



MAKHUDUTHAMAGA

LOCAL MUNICIPALITY

Mmogo re šomela dipheto!

Department	Budget and Treasury Office
Document Name	Financial Management Report
Period	30 September 2022

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Abbreviations and Acronyms

BPC	Budget Planning Committee	MIG	Municipal Infrastructure Grant
CFO	Chief Financial Officer	MPRA	Municipal Properties Rates Act
MM	Municipal Manager	MSA	Municipal Systems Act
CPI	Consumer Price Index	MTEF	Medium-term Expenditure Framework
CRRF	Capital Replacement Reserve Fund	MTREF	Medium-term Revenue and Expenditure Framework
DoRA	Division of Revenue Act	NGO	Non-Governmental organisations
EE	Employment Equity	NKPIs	National Key Performance Indicators
FBS	Free basic services	OHS	Occupational Health and Safety
mSCOA	Municipal Standard Chart Of Accounts	OP	Operational Plan
GRAP	General Recognised Accounting Practice	PMS	Performance Management System
HR	Human Resources	PPE	Property Plant and Equipment
IDP	Integrated Development Strategy	PPP	Public Private Partnership
IT	Information Technology	YTD	Year To Date
km	kilometre	SALGA	South African Local Government Association
DFS	Government Financial Statistics	SDBIP	Service Delivery Budget Implementation Plan
KPA	Key Performance Area	SMME	Small Micro and Medium Enterprises
KPI	Key Performance Indicator	DOE	Department of Energy
LED	Local Economic Development	IYM	In Year Monitoring
MEC	Member of the Executive Committee	APC	Audit and Performance Committee
MFMA	Municipal Financial Management Act Programme	BTO	Budget and Treasury Office
IGF	Internally Generated Funds	MBRR	Municipal Budget and Reporting Regulations
CY	Current Year		
PY	Prior Year		
mSCOA	Municipal Standard Chart of Accounts		
SCM	Supply Chain Management		

1. Executive Summary

1.1. Overall total revenue and expenditure

The municipality's total actual operational revenue as at end of September 2022(1st Quarter) amounts to **R 147 092 459** and total actual operational expenditure of **R 98 618 770** translating in to an operational surplus of **R 48 473 689**. Capital expenditure as at the end of September 2022 amounted to **R 12 016 257**. The following table summarises the overall revenue and expenditure performance as at the end of September 2022:

N.B. Amounts are in "R000"

Description	2021/22 Pre-Audited outcome	2022/23 YTD Budget	2022/23 YTD Actual	2022/23 YTD Variance
Total Operational revenue	523 753	99 401	147 092	(47 691)
Total operational expenditure	(469 898)	(93 738)	(98 619)	4 881
Operating Surplus/Deficit	53 855	5 663	48 473	(42 810)
Capital transfers and grants	61 777	19 229	12 061	(7 168)
Net Surplus/Deficit after capital transfers	115 633	24 892	60 534	(49 978)

1.2. Budgeted Revenue and Actual Revenue to date

The municipality's total actual revenue as at 30 September 2022 is **R 152 466 240** which amounts to **129%** of the total to date budgeted revenue to the amount of **R 118 630 225**.

From the total actual revenue recorded as at the end of September 2022 **R 134 382 335** is from government grants and transfers and the remaining balance of **R 18 083 905** comes from the own revenue sources.

The following table shows a summary of the total revenue per source:

LIM473 Makhuduthamaga - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M03 September										
Description	Ref	2021/22	Budget Year 2022/23							
		Pre - Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands									%	
Revenue By Source										
Property rates	6.16	44,418	51,579	–	3,534	11,208	12,895	(1,687)	-13%	51,579
Service charges - refuse revenue	6.12	150	162	–	13	48	40	8	19%	162
Rental of facilities and equipment	6.12	84	140	–	0	30	35	(5)	-14%	140
Interest earned - external investments	6.14	3,024	1,800	–	153	1,948	450	1,498	333%	1,800
Interest earned - outstanding debtors	6.15	38,355	2,750	–	3,582	2,816	688	2,129	310%	2,750
Fines, penalties and forfeits	6.18	287	170	–	6	336	43	294	691%	170
Agency services		–	–	–	468	1,551	–	1,551	#DIV/0!	–
Transfers and subsidies	6.13	381,813	333,845	–	369	129,009	83,461	45,547	55%	333,845
Other revenue		116,933	7,160	–	83	147	1,790	(1,643)	-92%	7,160
Gains	6.17	465	–	–	–	–	–	–		–
Total Revenue (excluding capital transfers and contributions)		585,530	397,606	–	8,207	147,092	99,401	47,691	48%	397,606
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		61,777	76,915	–	2,669	5,374	19,229	(13,855)	(0)	76,915
Total Revenue (excluding capital transfers and contributions)		647,307	474,521	–	10,876	152,466	118,630	33,836	(0)	474,521

- The municipality's overall collection rate is **32%** as at 30 September 2022(1st Quarter) when comparing the actual cash received from the different sources of our revenue to the billed revenue to date. The municipality's collection rate was **63%** in the previous financial year ended 30 June 2022. Collection on property rates and interests on outstanding debts are the highest contributors to the poor collection rate. The following table summarises the collection from own sources of revenue per source:

Collection on own sources of revenue

Source of revenue	2022/23 (Current Year)			2021/22		
	Actual revenue billed (R000)	Actual revenue collected (R000)	% collected	Actual revenue billed (R000)	Actual revenue collected (R000)	% Collected
Property rates	11 208	2 079	19%	44 418	41 331	93%
Property rates (Government-prior years Payment DPW)	-	-	-		111 164	
Refuse removal	48	41	85%	463	150	32%

Rental of facilities & Equip	30	30	100%	84	84	100%
Interests on bank and investments	1 948	1 948	100%	3 024	3 024	100%
Interests on outstanding debtors	2 816	0	0%	38 355	0	0%
Traffic fines	336	87	26%	287	12	5%
Agency income and other income	1 551	1 551	100%	5 709	5 709	100%
Totals	17 937	5 736	32%	95 137	38 223	53%

- The following are the challenges and recommendations for implementation to improve revenue generation and collection for the remaining periods of the financial year 2022/23 and the MTREF:

No	Challenges	Progress made to date	Recommendations
1.	Non-payment of property rates for government properties.	- The Department of Public works are waiting for the review process to be completed before settlement of property rates for the current year.	- Utilise the additional budget for property valuation that was provided during adjustment budget to fund the revaluation requested by the department for the unregistered schools.
2.	Non-payment of property rates by the high capacity businesses within our municipality.	- Engagements with the business owners were concluded in 2017/18 financial year. - Engagements with the business owners reopened again before a council resolution to litigate can be granted to the debt collector.	- A meeting between the municipality, traditional leaders CoGHSTA and the affected business owners be held in October 2022 to resolve their allegation that they pay levies at their respective traditional authorities and to clarify the differences between tribal levies and the property rates. - Appoint a debt collector.
3.	Majority of billed properties are unregistered and on communal land.	- EDP has concluded demarcation of a number of sites within Makhuduthamaga. - Complete the Formalisation of Jane Furse project.	- Formalise key economic points (areas) within the municipality to ensure subdivision of the land and issuing of title deeds. - Engage Magoshi to prevent uncoordinated developments and allocation of stands in inappropriate areas.
4.	Lack of credible indigent register.	- Draft indigent register developed and currently updating in progress.	- Appoint a committee to oversee the process of completing compilation of the indigent register. - Appoint general workers to collect information from all municipal wards to ensure a

(Figures in RSA Rand)

2023

2022

			complete accurate indigent register.
5.	Limited sources of own revenue resulting in no growth in revenue generation.	<ul style="list-style-type: none"> - Revenue enhancement strategies developed and approved. - LED strategy developed and approved. 	<ul style="list-style-type: none"> - Consult all stakeholders with the revenue enhancement strategies and to get their buy in on the implementation of credit control policy and rates policy (rental of municipal facilities). - Provide budget to build a grade A DLTC around Masemola nodal point. - Engage Magoshi to prevent uncoordinated developments and allocation of stands in inappropriate areas.

1.5. Budgeted Expenditure and Actual Expenditure to date

- a. The municipality's total actual expenditure amounts of **R 110 635 027** at 30 September 2022. This amounts to **79%** of the total budgeted expenditure to date to the amount of **R 140 880 227**.

1.5.1. Operational Expenditure.

- a. The total operational expenditure as at 30 September 2022 amounts to **R 98 618 770** which equates to **105%** of the total operational budget to date of **R 93 737 915**. The municipality has under budgeted by **5%** as compared to the budgeted expenditure to date.

- b. The following table indicates the operational expenditure per standard classification:

LIM473 Makhuduthamaga - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M03 September										
		Pre - Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands									%	
Expenditure By Type										
Employee related costs	6.19	90,425	113,662	-	7,283	25,133	28,416	(3,283)	-12%	113,662
Remuneration of councillors	6.2	24,322	23,597	-	1,958	6,489	5,899	590	10%	23,597
Debt impairment		38,650	7,340	-	-	-	1,835	(1,835)	-100%	7,340
Depreciation & asset impairment	6.21	34,618	37,189	-	2,475	7,405	9,297	(1,892)	-20%	37,189
Finance charges	6.23	-	-	-	-	-	-	-		-
Inventory consumed	6.2	4,270	2,620	-	-	492	655	(163)	-25%	2,620
Contracted services	6.24	54,973	127,224	-	15,693	45,549	31,806	13,743	43%	127,224
Transfers and subsidies		1,955	9,200	-	540	967	2,300	(1,333)	-58%	9,200
Other expenditure	6.27	220,685	54,120	-	5,745	12,584	13,530	(946)	-7%	54,120
Total Expenditure		469,898	374,952	-	33,694	98,619	93,738	4,881	5%	374,952

▪ Operational variance analysis as at 30 September 2022.

Expenditure by type	Variance %	Reason for variance	Remedial action	Remedial action due date	Responsible person
Employee related costs	-12%	Budgeted Vacant posts	Budgeted Vacant posts to be filled	30 September 2022	Director Corporate Services
Depreciation	-20%	Depreciation ran on the system	System full capacity functioning	30 September 2022	CFO/Director Corporate services
Inventory consumed	-25%	Inventory were under budgeted.	Request budget adjustment	28 February 2023	CFO

1.5.2. Capital Expenditure

a. The total capital expenditure as at 30 September 2022 amounts to **R 12 016 257** which equates to **25%** of the **R 47 142 312** to-date budget. The municipality has underspent by **75%** on capital expenditure.

b. The following table indicates the capital expenditure per functional classification:

LIM473 Makhuduthamaga - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - A - M03 September

Vote Description	Ref	2021/22	Budget Year 2022/23							
		Pre-Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands	1								%	
Capital Expenditure - Functional Classification										
Governance and administration		12,540	15,700	-	352	1,743	3,925	(2,182)	-56%	15,700
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		12,540	15,700	-	352	1,743	3,925	(2,182)	-56%	15,700
Economic and environmental services		78,119	169,369	-	4,075	10,273	42,342	(32,070)	-76%	169,369
Planning and development		-	1,300	-	-	-	325	(325)	-100%	1,300
Road transport		78,119	168,069	-	4,075	10,273	42,017	(31,745)	-76%	168,069
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		-	3,500	-	-	-	875	(875)	-100%	3,500
Energy sources		-	3,500	-	-	-	875	(875)	-100%	3,500
Total Capital Expenditure - Functional Classification	3	90,659	188,569	-	4,427	12,016	47,142	(35,126)	-75%	188,569
Funded by:										
National Government		90,659	188,569	-	4,427	12,016	47,142	(35,126)	-75%	188,569
Transfers recognised - capital		90,659	188,569	-	4,427	12,016	47,142	(35,126)	-75%	188,569
Internally generated funds		-	-	-	-	-	-	-	-	-
Total Capital Funding		90,659	188,569	-	4,427	12,016	47,142	(35,126)	-75%	188,569

1.5.3. Grants Receipts and expenditure.

a. The following table shows the receipts and expenditure on grants as at 30 September 2022 per grant:

LIM473 Makhuduthamaga - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M03 September										
Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands									%	
EXPENDITURE										
Operating expenditure of Transfers and Grants										
National Government:		-	333,845	-	33,944	87,604	83,461	4,142	5.0%	333,845
Local Government Equitable Share			324,200		33,813	86,580	81,050	5,530	6.8%	324,200
Finance Management			1,720		130	542	430	112	26.0%	1,720
EPWP Incentive			1,925		-	482	481	1	0.2%	1,925
Integrated National Electrification Programme			6,000		-	-	1,500	(1,500)	-100.0%	6,000
Total operating expenditure of Transfers and Grants:		-	333,845	-	33,944	87,604	83,461	4,142	5.0%	333,845
Capital expenditure of Transfers and Grants										
National Government:		-	76,915	-	4,310	7,014	19,229	(12,214)	-63.5%	76,915
Municipal Infrastructure Grant (MIG)			76,915		4,310	7,014	19,229	(12,214)	-63.5%	76,915
Total capital expenditure of Transfers and Grants		-	76,915	-	4,310	7,014	19,229	(12,214)	-63.5%	76,915
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		-	410,760	-	38,253	94,618	102,690	(8,072)	-7.9%	410,760

b. The municipality's spending per conditional grant is as follows as at the end of September 2022:

Conditional Grant details	Budget for the year	Grant received	Grant expenditure	Received %	Spending %
FMG	1 720 000	1 720 000	541 885	100%	32%
EPWP	1 925 000	482 000	482 000	25%	25%
MIG	76 915 000	20 000 000	7 014 454	26%	9%
INEP	6 000 000	-	-	0%	0%

1.5.4. Overall Spending per departments

a. The following table indicates the spending performance per department from the highest performance to the least performance:

Expenditure Performance Per Vote				
Department	Original Budget	To date budget	To date expenditure	Spending %
Executive & Council	56,759,694.00	28,984,578.00	21,097,459.00	73
Budget and Treasury Office	100,500,025.00	23,784,784.00	20,095,648.00	84
Infrastructure Development	185,020,000.00	22,558,758.00	17,488,836.00	78
Community Services	80,200,540.00	25,098,798.00	22,094,648.00	88
Corporate services	90,520,000.00	21,876,809.00	15,092,534.00	69
Local Economic development and planning	50,520,650.00	18,576,500.00	14,765,902.00	79
Total	563,520,909.00	140,880,227.00	110,635,027.00	79

Reasons for underspending per department

a. Executive and Council	Branding of Municipal Assets :First Quarter target not meet
b. Budget and Treasury Offices	Under spending on capital assets not acquired in the first quarter.
c. Infrastructure Development	Under spending on capital budget due to project still on bid Committees
d. Community Services	Underspending on employee related cost due vacant budgeted posts
e. Corporate Services	Health Risk Assessment :First Quarter target not meet
f. Local Economic Development and Planning	Underspending on employee related cost due vacant budgeted posts

2. Going concern and Liquidity ratios.

▪ Going concern

- After the assessment of the key factors to the going concern of the municipality it is assumed and concluded that the municipality shall continue operating as a Going Concern as at 30 September 2022

▪ Liquidity ratios

a. Current ratio

Current Assets/Current Liabilities (Norm is 2:1)

2023	2022
R 158 972: R 26 490	R 152 430: R 23 487

(Figures in RSA Rand)

2023

2022

6: 1	6.49: 1
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This ratio measures the Municipality's ability to pay its short-term debt with liquid assets which are assets easily converted in to cash. The above ratio indicates a current ratio of **6:1** that September suggest that the municipality's liquid assets are currently easy to be converted into cash to can covers the current liabilities as & when they become due by the 30 September 2022.

b. Debt ratio

Total Liabilities/Total Assets) x 100

2023	2022
R 38 718/ R 490 512 X 100%	R 35 714 / R 472 978 X 100%
=7.89%	=7.55%

This ratio measure how much the municipality's total liabilities are covered by the total assets the results of which measures the solvency of the municipality. The results above shows that the municipality is solvent as the total liabilities are covered by the total assets and total liabilities makes a small percentage portion of the total assets which increased from 7.55% to **7.89%** in the current year and the means our debt ratio is sound.

c. Net Operating surplus margin.

NORM: Equal to or greater than zero

(Total Operating revenue – Total Operating expenditure)/Total Operating revenue x 100

2023	2022
(R 147 092 – R 98 619)/ R 147 092 x 100	(R 417 525 – R 358 605)/ R 417 525 x 100
= 33%	= 14.11%

(Figures in RSA Rand)

2023

2022

- i. The Ratio assesses the extent to which the Municipality generates Operating Surpluses. The above ratio indicates that the municipality reported a net surplus of **33%** for the period ended 30 September 2022 which shows a significant improvement from the prior of 14.11% net surplus.

d. Collection rate.

NORM: 95%

Formula

= Gross Debtors Opening Balance + Billed Revenue – Gross Debtors Closing Balance - Bad Debts Written Off) / Billed Revenue x 100)

2023	2022
$\frac{(R\ 20\ 800 + R\ 17\ 937) - (R\ 32\ 997 - R0)}{R\ 17\ 937} \times 100\%$ <p>= 32%</p>	$\frac{(R\ 78\ 062 + R\ 235\ 301) - (R\ 162\ 771 - R0)}{R\ 235\ 301} \times 100\%$ <p>= 63%</p>

The Ratio indicates the collection rate; i.e. level of payments. It measures increases or decreases in Debtors relative to annual billed revenue. In addition in order to determine the real collection rate bad debts written-off is taken into consideration.

The municipality's collection rate is low as compared to the norm of 95% as per MFMA circular No. 71. However it must be noted that the municipality fund more than 80% of its expenditure through Government Grants and there have not been any indication that the municipality will not be receiving the grants in the foreseeable future.

The revenue billed from customers is used to fund mostly the non-cash expenditure items such as depreciation and impairments when preparing the MTREF budget for the municipality to guard against the cash flow risk in cases of poor collection.

3. Statement of Financial Position as at 30 September 2022

LIM473 Makhuduthamaga - Table C6 Monthly Budget Statement - Financial Position - M02 August

Description	Ref	2021/22	Budget Year 2022/23			
		Pre-Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash	6.1	105,016	75,185	–	187,685	75,185
Call investment deposits		–	–	–	–	–
Consumer debtors		36,708	13,561	–	4,275	13,561
Other debtors		1,808	11,058	–	4,555	11,058
Current portion of long-term receivables		–	–	–	–	–
Inventory	6.2	987	1,057	–	745	1,057
Total current assets		144,520	100,862	–	197,261	100,862
Non current assets						
Long-term receivables		–	–	–	–	–
Investments		–	–	–	–	–
Investment property	6.7	210	210	–	210	210
Investments in Associate		–	–	–	–	–
Property, plant and equipment	6.8	329,645	488,788	–	324,228	488,788
Biological		–	–	–	–	–
Intangible	6.6	77	633	–	22	633
Other non-current assets		–	–	–	–	–
Total non current assets		329,931	489,630	–	324,459	489,630
TOTAL ASSETS		474,451	590,492	–	521,720	590,492
LIABILITIES						
Current liabilities						
Bank overdraft		–	–	–	–	–
Borrowing		–	–	–	–	–
Consumer deposits		–	–	–	–	–
Trade and other payables	6.9	43,567	218,296	–	27,375	218,296
Provisions	6.9	2,755	135	–	2,755	135
Total current liabilities		46,322	218,431	–	30,129	218,431
Non current liabilities						
Borrowing		–	–	–	–	–
Provisions	6.9	27,166	24,701	–	12,228	24,701
Total non current liabilities		27,166	24,701	–	12,228	24,701
TOTAL LIABILITIES		73,488	243,132	–	42,357	243,132
NET ASSETS	2	400,963	347,360	–	477,571	347,360
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		400,963	347,360	–	477,571	347,360
Reserves		–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2	400,963	347,360	–	477,571	347,360

4. Statement of Financial Performance as at 30 September 2022

LIM473 Makhuduthamaga - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M02 August

