



treasury

Department of
Treasury
FREE STATE PROVINCE

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

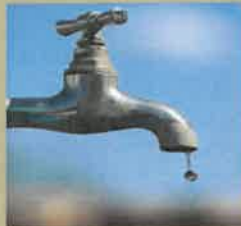


TABLE OF CONTENTS

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	7
	1. Financial Health	
	- Debtors	7
	- Creditors	8
	- Cash Flow	10
	2. Financial Performance	
	- Revenue Generated	12
	- Operating Expenditure	13
	- Capital Expenditure	14
	- Repairs & Maintenance	15
	3. Conditional Grants	17
	4. Assistance Provided and Other MFMA related matters	19
E.	Recommendations & Conclusion	21
	Annexures	
	- A : Debtors Age Analysis	23
	- B : Debtors Age Analysis per Municipality	23
	- C : Creditors Age Analysis	24
	- D : Creditors Age Analysis per Municipality	24
	- E : Financial Performance	25
	- F : Operating Revenue per Municipality	26
	- G : Operating Expenditure per Municipality	27
	- H : Capital Expenditure and Source of Finance	28
	- I : Capital Expenditure and Source of Finance per Municipality	29

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 March 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 (M09)
 - Creditors (CR09)
 - Debtors (DB09)
- c) The compliance rate for the financial data strings for March 2023 decreased from 100% to 95.65%; only one municipality (Nala) failed to submit the data strings for March 2023. Furthermore, 4 municipalities (17.4%) (**Masilonyana, Phumelela, Thabo Mofutsanyana and Mafube municipalities**) submitted the data strings after the 10th working day, contrary to the legislated requirement.
- d) The submission of the creditors and debtors data strings decreased to 95.65% as well, with only **Nala municipality** not complying. A non-compliance letter was issued to the municipality in this regard.
- e) For the 2022/23 Adjustment Budget data strings, Nala municipality failed to submit the required data strings (financial and project details) whilst Nketoana municipality failed to submit the project details data string.
- f) Municipalities are also required to upload monthly reporting documents to the GoMuni portal. The monthly reporting tables (C-schedule) should be extracted directly from the financial system in PDF format and uploaded. This schedule should also be submitted to the Council. Eight municipalities (**Kopanong, Mohokare, Tokologo, Tswelopele, Matjhabeng, Nala, Mantsopa and Thabo Mofutsanyana**) did not comply with this requirement at the time of reporting.

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)	ADJB (Original Budget)	PRAD (Project description - Adjusted Budget)	M09	CR09	DB09	C-schedule M09
Mangaung								
Letsemeng								
Kopanong								
Mohokare								
Xhariep								
Masilonyana								
Tokologo								
Tswelopele								
Majhabeng								
Nala								
Lejweleputswa								
Setsoto								
Dihlabeng								
Nketoana								
Maluti a Phofung								
Phumelela								
Mantsopa								
Thabo Mofutsanyana								
Moqhaka								
Ngwathe								
Metsimaholo								
Mafube								
Fezile Dabi								

Source: LGDB as at 24 April 2023

Legend:

Successful	1st Phase error	2nd Phase error	Outstanding
------------	-----------------	-----------------	-------------

g) 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)

h) 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. <i>m</i>SCOA 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.

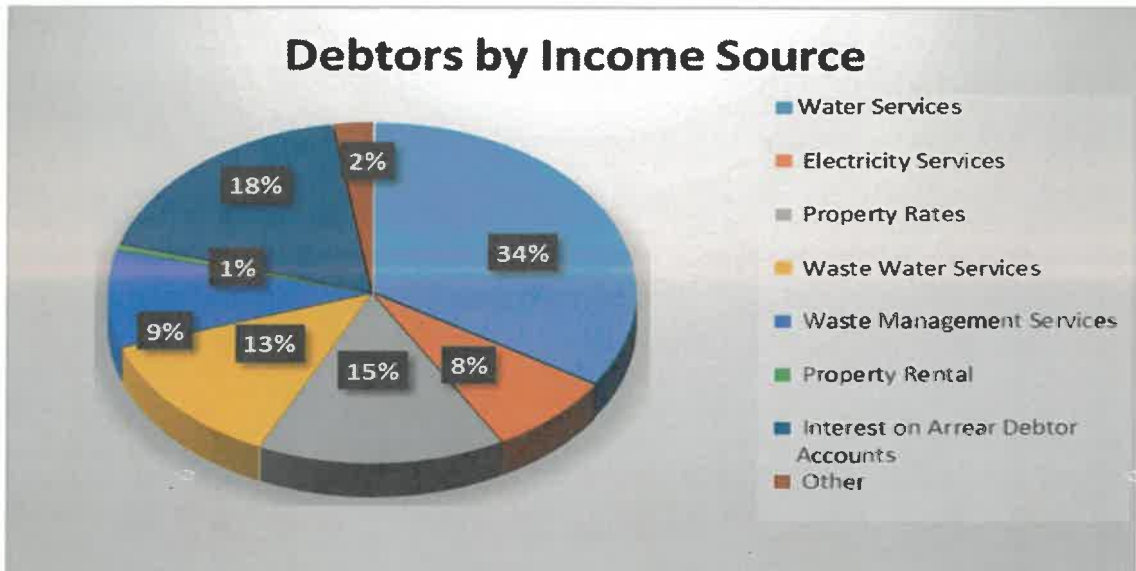
- i) Provincial Treasury provides support and assistance to municipalities on the identification and correction of errors on the data strings on a continuous basis through internal monitoring tools. National Treasury have invited the municipalities and system vendors to attend *m*SCOA Master Classes to also improve on the quality of data reported.

D. OVERVIEW OF FREE STATE MUNICIPAL BUDGET PERFORMANCE

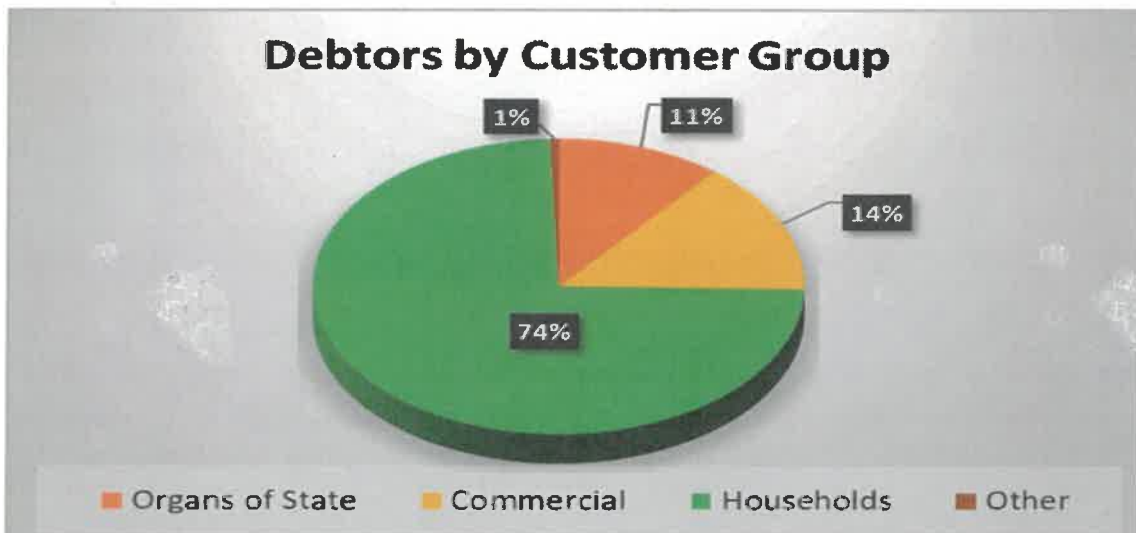
1. FINANCIAL HEALTH

1.1 DEBTORS

- 1.1.1 Aggregated debtors as at 31 March 2023 amounted to R32.836 billion having **increased** with R505 million from the previous month (*Feb 2023: 32.331 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 87.7 Per cent (R28.810 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 R24.320 billion, commercial with R4.765 billion and organs of state with R3.547 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**. In terms of the information submitted, the average debtors' day's ratio is 465 days.
- 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 R11.175 billion (34 per cent), followed by *interest on arrear debtor accounts* amounting to R5.917 billion (18 per cent). Debt relating to *property rates* contribute 15.2 per cent (R4.988 billion) to the total outstanding debt, whilst *waste water services* accounts for 12.8 per cent (R4.201 billion) of the total debt.



