



MAKHUDUTHAMAGA

LOCAL MUNICIPALITY

Mmogo re šomela dipheto go!

Department	Budget and Treasury Office
Document Name	Financial Management Report
Period	31 July 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		
CY	Current Year		
PY	Prior Year		
mSCOA	Municipal Standard Chart of Accounts	MBRR	Municipal Budget and Reporting Regulations
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 July 2022 amounts to **R 132 671 583** and total actual operational expenditure of **R 26 480 788** translating in to an operational surplus of **R 106 190 795**. Capital expenditure as at the end of July 2022 amounted to **R 5 065 429**. The following table summarises the overall revenue and expenditure performance as at the end of July 2022:

N.B. Amounts are in "R000"

Description	2021/22 Audited outcome	2022/23 YTD Budget	2022/23 YTD Actual	2022/23 YTD Variance
Total Operational revenue	417 437	33 134	132 672	99 538
Total operational expenditure	(358 605)	(31 246)	(26 481)	(4 765)
Operating Surplus/Deficit	58 832	1 888	106 191	94 773
Capital transfers and grants	61 777	6 410	181	6 229
Net Surplus/Deficit after capital transfers	120 609	8 298	106 372	98 074

1.2. Budgeted Revenue and Actual Revenue to date

The municipality's total actual revenue as at 31 July 2022 is **R 132 582 769** which amounts to **335%** of the total to date budgeted revenue to the amount of **R 39 543 408**.

From the total actual revenue recorded as at the end of July 2022 **R 126 619 186** is from government grants and transfers and the remaining balance of **R 5 963 583** 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) - M01 July

Description	Ref	2020/21	Budget Year 2021/22							
		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	6.2	49 128	51 579	–	3 958	3 958	4 298	(340)	-8%	51 579
Service charges - refuse revenue	6.1	163	162	–	14	14	13	0	1%	162
	6.1	89	–	–	–	–	–			–
Rental of facilities and equipment	6.1	4 184	140	–	10	10	12	(2)	-16%	140
Interest earned - external investments	6.2	42 225	1 800	–	643	643	150	493	329%	1 800
Interest earned - outstanding debtors	6.2	247	2 750	–	899	899	229	669	292%	2 750
Fines, penalties and forfeits		–	170	–	166	166	14	152	1072%	170
Transfers and subsidies	6.1	315 247	333 845	–	126 438	126 438	27 820	98 618	354%	333 845
Other revenue		6 243	7 160	–	545	545	597	(52)	-9%	7 160
Gains	6.2	–	–	–	–	–	–	–		–
Total Revenue (excluding capital transfers and contributions)		417 437	397 606	–	132 672	132 672	33 134	99 538	300%	397 606
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		61 777	76 915	–	181	181	6 410	(6 228)	(0)	76 915
Total Revenue (Including capital transfers and contributions)		479 214	474 521	–	132 853	132 853	39 543	93 309	0	474 521

- The municipality's overall collection rate is **25%** as at 31 July 2022 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 quarter 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 (PY Mid-Year)		
	Actual revenue billed (R000)	Actual revenue collected (R000)	% collected	Actual revenue billed (R000)	Actual revenue collected (R000)	% Collected
Property rates	3 958	370	9%	42 637	29 244	69%
Property rates (Government)		-	-		112 461	92%
Refuse removal	14	4	27%	463	150	32%
Rental of facilities & Equip	10	10	100%	84	84	100%
Interests on bank and investments	643	643	100%	3 470	3 470	100%

Interests on outstanding debtors	899	0	0%	38 363	0	0%
Traffic fines	166	17	10%	58	6	10%
Agency income and other income	545	545	100%	5 709	5 709	100%
Totals	6 234	1 588	25%	235 301	151 124	64%

- 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.	<ul style="list-style-type: none"> The Department of Public works has paid the municipality and amount of R131 million as at 31 March 2022. The municipality has given the department a 60% rebate on the historical debt to enable them to settle the debt and pay the accounts on a monthly basis going forward. The total amount for the rebate is R 93 514 711.78 and was written off as per the council resolution number 60 of 2021/2022 The municipality has further written off all interests on overdue accounts to a total amount of R272 785 882.86 Department requested to exclude the debt for the unregistered schools while their valour and the municipal valour perform revaluation of some schools that they believe are overvalued. The payment terms of this properties will be engaged after the process is completed. As at 31 March 2022, all accounts acknowledged by the department of public works were sitting at Zero balances after writing off the rebate, interests and allocating the amounts paid. 	<ul style="list-style-type: none"> 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.	<ul style="list-style-type: none"> - Engagements with the business owners were concluded in 2017/18 financial year. - Debtors handed over to a debt collector for collection and the debt collector requested approval to engage legal processes for collection as all soft collection processes have been exhausted and the debtors are still not cooperating. - Engagements with the business owners reopened again before a council resolution to litigate can be granted to the debt collector. 	<ul style="list-style-type: none"> - A meeting between the municipality, traditional leaders CoGHSTA and the affected business owners be held in July 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. - Council approve the debt collector's request to litigate the debtors who are not cooperating to pay their property rates accounts after the meeting is held.
3.	Majority of billed properties are unregistered and on communal land.	<ul style="list-style-type: none"> - EDP has concluded demarcation of a number of sites within Makhuduthamaga. - Complete the Formalisation of Jane Furse project. 	<ul style="list-style-type: none"> - 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.	<ul style="list-style-type: none"> - Draft indigent register developed and currently updating in progress. 	<ul style="list-style-type: none"> - Appoint a committee to oversee the process of completing compilation of the indigent register. - Appoint temporary general workers to collect information from all municipal wards to ensure a 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.
6.	Low cash balances for term investments.	<ul style="list-style-type: none"> - Implementation of credit control policy in progress. 	<ul style="list-style-type: none"> - Develop and implement a cash flow plan and make short term investments.

