



MAKHUDUTHAMAGA

LOCAL MUNICIPALITY

Mmogo re šomela dipheto!

Department	Budget and Treasury Office
Document Name	Financial Management Report
Period	31 December 2022

A. Table of Contents

ABBREVIATIONS AND ACRONYMS	II
1. EXECUTIVE SUMMARY	2
1.1. OVERALL TOTAL REVENUE AND EXPENDITURE	2
1.2. BUDGETED REVENUE AND ACTUAL REVENUE TO DATE	2
1.3. BUDGETED EXPENDITURE AND ACTUAL EXPENDITURE TO DATE	5
1.3.1 <i>Operational Expenditure</i>	5
1.3.2 <i>Capital Expenditure</i>	7
1.3.3 <i>Grants Receipts and expenditure</i>	8
1.3.4 <i>Overall Spending per departments</i>	9
2 GOING CONCERN AND LIQUIDITY RATIOS.....	9
3 STATEMENT OF FINANCIAL PERFORMANCE AS AT 31 DECEMBER 2022.....	13
4 CASH FLOW STATEMENT AS AT 31 DECEMBER 2022.....	14
6. NOTES TO THE FINANCIAL REPORT (STATEMENTS) AS AT 31 DECEMBER 2022.	15
6.1 CASH AND CASH EQUIVALENTS	15
6.2 INVENTORIES.....	15
6.3 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS	16
6.4 RECEIVABLES FROM EXCHANGE TRANSACTIONS	16
6.5 OTHER DEBTORS (VAT RECEIVABLE & RECEIVABLES FROM EXCHANGE TRANSACTION).....	16
VAT IS PAYABLE ON INVOICE BASIS AND CLAIMED FROM SARS WHEN A TAX INVOICE IS RECEIVED	17
6.6 INTANGIBLE ASSETS	17
6.7 INVESTMENT PROPERTY	18
6.8 PROPERTY PLANT AND EQUIPMENT	19
6.9 PAYABLES FROM EXCHANGE TRANSACTIONS	23
6.10 UNSPENT CONDITIONAL GRANTS AND RECEIPTS	23
6.11 DEFINED BENEFIT OBLIGATION.....	23
6.12 REVENUE	24
6.13 GOVERNMENT GRANTS AND SUBSIDIES	24
6.14 INTEREST ON INVESTMENTS	24
6.15 INTEREST ON OUTSTANDING DEBTORS	25
6.16 PROPERTY RATES.....	25
6.17 ACTUARIAL GAIN/ (LOSS).....	25
6.18 TRAFFIC FINES.....	26
6.19 EMPLOYEE RELATED COSTS	26
6.20 REMUNERATION AND ALLOWANCES OF COUNCILLORS	29
6.22 ASSETS IMPAIRMENT.....	31
6.23 FINANCE COSTS	31
6.24 CONTRACTED SERVICES	31

6.25 GRANTS AND SUBSIDIES PAID	31
6.26 CAPITAL EXPENDITURE WRITTEN-OFF (D ROADS)	32
6.27 GENERAL EXPENSES.....	32
6.28 PROVISION - REHABILITATION OF LANDFILL SITE	33
6.29 RENTAL OF FACILITIES AND EQUIPMENT.....	33
6.30 OPERATING LEASE.....	33
6.32 RISK MANAGEMENT.....	34
6.33 UNAUTHORISED EXPENDITURE	34
6.34 FRUITLESS AND WASTEFUL EXPENDITURE.	34
6.35 IRREGULAR EXPENDITURE	35
6.36 ADDITIONAL DISCLOSURE IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT	35

Abbreviations and Acronyms

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

1. Executive Summary

1.1. Overall total revenue and expenditure

The municipality's total actual operational revenue as at end of December 2022 amounts to **R 271 394 373** and total actual operational expenditure of **R 193 522 337** translating in to an operational surplus of **R 77 872 036**. Capital expenditure as at the end of December 2022 amounted to **R 81 365 632**. The following table summarises the overall revenue and expenditure performance as at the end of December 2022:

N.B. Amounts are in "R000"

Description	2021/22 Pre-Audited outcome	2022/23 YTD Budget	2022/23 YTD Actual	2022/23 YTD Variance
Total Operational revenue	848 534	198 803	271 394	72 591
Total operational expenditure	(803 431)	(187 476)	(193 522)	(6 047)
Operating Surplus/Deficit	45 103	11 327	77 871	66 544
Capital transfers and grants	61 777	38 457	35 973	(2 424)
Net Surplus/Deficit after capital transfers	106 880	49 784	113 844	64 060

1.2. Budgeted Revenue and Actual Revenue to date

The municipality's total actual revenue as at 31 December 2022 is **R 307 367 373** which amounts to **130%** of the total to date budgeted revenue to the amount of **R 237 260 448**.

From the total actual revenue recorded as at the end of December 2022, **R 271 293 479** is from government grants and transfers and the remaining balance of **R 36 073 894** is from own revenue.