1.1.6 The report also show the majority of the debt is owed by *Households*, which contributes 74.1 per cent (R24.320 billion) to the total debt, followed by *Businesses* with 14.5 per cent (R4.765 billion) and *Organs of State* with 10.8 per cent (R3.547 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 R437 million to **R24.942 billion** for the month under review (*Feb 2023: R24.505 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 boards debt are not reflected correctly on the financial systems.

1.2.4 Payables relating to bulk service providers (Eskom & Water Boards) contribute 87.2 per cent or **R21.758 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.

1.2.5 According to the report submitted by Eskom in terms of section 41 of the MFMA, the following breach notices or legal actions were taken in cases where municipalities defaulted on the payment of their accounts:

Kopanong	Breach notice issued
Mafube	Attachment of the bank account
Mantsopa	Breach notice issued
Masilonyana	Breach notice issued
Matjhabeng	Ongoing litigation
Ngwathe	Breach notice issued
Tswelopele	Breach notice issued

Eskom is still continuing with other engagements with regard to the outstanding debt with all other municipalities not listed above.

PAYE and Pension/Retirement Contributions Debt

1.2.6 Payables relating to 3rd parties (i.e PAYE and pensions/retirement contributions) amounted to R438.3 million of which 88.9 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.

1.2.7 This constitutes an act of financial misconduct in terms of section 171 of the MFMA, and these cases should be investigated by the Disciplinary Boards for investigations.

The non-payment may result in the withholding of the equitable share which will place a further financial burden on the municipalities.

1.2.8 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	6 961	100.0%	-	0.0%	-	0.0%	-	0.0%	6 961	15.8%
Kopanong	1 612	5.5%	1 345	4.6%	(527)	-1.8%	27 118	91.8%	29 549	67.3%
Nala	13	100.0%	-	0.0%	-	0.0%	-	0.0%	13	0.0%
Setsotho	4	100.0%	-	0.0%	-	0.0%	-	0.0%	4	0.0%
Ngwathe	3 461	67.8%	1 640	32.2%	-	0.0%	-	0.0%	5 102	11.6%
Mafube	1 378	60.1%	192	8.4%	205	8.9%	518	22.6%	2 293	5.2%
Total Debt	13 430	30.6%	3 178	7.2%	(322)	-0.7%	27 636	62.9%	43 922	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	%
Kopanong	1 999	1.1%	1 984	1.1%	1 920	1.1%	175 026	96.7%	180 929	45.9%
Mohokare	39	91.7%	-	0.0%	4	8.3%	-	0.0%	43	0.0%
Matjhabeng	27 707	91.3%	-	0.0%	2 652	8.7%	-	0.0%	30 359	7.7%
Nala	4	100.0%	-	0.0%	-	0.0%	-	0.0%	4	0.0%
Setsotho	96	62.4%	58	37.6%	-	0.0%	-	0.0%	153	0.0%
Nketoana	791	38.5%	793	38.6%	195	9.5%	276	13.4%	2 055	0.5%
Ngwathe	3 113	100.0%	-	0.0%	-	0.0%	-	0.0%	3 113	0.8%
Mafube	1 239	0.7%	1 242	0.7%	1 248	0.7%	173 990	97.9%	177 718	45.1%
Total Debt	34 988	8.9%	4 077	1.0%	6 018	1.5%	349 291	88.6%	394 374	100.0%

1.3 CASH FLOW

1.3.1 Municipalities in the Province closed the month of March 2023 with a surplus cash and cash equivalent balance of R7.072 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 Two municipalities (Matjhabeng and Mafube municipalities) reported a negative closing balances which might indicate eminent financial constraints. It was however noted that six municipalities (Letsemeng, Kopanong, Mohokare, Masilonyana, Tokologo and Nala) are not recording information correctly and in full on the cash flow statements, which have a negative impact on the closing balance reported.

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 Mar 2023)
Mangaung Metro	1 576 428	4 378 602	(388 178)	(75 318)	3 915 106	5 486 919
Letsemeng	-	20 628	-	-	20 628	20 628
Kopanong	-	706 437	-	-	706 437	706 437
Mohokare	1 594	26 263	(9 070)	(1)	17 192	18 786
Xhariep District	-	13 280	-	-	13 280	13 280
DC 16 Total	1 594	766 608	(9 070)	(1)	757 537	759 132
Masilonyana	-	-	-	-	-	7 592
Tokologo	-	11 436	12	-	11 448	11 448
Tswelopele	4 734	68 620	(2 820)	(37)	65 763	70 342
Matjhabeng	196 611	(625 791)	(129 705)	-	(755 496)	(551 989)
Nala	-	-	-	-	-	-
Lejweleputswa District	111 526	(9 015)	(548)	-	(9 563)	101 963
DC 18 Total	312 871	(554 750)	(133 061)	(37)	(687 848)	(360 644)
Setsotho	92 272	411 793	(139 629)	(22)	272 142	365 339
Dihlabeng	5 586	206 954	(70 829)	(5 595)	130 530	141 469
Nketoana	(930)	124 193	(27 950)	(95)	96 147	90 451
Maluti a Phofung	(64 264)	479 504	(157 291)	(384)	321 830	385 652
Phumelela	658	118 563	(16 884)	-	101 679	102 337
Mantsopa	-	50 652	(4 666)	-	45 986	45 986
Thabo Mofutsanyana	-	5 897	-	-	5 897	5 897
DC 19 Total	33 321	1 397 556	(417 249)	(6 096)	974 211	1 137 132
Moqhaka	(3 560)	94 714	(37 892)	(2 258)	54 564	40 460
Ngwathe	(0)	32 812	(29 127)	(7)	3 678	11 371
Metsimahoto	112 461	120 615	(85 183)	(38)	35 394	152 873
Mafube	9 455	61 531	(17 697)	112	43 946	(406 637)
Fezile Dabi	84 594	167 379	(669)	-	166 710	251 309
DC 20 Total	202 949	477 050	(170 568)	(2 190)	304 293	49 377
Total	2 127 164	6 465 066	(1 118 126)	(83 641)	5 263 299	7 071 915

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 **63.7 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:

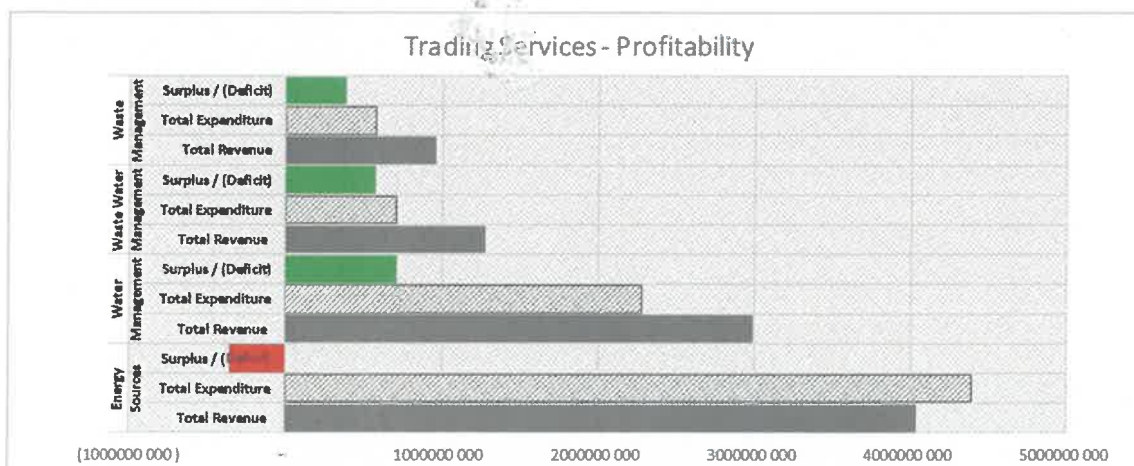
- Impact of the economic slowdown and the increasing in rates and tariffs year-on-year which affect household budgets and affordability levels;
- The cash flow time difference between paying for the increased cost of bulk electricity and water and the collection of revenues from customers;
- Breakdown 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 R16.416 billion or 71.8 per cent against the adjusted budget of R22.848 billion. 53.3 Per cent (R8.747 billion) is generated from **exchange revenue** (i.e service charges, interest, rental of facilities, etc); whilst 46.7 per cent (R7.546 billion) was generated from **non-exchange revenue** (i.e property taxes, fines and transfers & subsidies). 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 For exchange revenue, the majority (45%) of the generated (billed) revenue for exchange revenue relates to *electricity service charges*, followed by *water service charges* at 25%. Non-exchange revenue consists primarily of transfers and subsidies (63%) and property rates (29%).
- 2.1.3 An aggregate operational surplus of R2.750 billion was reported for the period under review (year-to-date) excluding capital transfers.
- 2.1.4 When analyzing the profitability of the trading services, it is notable that three trading services (water, waste water and waste management) reported aggregated trading surpluses in the Province as at 31 March 2023. Whilst **energy sources** recorded an operating **deficit of R354.5 million**.