1.5. Budgeted Expenditure and Actual Expenditure to date

- a. The municipality's total actual expenditure amounts of **R 31 546 217** at 31 July 2022. This amounts to **67%** of the total budgeted expenditure to date to the amount of **R 46 960 076**.

1.5.1. Operational Expenditure.

- a. The total operational expenditure as at 31 July 2022 amounts to **R 26 480 788** which equates to **85%** of the total operational budget to date of **R 31 245 971**. The municipality has under spent by **15%** 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) - M01 July

Description	Ref	2020/21	Budget Year 2021/22							
		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	6.2	89 678	113 662	—	8 377	8 377	9 472	(1 095)	-12%	113 662
Remuneration of councillors	6.2	23 630	23 597	—	1 835	1 835	1 966	(131)	-7%	23 597
Debt impairment		6 300	7 340	—	—	—	612	(612)	-100%	7 340
Depreciation & asset impairment	6.2	32 503	37 189	—	2 504	2 504	3 099	(596)	-19%	37 189
Finance charges	6.2	—	—	—	—	—	—	—	—	—
Inventory consumed	6.2	2 658	2 620	—	176	176	218	(42)	-19%	2 620
Contracted services	6.2	149 668	127 224	—	10 959	10 959	10 602	357	3%	127 224
Transfers and subsidies		7 707	9 200	—	168	168	767	(599)	-78%	9 200
Other expenditure	6.3	46 461	54 120	—	2 462	2 462	4 510	(2 048)	-45%	54 120
Losses		—	—	—	—	—	—	—	—	—
Total Expenditure		358 605	374 952	—	26 481	26 481	31 246	(4 765)	-15%	374 952

Operational variance analysis as at 31 July 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	31 August 2022	Director Corporate Services
Depreciation	-19%	Depreciation on ran on the system	System full capacity functioning	31 August 2022	CFO/Director Corporate services
Other expenditure	-45%	ICT services were under budgeted.		31 August 2022	Director Corporate

1.5.2. Capital Expenditure

- a. The total capital expenditure as at 31 July 2022 amounts to **R 5 065 429** which equates to **32%** of the **R 15 714 104** to-date budget. The municipality has underspent by **68%** 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) - M01 July

Vote Description	Ref	2020/21	Budget Year 2021/22							
		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										
<i>Governance and administration</i>		12 540	15 700	–	1 391	1 391	1 308	83	6%	15 700
Finance and administration		12 540	15 700	–	1 391	1 391	1 308	83	6%	15 700
<i>Economic and environmental services</i>		78 119	169 369	–	3 674	3 674	14 114	(10 440)	-74%	169 369
Planning and development		–	1 300	–	–	–	108 333	(108)	-100%	1 300
Road transport		78 119	168 069	–	3 674	3 674	14 005 771	(10 332)	-74%	168 069
<i>Trading services</i>		–	3 500	–	–	–	292	(292)	-100%	3 500
Energy sources		–	3 500	–	–	–	291 667	(292)	-100%	3 500
Total Capital Expenditure - Functional Classification	3	90 659	188 569	–	5 065	5 065	15 714	(10 649)	-68%	188 569
Funded by:										
National Government		90 659	188 569	–	5 065	5 065	15 714	(10 649)	-68%	188 569
Transfers recognised - capital		90 659	188 569	–	5 065	5 065	15 714	(10 649)	-68%	188 569
Total Capital Funding		90 659	188 569	–	5 065	5 065	15 714	(10 649)	-68%	188 569

1.5.3. Grants Receipts and expenditure.

a. The following table shows the receipts and expenditure on grants as at 31 July 2022 per grant:

LIM473 Makhuduthamaga - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M01 July

