dabi	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
DC 20 Total	110 248	2.9%	65 547	1.7%	105 707	2.8%	3 559 585	92.7%	3 841 087	15.8%
Total Debt	706 472	2.9%	341 034	1.4%	337 747	1.4%	22 907 809	94.3%	24 293 061	100.0%

Annexure E – Financial Performance

Description	Budget year 2022/23								
	Original Budget	Q1 Sept Actual	Q2 Dec Actual	M07 Jan Actual	M08 Feb Actual	M09 Mar Actual	Q3 Mar Actual	YTD Actual	%
R thousands									
Revenue By Source									
Property rates	2 961 987	736 065	722 429	244 993			244 993	1 703 487	57.5%
Service charges - electricity revenue	7 045 103	1 617 577	1 198 322	388 416			388 416	3 204 314	46.6%
Service charges - water revenue	3 082 952	731 108	729 173	247 671			247 671	1 707 952	55.4%
Service charges - sanitation revenue	1 289 518	296 860	300 051	107 060			107 060	703 971	54.6%
Service charges - refuse revenue	768 016	181 984	119 146	62 699			62 699	363 829	47.4%
Rental of facilities and equipment	101 041	21 800	18 778	6 828			6 828	47 406	46.9%
Interest earned - external investments	68 442	6 957	27 459	9 861			9 861	44 277	62.4%
Interest earned - outstanding debtors	1 150 908	366 155	411 885	146 512			146 512	924 552	80.3%
Dividends received	5 436	884	21	232			232	1 136	20.9%
Fines, penalties and forfeits	97 996	6 522	6 628	1 156			1 156	14 307	14.6%
Licences and permits	1 083	487	473	125			125	1 084	100.1%
Agency services	2	0	0					1	26.8%
Transfers and subsidies	5 420 847	1 903 072	1 163 755	553 898			553 898	3 620 724	66.7%
Other revenue	1 438 295	226 231	238 405	34 680			34 680	499 316	34.7%
Gains	73 265	147	3 729	259			259	4 136	5.6%
Total Revenue (excluding capital transfers and contributions)	23 504 889	6 095 848	4 940 254	1 804 389	-	-	1 804 389	12 840 491	55.0%
Expenditure By Type									
Employee related costs	7 219 863	1 638 094	1 654 041	559 502			559 502	3 851 637	54.5%
Remuneration of councillors	340 714	71 714	73 600	23 834			23 834	169 148	49.0%
Debt impairment	2 900 727	544 112	398 149	156 819			156 819	1 099 081	37.4%
Depreciation and asset impairment	1 283 363	221 836	224 803	185 729			185 729	632 368	51.0%
Finance charges	567 994	110 078	89 216	11 940			11 940	211 235	39.0%
Bulk purchases - electricity	5 133 934	1 369 079	927 722	268 663			268 663	2 565 464	50.5%
Inventory consumed	2 171 773	229 108	430 409	129 738			129 738	789 255	36.5%
Contracted services	1 778 296	163 942	329 767	92 541			92 541	586 250	31.4%
Transfers and subsidies	229 561	23 437	50 549	43 611			43 611	117 597	52.1%
Other expenditure	1 443 627	255 842	346 797	86 593			86 593	689 233	46.3%
Losses	388 901	13 590	12 278	3 468			3 468	29 335	7.5%
Total Expenditure	23 458 752	4 640 832	4 537 331	1 562 438	-	-	1 562 438	10 740 601	46.0%
Surplus/(Deficit)	46 137	1 455 016	402 923	241 951	-	-	241 951	2 099 890	-59180.7%
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	2 624 801	190 653	2 392 174	(1 879 491)			(1 879 491)	703 336	24.9%
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educ Institutions)	14 398	609	1 076	1 895			1 895	3 580	
Transfers and subsidies - capital (in-kind - all)	65 750	14 587	15 188	920			920	30 695	46.7%
Surplus/(Deficit) after capital transfers and contributions	2 751 086	1 660 866	2 811 360	(1 634 725)	-	-	(1 634 725)	2 837 501	96.3%
Taxation									
Surplus/(Deficit) after taxation	2 751 086	1 660 866	2 811 360	(1 634 725)	-	-	(1 634 725)	2 837 501	96.3%
Attributable to minorities									
Surplus/(Deficit) attributable to municipality	2 751 086	1 660 866	2 811 360	(1 634 725)	-	-	(1 634 725)	2 837 501	96.3%
Share of surplus/ (deficit) of associate									
Surplus/(Deficit) for the year	2 751 086	1 660 866	2 811 360	(1 634 725)	-	-	(1 634 725)	2 837 501	96.3%