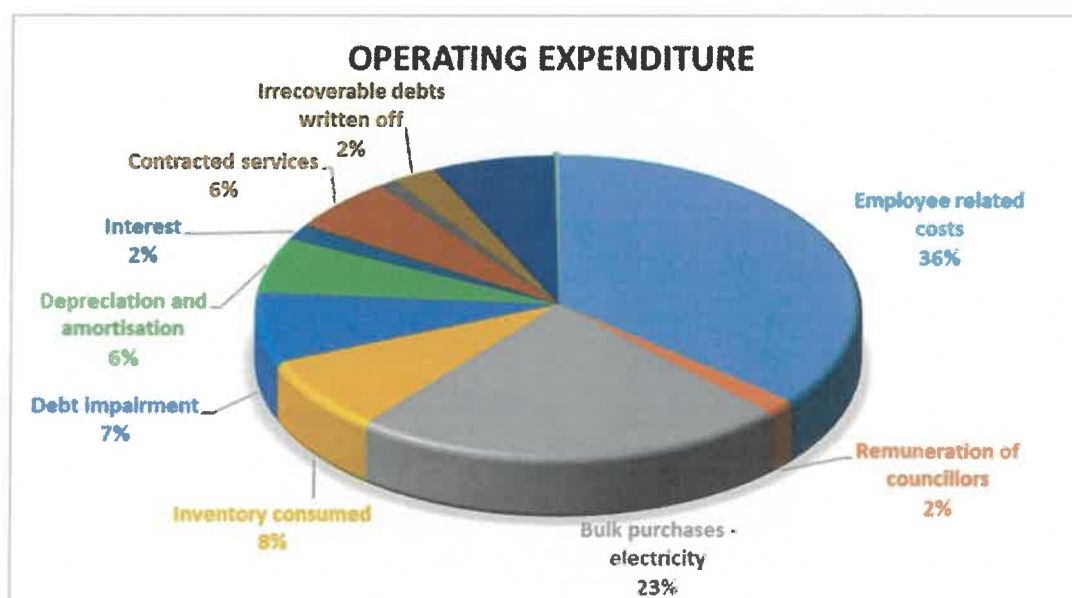
- 2.1.5 The table below show the aggregate surpluses / (deficits) recorded by municipalities on energy and water trading services, which may be an indication that the tariffs are not cost reflective. The trading surplus or deficit does not take the collection rates into account.

R thousands	Energy Trading Service Surplus / (Deficit)	Water Trading Service Surplus / (Deficit)
Mangaung Metro	(226 221)	311
Letsemeng	(15 438)	5 073
Kopanong	54 922	16 027
Mohokare	(973)	5 044
Masilonyana	558	33 429
Tokologo	(14 243)	(1 560)
Tswelopele	4 682	(9 901)
Matjhabeng	333 728	326 059
Nala	24 437	(662)
Setsoto	17 415	55 321
Dihlabeng	69 016	24 240
Nketoana	(31 077)	(16 310)
Maluti a Phofung	(633 976)	25 122
Phumelela	(16 158)	(5 062)
Mantsopa	9 207	4 148
Moqhaka	206 722	74 549
Ngwathe	(83 834)	36 879
Metsimaholo	(50 422)	107 049
Mafube	(2 844)	33 683

2.2 OPERATING EXPENDITURE

2.2.1 The total operating expenditure reported amounted to R13.665 billion or 56.2 per cent against the adjusted budget. The total expenditure is below the straight line projection of 75%. 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 March 2023 is *employee related cost* amounting to R4.920 billion or 36 per cent of the total expenditure, followed by *bulk purchases - electricity* amounting to R3.165 billion.



2.2.3 The performance of *employee related cost* against the adjusted budget is 70 per cent (R4.920 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	Adjusted Budget R'000	Actual Year To Date R'000	% Spent on Adjusted Budget	% of Total ERC
Senior Management	217 661	202 829	72 276	35.6%	1.5%
Municipal Staff	7 001 416	6 667 106	4 847 448	72.7%	98.5%
Board Members	785	785	74	9.4%	0.0%
Total	7 219 863	7 030 857	4 919 799	70.0%	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).

Municipality	Employee Related Cost				Council Remuneration			
	Original Budget	Adjusted Budget	YTD Mar 2023	%	Original Budget	Adjusted Budget	YTD Mar 2023	%
Mangaung	2 393 515 462	2 243 143 293	1 715 533 182	71.7%	70 667 842	75 231 032	53 044 259	75.1%
Matjhabeng	906 572 359	906 572 359	671 617 886	74.1%	39 971 641	39 971 641	7 156 525	17.9%
Maluti-a-Phofung	660 113 301	691 796 400	525 156 374	79.6%	30 608 225	31 593 698	22 593 194	73.8%
Moqhaka	364 983 798	374 675 335	265 505 126	72.7%	22 248 609	23 726 587	15 735 649	70.7%
Metsimaholo	434 807 480	399 156 720	258 590 511	59.5%	20 869 770	20 869 770	14 943 876	71.6%
Total	4 759 992 400	4 615 344 107	3 436 403 079	72.2%	184 366 087	191 392 728	113 473 503	61.5%

Municipality	Employee Related Cost				Council Remuneration			
	Original Budget	Adjusted Budget	YTD Mar 2023	%	Original Budget	Adjusted Budget	YTD Mar 2023	%
Letsemeng	73 052 844	73 052 844	41 224 077	56.4%	5 167 420	5 167 420	3 126 641	60.5%
Kopanong	141 883 225	138 883 225	97 320 433	68.6%	6 491 999	6 491 999	13 277 762	204.5%
Tswelopele	78 739 925	78 874 925	423 611	0.5%	6 568 726	6 568 726		0.0%
Nala	160 137 291	160 137 291	94 312 855	58.9%	9 490 853	9 490 853	4 649 390	49.0%
Setsoto	228 323 196	229 654 752	165 886 309	72.7%	12 535 056	14 282 200	10 786 365	86.0%
Dihlabeng	348 057 308	342 815 159	256 252 064	73.6%	17 116 642	21 135 131	15 608 072	91.2%
Nketoana	151 733 243	151 733 243	61 247 229	40.4%	6 453 828	6 453 828	2 850 987	44.2%
Mantsopa	111 243 576	111 244 811	66 377 362	59.7%	6 221 546	6 221 549	4 725 678	76.0%
Ngwathe	266 190 371	266 190 371	200 360 013	75.3%	17 147 643	17 147 643	13 622 189	79.4%
Mafube	130 593 358	112 069 940	76 439 519	58.5%	11 399 215	7 169 933	4 760 786	41.8%
Total	1 689 954 337	1 664 656 561	1 059 843 472	62.7%	98 582 928	100 129 282	73 407 870	71.5%

Municipality	Employee Related Cost				Council Remuneration			
	Original Budget	Adjusted Budget	YTD Mar 2023	%	Original Budget	Adjusted Budget	YTD Mar 2023	%
Mohokare	87 809 399	85 362 742	64 949 193	74.0%	5 675 733	5 536 593	4 080 221	71.9%
Xhariep	47 107 343	45 673 584	35 405 281	75.2%	4 105 315	4 745 309	3 577 139	87.1%
Masilonyana	124 336 427	124 336 427		0.0%	7 921 835	7 921 835		0.0%
Tokologo	65 061 962	64 061 962	34 896 874	53.6%	5 863 364	5 863 364	3 347 912	57.1%
Lejweleputswa	119 884 691	118 834 691	72 513 925	60.5%	10 671 632	10 671 632	7 596 989	71.2%
Phumelela	91 041 264	91 068 922	65 504 468	72.0%	6 891 170	6 878 315	5 364 031	77.8%
Thabo Mofutsanyana	102 434 027	98 127 193	65 830 842	64.3%	9 110 478	9 344 536	7 140 329	78.4%
Fezile Dabi	132 240 660	123 391 000	84 451 702	63.9%	7 515 130	8 243 000	5 848 229	77.8%
Total	769 915 773	750 856 521	423 552 265	55.0%	57 754 657	59 204 584	36 954 850	64.0%

2.2.5 Two municipalities, namely Masilonyana and Tswelopele municipalities did not report any employee related cost and council remuneration 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 R1.233 billion or 35.2 per cent against the approved budget of R3.504 billion. The majority of the municipalities (19) reported expenditure below 50%, which is a serious concern when considering the service delivery challenges experienced by the municipalities.

