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OFFICE OF THE MUNICIPAL MANAGER

To: Mayor: Letsemeng Local Municipality
Cllr. Mocwaledi

From: Acting Municipal Manager
Ms. S.T. Maneli

Submission of the 2025/26 mid-year budget and performance assessment of Letsemeng Local Municipality

In accordance with section 72 of the Municipal Finance Management Act [MFMA], I submit the required statement assessing the performance of Letsemeng Local Municipality during the first half of the 2025/26 financial year.

Section 54 of the MFMA requires the Mayor of a municipality to take certain action on the receipt of this report to ensure that the approved budget is implemented in accordance with the projections contained in the Service Delivery and Budget Implementation Plan.

The information contained in this report has been reviewed and it is evident that adjustments to the SDBIP will be necessary. Furthermore, adjustments to the capital and operating budgets will also be necessary.

In terms of section 72 of the MFMA the SDBIP projections will have to be revised and the Budgets amended to ensure that the planned services will be rendered. Therefore, the recommendations that are linked to the responsibilities of the Mayor under Sec 54 of the MFMA are also included in this report for your consideration.

A handwritten signature in black ink, appearing to read 'S.T. Maneli', is written over a horizontal line.

Ms. S.T. Maneli
Acting Municipal Manager

Date: 23 January 2026

Cllr. B. Mocwaledi
Mayor

Date: 23 January 2026



MFMA SECTION 72
MID-YEAR ASSESMENT REPORT

2025
-26

LETSEMENG LOCAL
MUNICIPALITY



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1. Glossary

Adjustment Budget – Prescribed in section 28 of the MFMA. The formal means by which a municipality may revise its annual budget during the year.

Allocations – Money received from Provincial or National Government or other municipalities.

Budget – The financial plan of the Municipality.

Budget Related Policy – Policy of a municipality affecting or affected by the budget, such as the tariffs policy and rates policy

Capital Expenditure – Spending on assets such as land, buildings and machinery. Any capital expenditure must be reflected as an asset on the Municipality's balance sheet.

Cash Flow Statement – A statement showing when actual cash will be received and spent by the Municipality. Cash payments do not always coincide with budgeted expenditure timings. For example, when an invoice is received by the Municipality it scores as expenditure in the month it is received, even though it may not be paid in the same period.

DORA – Division of Revenue Act. Annual piece of legislation that shows the amount of allocations from national to local government.

Equitable Share – A general grant paid to municipalities. It is predominantly targeted to help with free basic services.

Fruitless and wasteful expenditure – Expenditure that was made in vain and would have been avoided had reasonable care been exercised.

GRAP – Generally Recognised Accounting Practice. The new standard for municipal accounting.

IDP – Integrated Development Plan. The main strategic planning document of the Municipality.

KPI's – Key Performance Indicators. Measures of service output and/or outcome.

MFMA – The Municipal Finance Management Act – no 53 of 2003. The principle piece of legislation relating to municipal financial management.

MTREF – Medium Term Revenue and Expenditure Framework. A medium-term financial plan, usually 3 years, based on a fixed first year and indicative further two years budget allocations.



Also includes details of the previous and current years.

Operating Expenditure – Spending on the day-to-day expenses of the Municipality such as salaries and wages.

Rates – Local Government taxation based on an assessed value of a property. To determine the rates payable, the assessed rateable value is multiplied by the rate in the rand.

SDBIP – Service Delivery and Budget Implementation Plan. A detailed plan comprising quarterly performance targets and monthly budget estimates.

Strategic Objectives – The main priorities of the Municipality as set out in the IDP. Budgeted spending must contribute towards the achievement of the strategic objectives.

Vote – One of the main segments into which a budget is divided, usually at directorate/department level.

2. In Year Report

2.1. Resolution

To be Attached once Approved by Council

2.2. Executive Summary

The purpose of the report is to comply with section 52(d) and 72(1) (a) of the Municipal Finance Management Act (MFMA) and the requirements as promulgated in the Government Gazette No. 32141 of 17 April 2009 regarding Municipal Budget and Reporting Regulations, which requires that specific financial particulars be reported on and in the formats prescribed. At this stage there is no prescribed format from National Treasury, other than the contents of the report as prescribed in the Municipal Finance Management Act to which all of these requirements have been met in this report.

Section 72(1) (a) of the Municipal Finance Management Act (MFMA) inter alia, states: “The Accounting Officer of a Municipality must by 25 January of each year assess the performance of the municipality during the first half of the financial year, and submit a report on such assessment to the Mayor, National Treasury and Provincial Treasury as per section 72(1)(b) of the Act...”.

Section 69(2) of the Municipal Finance Management Act (MFMA) stipulates that “when necessary, the Accounting Officer must prepare an adjustment budget and submit it to the Mayor for consideration and tabling in the municipal council”.

The assessment of the budget and performance of the municipality for the first six months of the financial year was undertaken in line with the above legislative imperatives and as part of the municipality’s internal performance management processes. The assessment includes a detailed review of:

- the actual revenue collected from all main sources for the period 1 July 2025 till 31 December 2025.
- the actual operating expenditure incurred for all votes and types of expenditure for the period 1 July 2025 till 31 December 2025.
- the actual and projected expenditure on all capital projects for the period 01 July 2025 till 31 December 2025.

- debtors age analysis as at 31 December 2025.
- creditors age analysis as of 31 December 2025.
- actual cash-flow for the period ended 31 December 2025.

2.2.1. Operating Revenue

In terms of Section 18 of MFMA, a budget of Municipality is funded from 3 sources, being, realistically anticipated revenues, borrowing but only to an extent that they are used to fund Capital Expenditure and profits realized in the previous financial year. The approved operating revenue budget amounted to R 249 805 000. The budget is funded 51% from Property rates and service charges, 36% from equitable shares and 13% from other revenues.

The table below shows total billing from July 2025 to December 2025 for service charges and property rates, it should be noted that the prepaid electricity is not included on this table, only billed revenue is included.

PROPERTY RATES AND SERVICE CHARGES AS AT 31 DECEMBER 2025									
Revenue Source	Approved Budget(R)	July 25	August 25	September 25	October 25	November 25	December 25	Total Billing	
		Billed(R)	Billed(R)	Billed(R)	Billed(R)	Billed(R)	Billed(R)	R	%
Property rates	30,020,417.00	2,417,042.00	2,430,358.00	2,465,990.00	2431099	2,431,858.00	2,432,631.00	14,608,978	49%
Service charges: electricity:consumption	21,506,303.20	2,361,840.00	3,940,784.00	4,635,075.00	1905257	1,935,182.00	1,673,460.00	16,451,598	76%
Service charges: water	18,430,376.00	732,974.00	301,162.00	487,133.00	1805820	1,848,693.00	1,805,230.00	6,981,012	38%
Service charges: waste water management	15,222,427.00	1,131,917.00	1,041,795.00	1,029,343.00	1195656	1,195,697.00	1,193,647.00	6,788,055	45%
Service charges: waste management	14,711,143.00	1,092,165.00	1,003,839.00	997,597.00	1152087	1,152,200.00	1,150,147.00	6,548,035	45%
Total	99,890,666	7,735,938	8,717,938	9,615,138	8,489,919	8,563,630	8,255,115	51,377,678	51%

Figure 1: Property rates and Service Charges

Revenue generated from property rates and service charges forms a significant percentage of the revenue source of the municipality. The approved budget for property rates and service charges amount to R127 million (including pre-paid electricity amounting to R 27 535 123). For the period under review the actual billed revenue on property rates and service charges to date amounts to R51 million.

