



MAKHUDUTHAMAGA

LOCAL MUNICIPALITY

Mmogo re šomela dipheto go!

Department	Budget and Treasury Office
Document Name	Financial Management Report
Period	31 March 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

- a. The municipality's total actual operational revenue as at end of March 2022 amounts to R **368 959 509** and total actual operational expenditure of R **260 294 499** translating in to an operational surplus of R **108 665 010**. Capital expenditure as at the end of March 2022 amounted to R **58 568 591**. The following table summarises the overall revenue and expenditure performance as at the end of March 2022:

N.B. Amounts are in "R000"

Description	2020/21 Audited outcome	2021/22 YTD Budget	2021/22 YTD Actual	2021/22 YTD Variance
Total Operational revenue	434 174	304 292	368 960	(64 668)
Total operational expenditure	(400 819)	(291 802)	(260 295)	(31 507)
Operating Surplus/Deficit	33 355	12 490	108 665	(96 176)
Capital transfers and grants	70 953	49 220	33 607	15 613
Net Surplus/Deficit after capital transfers	104 308	61 710	142 272	(80 562)

1.2. Budgeted Revenue and Actual Revenue to date

- The municipality's total actual revenue as at 31 March 2022 is R **402 566 917** which amounts to **114%** of the total to date budgeted revenue to the amount of R **353 511 951**
- From the total actual revenue recorded as at the end of March 2022 R **336 603 265** is from government grants and transfers and the remaining balance of R **69 624 496** 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) - M09 March

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	11.10	41 315	50 077	50 077	3 696	33 268	37 558	(4 289)	-11%	50 077
Service charges - electricity revenue		-	-	-	-	-	-	-		-
Service charges - water revenue		-	-	-	-	-	-	-		-
Service charges - sanitation revenue		-	-	-	-	-	-	-		-
Service charges - refuse revenue	11.6	135	156	156	13	113	117	(4)	-3%	156
Rental of facilities and equipment	11.23	114	138	138	5	54	104	(49)	-48%	138
Interest earned - external investments	11.8	1 653	1 650	1 650	310	1 564	1 238	327	26%	1 650
Interest earned - outstanding debtors	11.9	40 171	41 873	26 873	3 433	30 118	20 155	9 963	49%	26 873
Dividends received		-	-	-	-	-	-	-		-
Fines, penalties and forfeits	11.12	3	155	55	23	140	41	99	240%	55
Licences and permits		-	-	-	-	-	-	-		-
Agency services		-	6 800	-	-	-	-	-		-
Transfers and subsidies	11.6	344 951	299 807	319 807	74 314	299 335	239 855	59 480	25%	319 807
Other revenue	11.6	5 774	167	6 967	498	4 367	5 225	(858)	-16%	6 967
Gains		(1 433)	-	-	-	-	-	-		-
Total Revenue (excluding capital transfers and contributions)		432 683	400 822	405 722	82 292	368 960	304 292	64 668	21%	405 722
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		70 953	85 627	65 627	5 687	33 607	49 220	(15 613)	(0)	65 627
Total Revenue (including capital transfers and contributions)		503 636	486 449	471 349	87 979	402 567	353 512	49 055	(0)	471 349

- The municipality's overall collection rate is **69%** as at 31 March 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 **17%** in the previous quarter ended 31 December 2021. 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	2021/22 (Current Year Mid-Year)			2020/21 (PY Mid-Year)		
	Actual revenue billed (R000)	Actual revenue collected (R000)	% collected	Actual revenue billed (R000)	Actual revenue collected (R000)	% Collected
Property rates	33 268	31 734	95%	20 600	6 310	31%
Property rates (Government)	144 517	110 729	77%	-	-	-
Refuse removal	113	81	72%	59	25	42%
Rental of facilities & Equip	50	50	100%	55	55	100%
Interests on bank and investments	1 564	1 564	100%	689	689	100%
Interests on outstanding debtors	30 118	0	0%	19 174	0	0%
Traffic fines	140	2	1%	0	0	0%
Agency income and other income	4 381	4 381	100%	3 225	3 225	100%
Totals	214 151	148 541	69%	43 802	10 304	24%

- The following are the challenges and recommendations for implementation to improve revenue generation and collection in the next quarters of the financial year 2021/22 and the MTREF:
- The following are the challenges and recommendations for implementation to improve revenue generation and collection in

No	Challenges	Progress made to date	Recommendations
1.	Non-payment of property rates for government properties.	<ul style="list-style-type: none"> - Payment to the amount of R131 million was received from the Limpopo Department of Public Works for the signed MOU by the municipality and the department. - 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. - Department requested that Council write off the interests charged on the overdue accounts to make the debt affordable for them and to avoid audit findings. 	<ul style="list-style-type: none"> - Provide additional budget for property valuation during adjustment budget to be able to start the revaluation requested by the department to conclude on the debt of R300 million excluded from the settlement agreement pending the revaluation process. - Department's request for council to write off the interests charged on the long outstanding debts be considered and approved by council as the MOU has been signed with the Department of Public Works.

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. 	<ul style="list-style-type: none"> - A meeting between the municipality, traditional leaders CoGHSTA and the affected business owners be held in February 2022 to resolve their allegation that they pay levies at their respective traditional authorities. - 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.