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

LIM473 Makhuduthamaga - Table C4 Monthly Budget Statement - Financial Performance (revenue) - M06 December

Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands									%	
Revenue By Source										
Property rates	6.16	44,418	51,579	–	3,746	21,880	25,790	3,909	-15%	51,579
Service charges - refuse revenue	6.12	150	162	–	14	81	81	(1)	1%	162
Rental of facilities and equipment	6.12	107	140	–	11	62	70	8	-11%	140
Interest earned - external investments	6.14	3,024	1,800	–	726	3,549	900	(2,649)	294%	1,800
Interest earned - outstanding debtors	6.15	38,355	2,750	–	1,240	6,265	1,375	(4,890)	356%	2,750
Fines, penalties and forfeits	6.18	287	170	–	397	958	85	(873)	1027%	170
Agency services		–	–	–	468	2,994	–	(2,994)	0%	–
Transfers and subsidies		320,036	333,845	–	107,478	235,320	166,923	(68,398)	41%	333,845
Other revenue		441,691	7,160	–	169	241	3,580	3,339	-92%	7,160
Gains	6.17	465	–	–	–	44	–	(44)	0%	–
		848,534	397,606	–	114,249	271,394	198,803	72,591		397,606
Total Revenue (excluding capital transfers and contributions)										
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		61,777	76,915	–	7,386	35,973	38,457	2,484	(0)	76,915
		910,311	474,521	–	121,635	307,367	237,260	(70,107)	(0)	474,521
Total Revenue (including capital transfers and contributions)										

- The municipality's overall collection rate is **41%** as at 31 December 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 **79%** in the previous financial year ended 30 June 2022. Collection on property rates and interests on outstanding debts are the highest contributors to the poor collection rate. The following table summarises the collection from own sources of revenue per source:

Collection on own sources of revenue

Source of revenue	2022/23 (Current Year)			2021/22		
	Actual revenue billed (R000)	Actual revenue collected (R000)	% collected	Actual revenue billed (R000)	Actual revenue collected (R000)	% Collected
Property rates	28,341.00	7,542.00	27%	82,773.00	41,331.00	50%
Property rates (Government-prior years)		–		111,164.00	111,164.00	100%

Payment DPW)						
Refuse removal	81.00	70.00	86%	463.00	150.00	32%
Prior year refuse collection	89.00	89.00	100%			
Rental of facilities & Equip	62.00	62.00	100%	84.00	84.00	100%
Interests on bank and investments	3,549.00	3,549.00	100%	3,024.00	3,024.00	100%
Traffic fines	958.00	290.00	30%	287.00	12.00	4%
Agency income and other income	2,994.00	2,994.00	100%	5,709.00	5,709.00	100%
Totals	36,074.00	14,596.00	41%	203,504.00	161,474.00	79%

- 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.	The department of Public Works does not settle the property rates bill for government properties on time.	<ul style="list-style-type: none"> The Department of Public works have paid 1.3m for the current year property rates debt, and requested that the municipality grant them a rebate as they dispute the values of some properties. The process for paying the outstanding submitted invoices is in progress pending the finalisation of the joint valuation of the disputed schools. The review of the 26 registered and 60 unregistered schools has been completed by end of December 2022 and the remaining unregistered schools will be completed by end of February 2023. 	<ul style="list-style-type: none"> The municipal valuator to continue with physical valuation of the schools and the Valuator of the department to confirm the new values for the compilation of a supplementary valuation roll.
2.	Non-payment of property rates by the high capacity businesses within our municipality.	<ul style="list-style-type: none"> Engagements with the house of Traditional Leaders in the Sekhukhune region was held in November 2022. 	<ul style="list-style-type: none"> Hand over all debtors who have not concluded settlement agreements to debt collector in March 2023.

		<ul style="list-style-type: none"> - Further engagements will be conducted and concluded by 28 February 2023 with the affected business owners and their traditional leaders. - Attorneys to help the municipality with debt collection have been appointed. 	
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. - The service provider to finalise the formalisation of Jane Furse was appointed in December 2022. 	<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 the progress. 	<ul style="list-style-type: none"> - Appoint a committee to oversee the process of completing compilation of the indigent register. - Appoint general workers to collect information from all municipal wards to ensure a complete accurate indigent register.
5.	Limited sources of own revenue resulting in no growth in revenue generation.	<ul style="list-style-type: none"> - Revenue enhancement strategies developed and approved. - LED strategy developed and approved. 	<ul style="list-style-type: none"> - Consult all stakeholders with the revenue enhancement strategies and to get their buy in on the implementation of credit control policy and rates policy (rental of municipal facilities). - Provide budget to build a grade A DLTC around Masemola nodal point. - Engage Magoshi to prevent uncoordinated developments and allocation of stands in inappropriate areas.

1.3 Budgeted Expenditure and Actual Expenditure to date

- a. The municipality's total actual expenditure amounts of **R 274 888 397** at 31 December 2022. This amounts to **98%** of the total budgeted expenditure to date to the amount of **R 281 760 499**.