The billing of the municipality is satisfactorily on certain revenue sources. On average, at least 50% of the budgeted amount should have been billed as of the 31st December 2025. However, as depicted by the table above there is a revenue source that is above the average which is electricity. Property rates, service charges: water, wastewater management and waste management are below the average of 50%, these services budget don't need to be adjusted due to the percentage difference not being material.

The collection based on the billed revenue is indicated in the table below for the period under review:

BILLING VS ACTUAL PROPERTY RATES AND SERVICE CHARGES AS AT 31 DECEMBER 2025									
Revenue Source	Year to date Billing	July 25	August 25	September 25	October 25	November 25	December 25	Total Actual	
		Actual	Actual	Actual	Actual	Actual	Actual	R	%
Property Rates	14,608,978.00	533,900.22	488,024.72	1,070,410.55	990,196.00	1,225,379.00	1,059,504.81	5,367,415	37%
Service charges electricity Consumption	16,451,598.00	1,033,333.31	932,565.52	684,159.85	1,336,835.00	1,105,185.00	1,142,060.00	6,234,139	38%
Service charges electricity Pre-Paid	12,471,036.00	2,197,288.00	2,132,737.00	1,913,137.00	1,970,697.00	2,082,007	2,175,170	12,471,036	100%
Service charges: Water	6,981,012.00	224,454.57	155,987.23	196,694.76	249,294.00	169,723.00	138,314.00	1,134,468	16%
Service charges: Waste Water Management	6,788,055.00	161,281.35	92,895.78	106,187.92	143,875.00	111,318.00	111,601.05	727,159	11%
Service charges: Waste Management	6,548,035.00	149,701.68	93,880.26	116,580.11	145,934.00	105,906.00	96,479.89	708,482	11%
Total	63,848,714	4,299,959	3,896,091	4,087,170	4,836,831	4,799,518	4,723,130	26,642,699	42%

Figure 2: Billing vs Actuals

Property rates collected amounts to R5.3 million which is 37% of the billed amount, this is below the average of 50%. Electricity consumption is 38% of billed amount and pre-paid electricity is at 100%. There is no billing on pre-paid electricity; revenue is recognised once the electricity sold has been utilised by the consumer. The collection rates are still very low for Property rates and other services i.e., Waste Management, Wastewater Management and Water. The low collection is due to non-payment of services by the consumers. Below is the graph showing the comparison between the billing and actual collection.

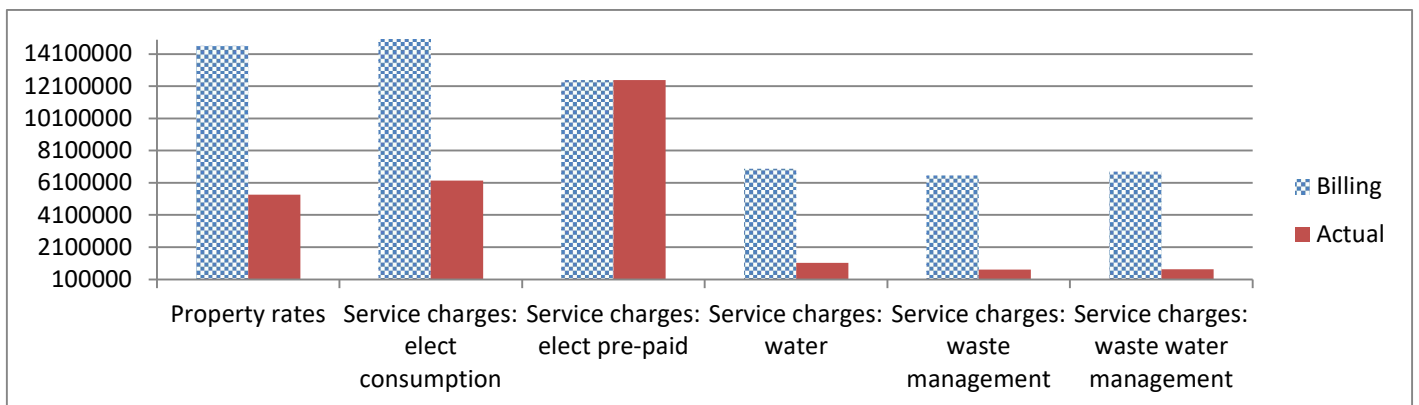


Figure 3: Graphical representation of Billing vs Actual

The table above shows low collection rates that have been realised by the municipality during the period under review. The municipality was able to collect about 42% of the billed revenue which is very low. There should be an improvement in the last 6 month of the financial year as there is a company appointed to assist with debt collection

The table below shows the income from other sources (other than property rates and service charges):

OTHER INCOME AS AT 31 DECEMBER 2025									
Revenue Source	Budget	July 25	August 25	September 25	October 25	November 25	December 25	Total	
								R	%
Rent of facilities and equipment	751,759.00	53,435.00	144,548.00	58,873.00	58,590.00	58,153.00	57,636.00	431,235	57%
Interest earned - external investments	359,272.00	15,044.00	3,921.26	46,088.34	0.00	25,044.00	36,296.00	126,394	35%
Interest earned - Outstanding debtor	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-	0%
Dividends received	17,232.00	0.00	3,680.00	4,090.00	0.00	0.00	0.00	7,770	45%
Fines	797,849.00	0.00	0.00	0.00	1,955.00	0.00	0.00	1,955	0.25%
Licenses and permits	3,132.00	0.00	0.00	0.00	0.00	0.00	0.00	-	0%
Grants and subsidies received - operating	96,781,000.00	34,076,000.00	3,000,000.00	0.00	0.00	0.00	24,260,000.00	61,336,000	63%
Other revenue	115,079.00	82,280.00	10,363.00	31,171.00	11,394.00	18,982.00	23,162.00	177,352	154%
Total	98,825,323	34,226,759	3,162,512	140,222	71,939	102,179	24,377,094	62,080,706	63%

Figure 4: Revenue from other sources

The original budget for other income is **R98 million**. The year-to-date collection is at 63% of the budget. The performance on the other sources of revenue is satisfactory and there is a need for adjustment as some revenue items have been inadequately projected i.e. rent of facilities and equipment, interest earned- external investments, fines, licences and permits, and other revenue. Interest on outstanding debtors will be calculated at the end of the financial year as there are journals that are processed monthly on billing. Note should be taken that the above are actual receipts and not billed amounts.

Rental of equipment and facilities is at 57% there is a decrease based on the previous financial year. And the interest earned on external investments is at 35% which is below the budgeted amount. Municipality received dividends from Senwes, the dividends are received during the first 6 months of the financial year.

Fines are at 0.3% and Licenses and permits are at 0% of the budgeted amount. There was no movement under licenses and permits, there is a need for an adjustment. Operating grants and subsidies received is at 63% of the budgeted amount; the last trench of the grants will be received in March 2026. Other revenue stands at 154% of the budgeted amount, which is over the budgeted amount, this drastic increase is caused by clearance certificates and also the insurance refunds. An adjustment will have to be made.

2.2.2. Operating Expenditure

In terms of section 15 of the MFMA, a municipality may, except where otherwise provided in this Act (MFMA), incur expenditure only in terms of the approved budget and within the limits of the amounts appropriated for the different votes in the approved Budget. The municipality approved an operating expenditure budget of **R 240 million**.