- the next quarters of the financial year 2021/22 and the MTREF:

1.3. Budgeted Expenditure and Actual Expenditure to date

- a. The municipality's total actual expenditure amounts of **R 318 863 090** at 31 March 2022. This amounts to **80%** of the total budgeted expenditure to date to the amount of **R 398 201 030**

1.3.1. Operational Expenditure.

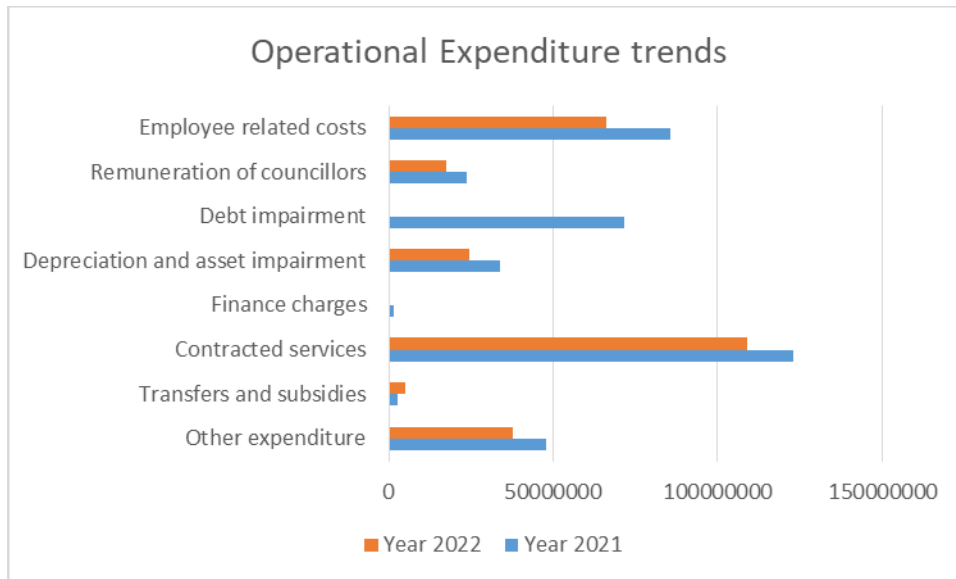
- a. The total operational expenditure as at 31 March 2022 amounts to **R 260 294 499** which equates to **89%** of the total operational budget to date of **R 291 802 290**. The municipality has under spent by 11% as compared to the budgeted expenditure to date.

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

LIM473 Makhuduthamaga - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M09 March

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	11.13	85 247	106 419	100 063	7 097	66 109	75 048	(8 938)	-12%	100 063
Remuneration of councillors	11.14	23 491	25 084	23 920	2 000	17 512	17 940	(428)	-2%	23 920
Debt impairment	11.16	71 808	41 873	6 873	–	–	5 155	(5 155)	-100%	6 873
Depreciation & asset impairment	11.15	32 389	29 199	35 486	2 749	24 606	26 614	(2 009)	-8%	35 486
Finance charges	11.17	1 517	–	–	–	–	–	–		–
Bulk purchases - electricity		–	–	–	–	–	–	–		–
Inventory consumed	10.2	2 350	3 500	2 500	590	2 644	1 875	769	41%	2 500
Contracted services	11.18	140 554	112 662	173 775	16 129	109 121	130 331	(21 210)	-16%	173 775
Transfers and subsidies	11.19	4 777	5 200	7 200	522	5 128	5 400	(272)	-5%	7 200
Other expenditure	11.21	38 685	37 339	39 253	5 563	35 175	29 439	5 736	19%	39 253
Losses		–	–	–	–	–	–	–		–
Total Expenditure		400 819	361 276	389 070	34 649	260 294	291 802	(31 508)	-11%	389 070

- c. The following bar chart highlights the expenditure trends as at end of March 2022 as compared to the prior year ended 30 June 2021:



1.3.2. Capital Expenditure

- The total capital expenditure as at 31 March 2022 amounts to **R 58 568 591** which equates to **55%** of the **R 106 398 740** to-date budget. The municipality has underspent by **45%** on capital expenditure.
- 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) - M09 March

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										
Governance and administration		34 521	3 700	16 900	22	7 551	12 675	(5 124)	-40%	16 900
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		34 521	3 700	16 900	22	7 551	12 675	(5 124)	-40%	16 900
Internal audit		-	-	-	-	-	-	-	-	-
Economic and environmental services		57 459	121 473	124 965	4 066	51 017	93 724	(42 707)	-46%	124 965
Planning and development		-	50	50	-	-	38	(38)	-100%	50
Road transport		57 459	121 423	124 915	4 066	51 017	93 686	(42 669)	-46%	124 915
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		2 457	-	-	-	-	-	-	-	-
Waste management		2 457	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	3	94 437	125 173	141 865	4 088	58 569	106 399	(47 830)	-45%	141 865
Funded by:										
National Government		94 437	125 173	141 865	4 088	58 569	106 399	(47 830)	-45%	141 865
Total Capital Funding		94 437	125 173	141 865	4 088	58 569	106 399	(47 830)	-45%	141 865