Description	Ref	2021/22	Budget Year 2022/23							
		Pre-Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue By Source										
Property rates	6.16	49,128	51,579	–	3,958	7,916	8,597	(681)	-8%	51,579
Service charges - refuse revenue	6.12	163	162	–	14	27	27	0	1%	162
Rental of facilities and equipment	6.12	89	140	–	10	20	23	(4)	-16%	140
Interest earned - external investments	6.14	4,184	1,800	–	643	1,286	300	986	329%	1,800
Interest earned - outstanding debtors	6.15	42,225	2,750	–	899	1,797	458	1,339	292%	2,750
Fines, penalties and forfeits	6.18	247	170	–	30	196	28	168	591%	170
Agency services		–	–	–	–	–	–	–	–	–
Transfers and subsidies	6.13	315,247	333,845	–	2,202	128,640	55,641	72,999	131%	333,845
Other revenue		6,243	7,160	–	416	961	1,193	(233)	-20%	7,160
Gains	6.17	–	–	–	–	–	–	–	–	–
		417,525	397,606	–	8,171	140,842	66,268	74,575	113%	397,606
Total Revenue (excluding capital transfers and contributions)										
Expenditure By Type										
Employee related costs	6.19	89,678	113,662	–	8,189	16,850	18,944	(2,094)	-11%	113,662
Remuneration of councillors	6.2	23,630	23,597	–	1,989	4,540	3,933	608	15%	23,597
Debt impairment		6,300	7,340	–	–	–	1,223	(1,223)	-100%	7,340
Depreciation & asset impairment	6.21	32,503	37,189	–	2,427	4,930	6,198	(1,268)	-20%	37,189
Finance charges	6.23	–	–	–	–	–	–	–	–	–
Inventory consumed	6.2	2,658	2,620	–	315	492	437	55	13%	2,620
Contracted services	6.24	149,668	127,224	–	18,897	29,856	21,204	8,652	41%	127,224
Transfers and subsidies		7,707	9,200	–	258	426	1,533	(1,107)	-72%	9,200
Other expenditure	6.27	46,461	54,120	–	4,377	6,839	9,020	(2,181)	-24%	54,120
Losses		–	–	–	–	–	–	–	–	–
Total Expenditure		358,605	374,952	–	36,454	63,934	62,492	1,442	2%	374,952
Surplus/(Deficit)		58,920	22,654	–	(28,283)	76,908	3,776	73,132	0	22,654
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		61,777	76,915	–	2,524	2,705	6,410	(3,705)	(0)	76,915
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)		–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (in-kind - all)		–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		120,698	99,569	–	(25,759)	79,613	10,185			99,569
Taxation		–	–	–	–	–	–	–		–
Surplus/(Deficit) after taxation		120,698	99,569	–	(25,759)	79,613	10,185			99,569
Attributable to minorities		–	–	–	–	–	–			–
Surplus/(Deficit) attributable to municipality		120,698	99,569	–	(25,759)	79,613	10,185			99,569
Share of surplus/ (deficit) of associate		–	–	–	–	–	–			–
Surplus/ (Deficit) for the year		120,698	99,569	–	(25,759)	79,613	10,185			99,569

5. Cash Flow Statement as at 30 September 2022

LIM473 Makhuduthamaga - Table C7 Monthly Budget Statement - Cash Flow - M02 August										
Description	Ref	2021/22	Budget Year 2022/23							
		Pre-Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands	1									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		141,064	41,263	–	370	740	6,877	(6,137)	-89%	41,263
Service charges		109	99	–	4	8	16	(8)	-51%	99
Other revenue		35,025	35,930	–	572	1,144	5,988	(4,844)	-81%	35,930
Transfers and Subsidies - Operational		319,807	333,845	–	2,202	128,640	55,641	72,999	131%	333,845
Transfers and Subsidies - Capital		61,777	76,915	–	–	20,000	12,819	7,181	56%	76,915
Interest		3,224	1,800	–	643	1,286	300	986	329%	1,800
Payments										
Suppliers and employees		(527,920)	(330,422)	–	(33,453)	(62,557)	(55,070)	9,279	-17%	(330,422)
Finance charges		–	–	–	–	–	–	–	–	–
Transfers and Grants		–	–	–	–	–	–	–	–	–
NET CASH FROM/(USED) OPERATING ACTIVITIES		33,086	159,430	–	(29,662)	89,261	26,572	79,455	-229%	159,430
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		(90,659)	(188,569)	–	(2,524)	(7,589)	(31,428)	(23,839)	76%	(188,569)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(90,659)	(188,569)	–	(2,524)	(7,589)	(31,428)	(23,839)	76%	(188,569)
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		(57,573)	(29,139)	–	(32,186)	81,672	(4,857)			(29,139)
Cash/cash equivalents at beginning:		162,689	–	–	106,014	106,014	–			106,014
Cash/cash equivalents at month/year end:		105,016	(29,139)	–		187,686	(4,857)			76,875

(Figures in RSA Rand)

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6. Notes to the 1ST Quarter Financial Report (Statements).

6.1 Cash and cash equivalents

Cash and cash equivalents consists of:

Cash on hand

52

52

Bank balances

147 050 151

105 016 387

147 050 203

105 016 439

Short-term Investments

The municipality had no short-term investments with any financial institution during the 2022/23 financial year and the municipality did not have any investment as at the ended of 30 September 2022.

Details

ABSA 2018/2019 (Account No.2078073033)

The municipality had the following bank accounts during the year under review

Account number / description	Bank statement balances		Cash book balances	
	30-Sep-22	30-Jun-22	30-Sep-22	30-Jun-22
ABSA BANK - 4050384145 - (Primary Cheque Account)	145 744 812	103 782 111	146 901 672	103 878 903
ABSA BANK - 4076690079 - (Salaries)	238 328	36 903	238 328	36 903
ABSA BANK - 4098981597 - (Solidarity Fund)	204 361	204 632	204 362	204 632
ABSA BANK - 2078073033 Term Deposit Investment	862 650	895 949	862 650	895 949
	147 050 151	104 919 595	148 207 012	105 016 387

6.2 Inventories

Inventories consists of:

Consumable stores

925 121

986 807

925 121

986 807

Reconciliation of Inventory

Opening Balance

986 807

1 114 718

Add: Receipts

898 494

4 142 165

Less: Issues

(960 179)

(4 270 076)

CLOSING BALANCE

925 121

986 807

(Figures in RSA Rand)	2023	2022
6.3 Receivables from non-exchange transactions		
Gross balances		
Rates	118 466 863	110 611 665
Traffic fines	1 777 897	1 441 497
	120 244 760	112 053 162
Less: Allowance for impairment		
Property Rates	(7 925 843)	(94 670 827)
Traffic Fines	(1 705 097)	(1 383 837)
	(9 630 940)	(96 054 664)
Net balances		
Property Rates	112 318 917	15 940 838
Traffic Fines	72 800	57 660
	112 391 717	15 998 498
6.4 Receivables from exchange transactions		
Accrued Income (Interest on investment)	-	431 311
Other debtors-Employee	21 764	21 764
Insurance debtor	-	49 778
Waste collection	40 693	150 252
SALGA Levy	-	1 305 496
	62 457	1 908 823
10.1. Other debtors (VAT receivable & receivables from exchange transaction)		
VAT	30 559 104	20 076 456
	30 559 104	20 076 456