2.3.2 64 Per cent of the expenditure relates to trading services projects amounting to R815.8 million and consist of R166.966 million for *energy services*, R427.125 million for *water management*, R204.008 million for *waste water management* and R17.738 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. An adjusted budget of R1.449 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 R746.193 million was spent on repairs and maintenance which amounts to 51.5 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	549 081	396 439	72.2%
Total Metros		517 045	549 081	396 439 ▽	72.2%
Letsemeng	FS161	6 584	5 815	1 596	27.4%
Kopanong	FS162	-	-	-	-
Mohokare	FS163	1 736	2 728	1 317	48.3%
Xhariep	DC16	405	251	143	57.0%
Total Xhariep		8 725	8 794	3 056 ▽	34.7%
Masilonyana	FS181	1 295	1 295	-	-
Tokologo	FS182	3 420	4 025	2 505	62.2%
Tswelopele	FS183	16 105	16 022	8 225	51.3%
Majhabeng	FS184	302 694	245 087	27 595	11.3%
Nala	FS185	255 699	255 699	84 585	33.1%
Lejweleputswa	DC18	3 531	3 531	1 056	29.9%
Total Lejweleputswa		582 743	525 658	123 967 ▽	23.6%
Setsoto	FS191	7 022	4 206	4 125	98.1%
Dihlabeng	FS192	19 403	16 544	10 164	61.4%
Nketoana	FS193	20 758	23 558	8 896	37.8%
Maluti-a-Phofung	FS194	139 287	102 377	41 411	40.5%
Phumelela	FS195	13 780	9 208	6 436	69.9%
Mantsopa	FS196	-	-	-	-
Thabo Mofutsanyana	DC19	449	449	-	-
Total Thabo Mofutsanyana		200 698	156 340	71 032 ▽	45.4%
Moqhaka	FS201	82 246	105 236	70 107	66.6%
Ngwathe	FS203	35 894	36 044	64 045	177.7%
Metsimaholo	FS204	47 447	49 532	13 604	27.5%
Mafube	FS205	16 479	14 641	3 560	24.3%
Fezile Dabi	DC20	1 891	3 243	384	11.8%
Total Fezile Dabi		183 957	208 697	151 700 ▽	72.7%
Total Free State		1 493 169	1 448 568	746 193 ▽	51.5%

3. CONDITIONAL GRANTS

- 3.1 In terms of the Division of Revenue Act, 2021 a total of R2.706 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 March 2023 show a total spending of R965.611 million against the allocation (35.7 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	Received Mun	Spend Mun	% spend
Mangaung	1 059 348	983 348	375 717	35.5%
Letsemeng	66 592	18 500	–	0.0%
Kopanong	46 436	–	–	0.0%
Mohokare	50 559	3 269	(23 359)	-46.2%
Xhariep	5 139	6 285	3 769	73.3%
Masilonyana	56 486	183	–	0.0%
Tokologo	48 125	–	90 117	187.3%
Tswelopele	38 773	18 417	(31 156)	-80.4%
Matjhabeng	175 101	–	–	0.0%
Nala	53 465	28 715	23 808	44.5%
Lejweleputswa	8 706	7 973	2 715	31.2%
Setsoto	223 389	227 398	95 067	42.6%
Dihlabeng	65 169	56 833	56 159	86.2%
Nketoana	52 935	–	190	0.4%
Maluti a Phofung	267 210	256 416	164 873	61.7%
Phumelela	43 077	31 981	16 736	38.9%
Mantsopa	51 232	–	727	1.4%
Thabo Mofutsanyana	15 229	(945)	(12 405)	-81.5%
Moqhaka	59 614	51 230	30 205	50.7%
Ngwathe	143 003	128 237	41 284	28.9%
Metsimaholo	112 976	148 136	81 514	72.2%
Mafube	58 460	57 260	49 651	84.9%
Fezile Dabi	4 918	–	–	0.0%
Total	2 705 942	2 023 236	965 611	35.7%

- 3.5 The table below show the actual performance per grant:

Municipalities	2022/23 Conditional Grants			
	Allocated	Received Mun	Spend Mun	% spend
Energy Efficiency & Demand Man Grant	23 000	8 652	(5 217)	-22.7%
Expanded Public Works Programme	46 707	17 046	9 338	20.0%
Finance Management Grant	59 020	23 255	8 156	13.8%
Integrated National Electrification Prog	129 996	115 362	45 817	35.2%
Metro Informal Settlements Partnership Grant	279 617	204 617	53 101	19.0%
Municipal Infrastructure Grant	844 877	408 222	218 986	25.9%
Municipal Systems Improvement Prog	-	3 100	-	0.0%
Neighbourhood Dev Partnership Grant	20 738	19 738	26 849	129.5%
Programme & Project Preperation Support Grant	13 673	13 673	893	6.5%
Public Transport network Grant	249 894	249 894	86 558	34.6%
Regional Bulk Infrastructure Grant	204 407	278 449	216 759	106.0%
Rural Roads Assets Man Systems Grant	9 654	6 381	1 295	13.4%
Urban settlement Development Grant	491 760	491 760	206 307	42.0%
Water Services Infrastructure Grant	332 599	183 086	96 769	29.1%
Total	2 705 942	2 023 236	965 611	35.7%

- 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 R218.9 million was reported on the data strings for MIG, however, CoGTA reported spending of R397.515 million at the end of March 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	Adjustment R'000	Revised Allocation R'000	Spending R'000	% Spent on Allocation
Letsemeng	19,019	(1,060)	17,959	7,224	40%
Kopanong	22,932	(3,048)	19,884	4,634	23%
Mohokare	19,991	(9,000)	10,991	2,927	27%
Masilonyana	28,257	(4,600)	23,657	5,897	25%
Matjhabeng	136,630	(36,976)	99,654	20,870	21%
Mafube	25,129	(1,200)	23,929	15,125	63%

- 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 *m*SCOA issues. Non-compliance letters or communication is issued to municipalities that are not adhering to monthly reporting requirements.
- 4.2 The 2022/23 Adjustment budgets were assessed during March 2023 and the outcome of the funding assessment is as follow:

Municipality	Date of Tabling	Funding Status	Comments on Tabling
Mangaung	2023-03-15	Funded	Concurrence by MEC finance
Letsemeng	2023-01-24	Unfunded	
Kopanong	2023-03-01	Unfunded	Concurrence by MEC finance
Mohokare	2023-02-18	Unfunded	
Xhariep	2023-02-28	Funded	
Masilonyana	2023-02-28	Unfunded	
Tokologo	2023-02-28	Unfunded	
Tswelopele	2023-02-28	Unfunded	
Matjhabeng	2023-02-27	Unfunded	
Nala			Budget not submitted
Lejweleputswa	2023-01-27	Funded	
Setsotso	2023-02-28	Funded	
Dihlabeng	2023-02-22		Budget not submitted
Nketoana	2023-02-28	Unfunded	
Maluti a Phofung	2023-03-10	Unfunded	Concurrence by MEC finance
Phumelela	2023-02-27	Unfunded	
Mantsopa	2023-02-28	Unfunded	
Thabo Mofutsanyana	2023-01-31	Funded	
Moqhaka	2023-02-27	Funded	
Ngwathe	2023-02-28	Unfunded	
Metsimaholo	2023-02-28	Funded	
Mafube	2023-02-28	Unfunded	
Fezile Dabi	2023-02-28	Funded	

The challenge still remains on the quality of data being presented by municipalities through data strings. There were significant differences between the adjustment budget (B1 schedule) submitted by municipalities and the data strings submitted to the GoMuni Upload portal. The main reasons for the information gaps are that municipalities still compile their budgets outside the system and only request the capturing of budgets on the latter stage by system vendors.