1.3.1 Operational Expenditure.

- a. The total operational expenditure as at 31 December 2022 amounts to **R 193 522 765** which equates to **103%** of the total operational budget to date of **R 187 475 863**. The municipality has under budgeted by **3%** 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 (expenditure) - M06 December

Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Expenditure By Type										
Employee related costs	6.19	90,425	113,662	–	8,268	50,267	56,831	6,564	-15%	113,662
Remuneration of councillors	6.2	24,322	23,597	–	1,983	12,571	11,798	(773)	1%	23,597
Debt impairment		38,650	7,340	–	–	–	3,670	3,670	-100%	7,340
Depreciation & asset impairment	6.21	34,618	37,189	–	–	12,472	18,595	6,123	-57%	37,189
Finance charges	6.23		–	–	–	–	–	–		–
Inventory consumed		4,270	2,620	–	214	1,774	1,310	(464)	35%	2,620
Contracted services	6.24	54,973	127,224	–	11,324	83,789	63,612	(20,177)	40%	127,224
Transfers and subsidies		1,955	9,200	–	195	1,774	4,600	2,826	-63%	9,200
Other expenditure	6.27	220,685	54,120	–	5,813	30,875	27,060	(3,816)	20%	54,120
Losses		–	–	–	–	–	–	–		–
Total Expenditure		469,898	374,952	–	27,798	193,522	187,476	(6,046)	(0)	374,952

Operational variance analysis as at 31 December 2022.

Expenditure by type	Variance %	Reason for variance	Remedial action	Remedial action due date	Responsible person
Employee related costs	-15%	Budgeted Vacant posts	Budgeted Vacant posts to be filled	31 March 2022	Director Corporate Services
Depreciation	-57%	They total budget was spread evenly throughout the year whilst most capital projects will be completed during the third quarter.	The variance will be corrected in the third quarter	31 March 2022	CFO
Transfers and subsidies	-63%	Beneficiaries for free basic electricity are not redeeming their	Update the Indigent register for free basic electricity	31 March 2022	CFO/Senior Manager Infrastructure

		electricity vouchers			
Debt Impairment	-100%	There was no impairment of debt during the financial year due to the significant payment from government debts in the prior year and the standing MOU.	An impairment assessment will be performed before year end for non-paying customers	30 June 2023	CFO

1.3.2 Capital Expenditure

- a. The total capital expenditure as at 31 December 2022 amounts to **R 81 365 632** which equates to **86%** of the **R 94 284 636** to-date budget. The municipality has underspent by **14%** 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) - M06 December

Vote Description	Ref	2021/22 Audited Outcome	Budget Year 2022/23 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>		32,369	15,700	-	5,090	12,568	7,850	4,718	60%	15,700
Finance and administration		32,369	15,700	-	5,090	12,568	7,850	4,718	60%	15,700
Internal audit		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		16,045	169,369	-	17,769	68,796	84,685	(15,888)	-19%	169,369
Planning and development		-	1,300	-	-	-	650	(650)	-100%	1,300
Road transport		16,045	168,069	-	17,769	68,796	84,035	(15,238)	-18%	168,069
<i>Trading services</i>		(2,482)	3,500	-	-	-	1,750	(1,750)	-100%	3,500
Energy sources		-	3,500	-	-	-	1,750	(1,750)	-100%	3,500
Waste management		(2,482)	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional Classification	3	45,932	188,569	-	22,859	81,365	94,285	(12,920)	-14%	188,569
Funded by:										
National Government		20,464	76,915	-	10,446	34,662	36,785	(2,123)	-6%	76,915
Transfers recognised - capital		20,464	76,915	-	10,446	34,662	36,785	(2,123)	-6%	76,915
Borrowing	6	-	-	-	-	-	-	-	-	-
Internally generated funds		25,468	115,000	-	12,412	46,703	57,500	(10,797)	-19%	115,000
Total Capital Funding		45,932	191,915	-	22,859	81,365	94,285	(12,920)	-14%	191,915

1.3.3 Grants Receipts and expenditure.

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

LIM473 Makhuduthamaga - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M06 December

Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	Full Year Forecast
R thousands									%	
EXPENDITURE										
Operating expenditure of Transfers and Grants										
National Government:		299,807	327,845	–	25,569	140,039	136,906	(3,133)	0	327,845
Expanded Public Works Programme Integrated Grant	–	1,825	1,925	–	326	808	963	155	49.9%	1,925
Local Government Financial Management Grant	–	1,650	1,720	–	166	993	860	(133)	-15.5%	1,720
Local Government Equitable Share	-	296,332	324,200	–	25,076	138,238	135,083	(3,154)	2.3%	324,200
Total operating expenditure of Transfers and Grants:		299,807	327,845	–	25,569	140,039	136,906	(3,133)	0	327,845
Capital expenditure of Transfers and Grants										
National Government:		81,777	82,915	–	7,201	35,973	41,458	5,485	0	82,915
Integrated National Electrification Programme Grant	–	20,000	6,000	–	–	–	3,000	3,000	-100.0%	6,000
Municipal Infrastructure Grant	–	61,777	76,915	–	7,201	35,973	38,458	2,485	-100.0%	76,915
Total capital expenditure of Transfers and Grants		81,777	82,915	–	7,201	35,973	41,458	5,485	-100.0%	82,915
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		381,584	410,760	–	32,955	176,012	178,363	2,352	(0)	410,760

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

Conditional Grant details	Budget for the year	Grant received	Grant expenditure	Received %	Spending %
FMG	1 720 000	1 720 000	993 124	100%	58%
EPWP	1 925 000	1 349 000	808 355	70%	60%
MIG	76 915 000	63 180 000	35 973 000	82%	60%
INEP	6 000 000	3 000 000	-	50%	0%