1.3.3. Grants expenditure.

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

LIM473 Makhuduthamaga - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M09 March										
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:		–	319 807	319 807	28 382	201 490	239 855	(38 365)	-16.0%	319 807
Local Government Equitable Share	11.7	341 931	296 332	296 332	25 074	194 700	222 249	(27 549)	-12.4%	296 332
Finance Management	11.7	1 700	1 650	1 650	72	1 304	1 238	67	5.4%	1 650
Municipal Systems Improvement	11.7	–	–	–	–	–	–	–	–	–
EPWP Incentive	11.7	1 168	1 825	1 825	443	1 825	1 369	456	33.3%	1 825
Integrated National Electrification Programme	11.7	–	20 000	20 000	2 793	3 661	15 000	(11 339)	-75.6%	20 000
Total operating expenditure of Transfers and Grants:		344 799	319 807	319 807	28 382	201 490	239 855	(38 365)	-16.0%	319 807
Capital expenditure of Transfers and Grants										
National Government:		70 953	65 627	65 627	3 825	63 937	49 220	14 717	29.9%	65 627
Municipal Infrastructure Grant (MIG)	11.7	70 953	65 627	65 627	3 825	63 937	49 220	14 717	29.9%	65 627
Total capital expenditure of Transfers and Grants		70 953	65 627	65 627	3 825	63 937	49 220	14 717	29.9%	65 627
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		415 752	385 434	385 434	32 207	265 427	289 076	(23 648)	-8.2%	385 434

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

Conditional Grant details	Budget for the year	Grant received	Grant expenditure	Received %	Spending %
FMG	1 650 000	1 650 000	1 304 328	100	79
EPWP	1 825 000	1 825 000	1 825 000	100	100
MIG	65 627 000	65 627 000	63 937 359	100	97
INEP	20 000 000	20 000 000	3 660 827	100	18

Conditional Grant details	Narration for Under/Over spending
FMG	None
EPWP	None
MIG	None
INEP	Lack of capacity issues on the existing network for electrification.



MAKHUDUTHAMAGA
LOCAL MUNICIPALITY

LIM473 - Budget and Treasury Office – Financial Management Report 2021/22

(Figures in RSA Rand)

2022

2021

1.3.4. 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 %
Infrastructure Development	178 950 748.00	121 936 245.00	90 095 641.00	74
Community Services	54 284 066.00	48 665 731.00	36 989 954.00	76
Corporate Services	16 270 592.00	14 945 000.00	11 878 965.00	79
Budget and Treasury Office	158 919 222.00	143 667 965.00	119 272 922.00	83
Local Economic development and planning	16 471 451.00	11 025 036.00	9 246 654.00	84
Executive & Council	61 553 193.00	57 961 053.00	51 378 954.00	89
Total	486 449 272.00	398 201 030.00	318 863 090.00	80

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 March 2022

▪ Liquidity ratios

a. Current ratio

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

2022	2021
R 320 217: R 26 770	R 32 746: R 85 316
11.96: 1	0.85:1

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 **11.96:1** that may 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 June 2022.

b. Debt ratio

Total Liabilities/Total Assets) x 100

2022	2021
R 39 178 / R 637 276 X 100%	R 96 486 / R 395 543 X 100%
=6.15%	=24.4%

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 decreased from 24.4% to 6.15% 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

2022	2021
(R 368 960 – R 260 294)/ R 368 960 x 100	(R 427 048 – R 432 905)/ 427 048 x 100
= 29.45%	= (1.37)%

- 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 **29.45%** for the period ended 31 March 2022 which shows a significant improvement from the prior of -1.37% 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)

2022	2021
$\frac{(R\ 292\ 693 + R\ 61\ 126) - (R\ 314\ 122 - R0)}{R\ 61\ 126} \times 100\%$ <p>= 69%</p>	$\frac{(R474\ 502 + R\ 89\ 198) - (R\ 546\ 515 - R0)}{R\ 89\ 198} \times 100\%$ <p>= 19.26%</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 March 2022

LIM473 Makhuduthamaga - Table C6 Monthly Budget Statement - Financial Position - M09 March

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	10.1	13 519	51 549	104 325	242 757	104 325
Call investment deposits	10.1	863	—	—	—	—
Consumer debtors		544 904	38 700	2 700	75 150	2 700
Other debtors		18 475	17 380	9 380	671	9 380
Current portion of long-term receivables		—	—	—	—	—
Inventory	10.2	1 115	1 127	1 127	1 639	1 127
Total current assets		578 875	108 757	117 532	320 217	117 532
Non current assets						
Long-term receivables		—	—	—	—	—
Investments		—	—	—	—	—
Investment property	11.1	210	210	210	210	210
Investments in Associate		—	—	—	—	—
Property, plant and equipment	11.2	385 088	346 900	442 034	316 797	442 034
Biological		—	—	—	—	—
Intangible	10.6	583	1 556	633	52	633
Other non-current assets		—	—	—	—	—
Total non current assets		385 880	348 666	442 876	317 059	442 876
TOTAL ASSETS		964 755	457 423	560 409	637 276	560 409
LIABILITIES						
Current liabilities						
Bank overdraft		—	—	—	—	—
Borrowing		—	—	—	—	—
Consumer deposits		—	—	—	—	—
Trade and other payables	11.3	41 249	36 151	36 151	23 990	36 151
Provisions	11.3	486 277	130	130	2 780	130
Total current liabilities		527 526	36 281	36 281	26 770	36 281
Non current liabilities						
Borrowing		—	—	—	—	—
Provisions	11.3	84 487	23 503	—	12 408	23 503
Total non current liabilities		84 487	23 503	—	12 408	23 503
TOTAL LIABILITIES		612 013	59 784	36 281	39 178	59 784
NET ASSETS		352 742	397 640	524 128	598 099	500 625
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		352 742	397 640	524 128	598 099	500 625
Reserves		—	—	—	—	—
TOTAL COMMUNITY WEALTH/EQUITY		352 742	397 640	524 128	598 099	500 625

4. Statement of Financial Performance as at 31 March 2022

LIM473 Makhuduthamaga - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M09 March