OPERATING EXPENDITURE AS AT 31 DECEMBER 2025									
Expenditure by type	Budget	July 2025	August 2025	September 2025	October 2025	November 2025	December 2025	Total	
								R	%
Employee Related Cost	84,594,234	6,567,401	6,698,161	6,687,915	5,077,988.00	6,883,909.84	7,045,508.40	38,960,883	46%
Remuneration of Councillors	5,233,923	458,522	487,395	497,545	455,867.00	489,470.12	478,490.14	2,867,289	55%
Debt Impairment	26,037,821	-	-	-	-	-	-	-	0%
Depreciation and asset Impairment	31,346,859	-	-	-	-	-	-	-	0%
Interest	14,616,000	1,928,716	2,898,065	1,998,431	0.00	2,868,853.00	2,484,291.00	12,178,356	83%
Bulk Purchases	44,924,474	3,731,493	5,186,138	1,998,431	0.00	3,153,076.00	14,605,280.00	28,674,418	64%
Other materials	3,528,600	482,343	345,737	561,557	0.00	0.00	37,897.00	1,427,534	40%
Contracted Services	16,422,785	2,467,938	927,359	885,707	426,099.00	3,039,875.00	3,828,502.00	11,575,480	70%
Operational costs	13,707,744	362,588	620,375	642,296	343,130.00	643,325.00	2,398,020.00	5,009,734	37%
Total	240,412,440	15,999,001	17,163,230	13,271,882	6,303,084	17,078,509	30,877,989	100,693,694	42%

Figure 5: Operating Expenditure by Type

The year-to-date expenditure amounts to **R100 million** which is 42% of the budget. The year-to-date expenditure on most line items are above the budget except on employee cost and contracted services. The spending on employee costs is 46%, which is still within an average of 50% therefore there is no need to adjust the original budget.

Remuneration of Councillors is at 55%, there will be a need to adjust the budget based on the upper limits that will be achieved in the current financial period.

Finance costs are 83% of the budget and this is due to late payment of suppliers like Eskom and water board accounts which were caused by the financial constraint the municipality is facing, the amount needs to be adjusted. Bulk purchases are at 64%, an arrangement will be made with Eskom and Kalkfontein to reduce the outstanding balance. The payment needs to be monitored to ensure that we reduce the finance costs on the electricity and water accounts. The spending on other material is 40% which is within the budgeted amount, an adjustment will have to be made. Contracted services are at 70%, which is high. The spending on other expenses is at 37%, there is a need for an adjustment.

There are no amounts for depreciation and debt impairment for period under review, the calculation for the estimates for this financial period will be made at the end of the financial period, the final estimates will be disclosed on the annual report.

2.2.3. Capital Expenditure

Council has approved the capital expenditure budget of **R40 million**. The year to date spending is at **R12 million** which is approximately 32% of the budget. The expenditure was funded from the grants and subsidies from national government. It should be noted that 98% of capital expenditure is funded from Government grants and subsidies. Municipality was able to reach 40% on the allocation of MIG, which is the national threshold at mid-year, the low spending emanates from WSIG which is at 30% of the amount transferred to date, and INEP, which is at 0% on the amount transferred to date



2.2.4. Cash Flow Statement

The actual cash flow of the municipality from July 2025 to December 2025 is depicted in the latter part of the document. It shows the actual cash flow of the municipality from cash flow from operating activities; cash flow from investing activities; cash flow from financing activities and net increase / decrease in cash held by the municipality.

2.2.5. In Year budget statement tables

In terms of Municipal Budget and Reporting Regulations as per government gazette No. 32141 of 2009, the Municipality is required to report on the following tables:

- Table C1 MFMA sec 71 monthly budget statement summary,
- Table C2 monthly budget statement – Financial performance (Revenue and expenditure by standard classification),
- Table C4 monthly budget statement – Financial Performance (Revenue and expenditure),
- Table C5 monthly budget statement – Capital Expenditure (standard classification and funding),
- Table C6 monthly budget statement – Financial position
- Table C7 monthly budget statement – Cash flow statement

The above tables are explained below.

Explanatory notes to table C1

Table C1 gives a summary of the overall performance of the Municipality for the first 6 months of the financial year. This gives a brief overview of capital expenditure and funding sources, financial position, cash flow and collection rate

Explanatory notes to table C2

Table C2 is the financial performance per standard classification. Total Revenue includes capital revenues (Transfers recognized – capital)

Explanatory notes to table C4

Table C4 is the financial performance (that is revenue and expenditure)

Explanatory notes to Table C5

Table C5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations), capital expenditure by standard classification and the funding sources necessary to fund the capital expenditure, including information on capital transfers from national and provincial departments.

Explanatory notes to Table C6

Table C6 presents the statement of financial position as aligned to GRAP1 (Generally Recognized Accounting Practices). This section is to improve the understanding by Councillors and Management on the impact of the budget on the statement of financial position.

Explanatory notes to Table C7

This section determines if the municipality has enough cash and cash equivalent to fund operations.



MBRR Schedule C Report

FS161 Letsemeng - Table C1 Monthly Budget Statement Summary - M06 December

Description	2024/25		Budget Year 2025/26						
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	28,146	30,020	-	2,433	15,281	15,010	271	2%	30,020
Service charges	69,839	97,405	-	4,588	35,186	48,703	(13,517)	-28%	97,405
Investment revenue	-	359	-	-	-	180	(180)	-100%	359
Transfers and subsidies - Operational	114,794	96,781	-	24,260	61,346	48,391	12,956	27%	96,781
Other own revenue	62,508	25,239	-	4,755	28,252	12,620	15,632	124%	25,239
Total Revenue (excluding capital transfers and contributions)	275,287	249,805	-	36,036	140,065	124,903	15,162	12%	249,805
Employee costs	75,218	84,594	-	3	540	42,297	(41,757)		84,594
Remuneration of Councillors	4,672	5,234	-	-	-	2,617	(2,617)		5,234
Depreciation and amortisation	39,741	31,347	-	-	-	15,673	(15,673)		31,347
Interest	49,318	14,616	-	2,484	15,528	7,308	8,220		14,616
Inventory consumed and bulk purchases	80,722	48,453	-	2,200	20,688	24,227	(3,538)		48,453
Transfers and subsidies	-	-	-	-	-	-	-		-
Other expenditure	118,282	56,168	-	6,246	20,904	32,260	(11,356)	-35%	56,168
Total Expenditure	367,952	240,412	-	10,933	57,660	124,382	(66,722)	-54%	240,412
Surplus/(Deficit)	(92,665)	9,393	-	25,103	82,404	520	81,884	15734%	9,393
Transfers and subsidies - capital (monetary allocations)	8,557	46,192	-	-	-	23,096	##	-100%	46,192
Transfers and subsidies - capital (in-kind)	-	5,009	-	-	-	2,505	###	-100%	5,009
Surplus/(Deficit) after capital transfers & contributions	(84,108)	60,594	-	25,103	82,404	26,121	56,283	215%	60,594
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-		-
Surplus/ (Deficit) for the year	(84,108)	60,594	-	25,103	82,404	26,121	56,283	215%	60,594
Capital expenditure & funds sources									
Capital expenditure	(1,204,048)	40,044	-	619	4,474	20,022	(15,548)	-78%	40,044
Capital transfers recognised	(137,260)	39,382	-	543	3,154	19,691	(16,536)	-84%	39,382
Borrowing	-	-	-	-	-	-	-		-
Internally generated funds	(1,072,423)	663	-	75	96	331	(235)	-71%	663
Total sources of capital funds	(1,209,682)	40,044	-	619	3,250	20,022	(16,772)	-84%	40,044
Financial position									
Total current assets	169,518	554,686	-	-	237,096	-	-	-	554,686
Total non current assets	1,067,408	728,134	-	-	1,071,882	-	-	-	728,134
Total current liabilities	545,016	299,372	-	-	534,664	-	-	-	299,372
Total non current liabilities	80,844	36,743	-	-	80,844	-	-	-	36,743
Community wealth/Equity	611,121	946,705	-	-	693,526	-	-	-	946,705
Cash flows									
Net cash from (used) operating	213,312	50,348	-	3,311	58,870	29,510	(29,360)	-99%	50,348
Net cash from (used) investing	265,057	(46,051)	-	(619)	(4,474)	(23,025)	(18,551)	81%	(46,051)
Net cash from (used) financing	-	-	-	-	-	-	-		-
Cash/cash equivalents at the month/year end	478,369	4,495	-	2,692	54,395	6,682	(47,713)	-714%	-
Debtors & creditors analysis									
	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total
Debtors Age Analysis									
Total By Income Source	12,126	12,429	11,358	11,341	10,479	11,092	62,911	441,731	573,467
Creditors Age Analysis									
Total Creditors	(3,870)	6,465	5,200	3,001	5,439	(9,586)	39,437	299,571	345,656