Description	Ref	2020/21	Budget Year 2021/22							
		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:		290 252	333 845	–	26 481	26 481	27 820	(1 340)	-4.8%	333 845
Local Government Equitable Share		266 777	324 200		26 481	26 481	27 017	(536)	-2.0%	324 200
Finance Management		1 650	1 720				143	(143)	-100.0%	1 720
EPWP Incentive		1 825	1 925				160	(160)	-100.0%	1 925
Integrated National Electrification Programme		20 000	6 000				500	(500)	-100.0%	6 000
Total operating expenditure of Transfers and Grants:		290 252	333 845	–	26 481	26 481	27 820	(1 340)	-4.8%	333 845
Capital expenditure of Transfers and Grants										
National Government:		61 777	76 915	–	181	181	6 410	(6 228)	-97.2%	76 915
Municipal Infrastructure Grant (MIG)		61 777	76 915		181	181	6 410	(6 228)	-97.2%	76 915
Total capital expenditure of Transfers and Grants		61 777	76 915	–	181	181	6 410	(6 228)	-97.2%	76 915
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		352 029	410 760	–	26 662	26 662	34 230	(7 568)	-22.1%	410 760

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

Conditional Grant details	Budget for the year	Grant received	Grant expenditure	Received %	Spending %
FMG	1 720 000			0%	0%
EPWP	1 925 000			0%	0%
MIG	76 915 000	22 409 000	181 000	29%	1%
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	6 586 548.00	4 654 420.00	71
Budget and Treasury Office	100 500 025.00	15 256 458.00	8 324 520.00	55
Infrastructure Development	185 020 000.00	8 564 859.00	6 524 025.00	76
Community Services	80 200 540.00	4 502 002.00	2 603 302.00	58
Corporate services	90 520 000.00	3 850 000.00	2 954 485.00	77
Local Economic development and planning	50 520 650.00	8 200 209.00	6 485 465.00	79
Total	563 520 909.00	46 960 076.00	31 546 217.00	67

2. Going concern and Liquidity ratios.

▪ Going concern

- a. 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 31 July 2022

▪ Liquidity ratios

a. Current ratio

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

2023	2022
R 231 087: R 24 435	R 152 430: R 23 487

(Figures in RSA Rand)

2023

2022

9.46: 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 into cash. The above ratio indicates a current ratio of **9.46:1** that July suggests that the municipality's liquid assets are currently easy to be converted into cash to cover the current liabilities as & when they become due by the 31 July 2022.

b. Debt ratio

Total Liabilities/Total Assets) x 100

2023	2022
R 36 663 / R 543 112 X 100%	R 35 714 / R 472 978 X 100%
=6.75%	=7.55%

This ratio measures 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 show 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 decreased from 7.55% to **6.75%** in the current year and this 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 132 672 – R 26 481)/ R 132 672 x 100	(R 417 525 – R 358 605)/ R 417 525 x 100
= 80%	= 14.11%

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- 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 **80%** for the period ended 31 July 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
$\frac{(R\ 46\ 557 + R\ 6\ 234) - (R\ 51\ 232 - R0)}{R\ 6\ 234} \times 100\%$ <p>= 25%</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 31 July 2022

LIM473 Makhuduthamaga - Table C6 Monthly Budget Statement - Financial Position - M01 July

Description	Ref	2020/21	Budget Year 2021/22			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash	6.1	104 886	75 185	–	225 175	75 185
Call investment deposits		–	–	–	–	–
Consumer debtors		42 745	13 561	–	4 275	13 561
Other debtors		3 812	11 058	–	826	11 058
Current portion of long-term receivables		–	–	–	–	–
Inventory	6.2	987	1 057	–	811	1 057
Total current assets		152 430	100 862	–	231 087	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	320 261	488 788	–	311 749	488 788
Biological		–	–	–	–	–
Intangible	6.6	77	633	–	66	633
Other non-current assets		–	–	–	–	–
Total non current assets		320 547	489 630	–	312 025	489 630
TOTAL ASSETS		472 978	590 492	–	543 112	590 492
LIABILITIES						
Current liabilities						
Bank overdraft		–	–	–	–	–
Borrowing		–	–	–	–	–
Consumer deposits		–	–	–	–	–
Trade and other payables	6.9	20 732	218 296	–	21 680	218 296
Provisions	6.9	2 755	135	–	2 755	135
Total current liabilities		23 487	218 431	–	24 435	218 431
Non current liabilities						
Borrowing		–	–	–	–	–
Provisions	6.9	12 228	24 701	–	12 228	24 701
Total non current liabilities		12 228	24 701	–	12 228	24 701
TOTAL LIABILITIES		35 714	243 132	–	36 663	243 132
NET ASSETS	2	437 263	347 360	–	506 449	347 360
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		437 263	347 360	–	506 449	347 360
Reserves		–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2	437 263	347 360	–	506 449	347 360

4. Statement of Financial Performance as at 31 July 2022

LIM473 Makhuduthamaga - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M01 July