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			
Mangaung Metro	8 811 248	8 647 876	-5 320 445	61.5%	881 857	708 733	276 910	98 876	291 909	884 104	403 785
Letsemeng	201 215	201 215	104 208	51.8%	14 880	917	6 552	6 347	18 052	53 182	(12 506)
Kopanong	356 403	356 403	384 057	107.8%	21 397	29 905	14 087	10 949	10 500	247 681	490
Mohokare	230 060	230 060	93 554	40.7%	9 306	20 972	7 646	4 672	23 347	26 911	700
Xhariep District	64 564	64 564	38 487	59.6%	-	-	-	-	0	38 137	350
DC 16 Total	852 242	852 242	620 305	72.8%	45 583	51 794	28 285	21 968	51 899	365 911	(10 966)
Masilonyana	362 877	362 877	59 635	16.4%	21 265	26 034	16 510	(51 371)	93	42 541	314
Tokologo	141 362	141 362	44 824	31.7%	4 252	1 200	10 378	6 721	21 473	1	469
Tswelopele	196 575	196 575	136 463	69.4%	24 149	3 211	2 275	2 182	3 442	67 275	4 323
Majhabeng	3 677 907	3 677 907	1 776 426	48.3%	242 709	283 617	110 126	66 884	213 944	406 863	32 766
Nala	516 179	516 179	177 164	34.3%	11 259	27 786	17 131	11 093	15 385	47 889	4 280
Léjweleputswa District	156 028	154 573	109 173	70.6%	-	-	-	-	251	106 216	2 706
DC 18 Total	5 050 929	5 049 474	2 303 686	45.6%	303 635	341 848	156 420	35 509	254 589	670 786	44 858
Setsoho	612 167	612 167	396 348	64.7%	39 804	44 312	23 319	30 146	25 929	170 115	7 865
Dihlabeng	928 658	928 658	535 028	57.6%	85 719	42 025	32 903	33 319	49 534	149 487	7 290
Nketoana	443 163	443 163	304 592	68.7%	9 997	38 734	23 892	16 695	75 407	86 720	8 421
Maluti a Phofung	1 899 235	1 899 235	941 611	49.6%	72 099	64 252	28 196	28 011	(5)	566 482	112 357
Phumelela	197 775	197 775	86 718	43.8%	12 945	8 650	8 137	7 371	17 383	31 557	593
Mantsopa	342 670	342 670	56 589	16.5%	5 206	3 377	7 782	5 374	16 461	-	390
Thabo Mofutsanyana	161 756	161 756	93 685	57.9%	-	-	-	-	-	90 938	2 747
DC 19 Total	4 585 424	4 585 424	2 414 571	52.7%	225 770	201 349	124 229	120 917	184 709	1 095 299	139 663
Moqhaka	1 129 762	1 129 762	608 467	53.9%	47 892	74 978	34 580	24 169	23 935	187 345	11 838
Ngwathe	936 722	936 722	461 169	49.2%	61 140	49 858	38 296	27 861	37 067	96 665	3 632
Metsimaholo	1 673 585	1 673 585	888 526	53.1%	123 945	257 040	36 949	26 353	51 816	183 653	13 616
Mafube	286 129	286 129	150 937	52.8%	13 666	22 352	8 304	8 175	28 630	67 958	1 854
Fezile Dabi	178 849	178 849	72 385	40.5%	-	-	-	-	-	69 003	3 382
DC 20 Total	4 205 046	4 205 046	2 181 484	51.9%	246 643	404 228	118 128	86 558	141 447	604 624	34 322
Total	23 504 889	23 340 061	12 840 491	55.0%	1 703 487	1 707 952	703 971	363 829	924 552	3 620 724	611 662