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 %
Executive & Council	56,759,694.00	18,307,931.00	17,809,296.00	97
Budget and Treasury Office	100,500,025.00	50,634,574.00	49,933,548.00	99
Infrastructure Development	185,020,000.00	98,884,644.00	96,673,824.00	98
Community Services	80,200,540.00	28,902,002.00	27,603,302.00	96
Corporate services	90,520,000.00	56,831,139.00	55,841,962.00	98
Local Economic development and planning	50,520,650.00	28,200,209.00	27,025,465.00	96
Total	563,520,909.00	281,760,499.00	274,887,397.00	98

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 December 2022

▪ Liquidity ratios

a. Current ratio

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

2023	2022
R 222 822: R 45 054	R 133 102: R 45 933
4.95: 1	2.90: 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 **4.95:1** that December 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 31 December 2022.

b. Debt ratio

Total Liabilities/Total Assets) x 100

2023	2022
R 74 950/ R 570 721 X 100%	R 73 099 / R 465 312 X 100%
=13.13%	=15.71%

This ratio measure how much the municipality's total liabilities are covered by the total assets the results of which measures the solvency of the municipality. The results above shows that the municipality is solvent as the total liabilities are covered by the total assets and total liabilities makes a small percentage portion of the total assets which increased from 15.71% to **13.13%** in the current year and the means our debt ratio is sound.

c. Net Operating surplus margin.

NORM: Equal to or greater than zero

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

2023	2022
(R 271 394– R 193 523)/ R 271 394 x 100	(R 910 311 – R 803 431)/ R 910 311 x 100
= 28.69%	= 11.75%

- 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 **28.69%** for the period ended 31 December 2022 which shows a 16.94% increase from the prior period of 11.75% 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
$\frac{(R\ 38\ 933 + R\ 35\ 505) - (R\ 59\ 881 - R0)}{R\ 35\ 505} \times 100\%$ <p>= 41%</p>	$\frac{(R\ 78\ 062 + R\ 235\ 301) - (R\ 127\ 475 - R0)}{R\ 235\ 301} \times 100\%$ <p>= 79%</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.

A.1.1.1.1 Statement of Financial Position as at 31 December 2022

LIM473 Makhuduthamaga - Table C6 Monthly Budget Statement - Financial Position - M06 December

Description	Ref	2021/22	Budget Year 2022/23			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash	6.1	104,972	75,185	–	165,353	75,185
Call investment deposits		896	–	–	896	–
Consumer debtors		107,152	13,561	–	32,958	13,561
Other debtors		22,413	11,058	–	21,963	11,058
Inventory	6.2	987	1,057	–	1,651	1,057
Total current assets		236,420	100,862	–	222,822	100,862
Non current assets						
Investment property	6.7	210	210	–	210	210
Property, plant and equipment	6.8	331,924	488,788	–	347,667	488,788
Intangible	6.6	77	633	–	23	633
Total non current assets		332,210	489,630	–	347,899	489,630
TOTAL ASSETS		568,630	590,492	–	570,721	590,492
LIABILITIES						
Current liabilities						
Trade and other payables	6.9	39,649	218,296	–	42,300	218,296
Provisions	6.9	51,171	135	–	2,755	135
Total current liabilities		90,820	218,431	–	45,054	218,431
Non current liabilities						
Provisions	6.9	83,424	24,701	–	29,895	24,701
Total non current liabilities		83,424	24,701	–	29,895	24,701
TOTAL LIABILITIES		174,244	243,132	–	74,950	243,132
NET ASSETS	2	394,386	347,360	–	495,771	347,360
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		394,386	347,360	–	495,771	347,360
Reserves		–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2	394,386	347,360	–	495,771	347,360

3 Statement of Financial Performance as at 31 December 2022

LIM473 Makhuduthamaga - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December

Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue By Source										
Property rates	6.16	44,418	51,579	–	3,746	21,880	25,790	3,909	-15%	51,579
Service charges - refuse revenue	6.12	150	162	–	14	81	81	(1)	1%	162
Rental of facilities and equipment	6.12	107	140	–	11	62	70	8	-11%	140
Interest earned - external investments	6.14	3,024	1,800	–	726	3,549	900	(2,649)	294%	1,800
Interest earned - outstanding debtors	6.15	38,355	2,750	–	1,240	6,265	1,375	(4,890)	356%	2,750
Fines, penalties and forfeits	6.18	287	170	–	397	958	85	(873)	1027%	170
Agency services		–	–	–	468	2,994	–	(2,994)	0%	–
Transfers and subsidies	6.13	320,036	333,845	–	107,478	235,320	166,923	(68,398)	41%	333,845
Other revenue		441,691	7,160	–	169	241	3,580	3,339	-92%	7,160
Gains	6.17	465	–	–	–	44	–	(44)	0%	–
		848,534	397,606	–	114,249	271,394	198,803	(72,591)		397,606
Total Revenue (excluding capital transfers and contributions)										
Expenditure By Type										
Employee related costs	6.19	90,328	113,662	–	8,268	50,267	56,831	6,564	-15%	113,662
Remuneration of councillors	6.2	24,322	23,597	–	1,983	12,571	11,798	(773)	1%	23,597
Debt impairment			7,340	–	–	–	3,670	3,670	-100%	7,340
Depreciation & asset impairment	6.21	34,618	37,189	–	4,517	12,472	18,595	6,123	-57%	37,189
Finance charges	6.23		–	–	–	–	–	–		–
Inventory consumed		4,270	2,620	–	214	1,774	1,310	(464)	35%	2,620
Contracted services	6.24	54,904	127,224	–	11,324	83,789	63,612	(20,177)	40%	127,224
Transfers and subsidies		1,955	9,200	–	195	1,774	4,600	2,826	-63%	9,200
Other expenditure	6.27	593,034	54,120	–	1,297	30,875	27,060	(3,816)	20%	54,120
Losses		–	–	–	–	–	–	–		–
Total Expenditure		803,431	374,952	–	27,798	193,522	187,476	(6,046)	(0)	374,952
Surplus/(Deficit)		45,103	22,654	–	86,451	77,872	11,327	(66,545)	0	22,654
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		61,777	76,915	–	7,386	35,973	38,457	2,484	(0)	76,915
Surplus/(Deficit) after capital transfers & contributions		106,880	99,569	–	93,838	113,845	49,785	(64,060)	0	99,569
Taxation		–	–	–	–	–	–	–		–
Surplus/(Deficit) after taxation		106,880	99,569	–	93,838	113,845	49,785	(64,060)	0	99,569
Attributable to minorities		–	–	–	–	–	–			–
Surplus/(Deficit) attributable to municipality		106,880	99,569	–	93,838	113,845	49,785	(64,060)	0	99,569
Share of surplus/ (deficit) of associate		–	–	–	–	–	–			–
Surplus/ (Deficit) for the year		106,880	99,569	–	93,838	113,845	49,785	(64,060)	0	99,569

4 Cash Flow Statement as at 31 December 2022

LIM473 Makhuduthamaga - Table C7 Monthly Budget Statement - Cash Flow - M06 December

Description	Ref	2021/22		Adjusted Budget	Budget Year 2022/23					
		Audited Outcome	Original 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		146,030	41,263	-	910	18,763	20,632	(15,300)	-74%	41,263
Service charges		109	99	-	9	160	49	111	225%	99
Other revenue		35,493	35,930	-	827	9,832	17,965	(8,133)	-45%	35,930
Transfers and Subsidies - Operational		381,773	333,845	-	19,908	131,640	166,923	(55,191)	-33%	333,845
Transfers and Subsidies - Capital		61,777	76,915	-	18,345	81,525	38,457	24,723	64%	76,915
Interest		2,604	1,800	-	899	9,813	900	617	69%	1,800
Payments										
Suppliers and employees		(488,612)	(200,649)	-	(6,198)	(92,760)	(31,695)	125,614	-396%	(200,649)
NET CASH FROM/(USED) OPERATING ACTIVITIES		139,174	289,203	-	34,700	158,973	213,231	72,441	(0)	289,203
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		(48,562)	(188,569)	-	(22,859)	(81,365)	(94,285)	(12,920)	14%	(188,569)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(48,562)	(188,569)	-	(22,859)	(81,365)	(94,285)	(12,920)	0	(188,569)
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-		-
NET INCREASE/ (DECREASE) IN CASH HELD		90,612	100,634	-	11,841	77,608	118,947	59,521	(0)	100,634
Cash/cash equivalents at beginning:		14,360	104,325	-	87,745	87,745	104,325	623	1%	104,948
Cash/cash equivalents at month/year end:		104,972	204,959	-	99,586	165,353	223,271	60,144	(0)	205,582

(Figures in RSA Rand)

2023

2022

6. Notes to the Financial Report (Statements) as at 31 December 2022.

6.1 Cash and cash equivalents

Cash and cash equivalents consists of:

Cash on hand	52	52
Bank balances	165 353 266	104 971 585
Call account investment	-	-
	165 353 318	104 971 637

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 31 December 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-Dec-22	30-Jun-22	31-Dec-22	30-Jun-22
ABSA BANK - 4050384145 - (Primary Cheque Account)	163 468 137	103 782 111	164 241 215	103 834 153
ABSA BANK - 4076690079 - (Salaries)	9 435	36 903	12 011	36 903
ABSA BANK - 4098981597 - (Solidarity Fund)	204 090	204 632	204 091	204 632
ABSA BANK - 2078073033 Term Deposit Investment	895 949	895 949	895 949	895 949
	164 577 611	104 919 595	165 353 266	104 971 637

6.2 Inventories

Inventories consists of:

Consumable stores	1 651 376	986 807
	1 651 376	986 807

Reconciliation of Inventory

Opening Balance	986 807	1 114 718
Add: Receipts	2 224 852	4 142 165
Less: Issues	(1 560 283)	(4 270 076)
CLOSING BALANCE	1 651 376	986 807

(Figures in RSA Rand)

2023

2022

6.3 Receivables from non-exchange transactions

Gross balances

Rates	122 408 457	110 434 728
Traffic fines	2 109 247	1 441 497

124 254 054	111 876 225
--------------------	--------------------

Less: Allowance for impairment

Property Rates	(7 925 843)	(105 927 598)
Traffic Fines	(1 894 397)	(1 441 313)