Description	Ref	2020/21	Budget Year 2021/22							
		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	6.2	49 128	51 579	–	3 958	3 958	4 298	(340)	-8%	51 579
Service charges - refuse revenue	6.1	163	162	–	14	14	13	0	1%	162
	6.1	89	–	–	–	–	–			–
Rental of facilities and equipment	6.1	4 184	140	–	10	10	12	(2)	-16%	140
Interest earned - external investments	6.2	42 225	1 800	–	643	643	150	493	329%	1 800
Interest earned - outstanding debtors	6.2	247	2 750	–	899	899	229	669	292%	2 750
Fines, penalties and forfeits		–	170	–	166	166	14	152	1072%	170
Transfers and subsidies	6.1	315 247	333 845	–	126 438	126 438	27 820	98 618	354%	333 845
Other revenue		6 243	7 160	–	545	545	597	(52)	-9%	7 160
Gains	6.2	–	–	–	–	–	–	–		–
Total Revenue (excluding capital transfers and contributions)		417 437	397 606	–	132 672	132 672	33 134	99 538	300%	397 606
Expenditure By Type										
Employee related costs	6.2	89 678	113 662	–	8 377	8 377	9 472	(1 095)	-12%	113 662
Remuneration of councillors	6.2	23 630	23 597	–	1 835	1 835	1 966	(131)	-7%	23 597
Debt impairment		6 300	7 340	–	–	–	612	(612)	-100%	7 340
Depreciation & asset impairment	6.2	32 503	37 189	–	2 504	2 504	3 099	(596)	-19%	37 189
Finance charges	6.2	–	–	–	–	–	–	–		–
Inventory consumed	6.2	2 658	2 620	–	176	176	218	(42)	-19%	2 620
Contracted services	6.2	149 668	127 224	–	10 959	10 959	10 602	357	3%	127 224
Transfers and subsidies		7 707	9 200	–	168	168	767	(599)	-78%	9 200
Other expenditure	6.3	46 461	54 120	–	2 462	2 462	4 510	(2 048)	-45%	54 120
Losses		–	–	–	–	–	–	–		–
Total Expenditure		358 605	374 952	–	26 481	26 481	31 246	(4 765)	-15%	374 952
Surplus/(Deficit)		58 831	22 654	–	106 191	106 191	1 888	104 303	0	22 654
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		61 777	76 915	–	181	181	6 410	(6 228)	(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		120 609	99 569	–	106 372	106 372	8 297			99 569
Taxation		–	–	–	–	–	–	–		–
Surplus/(Deficit) after taxation		120 609	99 569	–	106 372	106 372	8 297			99 569
Attributable to minorities		–	–	–	–	–	–			–
Surplus/(Deficit) attributable to municipality		120 609	99 569	–	106 372	106 372	8 297			99 569
Share of surplus/ (deficit) of associate		–	–	–	–	–	–			–
Surplus/ (Deficit) for the year		120 609	99 569	–	106 372	106 372	8 297			99 569

5. Cash Flow Statement as at 31 July 2022

LIM473 Makhuduthamaga - Table C7 Monthly Budget Statement - Cash Flow - M01 July

Description	Ref	2020/21	Budget Year 2021/22							
		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	370	3 439	(3 069)	-89%	41 263
Service charges		109	99	-	4	4	8	(4)	-51%	99
Other revenue		35 025	35 930	-	572	572	2 994	(2 422)	-81%	35 930
Transfers and Subsidies - Operational		319 807	333 845	-	126 438	126 438	27 820	98 618	354%	333 845
Transfers and Subsidies - Capital		61 777	76 915	-	20 000	20 000	6 410	13 590	212%	76 915
Interest		3 224	1 800	-	643	643	150	493	329%	1 800
Dividends		-	-	-	-	-	-	-		-
Payments										
Suppliers and employees		(527 920)	(327 872)	-	(23 801)	(23 801)	(27 323)	(3 522)	13%	(327 872)
Finance charges		-	-	-	-	-	-	-		-
Transfers and Grants		-	-	-	-	-	-	-		-
NET CASH FROM/(USED) OPERATING ACTIVITIES		33 086	161 980	-	124 226	124 226	13 498	(110 728)	-820%	161 980
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)	-	(5 065)	(5 065)	(15 714)	(10 649)	68%	(188 569)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(90 659)	(188 569)	-	(5 065)	(5 065)	(15 714)	(10 649)	68%	(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)	(26 589)	-	119 161	119 161	(2 216)			(26 589)
Cash/cash equivalents at beginning:		162 439	-	-	106 014	106 014	-			106 014
Cash/cash equivalents at month/year end:		104 866	(26 589)	-	-	225 175	(2 216)			79 425

(Figures in RSA Rand)

2023

2022

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

223 345 157

224 440 425

Call account investment

-

-

223 345 209
224 440 447

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 July 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	
	31-July-22	30-Jun-22
ABSA BANK - 4050384145 - (Primary Cheque Account)	223 345 157	103 782 111
ABSA BANK - 4076690079 - (Salaries)	28 077	36 903
ABSA BANK - 4098981597 - (Solidarity Fund)	204 541	204 632
ABSA BANK - 2078073033 Term Deposit Investment	862 650	862 650
	224 440 425	104 886 296

Cash book balances	
30-Jun-23	30-Jun-22
223 668 668	103 136 936
437 914	36 903
205 709	204 632
862 650	862 650
225 174 941	104 241 121

6.2 Inventories

Inventories consists of:

Consumable stores

810 647

986 807

810 647
986 807

Reconciliation of Inventory

Opening Balance

986 807

954 893

Add: Receipts

0.00

4 003 745

Less: Issues

(176 160)

(3 971 830)