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	11.10	41 315	50 077	50 077	3 696	33 268	37 558	(4 289)	-11%	50 077
Service charges - electricity revenue		-	-	-	-	-	-	-		-
Service charges - water revenue		-	-	-	-	-	-	-		-
Service charges - sanitation revenue		-	-	-	-	-	-	-		-
Service charges - refuse revenue	11.6	135	156	156	13	113	117	(4)	-3%	156
Rental of facilities and equipment	11.23	114	138	138	5	54	104	(49)	-48%	138
Interest earned - external investments	11.8	1 653	1 650	1 650	310	1 564	1 238	327	26%	1 650
Interest earned - outstanding debtors	11.9	40 171	41 873	26 873	3 433	30 118	20 155	9 963	49%	26 873
Dividends received		-	-	-	-	-	-	-		-
Fines, penalties and forfeits	11.12	3	155	55	23	140	41	99	240%	55
Licences and permits		-	-	-	-	-	-	-		-
Agency services		-	6 800	-	-	-	-	-		-
Transfers and subsidies	11.6	344 951	299 807	319 807	74 314	299 335	239 855	59 480	25%	319 807
Other revenue	11.6	5 774	167	6 967	498	4 367	5 225	(858)	-16%	6 967
Gains		(1 433)	-	-	-	-	-	-		-
Total Revenue (excluding capital transfers and contributions)		432 683	400 822	405 722	82 292	368 960	304 292	64 668	21%	405 722
Expenditure By Type										
Employee related costs	11.13	85 247	106 419	100 063	7 097	66 109	75 048	(8 938)	-12%	100 063
Remuneration of councillors	11.14	23 491	25 084	23 920	2 000	17 512	17 940	(428)	-2%	23 920
Debt impairment	11.16	71 808	41 873	6 873	-	-	5 155	(5 155)	-100%	6 873
Depreciation & asset impairment	11.15	32 389	29 199	35 486	2 749	24 606	26 614	(2 009)	-8%	35 486
Finance charges	11.17	1 517	-	-	-	-	-	-		-
Bulk purchases - electricity		-	-	-	-	-	-	-		-
Inventory consumed	10.2	2 350	3 500	2 500	590	2 644	1 875	769	41%	2 500
Contracted services	11.18	140 554	112 662	173 775	16 129	109 121	130 331	(21 210)	-16%	173 775
Transfers and subsidies	11.19	4 777	5 200	7 200	522	5 128	5 400	(272)	-5%	7 200
Other expenditure	11.21	38 685	37 339	39 253	5 563	35 175	29 439	5 736	19%	39 253
Losses		-	-	-	-	-	-	-		-
Total Expenditure		400 819	361 276	389 070	34 649	260 294	291 802	(31 508)	-11%	389 070
Surplus/(Deficit)		31 864	39 546	16 653	47 643	108 665	12 489	96 176	0	16 653
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		70 953	85 627	65 627	5 687	33 607	49 220	(15 613)	(0)	65 627
Surplus/(Deficit) after capital transfers & contributions		102 817	125 173	82 280	53 330	142 272	61 710			82 280
Taxation		-	-	-	-	-	-	-		-
Surplus/(Deficit) after taxation		102 817	125 173	82 280	53 330	142 272	61 710			82 280
Attributable to minorities		-	-	-	-	-	-			-
Surplus/(Deficit) attributable to municipality		102 817	125 173	82 280	53 330	142 272	61 710			82 280
Share of surplus/ (deficit) of associate		-	-	-	-	-	-			-
Surplus/ (Deficit) for the year		102 817	125 173	82 280	53 330	142 272	61 710			82 280

5. Cash Flow Statement as at 31 March 2022

LIM473 Makhuduthamaga - Table C7 Monthly Budget Statement - Cash Flow - M09 March

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		9 477	19 970	160 545	70 684	138 585	14 978	123 607	825%	160 545
Service charges		–	156	56	35	88	117	(28)	-24%	56
Other revenue		6 020	7 105	30 856	503	31 192	5 329	25 863	485%	30 856
Transfers and Subsidies - Operational		345 041	319 807	319 807	71 725	208 672	239 855	(31 183)	-13%	319 807
Transfers and Subsidies - Capital		70 953	65 627	65 627	20 858	66 777	49 220	17 557	36%	65 627
Interest		1 653	–	1 650	310	1 563	1 238	325	26%	1 650
Dividends		–	–	–	–	–	–	–		–
Payments										
Suppliers and employees		(314 536)	(281 504)	(339 511)	(31 176)	(223 228)	(211 128)	12 100	-6%	(339 511)
Finance charges		–	–	–	–	–	–	–		–
Transfers and Grants		(89 175)	(5 200)	(7 200)	–	–	–	–		(7 200)
NET CASH FROM/(USED) OPERATING ACTIVITIES		29 433	125 961	231 830	132 938	223 649	99 608	(124 041)	-125%	231 830
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		58	–	–	–	–	–	–		–
Decrease (increase) in non-current receivables		–	–	–	–	–	–	–		–
Decrease (increase) in non-current investments		–	–	–	–	–	–	–		–
Payments										
Capital assets		(26 392)	(125 173)	(141 865)	(4 088)	(59 566)	(93 880)	(34 314)	37%	(141 865)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(26 334)	(125 173)	(141 865)	(4 088)	(59 566)	(93 880)	(34 314)	37%	(141 865)
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		3 100	787	89 965	128 850	164 077	5 728			89 965
Cash/cash equivalents at beginning:		11 261	–	–	78 680	78 680	–			78 680
Cash/cash equivalents at month/year end:		14 360	787	89 965		242 757	5 728			168 644