- 4.3 The due date for the tabling of the 2023/24 draft MTREF budgets were 31 March 2023. Three municipalities tabled the draft budgets late. The table below show the tabling dates per municipality:

Municipality	Date of Tabling	Comments
Mangaung	2023-04-14	The Municipality complied with MFMA, 2003 , Section 27(2) & (3) requested extension request to the MEC for Finance
Letsemeng	2023-03-31	
Kopanong	2023-03-31	
Mohokare	2023-03-31	
Xhariep	2023-03-23	
Masilonyana	2023-03-31	
Tokologo	2023-03-29	
Tswelopele	2023-03-29	
Matjhabeng	2023-03-28	
Nala	2023-04-13	The Municipality complied with MFMA, 2003 , Section 27(2) & (3) requested extension request to the MEC for Finance
Lejweleputswa	2023-03-30	
Setsotso	2023-03-31	
Dihlabeng	2023-03-31	
Nketoana	2023-03-31	
Maluti a Phofung	2023-04-14	The Municipality complied with MFMA, 2003 , Section 27(2) & (3) requested extension request to the MEC for Finance
Phumelela	2023-03-31	
Mantsopa	2023-03-31	
Thabo Mofutsanyana	2023-03-30	
Moqhaka	2023-03-30	
Ngwathe	2023-03-31	
Metsimaholo	2023-03-31	
Mafube	2023-03-31	
Fezile Dabi	2023-03-29	

4.4 Budget bilaterals will be conducted during May 2023 and the following criteria will be used when assessing the draft budgets:

- Completeness of information
- Funding
- Sustainability

E. RECOMMENDATIONS & CONCLUSION

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

1. The aggregate revenue generated is 71.8 per cent whilst the operating expenditure is at 56.2 per cent against the total budgets and the expenditure is significantly **below the straight line projection of 75 per cent**. An operating surplus of R2.750 billion was reported. *The operating surplus does not take the actual collection rate into consideration.*
2. The performance of the capital expenditure for the period under review is **below the straight line projection of 75 per cent**, amounting to R1.233 billion (35.2 per cent) against the adjusted budget of R3.504 billion.
3. Municipalities reported aggregate spending on repairs and maintenance amounting to R746.193 million or 51.5 per cent against the adjusted budget of R1.449 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. The total outstanding debtors amount to R32.835 billion (*Feb 2023 – R32.331 billion*).
5. The total outstanding creditor's amount to R24.941 billion (*Feb 2023 – R24.505 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. 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. The support initiatives provided by the Treasury, MFMA unit.


Ms MA Sesing
HEAD OF DEPARTMENT
FREE STATE PROVINCIAL TREASURY

Date: 03-06-2023

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	514 095	4.6%	251 585	2.3%	460 036	4.1%	9 949 137	89.0%	11 174 852	34.0%
Trade and Other Receivables from Exchange Transactions - Electricity	323 854	12.7%	73 911	2.9%	178 134	7.0%	1 981 786	77.5%	2 557 686	7.8%
Receivables from Non-exchange Transactions - Property Rates	311 883	6.3%	138 431	2.8%	282 757	5.7%	4 254 492	85.3%	4 987 563	15.2%
Receivables from Exchange Transactions - Waste Water Management	157 087	3.7%	89 582	2.1%	207 878	4.9%	3 746 002	89.2%	4 200 549	12.8%
Receivables from Exchange Transactions - Waste Management	92 973	3.1%	56 212	1.8%	148 553	4.9%	2 743 869	90.2%	3 041 607	9.3%
Receivables from Exchange Transactions - Property Rental Debtors	2 016	1.3%	1 851	1.2%	1 762	1.1%	155 021	96.5%	160 651	0.5%
Interest on Arrear Debtor Accounts	221 855	3.7%	145 409	2.5%	335 003	5.7%	5 214 371	88.1%	5 916 638	18.0%
Other	11 460	1.4%	10 198	1.3%	9 587	1.2%	764 993	96.1%	796 238	2.4%
Total By Income Source	1 635 223	5.0%	767 180	2.3%	1 623 709	4.9%	28 809 672	87.7%	32 835 784	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	184 292	5.2%	108 197	3.1%	228 834	6.5%	3 025 690	85.3%	3 547 012	10.8%
Commercial	503 529	10.6%	132 724	2.8%	331 813	7.0%	3 796 714	79.7%	4 764 780	14.5%
Households	947 716	3.9%	521 432	2.1%	1 059 406	4.4%	21 791 350	89.6%	24 319 904	74.1%
Other	(314)	-0.2%	4 827	2.4%	3 657	1.8%	195 917	96.0%	204 088	0.6%
Total By Customer Group	1 635 223	5.0%	767 180	2.3%	1 623 709	4.9%	28 809 672	87.7%	32 835 784	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	751 449	8.0%	239 737	2.6%	268 299	2.9%	8 111 128	86.6%	9 370 613	28.5%
Letsemeng	8 338	2.1%	18 389	4.6%	7 450	1.9%	366 641	91.5%	400 818	1.2%
Kopanong	10 536	2.3%	10 208	2.2%	10 453	2.2%	436 256	93.3%	467 453	1.4%
Mohokare	11 680	2.4%	11 149	2.3%	10 520	2.1%	456 116	93.2%	489 464	1.5%
Khariap District	-	0.0%	-	0.0%	-	0.0%	9 282	100.0%	9 282	0.0%
DC 16 Total	30 554	2.2%	39 746	2.9%	28 423	2.1%	1 268 294	92.8%	1 367 017	4.2%
Masilomyana	12 909	1.0%	26 983	2.0%	12 683	0.9%	1 283 620	96.1%	1 336 195	4.1%
Tokologo	18 089	4.3%	8 470	2.0%	8 360	2.0%	386 361	91.7%	421 280	1.3%
Tswelopele	15 119	9.0%	3 961	2.4%	3 552	2.1%	145 038	86.5%	167 670	0.5%
Matjhabeng	215 011	3.4%	154 196	2.5%	139 567	2.2%	5 784 914	91.9%	6 253 689	19.2%
Naia*	24 350	2.4%	24 094	2.4%	21 029	2.1%	942 542	93.1%	1 012 015	3.1%
Lejweleputswa District	(0)	0.0%	-	0.0%	-	0.0%	30 834	100.0%	30 834	0.1%
DC 18 Total	285 477	3.1%	217 704	2.4%	185 192	2.0%	8 573 310	92.6%	9 261 684	28.2%
Setotso	25 143	4.0%	20 094	3.2%	18 803	3.0%	563 323	89.8%	627 364	1.9%
Ditjhabeng	72 401	5.0%	24 408	1.7%	23 751	1.7%	1 317 364	91.6%	1 437 923	4.4%
Nketoana	30 891	3.1%	30 237	3.0%	29 462	2.9%	919 814	91.0%	1 010 406	3.1%
Maluti a Phofung	27 963	1.2%	29 827	3.4%	34 566	1.5%	2 224 265	96.0%	2 316 721	7.1%
Phumelela	(1 657)	-0.3%	8 491	1.1%	6 829	1.4%	467 865	97.2%	481 528	1.5%
Mantsopa	31 417	3.4%	14 157	1.6%	13 258	1.4%	857 260	93.6%	916 093	2.8%
Thabo Mofutsanyana District	-	0.0%	-	0.0%	-	0.0%	4 158	100.0%	4 158	0.0%
DC 19 Total	186 159	2.7%	127 316	1.9%	126 669	1.9%	6 354 050	93.5%	6 794 193	20.7%
Moqhaka	71 822	5.5%	28 535	2.2%	24 468	1.9%	1 172 190	90.4%	1 297 035	4.0%
Ngwathe	100 336	9.6%	25 068	2.4%	918 271	88.0%	-	0.0%	1 043 675	3.2%
Metsimaholo	170 298	6.2%	74 372	2.7%	57 960	2.1%	2 440 497	89.0%	2 743 127	8.4%
Mafube	39 129	4.1%	14 701	1.5%	14 408	1.5%	890 203	92.9%	958 441	2.9%
Fezile Dabi	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
DC 16 Total	381 585	6.3%	142 677	2.4%	1 015 126	16.8%	4 502 890	74.5%	6 042 278	18.4%
Total Debt	1 635 223	5.0%	767 180	2.3%	1 623 709	4.9%	28 809 672	87.7%	32 835 784	100.0%