(Figures in RSA Rand)

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VAT Reconciliation

Balance at the beginning of the year	20 709 984	16 075 779
Add: Net Refunds as per VAT receivable	7 008 947	39 806 005
Add: Current year VAT suspense - Retention amount	4 200 077	4 599 490
Less: Prior year suspense - Retention amount	(4 599 490)	(4 413 338)
Less: VAT Payments by SARS - Current year	(7 008 947)	(26 852 382)
Less: VAT payments by SARS - Previous year	(12 968 342)	(8 505 569)
Adjustments	-	-
	30 559 104	20 709 984

VAT is payable on invoice basis and claimed from SARS when a tax invoice is received.

6.6 Intangible assets

	2023			2022		
	Cost/Valuation	Accumulated amortisation and accumulated impairment		Cost/Valuation	Accumulated amortisation and accumulated impairment	
Computer software	8 215 070	(8 171 223)	Computer software	8 215 070	(8 171 223)	Computer software
Work In Progress	0.00	0.00	Work In Progress	0.00	0.00	Work In Progress
	8 215 070	(8 171 223)		8 215 070	(8 171 223)	

Reconciliation of intangible assets - 2023					
	Opening balance	Additions	Transfers	Amortisation	Total
Computer software	76 552	0.00	0.00	(32 705)	43 847
Work In Progress	0.00	0.00	0.00	0.00	0.00
	76 911	0.00	0.00	(32 705)	43 847

(Figures in RSA Rand)

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Reconciliation of intangible assets - 2022					
	Opening balance	Additions	Transfers	Amortisation	Total
Computer software	582 796	0.00	0.00	(506 244)	76 552
Work In Progress	0.00	0.00	0.00	0.00	0.00
	582 796	0.00	0.00	(506 244)	76 552

Other information

A register containing the information required by section 63 of the MFMA is available for inspection at the registered office of the municipality.

No intangible assets were pledged as security for liabilities as at year end.

6.7 Investment Property

	2023			2022		
	Cost/Valuation	Accumulated amortisation and accumulated impairment	Carrying Amount	Cost/Valuation	Accumulated amortisation and accumulated impairment	Carrying Amount
Investment property	209,500	0.00	209,500	209,500	0.00	209,500
	209,500	0.00	209,500	209,500	0.00	209,500

Reconciliation of investment property- 2023					
	Opening balance	Additions	Transfers	Amortisation	Total
Investment property	209,500	0.00	0.00	0.00	209,500
	209,500	0.00	0.00	0.00	209,500

(Figures in RSA Rand)

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Reconciliation of investment property - 2022

	Opening balance	Additions	Transfers	Amortisation	Total
Investment property	209,500	0.00	0.00	0.00	209,500
	209,500	0.00	0.00	0.00	209,500

Details of valuation

Investment property was valued by Mod Hope (Pty) Ltd an independent professional valour with registration number 1988/001677/07. The Municipal Valour has experience of properties within the jurisdiction of Makhuduthamaga Local Municipality. The valuation was based on an open market value for existing use:

Details of property

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality. No revenue was earned from the investment property as the property is vacant land held for long term capital appreciation

No investment property was pledged as security for liabilities as at year end.

6.8 Property Plant and Equipment

2023				2022		
Details	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	265 000	0.00	265 000	265 000	0.00	265 000
Land – Landfill Site	13 990 007	(11 937 933)	2 052 074	13 990 007	(11 501 599)	2 488 408
Buildings	58 339 619	(17 746 921)	40 592 698	58 339 619	(17 157 036)	41 182 584
Furniture and fixtures	9 577 612	(7 297 887)	2 469 134	9 577 612	(7 111 285)	2 466 326
Motor vehicles	38 032 703	(29 639 818)	8 392 884	38 032 703	(28 826 978)	9 205 724

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(Figures in RSA Rand)

2023

2022

Road Infrastructure	333 444 969	(130 217 569)	203 227 400	333 444 969	(126 079 245)	207 365 724
Electrical Infrastructure	7 297 566	(5 425 955)	1 871 611	7 297 566	(5 304 628)	1 992 938
Storm water Infrastructure	30 726 102	(14 203 311)	16 522 801	30 726 112	(13 708 329)	17 017 783
IT equipment	28 375 500	(21 421 413)	7 392 121	27 051 146	(20 727 000)	6 324 146
Loose tools	4 463 117	(3 391 302)	1 071 815	4 437 817	(3 322 241)	1 115 576
Community Halls	14 402 779	(3 586 530)	10 816 249	14 402 779	(3 415 208)	10 987 572
Capital work in progress	36 830 200	0.00	36 830 200	29 232 977	0.00	29 232 977
	576 372 626	(245 086 806)	331 285 820	566 798 305	(237 153 549)	329 644 756

6.9 Payables from exchange transactions

Trade payables	1 436 846	5 563 589
Income received in advance	823 287	4 109 027
Creditor: Ward committee	13 201	13 201
Accrued(SDL,UIF,PAYE,Salary,Party Levies, Pension)		982 153
Leave provision	12 227 665	12 528 058
Bonus provision	2 754 616	3 055 720
Unknown deposits	287 193	274 463
Retentions	21 175 201	19 735 614
	38 718 009	46 261 825

6.10 Unspent Conditional grants and receipts

Unspent conditional grants and receipts comprises of:

LG SETA Discretionary Grant	53 600	-
Financial Management Grant	1 188 483	-
DOE(Department of Mineral and Energy)	-	-
EPWP Grant	-	-
Municipal Infrastructure Grant	12 985 546	-
	14 232 629	-

6.11 Defined benefit obligation

Post-employment Medical Aid Benefits	-	-
	-	-

(Figures in RSA Rand)

2023

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Long service awards

Long Service Awards Liability

Long service awards - current liability	-	60 000
Long service awards - Non-current liability	-	4 332 000
	-	4 392 000

6.12 Revenue

The amount included in revenue arising from exchanges of goods or services are as follows:

Rental of facilities and equipment	30 011	83 910
Licences and permits	1 472 810	5 392 827
Plan Approval	-	260 615
Tender Documents	44 800	74 992
Interests earned on Bank & Investment accounts	1 948 284	3 024 286
Refuse removal	40 693	150 252
Other income	33 550	-
	3 570 148	8 986 882

The amount included in revenue arising from non-exchange transactions is as follows:

Property rates	11 208 053	44 418 365
Interest on outstanding debtors	2 815 692	38 355 338
Traffic fines	336 400	287 450
Transfers and subsidies	134 528 471	-
Actuarial (Gain)/loss	-	(465 129)
Gain/loss on disposal of Assets	-	40 350
	148 888 616	82 636 374

152 458 634

91 623 265

6.13 Government grants and subsidies

Equitable share	126 438 000	296 332 000
Municipal Infrastructure Grant (MIG)	20 000 000	61 777 288
Finance Management Grant (FMG)	1 720 000	1 650 000

(Figures in RSA Rand)	2023	2022
Integrated National Electrification (DOE Grant)	-	20 000 000
Municipal Disaster Grant Management	-	-
EPWP Grant	482 000	1 825 000
LG SETA - Discretionary Grant	<u>116 100</u>	<u>228 314</u>
	<u>148 756 100</u>	<u>381 812 602</u>

6.14 Interest on investments

Bank & Investments	1 948 284	3 024 286
	<u>1 948 284</u>	<u>3 024 286</u>

N.B. The municipality did not have any investments during the current year due to low levels of cash balances and the amount of interests received is for the positive bank balance of the main cheque account.

6.15 Interest on outstanding debtors

Interest charged on trade and other receivables	2 815 692	38 355 338
	<u>2 815 692</u>	<u>38 355 338</u>

NB. All interests relates to property rates outstanding debts.

6.16 Property rates

Rates – revenue

Commercial	1 681 208	11 243 950
State	8 966 442	30 383 837
Agricultural	560 403	2 790 569
	<u>11 208 053</u>	<u>44 418 356</u>

Valuations

Residential	145 166 000	145 166 000
Commercial	1 250 324 000	1 250 324 000
State	1 881 798 000	1 881 798 000
Municipal	71 332 000	71 332 000
Social	29 600 000	29 600 000
	<u>3 378 220 000</u>	<u>3 378 220 000</u>

(Figures in RSA Rand)

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- Valuations on land and buildings are performed every 5 years. The first general valuation came into effect on 1 September 2009. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.
- The valuation used in the current year was implemented from 01 July 2021 and it ends on the 30th of June 2026

6.17 Actuarial gain/ (Loss)

Long service awards - Actuarial Gain/(Loss)	-	94 871
Post-employment medical aid - Actuarial gain/(Loss)	-	(560 000)
	-	(465 129)

6.18 Traffic fines

Traffic fines	336 400	287 450
	336 400	287 450

The municipality issued traffic fines to a total value of **R 336 400** as at 30 September 2022, and the amount collected for the traffic fines as at 30 September 2022 is **R 86 550** which is 26% of the value amount of tickets issued as at end of the 30 September 2022.

6.19 Employee related costs

Basic	13 911 539	50 135 343
Bonus & P/Bonus	1 619 230	4 379 514
Medical aid - company contributions	1 299 867	5 146 365
UIF	96 438	357 489
SDL	204 685	732 440
Leave pay provision charge	196 155	1 370 852
Pension contribution	2 529 314	9 774 544
Overtime payments	405 500	1 237 979
Post-employment benefits costs	-	862 000
Car allowance	3 486 688	11 378 300
Housing benefits and allowances	792 622	2 880 904
Bargaining Council	5 908	20 909
Clothing allowance	8 835	38 575
Cell phone allowance	576 043	2 109 362
	25 132 824	90 424 576

Municipal Manager (Ms Rampedi MN)

Basic salary	-	640 552
Travel allowance	-	261 687

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(Figures in RSA Rand)

	2023	2022
Leave pay-out	-	204 381
P bonus	53379	53 379
Travel claim	10 309	14 121
Contributions to medical aid	-	85 447
Contributions to UIF	199	2 148
SDL	556	12 623
SALGBE	-	124
Remote allowance	-	41 540
Retirement annuity contributions	-	78 004
	64 443	1 394 005
Chief Financial Officer (Mr Moganedi R.M)		
Basic salary	134 167	498 335
Travel allowance	67 084	239 529
Cell phone allowance	11 181	39 083
Acting allowance	25 971	5 711
Travel claims	3164	3 406
Contributions to medical aid	11 181	46 760
Contributions to UIF	531	1 948
SDL	2 927	9 882
Leave pay-out	-	171 357
SALGBE	32	113
Remote allowance	10 385	22 489
Performance Bonus	44 722	44 722
Long Service Award	-	20 638
	311 345	1 103 973
Acting Chief Financial officer for BTO 2021/22 (Mr Makgalemane T.M.)		
Acting allowance	-	12 796
Acting allowance	-	12 796
Acting Chief Financial officer for BTO 2022/23 (Mr Mothapo K.T.)		
Acting allowance	7 733	-
Remote Allowance	2 614	-
	10 347	
Senior manager: Corporate services (Ms Mahlare M.A)		
Basic salary	134 167	536 668
Travel allowance	57 822	231 286
Medical aid contributions	31 149	124 596

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(Figures in RSA Rand)

	2023	2022
Performance bonus	53667	53 667
UIF	531	2 125
SALGBE	32	124
SDL	2 490	8 251
Travel claims	1 611	18 084
Remote	8 945	35 778
Long Service Award	-	53667
	290 414	1 051 855
Acting Senior manager: Corporate services (Mr Marodi M.L)		
Acting allowance	-	15 103
	-	15 103
Senior manager: Community services (Ms Marishane M.E)		
Basic salary	134 167	536 668
Travel allowance	49 239	196 956
Cell phone allowance	6 586	26 344
Housing allowance	17 890	71 560
Travel claims	-	6 856
P bonus	53667	20 638
Pension contributions	15 256	61 022
UIF	531	2 125
SALGBE	32	124
SDL	2 504	8 094
Long Service award	-	41 276
Performance Bonus	-	53 667
Remote allowance	8 945	35 778
	288 814	1 019 832
Acting Senior manager: Community services (Mrs Makola B.C)		
Acting Allowance	-	31 118
	-	31 118
Senior Manager: Infrastructure Development (Mr Segale M.A)		
Basic salary	134 167	536 668
Travel allowance	48 623	194 493

(Figures in RSA Rand)	2023	2022
Cell phone allowance	6 863	27 450
Medical contribution	33 485	133 939
UIF	531	2 125
SALGBE	32	124
SDL	2 671	9 101
Remote allowance	8 945	35 778
Performance bonus	44 722.	44 722
Long Service award	-	20 638
	280 039	1 005 038

Senior manager Economic Development and Planning (Mr Thabela A.P)

Basic salary	134 167	536 668
Travel allowance	33 542	134 167
Cell phone allowance	4 780	19 119
Pension contribution	29 517	118 067
Medical aid contribution	21 132	84 529
UIF	531	2 125
SALGBE	32	124
SDL	2 701	9 015
Performance bonus	44 722	44 722
Remote allowance	8 945	35 778
	280 069	984 314