FS161 Letsemeng - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M06 December										
Description	Ref	2024/25		Budget Year 2025/26						
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Revenue - Functional										
Governance and administration		86,060	82,352	-	4,096	27,807	41,176	(13,369)	-32%	82,352
Executive and council	3	4,994	4,994	-	-	-	2,497	(2,497)	-100%	4,994
Finance and administration		86,057	75,888	-	4,096	27,807	37,944	(10,136)	-27%	75,888
Internal audit		-	1,471	-	-	-	735	(735)	-100%	1,471
Community and public safety		90,634	6,248	-	24,300	58,554	3,124	55,430	1774%	6,248
Community and social services		90,216	3,571	-	24,265	58,368	1,786	56,582	3169%	3,571
Sport and recreation		-	2,677	-	-	-	1,338	(1,338)	-100%	2,677
Public safety		-	-	-	-	-	-	-	-	-
Housing		418	-	-	35	186	-	186	#DIV/0!	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		1,010	18,062	-	-	-	9,031	(9,031)	-100%	18,062
Planning and development		1,010	-	-	-	-	-	-	-	-
Road transport		-	18,062	-	-	-	9,031	(9,031)	-100%	18,062
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		106,140	194,344	-	7,640	53,703	97,172	(43,469)	-45%	194,344
Energy sources		35,284	77,444	-	2,057	19,758	38,722	(18,964)	-49%	77,444
Water management		7,774	65,914	-	493	3,008	32,957	(29,949)	-91%	65,914
Waste water management		47,316	21,500	-	3,781	23,096	10,750	12,345	115%	21,500
Waste management		15,765	29,485	-	1,309	7,842	14,743	(6,901)	-47%	29,485
Other	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	283,844	301,006	-	36,036	140,065	150,503	(10,438)	-7%	301,006
Expenditure - Functional										
Governance and administration		226,895	129,962	-	7,488	31,109	69,157	(38,048)	-55%	129,962
Executive and council		11,635	15,026	-	183	915	7,513	(6,598)	-88%	15,026
Finance and administration		212,157	112,372	-	7,287	30,158	60,362	(30,204)	-50%	112,372
Internal audit		3,103	2,564	-	17	36	1,282	(1,246)	-97%	2,564
Community and public safety		16,461	3,938	-	22	123	1,969	(1,846)	-94%	3,938
Community and social services		16,188	3,525	-	20	120	1,763	(1,643)	-93%	3,525
Sport and recreation		-	157	-	-	-	78	(78)	-100%	157
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	157	-	-	-	78	(78)	-100%	157
Health		273	100	-	2	3	50	(47)	-93%	100
Economic and environmental services		5,349	12,626	-	(173)	(73)	6,313	(6,386)	-101%	12,626
Planning and development		4,856	6,737	-	-	99	3,368	(3,269)	-97%	6,737
Road transport		493	5,889	-	(173)	(173)	2,945	(3,117)	-106%	5,889
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		119,247	93,886	-	3,596	26,501	46,943	(20,442)	-44%	93,886
Energy sources		78,114	53,520	-	2,161	19,821	26,760	(6,939)	-26%	53,520
Water management		20,899	7,468	-	592	2,948	3,734	(786)	-21%	7,468
Waste water management		20,807	23,225	-	843	3,731	11,613	(7,882)	-68%	23,225
Waste management		(572)	9,672	-	-	-	4,836	(4,836)	-100%	9,672
Other		-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	367,952	240,412	-	10,933	57,660	124,382	(66,722)	-54%	240,412
Surplus/ (Deficit) for the year		(84,108)	60,594	-	25,103	82,404	26,121	56,283	215%	60,594



FS161 Letsemeng - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M06 December										
Vote Description	Ref	2024/25			Budget Year 2025/26					
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue by Vote	1									
Vote 1 - Executive & Council		3	4,994	-	-	-	2,497	(2,497)	-100.0%	4,994
Vote 2 - Finance & Administration		86,057	75,888	-	4,096	27,807	37,944	(10,136)	-26.7%	75,888
Vote 3 - Energy sources		35,284	77,444	-	2,057	19,758	38,722	(18,964)	-49.0%	77,444
Vote 4 - Environmental Protection		418	1,471	-	35	186	735	(549)	-74.7%	1,471
Vote 5 - Water Management		7,774	65,914	-	493	3,008	32,957	(29,949)	-90.9%	65,914
Vote 6 - Waste water management		47,316	21,500	-	3,781	23,096	10,750	12,345	114.8%	21,500
Vote 7 - Road Transport		-	18,062	-	-	-	9,031	(9,031)	-100.0%	18,062
Vote 8 - Waste Management		15,765	29,485	-	1,309	7,842	14,743	(6,901)	-46.8%	29,485
Vote 9 - Fleet Management		-	-	-	-	-	-	-	-	-
Vote 10 - Community & Social Services		91,226	6,248	-	24,265	58,368	3,124	55,244	1768.3%	6,248
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	283,844	301,006	-	36,036	140,065	150,503	(10,438)	-6.9%	301,006
Expenditure by Vote	1									
Vote 1 - Executive & Council		11,635	15,026	-	183	915	7,513	(6,598)	-87.8%	15,026
Vote 2 - Finance & Administration		203,054	108,651	-	6,958	28,642	58,502	(29,860)	-51.0%	108,651
Vote 3 - Energy sources		78,114	53,520	-	2,161	19,821	26,760	(6,939)	-25.9%	53,520
Vote 4 - Environmental Protection		3,487	2,925	-	19	39	1,463	(1,423)	-97.3%	2,925
Vote 5 - Water Management		36,000	7,468	-	592	2,948	3,734	(786)	-21.0%	7,468
Vote 6 - Waste water management		20,807	23,225	-	843	3,731	11,613	(7,882)	-67.9%	23,225
Vote 7 - Road Transport		493	5,889	-	(173)	(173)	2,945	(3,117)	-105.9%	5,889
Vote 8 - Waste Management		(572)	9,672	-	-	-	4,836	(4,836)	-100.0%	9,672
Vote 9 - Fleet Management		3,003	1,179	-	329	979	590	390	66.1%	1,179
Vote 10 - Community & Social Services		11,932	12,856	-	20	757	6,428	(5,671)	-88.2%	12,856
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	367,952	240,412	-	10,933	57,660	124,382	(66,722)	-53.6%	240,412
Surplus/ (Deficit) for the year	2	(84,108)	60,594	-	25,103	82,404	26,121	56,283	215.5%	60,594