(Figures in RSA Rand)

2022

2021

6. Notes to the 3rd Quarter Financial Report (Statements).

10.1. Cash and cash equivalents

Cash and cash equivalents consists of:

Cash on hand	52	775
Bank balances	243 870 284	14 359 535
Call account investment	-	-
	243 870 336	14 360 310

Short-term Investments

The municipality had no short-term investments with any financial institution during the 2021/22 financial year and the municipality did not have any investment as at the ended of 31 March 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	
	31-March-22	30-Jun-21	31-March-22	30-Jun-21
ABSA BANK - 4050384145 - (Primary Cheque Account)	242 757 259	13 298 999	238 458 132	13 278 846
ABSA BANK - 4076690079 - (Salaries)	4 573	12 241	4 585	12 241
ABSA BANK - 4098981597 - (Solidarity Fund)	204 902	205 798	204 994	205 798
ABSA BANK - 2078073033 Term Deposit Investment	862 650	862 650	862 650	862 650
	243 829 384	14 379 688	239 530 361	14 359 535

10.2. Inventories

Inventories consists of:

Consumable stores	1 639 405	954 892.67
	1 639 405	954 892.67

Reconciliation of Inventory

Opening Balance	954 893	1 066 030.99
Add: Receipts	3 265 876	90 038.00
Less: Issues	(2 581 364)	(201 176.32)
CLOSING BALANCE	1 639 405	954 892.67

(Figures in RSA Rand)

2022

2021

10.3. Receivables from non-exchange transactions

Gross balances

Rate

470 342 665

544 903 537

Traffic fines

1 304 997

1 168 997

471 647 662

546 072 534

Less: Allowance for impairment

Property Rates

(370 403 372)

(542 164 268)

Traffic Fines

(1 166 447)

(1 168 997)

(371 685 319)

(543 333 265)

Net balances

Property Rates

99 939 293

2 739 269

Traffic Fines

138 550

-

99 962 342

2 739 269

10.4. Receivables from exchange transactions

Accrued Income (Interest on investment)

46 409

146 894

Other debtors

-

Waste collection

419 990

290 398

SALGA Levy & SAMEPA

1 062 900

1 062 900

1 500 501

1 500 192

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

VAT

13 048 635

16 075 778

13 048 635

16 075 778

VAT Reconciliation

Balance at the beginning of the year

16 075 778

16 062 400

Add: Net Refunds as per VAT receivable

23 400 912

34 317 048

(Figures in RSA Rand)

	2022	2021
Add: Current year VAT suspense - Retention amount	4 019 716	4 413 337
Less: Prior year suspense - Retention amount	(4 413 338)	(5 163 934)
Less: VAT Payments by SARS - Current year	(17 477 258)	(25811 478)
Less: VAT payments by SARS - Previous year	(8 505 569)	(7 741 595)
Adjustments	-	-
	13 048 635	16 075 778

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

10.6. Intangible assets

11.	2022			2021		
	Cost/Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost/Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	8 215 070	(8 163 174)	51 896	8 215 070	(7 632 274)	582 796
Work In Progress	0.00	0.00	0.00	0.00	0.00	0.00
	8 215 070	(8 163 174)	51 896	8 215 070	(7 632 274)	582 796

Reconciliation of intangible assets - 2022

	Opening balance	Additions	Transfers	Amortisation	Total
Computer software	582 796	0.00	0.00	(530 900)	51 896
Work In Progress	0.00	0.00	0.00	0.00	0.00
	582 796	0.00	0.00	(530 900)	51 896

Reconciliation of intangible assets - 2021

	Opening balance	Additions	Transfers	Amortisation	Total
Computer software	1 706 590	0.00	0.00	(7 632 274)	582 796
Work In Progress	0.00	0.00	0.00		
	1 706 590	0.00	0.00	(7 632 274)	582 796

(Figures in RSA Rand)

2022

2021

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.

11.1. Investment Property

	2022			2021		
	Cost/Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost/Valuation	Accumulated amortisation and accumulated impairment	Carrying value
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- 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

Reconciliation of investment property - 2021

	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

(Figures in RSA Rand)

2022

2021

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.

11.2. 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	16 471 695	(8 936 712)	7 534 983	16 471 695	(5 199 916)	11 271 780
Buildings	52 286 492	(16 625 136)	35 661 357	52 286 492	(15 026 444)	37 260 049
Furniture and fixtures	9 576 611	(6 902 844)	2 673 767	6 619 692	(4 188 012)	2 431 681
Motor vehicles	38 032 703	(27 904 756)	10 127 947	35 664 681	(25 138 133)	10 526 548

(Figures in RSA Rand)

2022

2021

Road Infrastructure	313 813 788	(122 312 202)	191 501 586	313 813 788	(110 132 847)	203 680 941
Electrical Infrastructure	7 297 566	(5 189 968)	2 107 598	7 297 566	(4 817 988)	2 479 578
Stormwater Infrastructure	30 726 102	(13 303 641)	17 422 461	30 726 102	(11 786 060)	18 940 042
IT equipment	26 349 789	(19 945 742)	6 404 047	23 741 796	(17 356 438)	6 385 358
Loose tools	3 611 961	(3 263 313)	348 648	3 611 961	(3 025 396)	586 565
Community Halls	14 402 779	(3 253 299)	11 149 480	14 402 779	(2 728 038)	11 674 741
Capital work in progress	31 600 213	0.00	31 600 213	13 188 060	0.00	13 188 060
	544 434 699	(227 637 613)	316 797 085	541 396 434	(203 214 389)	338 782 044