*M09 Not submitted

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	416 818	2.8%	163 620	1.1%	192 387	1.3%	14 155 095	94.8%	14 927 920	59.9%
Bulk Water	65 512	1.0%	83 396	1.2%	79 285	1.2%	6 602 338	96.7%	6 830 530	27.4%
PAYE deductions	13 430	30.6%	3 178	7.2%	(322)	-0.7%	27 636	62.9%	43 922	0.2%
VAT (output less input)	–	0.0%	–	0.0%	–	0.0%	–	0.0%	–	0.0%
Pensions / Retirement	34 988	8.9%	4 077	1.0%	6 018	1.5%	349 291	88.6%	394 374	1.6%
Loan repayments	828	10.2%	520	6.4%	1 243	15.3%	5 516	68.0%	8 107	0.0%
Trade Creditors	102 678	4.5%	261 468	11.5%	55 458	2.4%	1 849 322	81.5%	2 268 926	9.1%
Auditor General	266	0.5%	6 766	11.7%	2 060	3.6%	48 568	84.2%	57 660	0.2%
Other	3 749	0.9%	(333)	-0.1%	3 751	0.9%	402 864	98.3%	410 031	1.6%
Total Debt	638 269	2.6%	522 692	2.1%	339 880	1.4%	23 440 630	94.0%	24 941 471	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	172 365	43.5%	187 855	47.4%	1 646	0.4%	34 624	8.7%	396 490	1.6%
Letsemeng	(291)	-0.2%	7 078	3.9%	5 142	2.9%	168 255	93.4%	180 184	0.7%
Kopanong	15 292	1.8%	13 237	1.5%	13 345	1.5%	827 938	95.2%	869 811	3.5%
Mohokare	1 559	1.2%	87	0.1%	2 501	1.9%	129 087	96.9%	133 235	0.5%
Xhariep District	(319)	-2.7%	(969)	-8.1%	137	1.2%	13 062	109.7%	11 911	0.0%
DC 16 Total	16 241	1.4%	19 433	1.6%	21 125	1.8%	1 138 342	95.2%	1 195 141	4.8%
Masilonyana	–	0.0%	143	0.3%	59	0.1%	42 311	99.5%	42 513	0.2%
Tokologo	696	1.6%	3 523	8.3%	541	1.3%	37 443	88.7%	42 202	0.2%
Tswelopele	454	0.4%	10 400	9.5%	3 993	3.7%	94 098	86.4%	108 945	0.4%
Matjhabeng	178 099	1.6%	155 471	1.4%	135 307	1.2%	10 658 495	95.8%	11 127 373	44.6%
Nala*	6 201	0.7%	15 646	1.7%	18 692	2.0%	886 957	95.6%	927 495	3.7%
Lejweleputswa District	677	100.0%	–	0.0%	–	0.0%	–	0.0%	677	0.0%
DC 18 Total	186 127	1.5%	185 183	1.5%	158 592	1.3%	11 719 304	95.7%	12 249 206	49.1%
Setsotho	8 008	73.7%	205	1.9%	20	0.2%	2 626	24.2%	10 858	0.0%
Dihlabeng	29 663	2.8%	2 077	0.2%	24 896	2.3%	1 004 854	94.7%	1 061 490	4.3%
Nketoana	12 908	2.0%	10 696	1.6%	19 642	3.0%	610 488	93.4%	653 734	2.6%
Maluti a Phofung	106 420	2.3%	52 372	1.1%	114	0.0%	4 515 247	96.6%	4 674 152	18.7%
Phumelela	1 149	0.3%	4 350	1.3%	2 667	0.8%	336 016	97.6%	344 182	1.4%
Mantsopa	2 949	0.6%	2 996	0.7%	2 084	0.5%	448 351	98.2%	456 380	1.8%
Thabo Mofutsanyana District	–	0.0%	–	0.0%	–	0.0%	491	100.0%	491	0.0%
DC 19 Total	161 097	2.2%	72 695	1.0%	49 422	0.7%	6 918 073	96.1%	7 201 286	28.9%
Moqhalea	38 850	4.1%	34 527	3.7%	33 363	3.5%	836 698	88.7%	943 437	3.8%
Ngwathe	48 295	2.4%	12 839	0.6%	61 218	3.0%	1 919 154	94.0%	2 041 506	8.2%
Metsimaholo	5 544	9.2%	3 868	6.4%	1 483	2.5%	49 339	81.9%	60 234	0.2%
Mafube	9 751	1.1%	6 291	0.7%	13 032	1.5%	825 097	96.6%	854 171	3.4%
Fezile Dabi	–	0.0%	–	0.0%	–	0.0%	–	0.0%	–	0.0%
DC 20 Total	102 440	2.6%	57 525	1.5%	109 096	2.8%	3 630 287	93.1%	3 899 348	15.6%
Total Debt	638 269	2.6%	522 692	2.1%	339 880	1.4%	23 440 630	94.0%	24 941 471	100.0%

*M09 Not submitted

Annexure E – Financial Performance

Description	Budget year 2022/23									
	Original Budget	Adjusted Budget	Q1 Sept Actual	Q2 Dec Actual	M07 Jan Actual	M08 Feb Actual	M09 Mar Actual	Q3 Mar Actual	YTD Actual	%
R thousands										
Revenue										
Exchange Revenue										
Service charges - Electricity	7 031 262	6 799 579	1 616 980	1 197 728	388 218	370 322	377 981	1 136 521	3 951 229	58.1%
Service charges - Water	3 077 817	2 946 683	730 391	728 440	252 790	238 627	217 320	708 737	2 167 568	73.6%
Service charges - Waste Water Management	1 289 476	1 249 068	296 790	299 950	108 319	100 033	100 691	309 044	905 783	72.5%
Service charges - Waste Management	767 280	764 859	181 984	119 146	64 063	58 343	60 483	182 889	484 019	63.3%
Agency services	2	2	0	0					1	26.8%
Interest	286	441	(13 000)						(13 000)	-2949.7%
Interest earned from Receivables	1 039 342	1 079 408	308 498	340 697	126 471	134 185	134 861	395 518	1 044 713	96.8%
Interest earned from Current and Non Current Assets	68 156	76 022	19 957	27 459	9 861	9 647	10 858	30 365	77 781	102.3%
Dividends	5 436	2 066	884	21	232	173	22	427	1 332	64.4%
Rent on Land	411	387	759	445	316	179	125	620	1 824	471.4%
Rental from Fixed Assets	101 041	101 809	21 800	18 778	6 856	6 939	6 993	20 789	61 367	60.3%
Licence and permits	353	1 473	107	122	28	85	52	165	394	26.7%
Operational Revenue	567 761	576 799	11 408	31 649	4 757	2 574	13 271	20 602	63 659	11.0%
Non-Exchange Revenue										
Property rates	2 961 987	2 944 650	736 065	722 429	247 365	236 106	249 442	732 914	2 191 407	74.4%
Surcharges and Taxes	17 819	17 819	168	1 835	(3)	1 325		1 322	3 326	18.7%
Fines, penalties and forfeits	97 996	87 421	6 522	6 628	1 156	1 051	2 357	4 565	17 715	20.3%
Licences or permits	730	1 053	379	351	97	200	106	403	1 133	107.6%
Transfer and subsidies - Operational	5 420 847	5 444 923	1 903 072	1 163 755	567 026	181 370	938 171	1 686 567	4 753 393	87.3%
Interest	111 565	147 584	57 657	71 188	25 200	27 020	25 683	77 903	206 749	140.1%
Fuel Levy	363 435	363 435	121 145	121 145			121 145	121 145	363 435	100.0%
Operational Revenue	19 753	19 099	1 383	1 427	476	463	522	1 461	4 271	22.4%
Gains on disposal of Assets	72 900	72 919	54	3 434	259	80	1	340	3 828	5.2%
Other Gains	365	369	93	295					389	105.3%
Discontinued Operations										
Total Revenue (excluding capital transfers and contributions)	23 189 089	22 848 280	6 035 613	4 865 273	1 809 128	1 375 369	2 330 234	5 514 731	16 415 617	71.8%
Expenditure										
Employee related costs	7 219 863	7 030 857	1 638 094	1 654 041	567 909	539 909	519 846	1 627 664	4 919 799	70.0%
Remuneration of councillors	340 714	350 727	71 714	73 600	24 339	32 048	22 135	78 522	223 836	63.8%
Bulk purchases - electricity	5 133 934	5 499 270	1 369 079	927 722	268 663	302 317	296 751	867 732	3 164 532	57.5%
Inventory consumed	2 171 773	2 153 541	229 108	430 409	129 911	126 671	164 238	420 820	1 080 337	50.2%
Debt impairment	1 606 225	1 575 011	341 240	341 239	113 746	113 746	122 486	349 978	1 032 458	65.6%
Depreciation and amortisation	1 283 363	1 440 629	221 836	224 803	185 729	28 406	143 226	357 361	804 000	55.8%
Interest	447 994	832 727	100 078	89 216	11 999	23 998	8 783	44 779	234 074	28.1%
Contracted services	1 778 296	1 851 572	163 942	329 767	92 703	114 905	91 764	299 373	793 082	42.8%
Transfers and subsidies	229 561	233 953	23 437	50 549	43 611	11 899	14 533	70 044	144 030	61.6%
Irrecoverable debts written off	1 294 502	1 307 075	202 872	56 911	43 485	6 802	9 010	58 096	318 878	24.4%
Operational costs	1 563 627	1 657 007	265 842	346 797	87 550	86 641	120 534	294 726	907 365	54.8%
Losses on disposal of Assets	55	55					4	13 637	13 641	24952.0%
Other Losses	388 846	388 853	13 590	12 278	3 468			3 468	29 335	7.5%
Total Expenditure	23 458 752	24 321 275	4 640 832	4 537 331	1 573 113	1 387 146	1 526 944	4 487 204	13 665 367	56.2%
Surplus/(Deficit)	(269 663)	(1 472 995)	1 394 780	327 942	236 015	(11 777)	803 290	1 027 527	2 750 250	-186.7%