(9 703 740)	(107 368 911)
--------------------	----------------------

Net balances

Property Rates	114 482 614	4 507 129
Traffic Fines	214 850	185

114 550 314	4 507 314
--------------------	------------------

6.4 Receivables from exchange transactions

Accrued Income (Interest on investment)	-	431 311
Other debtors-Employee	21 764	21 764
Insurance debtor	-	49 778
Waste collection	81 387	150 252
SALGA Levy	-	1 305 496

103 151	1 908 823
----------------	------------------

6.5 Other debtors (VAT receivable & receivables from exchange transaction)

VAT	10 366 165	20 828 011
Receivables from exchange transactions	11 596 835	1 585 080

21 963 000	22 413 091
-------------------	-------------------

(Figures in RSA Rand)

2023

2022

VAT Reconciliation

Balance at the beginning of the year	20 709 984	16 075 779
Add: Net Refunds as per VAT receivable	19 360 471	39 806 005
Add: Current year VAT suspense - Retention amount	4 426 256	3 965 005
Less: Prior year suspense - Retention amount	(4 599 490)	(4 028 602)
Less: VAT Payments by SARS - Current year	(16 562 714)	(26 852 382)
Less: VAT payments by SARS - Previous year	(12 968 342)	(8 505 569)
Adjustments	-	366 820
	10 366 165	20 828 011

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	(8 192 428)	22 642	8 215 070	(8 138 159)	76 552
Work In Progress	0.00	0.00	0.00	0.00	0.00	0.00
	8 215 070	(8 192 428)	22 642	8 215 070	(8 138 159)	76 552

Reconciliation of intangible assets – 2023

	Opening balance	Additions	Transfers	Amortisation	Total
Computer software	76 552	0.00	0.00	(53 910)	22 642
Work In Progress	0.00	0.00	0.00	0.00	0.00
	76 911	0.00	0.00	(53 910)	22 642

Reconciliation of intangible assets – 2022

	Opening balance	Additions	Transfers	Amortisation	Total
Computer software	582 796	0.00	0.00	(506 244)	76 552
Work In Progress	0.00	0.00	0.00	0.00	0.00
	582 796	0.00	0.00	(506 244)	76 552

Other information

A register containing the information required by section 63 of the MFMA is available for inspection at the registered office of the municipality. No intangible assets were pledged as security for liabilities as at year end.

6.7 Investment Property

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

Reconciliation of investment property- 2023

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

Reconciliation of investment property – 2022

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

Details of valuation

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

Details of property

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

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

6.8 Property Plant and Equipment

2023				2022		
Details	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	265 000	0.00	265 000	265 000	0.00	265 000
Land – Landfill Site	13 990 007	(12 127 451)	1 862 556	13 990 007	(9 222 178)	4 767 829
Buildings	58 339 619	(18 343 561)	39 960 331	58 339 619	(17 157 036)	41 182 584
Furniture and fixtures	9 767 021	(7 455 532)	2 311 489	9 577 612	(7 111 285)	2 466 326

(Figures in RSA Rand)

2023

2022

Motor vehicles	39 811 321	(30 349 879)	9 461 442	38 032 703	(28 826 978)	9 205 724
Road Infrastructure	333 444 969	(134 401 370)	199 043 599	333 444 969	(126 079 245)	207 365 724
Electrical Infrastructure	7 297 566	(5 548 615)	1 790 282	7 297 566	(5 304 628)	1 992 938
Storm water Infrastructure	30 726 102	(14 703 722)	16 022 380	30 726 112	(13 708 329)	17 017 783
IT equipment	28 813 534	(21 950 247)	6 863 287	27 051 146	(20 727 000)	6 324 146
Loose tools	4 463 117	(3 457 948)	1 005 169	4 437 817	(3 322 241)	1 115 576
Community Halls	14 402 779	(3 759 733)	10 643 046	14 402 779	(3 415 208)	10 987 572
Capital work in progress	58 443 708	0.00	58 443 708	29 232 977	0.00	29 232 977
	599 764 743	(252 098 058)	347 666 685	566 798 305	(234 874 131)	331 924 160

Reconciliation of Property, Plant and Equipment - 2023

Details	Opening balance	Additions	Transfers	Donations received	Impairment loss	Depreciation	Total
Land	265 000	-	-	-	-	-	265 000
Landfill Site Asset	2 488 408	-	-	-	-	(625 852)	1 862 556
Buildings	41 182 583	-	-	-	-	(1 186 252)	39 996 331
Furniture and Fixtures	2 466 326	215 910	-	-	-	(370 747)	2 311 489
Motor Vehicles	9 205 724	1 778 619	-	-	-	(1 522 901)	9 461 442
IT Equipment	6 324 146	1 762 388	-	-	-	(1 223 247)	6 863 287
Road Infrastructure	207 365 724	-	-	-	-	(8 322 125)	199 043 599
Storm water Infrastructure	17 017 783	-	-	-	-	(995 403)	16 022 380
Electrical Infrastructure	1 992 938	-	-	-	-	(243 987)	1,748 951
Other Assets - Loose tools	1 115 576	25 300	-	-	-	(135 707)	1 005 169
Community Assets	10 987 572	-	-	-	-	(344 526)	10 643 046
Capital Work in progress	29 232 976	27 053 091	-	-	-	-	58 443 708
TOTAL	329 644 755	30 835 308	-	-	-	(14 970 747)	347 666 685