11.3. Payables from exchange transactions

Trade payables	3 122 974	5 206 407
Income received in advance	672 534	923 859
Creditor: Ward committee	13 201	13 201
Leave provision	12 407 985	12 407 987
Bonus provision	2 779 508	2 779 508
Unknown deposits	33 462	32 481
Retentions	20 147 734	20 215 864

(Figures in RSA Rand)

2022

2021

39 177 398

41 579 307

11.4. Unspent Conditional grants and receipts

Unspent conditional grants and receipts comprises of:

LG SETA Discretionary Grant	48 314	113 350
Financial Management Grant	345 672	-
DOE(Department of Mineral and Energy)	17 688 144	-
EPWP Grant	-	-
Municipal Infrastructure Grant	22 337 089	288
	40 419 219	113 638

11.5. Defined benefit obligation

Post-employment Medical Aid Benefits

5 008 000	3 230 000
5 008 000	3 230 000

Long service awards

Long Service Awards Liability

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

11.6. Revenue

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

Rental of facilities and equipment	54 236	114 166
Licences and permits	4 097 949	5 480 633
Gains on disposal of PPE	-	-
Tender Documents	73 531	158 262
Interests earned on Bank & Investment accounts	1 564 036	1 652 967
Refuse removal	112 689	134 867
Other income	195 667	134 895
	6 098 108	7 675 790

(Figures in RSA Rand)

2022

2021

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

Property rates	33 268 355	45 068 875
Interest on outstanding debtors	30 117 863	40 171 417
Traffic fines	140 150	-
Transfers and subsidies	332 942 441	415 904 097
Actuarial Gains	-	-

396 468 809 501 144 389

402 566 917 505 127 126

11.7. Government grants and subsidies

Equitable share	296 332 000	341 931 000
Municipal Infrastructure Grant (MIG)	63 937 359	70 953 000
Finance Management Grant (FMG)	1 304 328	1 700 000
Integrated National Electrification (DOE Grant)	3 660 827	-
Municipal Disaster Grant Management	-	-
EPWP Grant	1 825 000	1 168 000
LG SETA - Discretionary Grant	174 964	152 097
	367 234 478	415 904 097

11.8. Interest on investments

Bank & Investments	1 564 036	1 652 967
	1 564 036	1 652 967

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.

11.9. Interest on outstanding debtors

Interest charged on trade and other receivables	30 117 863	40 171 417
---	------------	------------

(Figures in RSA Rand)

2022

2021

30 117 863

40 171 417

NB. All interests relates to property rates outstanding debts.

11.10. Property rates

Rates – revenue

Commercial	5 242 342	4 506 888
State	26 345 232	38 308 543
Agricultural	1 680 781	2 253 444
	33 268 355	45 068 875

Valuations

Residential	81 382 000	22 640 000
Commercial	918 724 200	711 781 000
State	1 981 400 000	2 014 632 000
Municipal	48 442 000	29 739 861
Social	37 633 000	29 023 000
	3 067 581 200	2 807 815 861

- In terms of section 5 of the credit control and debt collection policy the Municipality has billed **R 33 268 355** as at March 2022 and collected is **R 10 563**. The total amount collected as at 31 March 2022 is **32%** of the billed revenue to date.
- Valuations on land and buildings are performed every 5 years. 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 07 August 2019 and it ends on the 31st July 2023

11.11. Actuarial gain/ (Loss)

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

11.12. Traffic fines

Traffic fines (Billed)	140 150	0
	140 150	0

(Figures in RSA Rand)

2022

2021

The municipality issued traffic fines to a total value of **R 140 150** as at 31 March 2022, which is **90%** of the budgeted annual traffic fines to the amount of **R 155 000**. The amount collected for the traffic fines as at 31 March 2022 is **R 1 600** which is **1%** of the value amount of tickets issued as at end of the 31 March 2022.

11.13. Employee related costs

Basic	36 846 144	46 602 580
Bonus	3 211 760	3 706 927
Medical aid - company contributions	3 865 681	5 098 739
UIF	263 786	300 274
SDL	545 078	563 943
Leave pay provision charge	1 046 399	2 594 884
Pension contribution	6 753 212	9 291 131
Overtime payments	769 432	672 827
Post-employment benefits costs	81 989	829 000
Car allowance	8 942 780	11 228 574
Housing benefits and allowances	2 161 041	2 834 159
Bargaining Council	15 419	20 692
Clothing allowance	30 023	53 363
Cell phone allowance	1 576 422	1 939 009
	66 109 166	85 736 030

Municipal Manager (Ms Rampedi MN)

Basic salary	480 414	640 552
Travel allowance	196 266	261 687
Cell phone allowance	0.00	0.00
Housing allowance	0.00	0.00
Travel claim	3 811	8 568
Contributions to medical aid	64 086	85 447
Contributions to UIF	1 594	1 813
SDL	7 919	12 482
SALGBE	93	119
Remote allowance	31 155	41 540
Retirement annuity contributions	58 503	78 003
	843 841	1 130 211

Chief Financial Officer (Mr Moganedi R.M)

Basic salary	364 168	536 668
Travel allowance	172 445	178 498
Cell phone allowance	27 902	31 302
Housing allowance	5 712	68 538

(Figures in RSA Rand)

	2022	2021
Travel claims	0.00	0.00
Contributions to medical aid	35 579	77 544
Contributions to UIF	1 417	1 813
SDL	7 515	9 454
Leave payout	171 357	
SALGBE	82	119
Remote allowance	17 122	35 778
	803 299	939 714

Acting Chief Financial officer for BTO 2021/22 (Mr Makgalemane T.M.)