FS161 Letsemeng - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December

Description	Ref	Budget Year 2025/26								
		2024/25 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue										
Exchange Revenue										
Service charges - Electricity		35,283	49,041	–	2,056	19,756	24,521	(4,765)	-19%	49,041
Service charges - Water		7,774	18,430	–	493	3,008	9,215	(6,207)	-67%	18,430
Service charges - Waste Water Management		13,582	15,222	–	1,038	6,322	7,611	(1,289)	-17%	15,222
Service charges - Waste management		13,201	14,711	–	1,000	6,099	7,356	(1,256)	-17%	14,711
Sale of Goods and Rendering of Services		461	490	–	15	160	245	(85)	-35%	490
Agency services		–	–	–	–	–	–	–	–	–
Interest		668	–	–	–	144	–	144	#DIV/0!	–
Interest earned from Receivables		43,916	15,969	–	3,642	21,435	7,985	13,450	168%	15,969
Interest from Current and Non Current Assets		–	359	–	–	–	180	–	–	359
Dividends		15	17	–	4	12	9	3	40%	17
Rent on Land		–	–	–	–	–	–	–	–	–
Rental from Fixed Assets		1,054	752	–	58	431	376	55	15%	752
Licence and permits		–	3	–	–	–	2	(2)	-100%	3
Special rating levies		–	–	–	–	–	–	–	–	–
Operational Revenue		181	115	–	23	79	58	22	38%	115
Non-Exchange Revenue										
Property rates		28,146	30,020	–	2,433	15,281	15,010	271	2%	30,020
Surcharges and Taxes		1,294	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		–	798	–	–	2	399	(397)	–	798
Licence and permits		–	–	–	–	–	–	–	–	–
Transfers and subsidies - Operational		114,794	96,781	–	24,260	61,346	48,391	12,956	–	96,781
Interest		10,954	7,095	–	1,014	5,988	3,547	2,441	–	7,095
Fuel Levy		–	–	–	–	–	–	–	–	–
Operational Revenue		–	–	–	–	–	–	–	–	–
Gains on disposal of Assets		–	–	–	–	–	–	–	–	–
Other Gains		3,966	–	–	–	–	–	–	–	–
Discontinued Operations		–	–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		275,287	249,805	–	36,036	140,065	124,903	15,162	12%	249,805
Expenditure By Type										
Employee related costs		75,218	84,594	–	3	540	42,297	(41,757)	-99%	84,594
Remuneration of councillors		4,672	5,234	–	–	–	2,617	(2,617)	-100%	5,234
Bulk purchases - electricity		69,122	44,924	–	2,162	19,821	22,462	(2,641)	–	44,924
Inventory consumed		11,600	3,529	–	38	867	1,764	(897)	–	3,529
Debt impairment		–	26,038	–	–	–	17,195	(17,195)	-100%	26,038
Depreciation and amortisation		39,741	31,347	–	–	–	15,673	(15,673)	-100%	31,347
Interest		49,318	14,616	–	2,484	15,528	7,308	8,220	112%	14,616
Contracted services		18,172	16,423	–	3,829	13,861	8,211	5,650	69%	16,423
Transfers and subsidies		–	–	–	–	–	–	–	–	–
Irrecoverable debts written off		74,216	–	–	20	190	–	190	–	–
Operational costs		25,895	13,708	–	2,398	6,853	6,854	(1)	0%	13,708
Losses on Disposal of Assets		–	–	–	–	–	–	–	–	–
Other Losses		–	–	–	–	–	–	–	–	–
Total Expenditure		367,952	240,412	–	10,933	57,660	124,382	(66,722)	-54%	240,412
Surplus/(Deficit)		(92,665)	9,393	–	25,103	82,404	520	81,884	0	9,393
Transfers and subsidies - capital (monetary allocations)		8,557	46,192	–	–	–	23,096	(23,096)	(0)	46,192
Transfers and subsidies - capital (in-kind)		–	5,009	–	–	–	2,505	(2,505)	(0)	5,009
Surplus/(Deficit) after capital transfers & contributions		(84,108)	60,594	–	25,103	82,404	26,121			60,594
Income Tax		–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after income tax		(84,108)	60,594	–	25,103	82,404	26,121			60,594
Share of Surplus/Deficit attributable to Joint Venture		–	–	–	–	–	–	–	–	–
Share of Surplus/Deficit attributable to Minorities		–	–	–	–	–	–	–	–	–
Surplus/(Deficit) attributable to municipality		(84,108)	60,594	–	25,103	82,404	26,121			60,594
Share of Surplus/Deficit attributable to Associate		–	–	–	–	–	–	–	–	–
Intercompany/Parent subsidiary transactions		–	–	–	–	–	–	–	–	–
Surplus/ (Deficit) for the year		(84,108)	60,594	–	25,103	82,404	26,121			60,594



FS161 Letsemeng - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M06 December

Vote Description	Ref	2024/25		Budget Year 2025/26						
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
Multi-Year expenditure appropriation	2									
Vote 1 - Executive & Council		-	-	-	-	-	-	-	-	-
Vote 2 - Finance & Administration		-	-	-	-	-	-	-	-	-
Vote 3 - Energy sources		-	-	-	-	-	-	-	-	-
Vote 4 - Environmental Protection		-	-	-	-	-	-	-	-	-
Vote 5 - Water Management		-	-	-	-	-	-	-	-	-
Vote 6 - Waste water management		-	-	-	-	-	-	-	-	-
Vote 7 - Road Transport		-	-	-	-	-	-	-	-	-
Vote 8 - Waste Management		-	-	-	-	-	-	-	-	-
Vote 9 - Fleet Management		-	-	-	-	-	-	-	-	-
Vote 10 - Community & Social Services		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Capital Multi-year expenditure	4,7	-	-	-	-	-	-	-	-	-
Single Year expenditure appropriation	2									
Vote 1 - Executive & Council		(5,227)	435	-	-	-	217	(217)	-100%	435
Vote 2 - Finance & Administration		(1,109,670)	228	-	75	96	114	(18)	-16%	228
Vote 3 - Energy sources		13,322	4,213	-	-	410	2,107	(1,696)	-81%	4,213
Vote 4 - Environmental Protection		(1,571)	-	-	-	-	-	-	-	-
Vote 5 - Water Management		(87,442)	20,248	-	-	1,335	10,124	(8,789)	-87%	20,248
Vote 6 - Waste water management		(29,185)	9,856	-	-	-	4,928	(4,928)	-100%	9,856
Vote 7 - Road Transport		(8,872)	1,468	-	-	-	734	(734)	-100%	1,468
Vote 8 - Waste Management		(3,047)	-	-	-	-	-	-	-	-
Vote 9 - Fleet Management		(597)	-	-	-	-	-	-	-	-
Vote 10 - Community & Social Services		28,240	3,597	-	543	2,633	1,798	835	46%	3,597
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Capital single-year expenditure	4	(1,204,048)	40,044	-	619	4,474	20,022	(15,548)	-78%	40,044
Total Capital Expenditure		(1,204,048)	40,044	-	619	4,474	20,022	(15,548)	-78%	40,044
Capital Expenditure - Functional Classification										
Governance and administration		(1,117,064)	663	-	75	96	331	(235)	-71%	663
Executive and council		(5,227)	435	-	-	-	217	(217)	-100%	435
Finance and administration		(1,110,267)	228	-	75	96	114	(18)	-16%	228
Internal audit		(1,571)	-	-	-	-	-	-	-	-
Community and public safety		254	3,597	-	543	2,633	1,798	835	46%	3,597
Community and social services		8,430	-	-	-	-	-	-	-	-
Sport and recreation		(8,176)	3,597	-	543	2,633	1,798	835	46%	3,597
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		19,114	1,468	-	-	-	734	(734)	-100%	1,468
Planning and development		27,986	-	-	-	-	-	-	-	-
Road transport		(8,872)	1,468	-	-	-	734	(734)	-100%	1,468
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		(106,351)	34,317	-	-	1,745	17,158	(15,413)	-90%	34,317
Energy sources		13,322	4,213	-	-	410	2,107	(1,696)	-81%	4,213
Water management		(87,442)	20,248	-	-	1,335	10,124	(8,789)	-87%	20,248
Waste water management		(29,185)	9,856	-	-	-	4,928	(4,928)	-100%	9,856
Waste management		(3,047)	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	3	(1,204,048)	40,044	-	619	4,474	20,022	(15,548)	-78%	40,044
Funded by:										
National Government		(137,260)	39,382	-	543	3,154	19,691	(16,536)	-84%	39,382
Provincial Government		-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educ Institutions)		-	-	-	-	-	-	-	-	-
Transfers recognised - capital		(137,260)	39,382	-	543	3,154	19,691	(16,536)	-84%	39,382
Borrowing	6	-	-	-	-	-	-	-	-	-
Internally generated funds		(1,072,423)	663	-	75	96	331	(235)	-71%	663
Total Capital Funding		(1,209,682)	40,044	-	619	3,250	20,022	(16,772)	-84%	40,044