CLOSING BALANCE

810 647
986 807

(Figures in RSA Rand)

2023

2022

6.3 Receivables from non-exchange transactions

Gross balances

Rates	112 655 557	112 537 355
Traffic fines	1 430 947	1 422 597

114 086 504	113 959 952
--------------------	--------------------

Less: Allowance for impairment

Property Rates	(6 902 004)	(84 330 036)
Traffic Fines	(1 384 097)	(1 364 247)

(8 286 101)	(85 694 283)
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Net balances

Property Rates	105 753 553	28 207 319
Traffic Fines	46 850	58 350

105 800 403	28 265 669
--------------------	-------------------

6.4 Receivables from exchange transactions

Accrued Income (Interest on investment)	11 450	429 847
Other debtors	-	-

Waste collection	478 786	463 182
SALGA Levy & SAMEPA	21 764	1 305 496
	512 000	2 198 525

10.1. Other debtors (VAT receivable & receivables from exchange transaction)

VAT	13 075 607	20 076 456
	13 075 607	20 076 456

(Figures in RSA Rand)

2023

2022

VAT Reconciliation

Balance at the beginning of the year	20 076 456	16 075 779
Add: Net Refunds as per VAT receivable	-	39 806 005
Add: Current year VAT suspense - Retention amount	3 993 246	3 965 961
Less: Prior year suspense - Retention amount	(3 965 961)	(4 413 338)
Less: VAT Payments by SARS - Current year	(-)	(26 852 382)
Less: VAT payments by SARS - Previous year	(7 028 133)	(8 505 569)
Adjustments	-	-
	13 075 607	20 076 456

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	Carrying value	Cost/Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	8 215 070	(8 148 582)	66 488	8 215 070	(8 138 159)	76 911
Work In Progress	0.00	0.00	0.00	0.00	0.00	0.00
	8 215 070	(8 148 582)	66 488	8 215 070	(8 138 159)	76 911

Reconciliation of intangible assets - 2023

	Opening balance	Additions	Transfers	Amortisation	Total
Computer software	76 911	0.00	0.00	(10 423)	66 488
Work In Progress	0.00	0.00	0.00	0.00	0.00
	76 911	0.00	0.00	(10 423)	66 488

Reconciliation of intangible assets - 2022

(Figures in RSA Rand)

2023

2022

	Opening balance	Additions	Transfers	Amortisation	Total
Computer software	582 796	0.00	0.00	(505 885)	76 911
Work In Progress	0.00	0.00	0.00	0.00	0.00
	582 796	0.00	0.00	(505 885)	76 911

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		Cost/Valuation	Accumulated amortisation and accumulated impairment	
Investment property	209,500	0.00	Investment property	209,500	0.00	Investment property
	209,500	0.00		209,500	0.00	

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

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 Land data Valuations (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

2022				2021		
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			6 858 064	16 471 695	(5 199 916)	11 271 780

	16 471 695	(9 613 631)				
Buildings	53 003 198	(17 150 554)	41 189 066	52 286 492	(15 026 444)	37 260 049
Furniture and fixtures	9 598 611	(7 159 095)	2 468 416	6 619 692	(4 188 012)	2 431 681
Motor vehicles	38 032 703	(28 816 446)	9 216 257	35 664 681	(25 138 133)	10 526 548
Road Infrastructure	313 813 788	(126 022 835)	187 790 953	313 813 788	(110 132 847)	203 680 941
Electrical Infrastructure	7 297 566	(5 303 295)	1 994 271	7 297 566	(4 817 988)	2 479 578
Stormwater Infrastructure	30 726 102	(13 702 890)	17 023 212	30 726 102	(11 786 060)	18 940 042
IT equipment	26 349 789	(20 708 700)	5 641 089	23 741 796	(17 356 438)	6 385 358
Loose tools	4 437 816	(3 321 205)	1 116 611	3 611 961	(3 025 396)	586 565
Community Halls	14 402 779	(3 413 325)	10 989 455	14 402 779	(2 728 038)	11 674 741
Capital work in progress	48 964 391	0.00	48 964 391	13 188 060	0.00	13 188 060

(Figures in RSA Rand)

2023

2022

568 728 758

(235 211 975)

333 516 783

541 396 434

(203 214 389)

338 782 044

6.9 Payables from exchange transactions

Trade payables	881 922	4 194 558
Income received in advance	840 580	806 712
Creditor: Ward committee	13 201	13 201
Leave provision	12 227 665	12 407 987
Bonus provision	2 754 616	2 779 508
Unknown deposits	0.00	33 462
Retentions	19 944 796	19 735 614
	36 662 780	39 971 042

6.10 Unspent Conditional grants and receipts

Unspent conditional grants and receipts comprises of:

LG SETA Discretionary Grant	101 100	-
Financial Management Grant	-	-
DOE(Department of Mineral and Energy)	-	-
EPWP Grant	-	-
Municipal Infrastructure Grant	19 818 814	-
	19 919 914	-