6.20 Remuneration and allowances of councillors

Mayor	250 523	936 109
Council speakers	202 479	759 878
Executive Committee Members	1 259 795	4 699 833
Other councillors basic salary	2 654 638	9 883 297
Councillors pension contribution	469 640	1 735 152
Travel allowance	1 043 645	3 873 340
Travel claims	51 849	27 123
Cell phone allowance	520 200	2 091 649
Skills development levy	36 598	134 007
Data cards (61 councillors)	-	181 997
	6 489 187	24 322 441

(Figures in RSA Rand)

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Remuneration and allowances of selected members of the council

Remuneration and allowances for the Cllr Maitula B.M

Basic salary	151 926	548 798
Travel allowance	0.00	0.00
Cell phone allowance	10 200	40 800
Contributions to pension fund	87 014	312 061
SDL and Data card	1 383	7 421
	250 523	909 080

Remuneration and allowances for the council speaker Cllr Tala M.A

Basic salary	-	439 039
Travel allowance	-	-
Cell phone allowance	-	40 800
Contributions to pension	-	249 649
SDL and Data card	-	6 731
	-	736 219

Remuneration and allowance for the council speaker Cllr Mphelane M.J

Basic salary	121 541	291 424
Travel allowance	-	-
Cell phone allowance	10200	26 293
Contributions to pension	69 111	165 712
SDL and Data card	1627	6 748.00
	202 479	490 177

Remuneration and allowances of members of the executive committee

Basic salary	723 237	2 693 759
Travel allowance	283 623	1 055 260
Cell phone allowance	91 800	370 827
Pension fund Medical & SDL	137 115	461 775
Travel claims and Data card	24 021	118 212
	1 259 796	4 699 833

(Figures in RSA Rand)

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The remuneration and allowances of the political office bearers and councillors are within the upper limits as determined by the framework envisaged in section 219 of the Constitution.

6.21 Depreciation and amortisation

Property, plant and equipment	7 933 257	34 111 725
Intangible assets	32 705	506 244
	7 965 962	34 617 969

6.22 Assets impairment

Property, plant and equipment	-	-
Intangible Assets	-	-
Investment Property	-	-
	-	-

The municipality has completed an asset verification process for the period ended 30 September 2021 and no impairment loss identified and reported.

6.23 Finance Costs

Interest cost: Employee benefit obligations	-	616 000
Interest cost: Landfill site provision	-	1 418 557
	-	2 034 557

6.24 Contracted Services

Repairs and Maintenance: Other Assets	6 844 128	25 110 131
Repairs and Maintenance: Infrastructure Assets	13 834 103	47 915 515
Operating Lease and Cash collection	3 774 660	3 172 431
Solid waste collection	5 396 296	-
Development of valuation roll	-	-
Cleaning and Security services & other	9 756 492	51 800 497
Publications VAT recovery services Spatial Planning & GIS	3 943 680	-
	45 549 360	127 998 574

6.25 Grants and subsidies paid

Indigents grants (Free Basic Electricity)	380 000	1 955 378
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(Figures in RSA Rand)	2023	2022
	380 000	1 955 378
6.26 Capital expenditure written-off (D Roads)		
Property Plant and Equipment	16 789 848	52 942 675
	16 789 848	52 942 675
6.27 General expenses		
1. Advertising	787 500	829 615
2. Bank charges	44 130	204 289
3. Consulting and professional fees	-	4 486 051
4. Consumables	-	4 270 096
5. Entertainment	-	24 164
6. Insurance	96 000	1 336 506
7. IT operating expenses	1 035 750	1 000 000
8. Marketing	45 000	767 236
9. Promotions and sponsorships	-	4 789 107
10. Fleet Management & System	64 230	138 960
11. Fuel and oil	1 606 956	4 561 750
12. Staff welfare	-	72 900
13. Telephone and Fax	-	1 439 421
14. Training	-	6 070 684
15. Travel and accommodation	1 418 778	1 574 764
16. Training	-	362 256
17. Spatial planning - demarcation of sites	-	314 783
18. Water and electricity	1 280 801	2 538 463
19. SMME Support	-	222 640
20. Sitting allowance ex-officio	-	68 000
21. Publications	3 459 671	7 791 517
22. Audit committee support	-	420 463
23. Bursary fund	144 000	3 170 585
24. Legal costs and Development of by-laws	831 375	2 913 439
25. Customer care	-	58 399

(Figures in RSA Rand)	2023	2022
26. Financial System support	1 021 475	5 908 719
27. Vehicle tracking	55 500	96 615
28. Vehicle tracking	-	88 564
29. .Disaster relief fund	-	2 039 196
30. EPWP	963 000	4 794 190
	12 584 166	61 902 552

6.28 Provision - Rehabilitation of Landfill Site

Opening Balance	17 667 406	18 730 537
Interest charged	-	1 418 557
	-	(2 481 688)
	17 667 406	17 667 406

The Madibong Landfill Site was previously included in the asset register of the Sekhukhune District Municipality together with the provision for the rehabilitation of the Landfill Site in its 2017/18 audited annual financial statements. On the 30th of September 2019 the Landfill Site was transferred to the Makhuduthamaga Local Municipality.

The valuation of the rehabilitation on the Landfill Site was performed by Mr Seakle Godschalk a professional registered environmental scientist of the Environmental and Sustainability Solutions (ESS) Company The Company has developed and used the General Landfill Closure Costing Model (GLCCM) since 2011.

The future and discounted cash flows regarding the Landfill closure and rehabilitation related expenses were calculated using the CPI at 4.4437% and a discount rate of 7.9437%.

The cost of rehabilitating the Landfill Site was determined to be **R 17 667 406** as at the 31st of September 2022 and was recognised at cost and depreciated over time as property, plant & equipment in the statement of the financial position of the municipality.

6.29 Rental of facilities and equipment

Advertising Billboards

Site rentals	19 804	83 910
	19 804	83 910

The amount for site rentals is for the advertising billboards from PRIMEDIA around Makhuduthamaga municipal area

6.30 Operating lease

(Figures in RSA Rand)

2023

2022

The Municipality has entered in to an operating lease with Velaphanda Trading & Projects for Photocopier machines for a period of three years.