Annexure F – Operating Revenue per municipality

R thousands	Original Budget		YTD	% of Budget	Exchange Revenue					Non-Exchange Revenue				
	Budget	Adjusted Budget			Service Charges - Electricity	Service Charges - Water	Service Charges - Waste Water	Service - Charges - Waste	Interest	Other Revenue Generated	Property Rates	Surcharges & Taxes	Fines, penalties & forfeits	Transfers & Subsidies - Operational
Mangaung Metro	8 691 248	8 527 876	6 598 397	77.4%	2 190 119	883 589	354 930	127 116	349 480	73 776	1 131 162	7 115	1 028 403	452 708
Letsemeng	201 215	215 825	144 385	66.9%	21 166	1 357	8 427	8 174	7 345	575	19 101	7	71 145	6 373
Kopanong	356 403	347 659	490 582	141.1%	56 055	35 190	20 606	13 702	12 006	733	28 495	—	323 796	—
Mohokare	230 060	237 275	110 229	46.5%	—	24 220	9 843	6 009	81	773	11 940	4	26 911	30 447
Xhariep District	64 564	65 366	66 241	101.3%	—	—	—	—	320	169	—	—	65 736	16
DC 16 Total	852 242	866 125	811 437	93.7%	77 222	60 767	38 877	27 885	19 753	2 250	59 536	11	487 588	36 835
Masilonyana	362 877	361 582	86 240	23.9%	5 696	33 429	21 138	(48 908)	105	450	31 786	4	42 541	—
Tokologo	141 362	152 598	62 403	40.9%	236	1 634	13 608	8 824	19 032	505	8 077	—	—	10 485
Tswelopele	196 575	203 575	187 007	91.9%	36 155	4 113	2 943	2 816	1 203	4 960	34 285	85	96 063	4 383
Maitjhabeng	3 677 907	3 677 907	2 315 106	62.9%	516 969	367 559	141 548	85 867	257 892	33 783	312 045	1 020	561 742	36 680
Nala	516 179	516 179	199 350	38.6%	49 585	32 998	20 559	13 315	16 558	2 147	13 511	73	47 985	7
Lejweleputswa District	156 028	154 573	111 143	71.9%	—	—	—	—	4 463	202	—	51	106 427	—
DC 18 Total	5 050 929	5 066 415	2 961 249	58.4%	608 642	439 733	199 796	61 913	299 254	42 048	399 703	1 233	854 760	51 555
Setsoho	612 167	622 099	460 074	74.0%	68 040	56 710	30 006	38 789	40 946	3 643	51 232	117	170 115	476
Ditlhabeng	928 658	960 588	688 867	71.7%	165 702	51 823	42 100	42 484	55 301	8 385	108 467	321	202 534	11 750
Nketoana	443 163	440 335	397 451	90.3%	56 362	49 903	30 794	21 272	100 746	1 964	12 885	6 718	116 808	—
Maluti a Phofung	1 703 435	1 572 407	1 140 334	72.5%	94 772	77 251	34 887	34 611	3 110	28 934	90 773	375	775 619	2
Phumelela	197 775	208 794	150 355	72.0%	8 038	10 362	9 345	8 489	23 081	891	14 451	—	75 697	—
Mantisoa	342 670	350 283	84 226	24.0%	18 392	7 741	12 723	8 802	26 276	519	8 169	—	—	1 548
Thabo Mofutsanyana	161 756	162 795	130 929	80.4%	—	—	—	—	2 777	685	—	—	127 467	—
DC 19 Total	4 389 624	4 317 302	3 052 236	70.7%	411 116	253 790	159 854	154 447	252 238	45 020	285 977	7 587	1 468 241	13 777
Moqhaka	1 129 762	1 135 158	803 163	70.8%	350 362	109 156	45 195	32 069	28 291	73 020	61 523	1 262	187 269	6 016
Ngwathe	936 722	937 015	631 663	67.4%	103 165	60 016	47 471	34 474	51 556	2 854	77 264	40	194 823	—
Metsimaholo	1 673 585	1 560 778	1 149 739	73.7%	241 414	326 747	47 762	33 882	66 254	9 870	158 291	342	251 033	14 145
Mafube	286 129	256 813	231 180	90.0%	0	33 769	11 899	12 235	39 504	2 440	17 952	125	108 486	4 769
Fezile Dabi	178 849	180 799	176 554	97.7%	—	—	—	—	3 163	600	—	—	172 791	—
DC 20 Total	4 205 046	4 070 563	2 992 299	73.5%	663 941	529 689	152 327	112 659	188 769	88 784	315 030	1 769	914 402	24 930
Total	23 189 089	22 848 280	16 415 617	71.8%	3 951 229	2 167 568	905 783	484 019	1 109 494	251 878	2 191 407	17 715	4 753 393	579 805

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	Bulk purchases - electricity	Inventory Consumed	Debt Impairment	Depreciation & Amortisation	Contracted Services	Irrecoverable debts written off	Other Expenditure
Mangaung Metro	8 157 202	8 100 932	6 240 872	77.0%	1 715 533	53 044	1 680 430	587 675	826 310	663 258	246 429	135 814	332 378
Letsemeng	248 391	247 140	100 012	40.5%	41 224	3 127	20 005	4 250	-	24	6 964	38	24 380
Kopanoeng	457 775	430 832	136 905	31.8%	97 320	13 278	1 134	13 022	-	-	10 289	-	1 863
Mohokare	223 971	223 887	94 596	42.3%	64 949	4 080	446	337	-	-	8 464	-	16 320
Xhariep District	63 569	64 414	53 107	82.4%	35 405	3 577	-	159	-	375	3 264	-	10 326
DC 16 Total	983 706	966 274	384 620	39.8%	238 899	24 062	21 585	17 768	-	399	28 981	38	52 889
Masilanyana	418 858	418 858	946	0.2%	-	-	-	76	-	-	65	-	805
Tokologo	139 355	155 348	98 453	63.4%	34 897	3 348	12 601	2 657	-	-	31 833	-	13 118
Tswelopele	226 720	242 551	83 833	34.6%	424	-	27 395	7 802	-	-	27 494	451	20 267
Majhabeng	3 677 446	3 621 386	1 262 735	34.9%	671 618	7 157	156 402	116 537	-	-	103 269	5 229	202 524
Nala	514 508	514 508	181 846	35.3%	94 313	4 649	15 402	35 569	-	-	16 614	-	15 299
Lejweleputswa District	198 134	194 321	110 733	57.0%	72 514	7 597	-	1 242	-	2 947	10 210	-	16 223
DC 18 Total	5 175 021	5 146 973	1 738 546	33.8%	873 765	22 751	211 800	163 882	-	2 947	189 485	5 680	268 236
Setsoiso	612 385	621 934	345 162	55.5%	165 886	10 786	67 588	3 027	2	-	21 292	19 167	57 414
Dihlabeng	877 035	869 517	558 756	64.3%	256 252	15 608	65 088	19 062	-	49 983	89 687	18 090	44 986
Nketoana	607 525	595 509	336 171	56.5%	61 247	2 851	52 399	9 867	-	20 159	19 589	109 628	60 430
Maluti a Phofung	2 081 050	3 074 187	1 447 347	47.1%	525 156	22 593	559 480	24 766	-	-	63 131	18 881	233 338
Phumelela	197 723	208 765	134 739	64.5%	65 504	5 364	21 797	5 207	-	-	5 643	-	31 222
Mantsopa	338 180	439 598	76 427	17.4%	66 377	4 726	528	1 315	-	-	1 344	-	2 137
Thabo Mofutsanyana	182 984	176 886	85 011	48.1%	65 831	7 140	-	47	-	1 142	(8 721)	-	19 572
DC 19 Total	4 896 881	5 986 396	2 983 613	49.8%	1 206 255	69 069	766 880	63 292	2	71 283	191 966	165 767	449 100
Moghaka	1 101 002	1 086 180	479 348	44.1%	265 505	15 736	13 788	14 790	-	2	73 646	1 868	94 012
Ngwathe	1 012 124	1 012 417	622 474	61.5%	200 360	13 622	244 420	112 909	-	-	22 162	-	29 001
Metshaholo	1 646 928	1 564 965	985 219	63.0%	258 591	14 944	225 381	111 275	206 147	62 751	27 784	6 176	72 171
Mafube	284 082	265 514	113 130	42.6%	76 440	4 761	249	6 691	-	-	7 491	3 535	13 964
Fezile Dabi	191 805	191 625	117 545	61.3%	84 452	5 848	-	2 055	-	3 359	5 138	-	16 693
DC 20 Total	4 235 942	4 120 701	2 317 716	56.2%	885 347	54 911	483 838	247 720	206 147	66 113	136 221	11 579	225 842
Total	23 458 752	24 321 275	13 665 367	56.2%	4 919 799	223 836	3 164 532	1 080 337	1 032 458	804 000	793 082	318 878	1 328 445