Acting allowance	36 571	
	36 571	

Senior manager: Corporate services (Ms Mahlare M.A)

Basic salary	402 501	536 668
Travel allowance	173 465	231 286
Medical aid contributions	93 447	124 596
UIF	1 594	1 813
SALGBE	93	119
SDL	5 866	9 368
Travel claims	6 108	6 350
Remote	26 833	35 778
	709 907	945 979

Senior manager: Community services (Ms Marishane M.E)

Basic salary	402 501	536 668
Travel allowance	147 717	196 956
Cell phone allowance	19 758	26 343
Housing allowance	53 670	71 560
Travel claims	0.00	0.00
Pension contributions	45 767	61 022
UIF	1 594	1 813
SALGBE	93	119
SDL	5 902	9 383
Remote allowance	26 833	35 778
	703 835	939 644

(Figures in RSA Rand)

2022

2021

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

Basic salary	402 501	536 668
Travel allowance	145 870	194 493
Cell phone allowance	20 588	27 450
Medical contribution	100 454	133 939
UIF	1 594	1 813
SALGBE	93	119
SDL	6 671	10 585
Remote allowance	26 833	35 778
	704 604	940 845

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

Basic salary	357 779	536 668
Travel allowance	89 445	134 167
Cell phone allowance	12 746	19 119
Pension contribution	78 711	118 067
Medical aid contribution	56 359	84 529
UIF	1 417	1 813
SALGBE	82	119
SDL	6 010	10 832
Travel claim	0.00	3 376
Remote allowance	23 852	35 778
	626 395	944 469

11.14. Remuneration and allowances of councillors

Mayor	605 255	910 772
Council speaker	490 184	737 602
Executive Committee Members	2 866 724	4 525 300
Other councillors basic salary	8 365 777	9 620 209
Councillors pension contribution	1 082 611	1 697 683
Travel allowance	2 495 263	3 772 632
Travel claims	11 751	14 015
Cell phone allowance	1 398 050	2 080 800

(Figures in RSA Rand)

2022

2021

Skills development levy	73 376	54 019
Data cards (61 councillors)	122 797	183 600
	17 511 788	23 596 632

Remuneration and allowances of selected members of the council

Remuneration and allowances for the mayor Cllr Maitula B.M

Basic salary	411 598	548 798
Travel allowance	0.00	0.00
Cell phone allowance	30 600	40 800
Contributions to pension fund	231 894	312 061
SDL and Data card	7 212	7 421
	681 304	909 080

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

Basic salary	156 103	439 039
Travel allowance	0.00	-
Cell phone allowance	14 507	40 800
Contributions to pension	87 043	249 649
SDL and Data card	2 629	6 731
	260 282	736 219

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

Basic salary	173 176	
Travel allowance	-	-
Cell phone allowance	16 093	
Contributions to pension	98 473	
SDL and Data card	3 747	
	291 489	

Remuneration and allowances of members of the executive committee

Basic salary	1 959 402	2 612 536
Travel allowance	768 393	1 024 524
Cell phone allowance	279 027	367 200
Pension fund Medical & SDL	350 961	461 036
Travel claims and Data card	46 327	50 576

(Figures in RSA Rand)

2022

2021

3 404 110

4 515 872

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.

11.15. Depreciation and amortisation

Property, plant and equipment	24 747 735	31 265 519
Intangible assets	530 900	1 123 794
	24 605 635	32 389 313

11.16. Debt impairment

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

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

11.17. Finance Costs

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

11.18. Contracted Services

Repairs and Maintenance: Other Assets	16 723 232	17 849 289
Repairs and Maintenance: Infrastructure Assets	30 973 937	51 026 872
Operating Lease and Cash collection	5 833 842	3 356 259
Solid waste collection	23 169 457	-
Development of valuation roll	-	558 012
Cleaning and Security services & other	23 489 038	49 845 119
Publications VAT recovery services Spatial Planning & GIS	8 931 476	499 087
	109 120 982	123 134 638

(Figures in RSA Rand)	2022	2021
11.19. Grants and subsidies paid		
Indigents grants (Free Basic Electricity) & other	5 127 525	2 895 169
	5 127 525	2 895 169
11.20. Capital expenditure written-off (D Roads)		
Property Plant and Equipment	40 160 065	35 724 386
	40 160 065	35 724 386
<p>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 March 2022 the expenditure for D roads was R 40 160 065.</p>		
11.21. General expenses		
1. Advertising	395 629	746 145
2. Bank charges	127 383	257 799
3. Consulting and professional fees	1 080 400	2 550 254
4. Consumables	-	2 334 128
5. Entertainment	-	57 950
6. Insurance	1 279 325	685 249
7. IT operating expenses	1 235 856	1 484 700
8. Marketing	245 200	721 066
9. Promotions and sponsorships	931 857	875 878
10. Fleet Management & System	134 536	2 766
11. Fuel and oil	3 039 660	4 362 625
12. Printing and stationery	3 821 880	-
13. Protective clothing	-	-
14. Environmental care expense	-	-
15. Telecommunications	890 280	1 078 976
16. Training	362 256	1 669 303
17. Travel and accommodation	643 647	123 763
18. LED forum and summit	-	-
19. Spatial planning - demarcation of sites	-	1 284 778
20. Water and electricity	1 785 483	2 093 396
21. Sitting allowance ex-officio	68 000	360 000

(Figures in RSA Rand)	2022	2021
22.Publications	4 440 335	5 202 000
23.Audit committee support	276 900	499 087
24.Bursary fund	5 135 702	6 249 794
25.Legal costs and Development of by-laws	1 735 579	11 420
26.Customer care	28 899	467 887
27.Financial System support	3 153 355	5 617 478
28.Vehicle tracking	64 410	82 403
29.Stipend	-	4 998
30.Disaster relief fund	1 543 077	1 534 747
31.EPWP	2 755 390	3 451 202
	35 175 039	47 925 958

11.22. 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 June 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 June 2019 and was recognised at cost and depreciated over time as property, plant & equipment in the statement of the financial position of the municipality.