6.11 Defined benefit obligation

Post-employment Medical Aid Benefits	-	5 008 000
	-	5 008 000

Long service awards

Long Service Awards Liability

Long service awards - current liability	-	63 010
Long service awards - Non-current liability	-	3 629 990
	-	3 693 000

6.12 Revenue

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

(Figures in RSA Rand)

2023

2022

Rental of facilities and equipment	9 862	84 105
Licences and permits	512 317	5 372 554
Gains on disposal of PPE	-	-
Tender Documents	20 452	74 992
Interests earned on Bank & Investment accounts	642 992	2 990 795
Refuse removal	13 564	150 252
Other income	11 886	261 236
	1 211 073	8 933 934

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

Property rates	3 958 506	47 502 075
Interest on outstanding debtors	898 510	38 363 239
Traffic fines	166 150	258 600
Transfers and subsidies	146 554 100	381 772 602
Actuarial Gains	-	-

151 577 266 467 896 516

152 788 339 505 127 126

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)	-	1 650 000
Integrated National Electrification (DOE Grant)	-	20 000 000
Municipal Disaster Grant Management	-	-
EPWP Grant	-	1 825 000
LG SETA - Discretionary Grant	116 100	152 097
	146 554 100	381 772 602

6.14 Interest on investments

Bank & Investments	642 992	2 990 795
	642 992	2 990 795

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	898 510	38 363 239
	898 510	38 363 239

NB. All interests relates to property rates outstanding debts.

6.16 Property rates

Rates – revenue

Commercial	593 776	14 137 806
State	3 166 805	30 775 757
Agricultural	197 925	2 588 512
	3 958 506	47 502 075

Valuations

Residential	81 382 000	81 382 000
Commercial	918 724 200	918 724 200
State	1 981 400 000	1 981 400 000
Municipal	48 442 000	48 442 000
Social	37 633 000	37 633 000
	3 067 581	3 067 581

- Valuations on land and buildings are performed every 5years. The first general valuation came into effect on 1 July 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 2016 and it ends on the 30th of July 2021

6.17 Actuarial gain/ (Loss)

Long service awards - Actuarial Gain/(Loss)	-	332 523
Post-employment medical aid - Actuarial gain/(Loss)	-	769 000
	-	1 101 523

6.18 Traffic fines

Traffic fines	166 150	258 600
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(Figures in RSA Rand)

2023

2022

166 150

258 600

The municipality issued traffic fines to a total value of **R 166 150** as at 31 July 2022, and the amount collected for the traffic fines as at 31 July 2022 is **R 16 650** which is 10 % of the value amount of tickets issued as at end of the 31 July 2022.

6.19 Employee related costs

Basic	4 599 847	50 758 059
Bonus	630 271	3 808 422
Medical aid - company contributions	431 422	5 162 974
UIF	32 114	356 427
SDL	68 180	729 019
Leave pay provision charge	-	1 250 779
Pension contribution	841 533	9 092 451
Overtime payments	177 554	1 217 021
Post-employment benefits costs	-	258 060
Car allowance	1 137 494	12 072 260
Housing benefits and allowances	263 533	2 803 633
Bargaining Council	1 966	20 909
Clothing allowance	1 604	38 575
Cell phone allowance	191 578	2 109 362
	8 377 096	89 677 951

Municipal Manager (Ms Rampedi MN)

Basic salary	-	640 552
Travel allowance	-	261 687
Cell phone allowance	-	-
Leave payout	-	204 381
Travel claim	10 309	14 121
Contributions to medical aid	-	85 447
Contributions to UIF	22	2 148
SDL	-	12 623
SALGBE	22	124
Remote allowance	-	41 540
Retirement annuity contributions	-	78 004
	10 353	1 340 627

Chief Financial Officer (Mr Moganedi R.M)

Basic salary	44 722	498 335
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(Figures in RSA Rand)

	2023	2022
Travel allowance	22 361	239 529
Cell phone allowance	3 727	39 083
Housing allowance	-	5 712
Travel claims	-	3 406
Contributions to medical aid	3 727	46 760
Contributions to UIF	177	1 948
SDL	719	9 882
Leave payout	-	171 357
SALGBE	11	113
Remote allowance	1 789	22 489
	77 233	1 038 614
Acting Chief Financial officer for BTO 2021/22 (Mr Makgalemane T.M.)		
Acting allowance	-	36 571
(Acting duration was for 1 month from 1 august 2021 to 31 august 2021)	-	36 571
Senior manager: Corporate services (Ms Mahlare M.A)		
Basic salary	44 722	536 668
Travel allowance	19 274	231 286
Medical aid contributions	10 383	124 596
Long service	-	41 276
UIF	177	2 125
SALGBE	11	124
SDL	654	8 251
Travel claims	1 611	18 084
Remote	2 982	35 778
	79 814	998 188
Senior manager: Community services (Ms Marishane M.E)		
Basic salary	44 722	536 668
Travel allowance	16 413	196 956
Cell phone allowance	2 195	26 344
Housing allowance	5 963	71 560
Travel claims	-	6 856
Long service	-	20 638
Pension contributions	5 085	61 022
UIF	177	2 125
SALGBE	11	124
SDL	656	8 094
Remote allowance	2 982	35 778