FS161 Letsemeng - Table C6 Monthly Budget Statement - Financial Position - M06 December

Description	Ref	2024/25	Budget Year 2025/26			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash and cash equivalents		703	4,495	–	3,538	4,495
Trade and other receivables from exchange transactions		(42,834)	450,331	–	1,734	450,331
Receivables from non-exchange transactions		130,065	71,699	–	142,944	71,699
Current portion of non-current receivables		1,244	–	–	1,296	–
Inventory		2,912	9,979	–	3,797	9,979
VAT		120,429	17,982	–	126,788	17,982
Other current assets		(43,002)	200	–	(43,002)	200
Total current assets		169,518	554,686	–	237,096	554,686
Non current assets						
Investments		–	–	–	–	–
Investment property		144,420	59,159	–	144,420	59,159
Property, plant and equipment		922,875	668,884	–	927,349	668,884
Biological assets		–	–	–	–	–
Living and non-living resources		–	–	–	–	–
Heritage assets		113	–	–	113	–
Intangible assets		–	91	–	–	91
Trade and other receivables from exchange transactions		–	–	–	–	–
Non-current receivables from non-exchange transactions		–	–	–	–	–
Other non-current assets		–	–	–	–	–
Total non current assets		1,067,408	728,134	–	1,071,882	728,134
TOTAL ASSETS		1,236,925	1,282,821	–	1,308,978	1,282,821
LIABILITIES						
Current liabilities						
Bank overdraft		–	–	–	–	–
Financial liabilities		(65)	318	–	5	318
Consumer deposits		1,214	1,131	–	1,251	1,131
Trade and other payables from exchange transactions		265,976	302,932	–	227,424	302,932
Trade and other payables from non-exchange transactions		175,668	(5,009)	–	197,768	(5,009)
Provision		13,292	–	–	13,292	–
VAT		88,932	–	–	94,924	–
Other current liabilities		–	–	–	–	–
Total current liabilities		545,016	299,372	–	534,664	299,372
Non current liabilities						
Financial liabilities		–	300	–	–	300
Provision		78,321	27,103	–	78,321	27,103
Long term portion of trade payables		–	–	–	–	–
Other non-current liabilities		2,523	9,340	–	2,523	9,340
Total non current liabilities		80,844	36,743	–	80,844	36,743
TOTAL LIABILITIES		625,860	336,115	–	615,508	336,115
NET ASSETS	2	611,065	946,705	–	693,470	946,705
COMMUNITY WEALTH/EQUITY						
Accumulated surplus/(deficit)		626,480	946,705	–	708,884	946,705
Reserves and funds		(15,358)	–	–	(15,358)	–
Other		–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2	611,121	946,705	–	693,526	946,705



FS161 Letsemeng - Table C7 Monthly Budget Statement - Cash Flow - M06 December

Description	Ref	Budget Year 2025/26								
		2024/25 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		(11,179)	24,166	-	1,133	5,879	12,083	(6,205)	-51%	24,166
Service charges		(21,012)	79,876	-	1,521	9,129	39,938	(30,809)	-77%	79,876
Other revenue		642	2,158	-	38	241	1,079	(837)	-78%	2,158
Transfers and Subsidies - Operational		98,231	96,781	-	-	30,821	48,391	(17,570)	-36%	96,781
Transfers and Subsidies - Capital		(9,107)	46,192	-	-	8,325	23,096	(14,771)	-64%	46,192
Interest		-	359	-	-	-	180	(180)	-100%	359
Dividends		-	17	-	-	-	9	(9)	-100%	17
Payments										
Suppliers and employees		155,736	(184,585)	-	619	4,474	(87,957)	(92,432)	105%	(184,585)
Interest		-	(14,616)	-	-	-	(7,308)	(7,308)	100%	(14,616)
Transfers and Subsidies		-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		213,312	50,348	-	3,311	58,870	29,510	(29,360)	-99%	50,348
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-
Payments										
Capital assets		265,057	(46,051)	-	(619)	(4,474)	(23,025)	(18,551)	81%	(46,051)
NET CASH FROM/(USED) INVESTING ACTIVITIES		265,057	(46,051)	-	(619)	(4,474)	(23,025)	(18,551)	81%	(46,051)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-
Payments										
Repayment of borrowing		-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		478,369	4,297	-	2,692	54,396	6,484			-
Cash/cash equivalents at beginning:		(0)	198	-	-	(0)	198			(0)
Cash/cash equivalents at month/year end:		478,369	4,495	-	2,692	54,395	6,682			-



3. Supporting Documentation

3.1. Debtors' analysis

The debtors of the municipality arise from the households, government, business and other consumers (Agricultural properties). These debtors arise from the following services, water, electricity, sewerage and refuse removals that are provided by the municipality. The table below shows the total outstanding debtors of the municipality as at 31 December 2025.

DEBTORS AGE ANALYSIS BY SERVICE AS AT 31 DECEMBER 2025										
Details	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121-150 Days	151-180 Days	181Days- 1 year	Over 1 year	Total	%
Water Tariffs	1,992,549.00	1,987,172.00	1,874,832.00	1,837,513.00	1,781,685.00	1,970,403.00	9,637,006.00	68,128,131.00	89,209,291	16%
Electricity Tariffs	1,590,498.00	1,321,858.00	1,305,475.00	1,852,216.00	743,735.00	981,047.00	3,599,325.00	14,368,107.00	25,762,261	4%
Rates (Property Rates)	2,016,510.00	2,772,185.00	1,901,472.00	1,570,411.00	1,945,238.00	1,932,267.00	12,050,699.00	76,690,130.00	100,878,912	18%
Sewerage / Sanitation Tariffs	1,484,744.00	1,442,563.00	1,399,584.00	1,355,816.00	1,338,316.00	1,298,358.00	7,077,541.00	55,465,103.00	70,862,025	12%
Refuse Removal Tariffs	1,432,025.00	1,381,649.00	1,343,326.00	1,295,827.00	1,288,391.00	1,247,823.00	6,973,962.00	53,680,191.00	68,643,194	12%
Housing (Rental Income)	20,365.00	21,464.00	19,335.00	19,228.00	19,324.00	15,378.00	72,252.00	1,169,733.00	1,357,079	0%
Interest on Arrear Debtor Accounts	3,570,421.00	3,488,105.00	3,507,546.00	3,417,138.00	3,348,228.00	3,633,092.00	23,962,959.00	171,622,037.00	216,549,526	38%
Other	18,601.00	13,862.00	6,846.00	-7,134.00	13,887.00	13,861.00	-462,823.00	607,598.00	204,698	0%
Total debtor per service	12,125,713	12,428,858	11,358,416	11,341,015	10,478,804	11,092,229	62,910,921	441,731,030	573,466,986	100%

Figure 6: Debtor's age analysis

DEBTORS AGE ANALYSIS BY CUSTOMER GROUP AS AT 31 DECEMBER 2025										
Details	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121-150 Days	151-180 Days	181Days- 1 year	Over 1 year	Total-	%
Government	169	280	256	36	237	531	551	6,830	8,890,936	2%
Business	1,729	2,019	1,272	1,276	771	761	4,684	12,960	25,471,956	4%
Households	9,337	9,214	8,980	9,279	8,591	8,924	52,289	382,768	489,381,485	85%
Other	891	915	850	750	881	876	5,387	39,173	49,722,609	9%
Total By Customer Group	12,125,713	12,428,858	11,358,416	11,341,015	10,478,804	11,092,229	62,910,921	441,731,030	573,466,986	100%

Figure 7: Debtor's age analysis by Customer Group

The table above indicates that 85% of the debtors outstanding are from household consumers (which is the high risk in terms of non-payment for services).