The total future minimum operating lease payments payable under existing operating lease arrangements are categorised in the following categories:

Within one year of the operating date	1 030 981	2 061 962
More than one year but less than five years of the reporting date	3 540 975	515 491
	4 571 956	2 577 453

6.31 Commitments

Authorised operating and capital expenditure

Operational commitments

Approved and contracted	157 035 817	164 500 716
	157 035 817	164 500 716

Capital commitments

Approved and contracted	88 357 205	104 373 846
	88 357 205	104 373 846

Total commitments	245 393 022	268 874 562
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6.32 Related parties

Related party transactions

Section 57 Employees

Municipal Manager (Ms Rampedi M.N)	64 443	1 394 005
Senior Manager: Corporate Services (Ms. Mahlare M.A)	290 414	1 051 855
Senior Manager: Community Services (Ms. Marishane M.E)	288 817	1 019 832
Senior Manager: Budget & Treasury(CFO) (Mr. Moganedi R.M)	311 345	1 103 973
Senior Manager: Economic Development & Planning (Mr. Thabela A.P)	280 069	984 314
Senior Manager: Infrastructure Development (Mr. Segale M.A)	280 039	1 005 038
	1 515 127	6 559 017

South African Local Government Association

(Figures in RSA Rand)

2023

2022

Annual membership fee	-	1 305 496
	-	1 305 496

62 Councillors

Remuneration of Councillors	6 489 367	24 322 441
	6 489 367	24 322 441

6.33 Risk management

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Credit risk

Credit risk consists mainly of cash deposits cash equivalents and receivables. The municipality only deposits cash with credible banking institutions and limits exposure to any one counter-party.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument

Receivables from non-exchange transactions	120 244 760	15 998 498
Receivables from exchange transactions	62 457	1 808 348
Cash & Cash equivalents	147 050 203	105 016 439
VAT Receivable	30 539 104	20 709 984
Maximum exposure	297 896 524	143 533 269

6.33 Unauthorised expenditure

Opening balance	31 776 872	205 185 199
Current year	-	31 776 872
Less amounts: written-off by council	-	(205 185 199)
	31 776 872	31 776 872

6.34 Fruitless and wasteful expenditure.

Opening balance	64 753	571 999
Current year	-	-

(Figures in RSA Rand)	2023	2022
Paid/written off by council	-	(507 246)
	64 753	64 753
6.35 Irregular expenditure		
Opening balance	-	187 293 956
Add: Irregular Expenditure - current year	40 792	27 221 540
Less: Amounts written-off by council	(-)	(214 515 496)
	40 792	-
6.36 Additional disclosure in terms of Municipal Finance Management Act		
Audit fees		
Amount incurred current year	-	4 283 087
Amount paid - current year	(940 145)	(4 283 087)
	(940 145)	-
PAYE and UIF		
Opening balance	202 858	
Amount incurred current year	3 723 217	18 734 269
Amount paid - current year	(5 611 740)	(18 531 411)
	5 611 740	202 858
Pension and Medical Aid funds deductions		
Amount incurred current year	6 616 892	24 769 153
Amount paid - current year	(6 616 892)	(24 769 153)
	-	-

Deviations as per section 36 of the SCM policy 2022/23 financial year.

The accounting officer may dispense with the official procurement processes established by SCM Policy and to procure any required goods which may include direct negotiations, but only –

- (i) In an emergency;

NO	Date	COMPANY NAME	DESCRIPTION	AMOUNT
	30 September 2022	Opening Balance	Opening Balance	R 0
		0	0	R 0
TOTAL (Closing Balance as at 30 September 2022)				R 0

(ii) If such goods or services are produced or available from a single provider only

NO		COMPANY NAME	SERVICE PROVIDED	AMOUNT
	1 st September 2022	Opening Balance	Opening Balance	R 76,721.25
	30 th September 2022	Institute of Corporate Learning	Training	R 21,847.70
	30 th September 2022	Audi Polokwane	Maintenance (DPT 971 L)	R 19479.24
	30 th September 2022	Mercurius Limpopo	Maintenance (CJM 417 L)	R 14,488.7
	30 th September 2022	Mercurius Limpopo	Maintenance (DSZ 370 L)	R 35,276.2
	TOTAL (Closing Balance as at 30th September 2022)			R 145,965.39

(iii) In any other exceptional case where it is impractical or impossible to follow the official procurement processes; therefore the below transactions are incurred because it

NO	Date	COMPANY NAME	DESCRIPTION	AMOUNT
	30 September 2022	Opening Balance	Opening Balance	R 730 745.13
1.	30 th September 2022	BP	Fuel for Municipal Vehicle	R 99 870.76
2.	30 th September 2022	Shell	Fuel for Municipal Vehicle	R 71 316.70
3.	30 th September 2022	Bapedi Filling Station	Fuel for Municipal Vehicles	
4.	30 th September 2022	Moloi Filling Station	Fuel for Municipal Vehicles	R 186 283.31
5.	30 th September 2022	Viva	Fuel for Municipal Vehicles	R 42 284.36
TOTAL (Closing Balance as at 30th September 2022)				R 1,130,500.26

IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICY

Section 6.3 of the Supply chain management Policy” The Accounting Officer must, within 10 working days of the end of each quarter, submit a report on the implementation of the supply chain management policy to the executive committee”
Section 6.4 of the Supply Chain Management Policy” The reports must be made public in accordance with section 21A of the Municipal Systems Act”.

1. Adoption of SCM Policy

The Council has adopted an SCM policy in terms of SCM regulation 3

2. Staff Employed in SCM unit

The unit comprise of six filled posts.

3. Job descriptions

The posts have job descriptions

4. Implementation Plan for SCM

Detailed Procurement Plan has been developed. The plan is updated on daily basis and serves on monthly reports

5. Needs assessment.

Necessary needs assessment undertaken before each acquisition through user Dept.

6. Performance of Vendors

Performance of vendors performed regularly by the Contract management officer in consultation with the user department.

7. Monitoring of SCM Policy

SCM processes are independently monitored to ensure the SCM policy is followed and desired objectives are achieved

8. Threshold values

Threshold values contained in the SCM Policy are aligned with the values stipulated in regulation 12.

9. Municipal bid documents

Municipal bid documents include evaluation criteria for use by the bid evaluation and adjudication committees. The documents made available for at least three days before the compulsory briefing date (if applicable).

10. Code of Conduct

All SCM Officials and Bid committee members have signed a Code of Conduct.

11. Invitations for bids.

All invitations for bids above R30 000 are advertised for at least 7 days on the website and official notice board (reg 18(a)).

12. In addition, all invitations for competitive bids are publically advertised

All invitations for competitive bids are publically advertised in newspapers commonly circulating locally (reg 22(1))

13. Training strategy for SCM practitioners

- Training strategy for SCM practitioners has been developed through corporate Services.
- SCM officials have completed a minimum requirement level (MFMP).

14. Bid Specification Committee.

Bid Specification Committee membership comply with regulation 27.

15. Bid Evaluation Committee

(Figures in RSA Rand)

2023

2022

Bid Evaluation Committee membership comply with regulation 28.

16. Bid Adjudication Committee membership comply with regulation 29

Bid Adjudication Committee membership comply with regulation 29

17. Regulation 29(4), which stipulates that a member of a bid evaluation committee or an advisor may not be a member of a bid adjudication committee. Circular 82 approved by council and implemented.