(Figures in RSA Rand)

2023

2022

78 204

966 165

Senior Manager: Infrastructure Development (Mr Segale M.A)

Basic salary	44 722	536 668
Travel allowance	16 208	194 493
Cell phone allowance	2 288	27 450
Medical contribution	11 162	133 939
UIF	177	2 125
SALGBE	11	124
SDL	741	9 101
Remote allowance	2 982	35 778
Long service	-	20 638
	78 291	960 316

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

Basic salary	44 722	536 668
Travel allowance	11 181	134 167
Cell phone allowance	1 593	19 119
Pension contribution	9 839	118 067
Medical aid contribution	7 044	84 529
UIF	177	2 125
SALGBE	11	124
SDL	751	9 015
Travel claim	-	-
Remote allowance	2 982	35 778
	78 300	939 592

6.20 Remuneration and allowances of councillors

Mayor	94 691	936 914
Council speakers	76 440	757 877
Executive Committee Members	470 470	4 641 788
Other councillors basic salary	1 028 383	9 881 118
Councillors pension contribution	181 427	1 687 326

(Figures in RSA Rand)

2023

2022

Travel allowance	404 489	3 873 340
Travel claims	29 879	27 123
Cell phone allowance	176 800	2 091 649
Skills development levy	13 966	134 007
Data cards (61 councillors)	-	183 997
	1 834 945	24 215 139

Remuneration and allowances of selected members of the council

Remuneration and allowances for the Cllr Maitula B.M

Basic salary	57715	565 262
Travel allowance	0.00	0.00
Cell phone allowance	3400	40 800
Contributions to pension fund	32818	320 076
SDL and Data card	758	10 776
	94 691	936 914

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

Basic salary	-	161 612
Travel allowance	-	-
Cell phone allowance	-	14 507
Contributions to pension	-	88 879
SDL and Data card	-	2 703
	-	267 701

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

Basic salary	46172	291 424
Travel allowance	-	-
Cell phone allowance	3400	26 293
Contributions to pension	26 255	165 712
SDL and Data card	613	6 748.00
	76 440	490 177

Remuneration and allowances of members of the executive committee

Basic salary	274 752	2 693 759
Travel allowance	107 746	997 229

(Figures in RSA Rand)

2023

2022

Cell phone allowance	30 600	370 827
Pension fund Medical & SDL	52 037	496 001
Travel claims and Data card	5 336	83 973
	470 471	4 641 789

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	2 493 157	31 997 586
Intangible assets	10 423	505 885
	2 503 580	32 503 471

6.22 Assets impairment

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

The municipality has completed an asset verification process for the period ended 31 July 2021 and no impairment loss identified and reported.

6.23 Finance Costs

Interest cost: Employee benefit obligations	-	465 000
Interest cost: Landfill site provision	-	1 051 943
	-	1 516 943

6.24 Contracted Services

Repairs and Maintenance: Other Assets	1 711 032	22 501 578
Repairs and Maintenance: Infrastructure Assets	4 182 000	42 182 417
Operating Lease and Cash collection	629 110	4 229 090
Solid waste collection	1 349 074	25 179 067
Development of valuation roll	-	-

(Figures in RSA Rand)

	2023	2022
Cleaning and Security services & other	2 102 164	21 172 074
Publications VAT recovery services Spatial Planning & GIS	985 920	19 185 620
	10 959 300	134 449 846
6.25 Grants and subsidies paid		
Indigents grants (Free Basic Electricity) & other	1 791 308	2 895 169
	1 791 308	2 895 169
6.26 Capital expenditure written-off (D Roads)		
Property Plant and Equipment	3 637 950	47 737 671
	3 637 950	47 737 671

In terms of the General Notice 217 of 2014 ownership and jurisdiction of roads by municipality in Limpopo Province is listed in schedule B of the notice. The municipality has constructed roads under the ownership of Roads Agency Limpopo SOC Limited (RAL) in terms of the Notice during the 2020/21 financial year. The roads cannot be capitalised and will have to be written off at year end and as at 31 July 2022 the expenditure for D roads was R52 942 675

6.27 General expenses

1. Advertising	55 000	665 526
2. Bank charges	14 710	128 049
3. Consulting and professional fees	-	1 676 623
4. Consumables	-	-
5. Entertainment	-	-
6. Insurance	32 000	1279 325
7. IT operating expenses	245 250	1 235 856
8. Marketing	30 000	245 200
9. Promotions and sponsorships	-	1 333 239
10. Fleet Management & System	21 410	88 564
11. Fuel and oil	385 652	4 103 057
12. Printing and stationery	-	3 821 880
13. Protective clothing	-	-
14. Environmental care expense	-	-
15. Telecommunications	165 852	1 302 741
16. Training	-	362 256
17. Travel and accommodation	249 667	369 634
18. LED forum and summit	-	-
19. Spatial planning - demarcation of sites	-	-

(Figures in RSA Rand)