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
Mangaung Metro	8 157 202	8 100 932	4 904 616	60.5%	1 344 797	42 075	771 861	515 791	1 383 844	846 249
Letsemeng	248 391	248 391	74 758	30.1%	29 400	2 246	38	-	16 298	26 776
Kopanong	457 775	457 775	107 220	23.4%	82 765	3 787	-	-	992	19 676
Mohokare	223 971	223 971	73 459	32.8%	50 950	3 205	-	-	446	18 858
Xhariep District	63 569	63 569	40 470	63.7%	27 866	2 810	-	375	-	9 418
DC 16 Total	993 706	993 706	295 908	29.8%	190 981	12 049	38	375	17 735	74 729
Masilonyana	418 858	418 858	894	0.2%	-	-	-	-	-	894
Tokologo	139 355	139 355	73 719	52.9%	26 159	2 335	-	-	12 371	32 855
Tswelopele	226 720	226 720	63 267	27.9%	102	-	7	-	20 273	42 885
Matjhabeng	3 677 446	3 622 387	955 965	26.4%	518 283	5 586	4 242	-	102 151	325 704
Nala	514 508	514 508	155 208	30.2%	78 693	3 884	-	-	15 402	57 229
Lejweleputswa District	198 134	194 321	84 141	43.3%	56 568	5 853	-	-	-	21 719
DC 18 Total	5 175 021	5 116 148	1 333 194	26.1%	679 805	17 658	4 249	-	150 197	481 285
Setsofso	612 385	612 385	275 396	45.0%	129 469	8 464	16 362	-	55 408	65 693
Dihlabeng	877 035	877 035	455 059	51.9%	200 552	12 329	17 951	49 983	55 274	118 971
Nketoana	607 525	607 525	295 907	48.7%	61 100	2 851	100 210	16 746	42 929	72 071
Maluti a Phofung	2 081 050	2 081 050	1 186 048	57.0%	412 906	17 821	18 467	-	466 676	270 177
Phumelela	197 723	197 723	107 162	54.2%	51 014	4 179	-	-	18 589	33 380
Mantsopa	338 180	338 180	55 386	16.4%	47 330	3 425	-	-	528	4 103
Thabo Mofutsanyana	182 984	182 984	59 683	32.6%	50 654	5 703	-	968	-	2 359
DC 19 Total	4 896 881	4 896 881	2 434 643	49.7%	953 026	54 772	152 989	67 697	639 406	566 753
Moghaka	1 101 002	1 101 002	362 972	33.0%	207 465	12 350	1 405	2	12 778	128 971
Ngwathe	1 012 124	1 012 124	449 254	44.4%	155 533	10 906	-	-	179 597	103 219
Metsimaholo	1 646 928	1 646 928	793 076	48.2%	202 345	11 619	166 257	45 143	181 863	185 848
Mafube	284 082	284 082	73 861	26.0%	51 327	3 198	2 283	-	43	17 010
Fezile Dabi	191 805	191 805	93 078	48.5%	66 358	4 521	-	3 359	-	18 839
DC 20 Total	4 235 942	4 235 942	1 772 241	41.8%	683 027	42 595	169 944	48 505	374 282	453 888
Total	23 458 752	23 343 610	10 740 601	46.0%	3 851 637	169 148	1 099 081	632 368	2 565 464	2 422 903

R thousands

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		
	Original Budget	Adjusted Budget	YTD				% of Budget	Energy Sources	Water Management	Waste Water Management	Waste Management	Other	Transfers Recognised - Capital	Borrowing	Internally generated Funds
Mangaung Metro	1 280 835	1 309 633	312 931	24.4%	77 802	29 460	10 420	-	195 250	234 612	9 931	68 389			
Letsemeng	56 944	56 944	862	1.5%	-	-	-	-	862	464	-	397			
Kopanong	41 785	41 785	1 400	3.4%	-	1 400	-	-	0	1 400	-	-			
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	9 810	6.7%	-	1 459	6 080	-	2 270	7 945	-	1 865			
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	3 424	8.9%	-	11	-	-	3 413	663	-	2 741			
Matjhabeng	176 809	348 814	89 534	50.6%	1 655	1 429	33 045	-	53 405	37 610	-	51 923			
Nala	47 295	47 295	14 509	30.7%	-	692	4 025	-	9 792	14 118	-	-			
Lejweputswa District	8 800	8 800	454	5.2%	-	-	-	-	454	-	-	454			
DC 18 Total	443 434	615 439	139 970	31.6%	1 655	22 203	41 272	-	74 840	84 440	-	55 119			
Setsotho	243 689	243 689	88 376	36.3%	724	84 301	1 771	-	1 581	86 072	1 024	827			
Dihlabeng	130 167	130 167	59 333	45.6%	347	49 919	-	23	9 044	56 159	-	3 174			
Nketoana	54 718	54 718	25 723	47.0%	-	20 713	4 274	-	736	25 293	-	-			
Maluti a Phofung	294 505	294 505	117 911	40.0%	28 522	45 628	23 551	-	20 210	103 746	-	14 165			
Phumelela	53 847	53 847	15 481	28.8%	-	799	7 867	-	6 816	15 481	-	-			
Mantsoa	52 395	52 395	4 372	8.3%	269	3 791	304	-	8	4 372	-	-			
Thabo Mofutsanyana	4 002	4 002	851	21.3%	-	-	-	-	851	-	-	-			
DC 19 Total	833 323	833 323	312 048	37.4%	29 861	205 150	37 767	23	39 246	291 123	1 024	18 166			
Moqhaka	80 773	80 773	26 160	32.4%	1 252	5 749	1 521	13 948	3 690	23 390	-	2 770			
Ngwathe	135 280	135 280	22 524	16.6%	-	21 474	449	-	600	22 219	-	305			
Metsimaholo	309 640	309 640	65 409	21.1%	16 065	8 755	31 259	88	9 241	63 758	-	1 650			
Mafube	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	126 679	21.6%	20 045	44 917	33 229	14 036	14 452	121 362	-	5 317			
Total	3 289 017	3 489 820	901 438	27.4%	129 363	303 189	128 769	14 059	326 057	739 482	10 955	148 856			