The growth in debtors can be attributed to several factors (both internal and external) like the high unemployment rate within the municipal area and inadequate credit control measures. Several businesses have since shut down in Letsemeng and exacerbated the extent of unemployment in the area.

3.2. Creditors' analysis

The creditors of the municipality were standing at **R345 million** as at 31 December 2025. This amount includes invoices or statements received by the municipality for the services rendered.

3.3. Investment Portfolio

The municipality have an active investment account with ABSA and the inactive one with Nedbank which is only generating interest. Quotations were requested from different bank sectors and the bank with the highest interest rate was appointed for investment:

Absa:

Account Number	Date	Balance brought forward	Deposits / Investments	Withdrawals / Transfers	Bank charges	Interest	Balance as per statement	
93-5898-3129	01/07/2025	R 52,769.72	R -	R -	R -	R 14,921.00	R 67,690.72	
	30/07/2025	R 67,690.72	R 8,000,000.00	R -	R -	R -	R 8,067,690.72	
	01/08/2025	R 8,067,690.72	R -	R -	R -	R 3,793.23	R 8,071,483.95	
	21/08/2025	R 8,071,483.95	R -	R (2,000,000.00)	R -	R -	R 6,071,483.95	
	22/08/2025	R 6,071,483.95	R -	R (150,000.00)	R -	R -	R 5,921,483.95	
	01/09/2025	R 5,921,483.95	R -	R -	R -	R 45,964.34	R 5,967,448.29	
	22/09/2025	R 5,967,448.29	R -	R (1,500,000.00)	R -	R -	R 4,467,448.29	
	01/10/2025	R 4,467,448.29	R -	R -	R -	R 33,558.18	R 4,501,006.47	
	02/10/2025	R 4,501,006.47	R -	R (1,200,000.00)	R -	R -	R 3,301,006.47	
	10/10/2025	R 3,301,006.47	R 310,462.00	R -	R -	R -	R 3,611,468.47	
	13/10/2025	R 3,611,468.47	R 110,000.00	R -	R -	R -	R 3,721,468.47	
	15/10/2025	R 3,721,468.47	R 107,000.00	R -	R -	R -	R 3,828,468.47	
	16/10/2025	R 3,828,468.47	R 115,000.00	R -	R -	R -	R 3,943,468.47	
	23/10/2025	R 3,943,468.47	R -	R (2,800,000.00)	R -	R -	R 1,143,468.47	
	28/10/2025	R 1,143,468.47	R 8,000,000.00	R -	R -	R -	R 9,143,468.47	
	01/11/2025	R 9,143,468.47	R -	R -	R -	R 24,918.81	R 9,168,387.28	
	06/11/2025	R 9,168,387.28	R -	R (3,000,000.00)	R -	R -	R 6,168,387.28	
	24/11/2025	R 6,168,387.28	R -	R (2,800,000.00)	R -	R -	R 3,368,387.28	
	01/12/2025	R 3,368,387.28	R -	R -	R -	R 36,296.47	R 3,404,683.75	
	22/12/2025	R 3,404,683.75	R 2,000,000.00	R -	R -	R -	R 5,404,683.75	
		Closing Balance	R 52,769.72	R 18,642,462.00	R (13,450,000.00)	R -	R 159,452.03	R 5,404,683.75

Figure 8: Investment Portfolio

Nedbank:

Account Number	Date	Balance brought forward	Deposits / Investments	Withdrawals / Transfers	Interest	Balance as per statement
03/7881110481/000003	01/07/2025	R 21,086.17	R -	R -	R 123.00	R 21,209.17
	01/08/2025	R 21,209.17	R -	R -	R 128.03	R 21,337.20
	01/09/2025	R 21,337.20	R -	R -	R 124.00	R 21,461.20
	01/10/2025	R 21,461.20	R -	R -	R 120.90	R 21,582.10
	01/11/2025	R 21,582.10	R -	R -	R 125.55	R 21,707.65
	01/12/2025	R 21,707.65	R -	R -	R 120.70	R 21,828.35
	Closing Balance	R 21,086.17	R -	R -	R 742.18	R 21,828.35

Figure 9: Investment Portfolio



3.4. Allocation of Grants and Expenditure

The municipality has been allocated conditional grants and subsidies to the value of **R49 million** from national government for the 2025-26 financial year. All expected transfers have been received with the exception for the Municipal Infrastructure Grant which is on the cost reimbursement plan. Water Service Infrastructure Grant last trench is expected in March 2026. The table below shows an actual amount of **R14.9million** that was spent as at 31 December 2025, this is 59% of the actual transfers of **R24.9 million**. There is an unspent portion of **R13 million**.

DESCRIPTION	TOTAL BUDGET 2025/26	Received December	Total Received To Date	Dec-25 Expenditure	Cumulative Expenditure	BALANCE	% Spent
CONDITIONAL OPERATIONAL GRANTS							
FMG	3,000,000.00	-	3,000,000.00	67,946.00	2,907,197.00	92,803.00	97%
TOTAL RECEIVED	3,000,000.00	-	3,000,000.00	67,946.00	2,907,197.00	92,803.00	
CONDITIONAL CAPITAL GRANTS							
MIG	18,062,000.00	2,852,000.00	7,317,000.00	2,851,378.00	7,225,190.63	91,809.37	99%
WSIG	23,285,000.00	-	15,697,000.00	-	4,773,112.24	10,923,887.76	30%
INEP	4,845,000.00	-	1,938,000.00	-	-	1,938,000.00	
TOTAL RECEIVED	46,192,000.00	2,852,000.00	24,952,000.00	2,851,378.00	11,998,302.87	13,046,500.13	

Figure 10: Conditional Grants Performance

The current spending on Municipal Infrastructure grant is 99% of the received amount, and 40% compared to the total allocation. Municipal water service infrastructure grant is at 30% of the transferred amount to date. Integrated National Electrification Grant (INEP) is at 0% expenditure, this grant was earmarked for Phambili electrification project, there are however some delays on the implementation of this project.

3.5. Councillors and Employees' Salaries

Salaries and employee benefits increased by 5.1% for all Municipal employees, this is in line with salaries and wages collective agreement, the increase was implemented from 1 July 2024. The Minimum wage earned by Municipal Worker is R 10 616.42. Municipality subsidises employees for their medical aids and pension funds.

Municipality contributes 60% of the Members premiums to medical aids, and members contribute 40%.

SALA pension funds members have an option to contribute between 7.5% to 9% of their pensionable salary and employer contributes maximum of 18% for members that joined after 1 July 2015 and up to 22.8% for members that joined before 1 July 2015. For Letsemeng, members that were employed after 1 July 2015 are contributing 7.5% and Employer is contributing 18%, and for the employees that joined before 1 July 2015, employer is contributing 22.8% while employees are contributing 8.6%. For Free State Provident fund, members contribute 7.5% of their pensionable Salaries and Municipality contributes 18.07% of the employee's pensionable salary. For Municipal Workers retirement fund members contribute 8.6% and employers contribute 18.6%.

The housing subsidy for employees owning houses is R 1114.40 Councillors are remunerated in terms of upper limits government gazette 51419 which was issued on the 21 October 2024.