Source: NT Local Government Database

Annexure H – Capital Expenditure and Source of Finance

Description R thousands	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	%
Capital Expenditure - Functional									
<i>Municipal governance and administration</i>	120 866	22 635	36 400	12 559	22 823	2 760	38 142	97 176	45.5%
Executive and council	28 615	11 226	30 042	10 625	19 258	1 488	31 370	72 638	81.1%
Finance and administration	92 196	11 390	6 187	1 935	3 565	1 272	6 771	24 348	19.6%
Internal audit	55	20	170					190	79.3%
<i>Community and public safety</i>	500 000	21 713	42 695	20 076	15 942	4 443	40 461	104 868	21.7%
Community and social services	58 044	9 795	4 702	10	2 777	405	3 192	17 689	29.7%
Sport and recreation	81 925	823	2 004	178	3 271	1 547	4 997	7 824	10.6%
Public safety	24 304	38	12	170	27	1 855	2 052	2 102	13.6%
Housing	333 479	11 056	35 977	19 718	9 866	636	30 220	77 253	23.3%
Health	2 250								0.0%
<i>Economic and environmental services</i>	646 917	35 810	118 329	16 797	17 982	25 764	60 542	214 682	28.0%
Planning and development	89 972	718	10 890	4 762	7 412	5 608	17 782	29 391	33.9%
Road transport	554 030	35 092	107 439	11 037	10 570	20 147	41 755	184 286	27.2%
Environmental protection	2 916		997			8	1 005	1 005	34.5%
<i>Trading services</i>	2 014 575	186 892	356 057	34 625	93 473	144 791	272 889	815 837	40.1%
Energy sources	481 396	30 357	82 294	16 712	22 372	15 231	54 315	166 966	38.3%
Water management	970 143	94 022	195 012	16 349	34 477	87 265	138 091	427 125	45.1%
Waste water management	465 253	56 267	71 387	1 114	36 044	39 195	76 353	204 008	34.2%
Waste management	97 783	6 246	7 363	450	579	3 100	4 130	17 738	31.0%
<i>Other</i>	6 657	72	27			278	278	377	6.9%
Total Capital Expenditure - Functional	3 289 017	267 122	553 507	84 057	150 219	178 036	412 312	1 232 941	35.2%
Funded by									
National Government	2 639 822	209 868	466 235	58 769	107 347	166 727	332 843	1 008 947	35.2%
Provincial Government		1 120				44	44	1 164	1.6%
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	3 277	1 145	1 940	1 415	4 500	10 035	64.2%
Transfers recognised - capital	2 654 132	213 246	469 513	59 914	109 287	168 186	337 387	1 020 145	34.6%
Borrowing	92 504	7 451	2 947	557	598	570	1 726	12 124	13.0%
Internally generated funds	513 185	45 148	80 250	23 515	40 287	8 365	72 167	197 565	44.4%
Total Capital Funding	3 259 822	265 845	552 709	83 986	150 172	177 121	411 280	1 229 834	35.3%

Annexure I – Capital Expenditure and Source of Finance

R thousands	Original Budget			YTD	% of Budget	Expenditure				Funding		
	Budget	Adjusted Budget				Energy Sources	Water Management	Waste Water Management	Waste Management	Other	Transfers Recognised - Capital	Borrowing
Mangaung Metro	1 280 835	1 309 633	388 169	29.6%	91 266	41 432	18 005	-	237 466	299 891	11 065	77 213
Letsemeng	56 944	57 265	5 063	8.8%	-	3 369	273	-	1 421	4 573	-	490
Kopanong	41 785	41 785	2 521	6.0%	-	1 600	-	-	921	2 521	-	-
Mohokare	46 476	46 586	6 919	14.9%	-	83	6 080	-	755	6 080	-	838
Xhariep District	1 024	952	720	75.7%	-	-	-	-	720	44	-	676
DC 16 Total	146 229	146 589	15 223	10.4%	-	5 052	6 354	-	3 817	13 218	-	2 005
Masilonyana	51 228	51 228	2	0.0%	-	-	-	-	2	-	-	2
Tokologo	120 871	120 871	81 928	67.8%	-	61 547	9 251	-	11 131	81 928	-	-
Tswelopele	38 430	45 034	3 598	8.0%	-	50	22	-	3 526	663	-	2 881
Matjhabeng	176 809	348 814	129 771	37.2%	3 872	6 213	43 369	-	76 317	54 377	-	75 394
Nala	47 295	47 295	18 957	40.1%	-	692	4 887	-	13 379	18 566	-	-
Lejweleputswa District	8 800	8 800	548	6.2%	-	-	-	-	548	-	-	548
DC 18 Total	443 434	622 043	234 804	37.7%	3 872	68 502	57 528	-	104 902	155 534	-	78 825
Setsofso	243 689	230 896	121 940	52.8%	773	111 428	7 208	778	1 752	118 635	1 059	878
Dihlabeng	130 167	129 810	70 829	54.6%	347	57 538	-	23	12 920	66 696	-	4 133
Nketoana	54 718	106 312	32 054	30.2%	503	23 140	4 319	-	4 093	31 624	-	-
Maluti a Phofung	294 505	306 155	172 391	56.3%	41 592	54 508	50 794	-	25 497	144 661	-	27 730
Phumelela	53 847	53 847	16 304	30.1%	-	799	8 690	-	6 816	16 304	-	-
Mantsopa	52 395	47 295	4 372	8.3%	269	3 791	304	-	8	4 372	-	-
Thabo Mofutsanyana	4 002	4 097	864	21.1%	-	-	-	-	864	-	-	-
DC 19 Total	833 323	878 412	418 753	47.7%	43 483	251 204	71 315	801	51 950	382 293	1 059	32 740
Moghaka	80 773	102 888	37 913	36.8%	1 477	6 660	6 653	16 861	6 263	34 579	-	3 334
Ngwathe	135 280	135 600	27 569	20.3%	-	26 230	305	-	1 035	27 067	-	502
Metsimaholo	309 640	238 894	85 187	35.7%	21 897	9 915	43 848	77	9 450	83 030	-	2 157
Matube	58 183	67 683	24 653	36.4%	4 971	18 131	-	-	1 552	24 534	-	120
Fezile Dabi	1 320	2 750	669	24.3%	-	-	-	-	669	-	-	669
DC 20 Total	585 196	547 815	175 991	32.1%	28 345	60 935	50 806	16 937	18 968	169 209	-	6 782
Total	3 289 017	3 504 492	1 232 941	35.2%	166 966	427 125	204 008	17 738	417 103	1 020 145	12 124	197 565

Source: NT Local Government Database