Reconciliation of Property, Plant and Equipment – 2022

Description	Opening Balance	Additions	Disposal Cost	Transfers	Fair Value Adjustments	Disposal Accumulated Depreciation	Depreciation Expense for the Year	Total
Land	265,000.00	-	-	-	-	-	-	265,000.00
Landfill Site Asset	9,633,432.00	-	-	-	(2,481,688.00)	-	(2 383 915.00)	4 767 829
Buildings	37,260,048.50	-	-	6,053,127.14	-	-	(2,130,592.14)	41,182,583.50
Furniture and Fixtures	3,031,829.19	230,900.00	(49,900.00)	-	-	- 49,900.00	(796,402.84)	2,466,326.35
Motor Vehicles	10,526,657.52	2,368,021.74	-	-	-	-	(3,688,844.54)	9,205,724.00
IT Equipment	6,395,862.62	3,407,907.09	(98,557.01)	-	-	- 49,110.12	(3,430,177.31)	6,324,145.51
Road Infrastructure	203,680,941.01	-	-	19,631,349.73	-	-	(15,946,398.00)	207,365,723.92
Storm water Infrastructure	19,003,144.78	-	-	-	-	-	(1,985,657.41)	17,017,782.84
Electrical Infrastructure	2,479,577.59	-	-	-	-	-	(486,640.46)	1,992,937.66
Other Assets - Loose tools	586,565.21	825,855.00	-	-	-	-	(296,844.55)	1,115,576.06
Community Assets	11,674,740.58	-	-	-	-	-	(687,169.08)	10,987,571.50
Capital Work in progress	13,188,061.00	41,729,392.87	-	(25,684,476.87)	-	-	-	29,232,977.00
	317,725,860.00	48,562,076.70	(148,457.01)	-	(2,481,688.00)	- 99,010.12	(31 832 641.00)	331 924 160

(Figures in RSA Rand)

2023

2022

6.9 Payables from exchange transactions

Trade Creditors	64 896	5 539 911
Income received in advance	560 233	3 932 090
Creditor: Ward committee	13 201	13 201
Accrued(SDL,UIF,PAYE,Salary,Party Levies, Pension)		980 024
Leave provision	12 227 665	12 482 505
Bonus provision	2 754 616	2 914 752
Unknown deposits	291 793	274 463
Retentions	23 280 091	19 735 614
	39 192 495	45 872 564

6.10 Unspent Conditional grants and receipts

Unspent conditional grants and receipts comprises of:

LG SETA Discretionary Grant	21 100	-
Financial Management Grant	726 876	-
DOE(Department of Mineral and Energy)	3 000 000	-
EPWP Grant	540 645	-
Municipal Infrastructure Grant	13 801 045	-
	18 089 666	-

6.11 Defined benefit obligation

Post-employment Medical Aid Benefits	5 167 000	5 167 000
	5 167 000	5 167 000

Long service awards

Long Service Awards Liability

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

(Figures in RSA Rand)

2023

2022

6.12 Revenue

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

Rental of facilities and equipment	62 270	106 779
Licences and permits	2 943 524	5 376 306
Plan Approval	-	260 615
Tender Documents	50 157	74 992
Interests earned on Bank & Investment accounts	3 548 557	3 024 286
Refuse removal	81 387	150 252
Other income	239 815	313 085
	6 925 710	9 306 315

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

Property rates	21 880 371	44 418 365
Reversal of Debt impairment allowance		435 961 804
Interest on outstanding debtors	6 264 883	38 354 991
Traffic fines	957 900	287 450
Transfers and subsidies	43 821 597	-
Actuarial Gain/(loss)	-	465 129
Gain/loss on disposal of Assets	-	40 350
	72 924 750	519 528 089
	79 850 460	528 834 404

6.13 Government grants and subsidies (Received)

Equitable share	233 424 000	296 332 000
Municipal Infrastructure Grant (MIG)	63 180 000	61 777 288
Finance Management Grant (FMG)	1 720 000	1 650 000
Integrated National Electrification (DOE Grant)	3 000 000	20 000 000
Municipal Disaster Grant Management	-	-
EPWP Grant	1 349 000	1 825 000
LG SETA - Discretionary Grant	116 100	228 314
	302 789 100	381 812 602

6.14 Interest on investments

(Figures in RSA Rand)

	2023	2022
Bank & Investments	3 548 557	3 024 286
	3 548 557	3 024 286

N.B. 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	6 264 883	38 354 991
	6 264 883	38 354 991

NB. All interests relates to property rates outstanding debts.

6.16 Property rates

Rates – revenue

Commercial	5 500 438	11 243 950
State	15 345 565	30 383 837
Agricultural	1 034 368	2 790 569
	21 880 371	44 418 356

Valuations

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

- Valuations on land and buildings are performed every 5 years. The first general valuation came into effect on 1 September 2009. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.
- The valuation used in the current year was implemented from 01 July 2021 and it ends on the 30th of June 2026.
- The amount of R21.8 million is the total amount billed to government and businesses for the first half of the financial year. The total amount collected for property rates is **R 7.5 million**.