Municipality was able to pay salaries for period 1 July 2025 – 31 December 2025. Municipality is in arrears with pension funds contributions, total owing for SALA Pension fund is R 17 million. Municipality is owed SARS about R 2.8 million, all other employee benefits (Third parties – medical aids, employees' deductions e.g., Child Maintenance, Loan and Funeral policies) are up to date.

Total remuneration paid for Employees for period July 2025 – 31 December 2025 was R 38.9 million and Municipality spent R 2.8 million for Councillors remuneration. Total spent on Salaries was R 41.7million for period July 2025 – December 2025.



3.6. Capital Program Performance

Municipality has a capital budget of R 40 million (Vat Exclusive) and it is funded from MIG, 18 062 000, and WSIG – R 23 285 000, INEP – R 4 845 000.00 following are projects funded from both grants:

- **Municipal Infrastructure Grant (MIG)**

The total expenditure on MIG as at 31 December was R 7 225 191.07, the table below details expenditure per month from July 2025 – December 2025.

Date	Budget Estimate	Amount Received	Actual Expenditure	Balance
Jul-25	2,180,000.00	-	-	-
Aug-25	-	1,130,000.00	1,129,392.00	608.00
Sept-25	3,000,000.00	2,031,000.00	1,714,206.79	316,793.21
Oct-25	-	1,304,000.00	1,530,213.84	-226,213.84
Nov-25	-	-	-	-
Dec-25	4,000,000.00	2,852,000.00	2,851,378.44	621.56
Jan-26	-	-	-	-
Feb-26	-	-	-	-
Mar-26	8,882,000.00	-	-	-
Apr-26	-	-	-	-
May-26	-	-	-	-
Jun-26	-	-	-	-
Total	18,062,000.00	7,317,000.00	7,225,191.07	91,808.93

- **Water Services Infrastructure Grant (WSIG)**

- Refurbishment of Wastewater treatment plant in Koffiefontein
- Construction of 4.7ml water treatment plant in Koffiefontein
- Construction of Outfall sewer network in Jacobsdal

Refurbishment of wastewater treatment plant in Koffiefontein will be completed in the 2026/2027 Financial year, the project for construction of 4.7ml water treatment plant in Koffiefontein is on a standstill due to legal issues.

The total spent under WSIG is R 4.7 million, and this is 30% of the total allocation transferred to date, 99% of this expenditure relates to Refurbishment of Wastewater Treatment Plant in Koffiefontein.

4. Other Supporting Documents

4.1. Cashflow Statement

Municipality had a positive cash balance of R 854 000 in the Primary bank account and R 5.4 million in the investment at the end of December 2025.

Details	Month 1 Jul	Month 2 Aug	Month 3 Sept	Month 4 Oct	Month 5 Nov	Month 6 Dec
Cash Receipts by Source						
Property rates	533,900	488,025	1,070,411	990,196.00	1,225,379.00	1,059,504.81
Service charges - electricity revenue	3,230,621	3,065,303	2,597,297	3,307,532.00	3,187,192.00	3,317,230.00
Service charges - water revenue	224,455	155,987	196,695	249,294.00	169,723.00	138,314.00
Service charges - sanitation revenue	161,281	92,896	106,188	143,875.00	111,318.00	111,601.05
Service charges - refuse revenue	149,702	93,880	116,580	145,934.00	105,906.00	96,479.89
Rental of facilities and equipment investments	53,435	144,548	58,873	58,590.00	58,153.00	57,636.00
debtor	15,044	3,921	46,088	-	25,044.00	36,296.00
Dividends received	4,850,865	4,461,895	5,562,146			3,641,675.00
Fines	-	3,680	4,090	1,955.00	-	-
Licence and permits	-	-	-	-	-	-
Transfer receipts - operational	34,076,000	3,000,000	-	-	-	24,260,000.00
Other revenue	82,280	10,363	31,171			
Cash Receipts by Source	43,377,583	11,520,498	9,789,539	4,897,376	4,882,715	32,718,737
Other Cash Flows/Receipts by Source						
Transfer receipts - capital	7,882,000	1,130,000	2,031,000.00	1,304,000	9,735,000.00	2,852,000.00
Total Cash Receipts by Source	51,259,583	12,650,498	11,820,539	6,201,376	14,617,715	35,570,737
Cash Payments by Type						
Employee related costs	6,567,401	6,698,161	6,687,915	5077988	6,883,910	7045508.4
Remuneration of councillors	458,522	487,395	497,545	455867	489,470	478490.14
Interest paid	1,928,716	2,898,065	1,998,431	0	2,868,853	2,484,291
Bulk purchases - Water & Other materials	3,731,493	5,186,138	1,998,431	0	3,153,076	14,605,280
Contracted services	482,343	345,737	561,557	0	0	37,897
Operational costs	2,467,938	927,359	885,707	426,099	3,039,875	3,828,502
	362,588	620,375	642,296	343,130	643,325	2,398,020.00
Cash Payments by Type	15,999,001	17,163,230	13,271,882	6,303,084	17,078,509	30,877,989
Other Cash Flows/Payments by Type						
Capital assets	0	580,584	0	2,490,219	690,568.00	2,851,378.00
Other Cash Flows/Payments	0	0	0			
Total Cash Payments by Type	15,999,001	17,743,814	13,271,882	8,793,303	17,769,077	33,729,367
Net Increase/(Decrease) in Cash Held	35,260,583	-5,093,316	30,471,287	-2,591,927	-3,151,362	1,841,370
Cash/cash equivalents at the month/year begin:	197,843	35,458,426	30,365,110	106,177	-2,485,750	-102,912
Cash/cash equivalents at the month/year end:	35,458,426	30,365,110	106,177	-2,485,750	-102,912	854,612

This section of the report classifies the expenditure for the period under review in terms of unauthorized, irregular and fruitless and wasteful expenditure. The details of these expenditure items are summarized below.

4.2. Unauthorized Expenditure

Unauthorized expenditure is an expenditure that has not been budgeted for, expenditure that is not in terms of conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act. There was an overspending of budget on certain votes for the period under review, therefore there is a need for an adjustment on the votes.

4.3. Irregular Expenditure

Irregular expenditure is an expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Municipal Finance Management Act (Act No. 56 of 2003), Municipal Systems Act (Act No.32 of 2000) and Public Office-Bearers Act (Act No. 20 of 1998) and which has not been condoned in terms of these acts.

The Accounting Officer must promptly inform the Mayor, the MEC for Local government in the province and the Auditor General, in writing of any unauthorized, irregular or fruitless and wasteful expenditure incurred by the municipality. There was irregular expenditure which was incurred during the implementation of the Supply Chain Management Policy, the list will be submitted to finance committee for investigation and further recommendation to Council.

4.4. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is an expenditure that was made in vain and would have been avoided had reasonable care been exercised. There was fruitless and wasteful expenditure which was incurred during the implementation of the Supply Chain Management Policy. This expenditure is currently being investigated, and a detailed report will be submitted to finance committee for further discussion and recommendation to Council.

5. Municipal Manager's quality certificate



OFFICE OF THE MUNICIPAL MANAGER

To whom it may concern

Re: Quality Certificate for 2025-26 Mid-year Assessment Report

I, Sindiswa Maneli, the Acting Municipal Manager of Letsemeng Local Municipality (FS161), hereby certify that the mid-year assessment report has been prepared in accordance with section 72 of the Municipal Finance Management Act, I submit the required statement assessing the performance of Letsemeng Local Municipality during the first half of the 2025-26 financial year.

Name : S Maneli

Signature : 

Municipality : Letsemeng Local Municipality

Date : 23/01/2026



LETSEMENG LOCAL MUNICIPALITY

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