	2023	2022
20. Water and electricity	210 000	2 322 707
21. Sitting allowance ex-officio	-	68 000
22. Publications	-	7 426 210
23. Audit committee support	48 000	403 170
24. Bursary fund	254 250	3 929 413
25. Legal costs and Development of by-laws	-	1 972 972
26. Customer care	-	28 899
27. Financial System support	410 250	4 973 270
28. Vehicle tracking	18 500	88 564
29. Stipend	-	-
30. Disaster relief fund	-	1 872 094
31. EPWP	321 000	4 386 790
	2 461 541	42 652 813

6.28 Provision - Rehabilitation of Landfill Site

Provision	18 730 537	18 730 537
	18 730 537	18 730 537

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 July 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 18 730 537** as at the 30th of July 2019 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	84 063	114 166
	84 063	114 166

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

6.30 Operating lease

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	1 628 232
More than one year but less than five years of the reporting date	3 540 975	-
	4 571 956	1 628 232

6.31 Commitments

Authorised operating and capital expenditure

Operational commitments

Approved and contracted	157 035 817	120 068 987
	157 035 817	120 068 987

Capital commitments

Approved and contracted	88 357 205	92 897 366
	88 357 205	92 897 366

Total commitments

245 393 022	178 250 573
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6.32 Related parties

Related party transactions

Section 57 Employees

Municipal Manager (Ms Rampedi M.N)	10 353	1 340 627
Senior Manager: Corporate Services (Ms. Mahlare M.A	79 814	998 188
Senior Manager: Community Services (Ms. Marishane M.E)	78 204	966 165
Senior Manager: Budget & Treasury(CFO) (Mr. Moganedi R.M)	77 233	1 038 614

(Figures in RSA Rand)

2023

2022

Senior Manager: Economic Development & Planning (Mr. Thabela A.P)	78 300	939 592
Senior Manager: Infrastructure Development (Mr. Segale M.A)	78 291	960 316
	402 195	6 243 502

South African Local Government Association

Annual membership fee	1 305 495	1 062 900
	1 374 206	1 062 900

62 Councillors

Remuneration of Councillors	1 834 945	23 596 632
	1 834 945	23 596 632

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	23 430 235	2 885 734
Receivables from exchange transactions	1 754 284	1 231 496
Cash & Cash equivalents	168 221 168	14 290 363
VAT Receivable	13 203 526	34 494 539
Maximum exposure	206 609 213	52 902 132

6.33 Unauthorised expenditure

Opening balance	205 185 199	167 098 342
Current year	-	38 086 857
Less amounts: written-off by council	-	(0.00)

(Figures in RSA Rand)

2023

2022

205 185 199

205 185 199

6.34 Fruitless and wasteful expenditure.

Opening balance	571 999	571 999
Current year	-	-
Paid/written off by council	-	-
	571 999	571 999

6.35 Irregular expenditure

Opening balance	214 461 156	187 293 956
Add: Irregular Expenditure - current year	14 170	27 167 200
Less: Amounts written-off by council	(-)	(-)
	214 446 986	214 461 156

6.36 Additional disclosure in terms of Municipal Finance Management Act

Audit fees

Amount incurred current year	-	4 191 441
Amount paid - current year	(-)	(4 191 441)
	-	-

PAYE and UIF

Amount incurred current year	1 805 684	18 530 032
Amount paid - current year	(1 805 684)	(18 530 032)
	-	-

Pension and Medical Aid funds deductions

Amount incurred current year	2 260 981	24 188 465
Amount paid - current year	(2 260 981)	(24 188 465)
	-	-

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
	1 st July 2022	Opening Balance	Opening Balance	R 0
		0	0	R 0
TOTAL (Closing Balance as at 31 July 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 July 2022	Opening Balance	Opening Balance	R 0
1.	July 2022	CIGFARO	Registration fees	R 16 396.00
2.	July 2022	The Institute of Internal Auditors	Membership renewal	R 14 791.88
3.	July 2022	Truvelo African Electronics Division	Calibrate 4 x Traffic speed Camera and 1 x battery	R 27 251.47
	TOTAL (Closing Balance as at 31 July 2022)			R 58 439.35

(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
	01 st July 2022	Opening Balance	Opening Balance	R 0
1.	31 th July 2022	BP	Fuel for Municipal Vehicle	R 29 616.66
2.	31 th July 2022	Shell	Fuel for Municipal Vehicle	R 70 011.45
3.	31 th July 2022	Bapedi Filling Station	Fuel for Municipal Vehicles	R 16 377.62
4.	31 th July 2022	Moloi Filling Station	Fuel for Municipal Vehicles	R 29 616.66
TOTAL (Closing Balance as at 31 July 2022)				R 376 751.85

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”.

- Adoption of SCM Policy
The Council has adopted an SCM policy in terms of SCM regulation 3
- Staff Employed in SCM unit
The unit comprise of six filled posts.
- Job descriptions
The posts have job descriptions
- Implementation Plan for SCM
Detailed Procurement Plan has been developed. The plan is updated on daily basis and serves on monthly reports
- Needs assessment.
Necessary needs assessment undertaken before each acquisition through user Dept.
- 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

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.