11.23. Rental of facilities and equipment

Advertising Billboards

Site rentals	54 236	114 166
	54 236	114 166

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

(Figures in RSA Rand)

2022

2021

11.24. 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	3 149 282	-
	4 180 263	1 628 232

11.25. Commitments

Authorised operating and capital expenditure

Operational commitments

Approved and contracted	65 120 359	120 068 987
	72 969 890	120 068 987

Capital commitments

Approved and contracted	96 035 164	92 897 366
	96 035 164	92 897 366

Total commitments

161 155 523	178 250 573
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11.26. Related parties

Related party transactions

Section 57 Employees

Municipal Manager (Ms Rampedi M.N)	843 841	1 130 213
Senior Manager: Corporate Services (Ms. Mahlare M.A	709 907	945 979

(Figures in RSA Rand)

2022

2021

Senior Manager: Community Services (Ms. Marishane M.E)	703 835	939 644
Senior Manager: Budget & Treasury(CFO) (Mr. Moganedi R.M)	803 299	939 714
Senior Manager: Economic Development & Planning (Mr. Thabela A.P)		944 469
704 693		
Senior Manager: Infrastructure Development (Mr. Segale M.A)	704 604	940 845
	4 470 179	5 840 864

South African Local Government Association

Annual membership fee	302 750	1 062 900
	302 750	1 217 880

62 Councillors

Remuneration of Councillors	17 511 788	23 596 632
	17 511 788	23 596 632

11.27. 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	2 739 269	2 885 734
Receivables from exchange transactions	1 132 109	1 231 496
Cash & Cash equivalents	242 761 830	14 290 363
VAT Receivable	15 677 271	34 494 539
Maximum exposure	121 931 349	52 902 132

11.28. Unauthorised expenditure

Opening balance	201 249 480	167 846 156
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(Figures in RSA Rand)	2022	2021
Current year	-	34 251 138
Less amounts: written-off by council	-	(0.00)
	201 249 480	201 349 480
11.29. Fruitless and wasteful expenditure.		
Opening balance	571 999	571 999
Current year	-	-
Paid/written off by council	-	-
	571 999	571 999
11.30. Irregular expenditure		
Opening balance	178 866 762	124 876 332
Add: Irregular Expenditure - current year	27 129 208	53 990 430
Less: Amounts written-off by council	(-)	(-)
	205 995 970	178 866 762
11.31. Additional disclosure in terms of Municipal Finance Management Act		
Audit fees		
Amount incurred current year	4 191 441	4 429 665
Amount paid - current year	(4 191 441)	(4 429 665)
	-	-
PAYE and UIF		
Amount incurred current year	12 150 360	16 142 848
Amount paid - current year	(12 150 360)	(16 142 848)
	-	-
Pension and Medical Aid funds deductions		
Amount incurred current year	15 865 397	23 089 581
Amount paid - current year	(15 865 397)	(23 089 581)
	-	-

Supply chain management regulations

Deviations

Deviation as per section 36(1)(a)(i) of the SCM regulation emergency	87 900	620 500
Deviation as per section 36(1)(a)(ii) of the SCM regulation sole provider	420 860	375 679
Deviation as per section 36(1)(a)(v) of the SCM regulation impractical	3 219 168	6 674 177
	3 727 928	7 670 356

Details of Deviations as at 31 March 2022:

Deviation as per section 36(1)(a)(i) of the SCM regulation (emergency)

NO	Date	COMPANY NAME	DESCRIPTION	AMOUNT
	1 st March 2022	Opening Balance	Opening Balance	R 87 900.00
1.	March 2022	0	0	R 0
TOTAL (Closing Balance as at 31th March 2022)				R 87 900.00

Deviation as per section 36(1)(a)(ii) of the SCM regulation (sole provider)

NO		COMPANY NAME	SERVICE PROVIDED	AMOUNT
	1 st March 2022	Opening Balance	Opening Balance	R 420 860.00
1.	March 2022	0	0	R 0
TOTAL (Closing Balance as at 31th March 2022)				R 420 860.00

Deviation as per section 36(1)(a)(v) of the SCM regulation (impractical)

NO	Date	COMPANY NAME	DESCRIPTION	AMOUNT
	31th March 2022	Opening Balance	Opening Balance	R 2 872 386.01
1.	March 2022	BP	Fuel for Municipal Vehicle	R 240 833.39
2.	March 2022	Shell	Fuel for Municipal Vehicle	R 61 668.53
3.	March 2022	Bapedi Filling Station	Fuel for Municipal Vehicles	R 13 892.85
4.	March 2022	Viva	Fuel for Municipal Vehicles	R 30 386.90
TOTAL (Closing Balance as at 31 March 2022)				R 3 219 167.68