6.17 Actuarial gain/ (Loss)

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

(Figures in RSA Rand)

2023

2022

6.18 Traffic fines

Traffic fines

957 900

287 450

957 900

287 450

The municipality issued traffic fines to a total value of **R 957 900** as at 31 December 2022, and the amount collected for the traffic fines as at 31 December 2022 is **R 290 150** which is 30% of the value amount of tickets issued as at end of the 31 December 2022.

6.19 Employee related costs

Basic

28 113 216

50 135 343

Bonus & P/Bonus

2 761 937

4 238 546

Medical aid - company contributions

2 617 021

5 146 365

UIF

195 014

357 489

SDL

406 291

732 440

Leave pay provision charge

278 056

1 325 300

Pension contribution

5 100 292

9 774 544

Overtime payments

751 756

1 237 979

Post-employment benefits costs

85 531

862 000

Car allowance

7 187 095

11 378 300

Housing benefits and allowances

1 583 800

2 880 904

Bargaining Council

11 977

20 909

Clothing allowance

12 857

38 575

Cell phone allowance

1 162 372

2 109 362

50 267 216

90 238 056

Municipal Manager (Ms Rampedi MN)

Basic salary

-

640 552

Travel allowance

-

261 687

Leave pay-out

-

204 381

P bonus

53379

53 379

Travel claim

10 309

14 121

Contributions to medical aid

-

85 447

Contributions to UIF

199

2 148

SDL

556

12 623

SALGBE

-

124

(Figures in RSA Rand)

	2023	2022
Remote allowance	-	41 540
Retirement annuity contributions	-	78 004
	64 443	1 394 005
Chief Financial Officer (Mr Moganedi R.M)		
Basic salary	223 612	498 335
Travel allowance	111 806	239 529
Cell phone allowance	18 634	39 083
Acting allowance	43 285	5 711
Travel claims	3 164	3 406
Contributions to medical aid	18 634	46 760
Contributions to UIF	886	1 948
SDL	4 571	9 882
Leave pay-out	-	171 357
SALGBE	54	113
Remote allowance	17 309	22 489
Performance Bonus	44 722	44 722
Long Service Award	-	20 638
	486 677	1 103 973
Acting Chief Financial officer for BTO 2021/22 (Mr Makgalemane T.M.)		
Acting allowance	-	12 796
Acting allowance	-	12 796
Acting Chief Financial officer for BTO 2022/23 (Mr Mothapo K.T.)		
Acting allowance	31 747	-
Remote Allowance	18 157	-
	49 904	
Senior manager: Corporate services (Ms Mahlare M.A)		
Basic salary	268 334	536 668
Travel allowance	115 643	231 286
Medical aid contributions	62 298	124 596
Performance bonus	53 667	53 667
UIF	1063	2 125
SALGBE	65	124
SDL	4481	8 251
Travel claims	17 188	18 084
Remote	17 889	35 778
Long Service Award	-	53667

(Figures in RSA Rand)

	2023	2022
Acting Senior manager: Corporate services (Mr Marodi M.L)	540 627	1 051 855
Acting allowance	4 721	15 103
Remote allowance	1 789	
	6 510	15 103
Senior manager: Community services (Ms Marishane M.E)		
Basic salary	268 334	536 668
Travel allowance	98 478	196 956
Cell phone allowance	13 172	26 344
Housing allowance	35 780	71 560
Travel claims	-	6 856
P bonus	53 667	20 638
Pension contributions	30 511	61 022
UIF	1063	2 125
SALGBE	65	124
SDL	4 471	8 094
Long Service award	-	41 276
Performance Bonus	-	53 667
Remote allowance	17 889	35 778
	523 430	1 019 832
Acting Senior manager: Community services (Mrs Makola B.C)		
Acting Allowance	2 442	31 118
Remote allowance	1 376	
	3 818	31 118
Senior Manager: Infrastructure Development (Mr Segale M.A)		
Basic salary	268 334	536 668
Travel allowance	97 247	194 493
Cell phone allowance	13 725	27 450
Medical contribution	66 970	133 939
UIF	1063	2 125
SALGBE	65	124
SDL	4 894	9 101
Remote allowance	17 889	35 778

(Figures in RSA Rand)

	2023	2022
Performance bonus	44 722	44 722
Long Service award	-	20 638
	514 908	1 005 038

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

Basic salary	268 334	536 668
Travel allowance	67 084	134 167
Cell phone allowance	9 559	19 119
Pension contribution	59 034	118 067
Medical aid contribution	42 265	84 529
UIF	1063	2 125
SALGBE	65	124
SDL	4 980	9 015
Performance bonus	44 722	44 722
Remote allowance	17 889	35 778
Travel Claim	5 934	
	520 928	984 314

Acting Senior Manager: Economic Development and Planning (Mrs Make M.M)

Acting Allowance	4 883	
Remote allowance	2 752	
	7 635	

6.20 Remuneration and allowances of councillors

Mayor	484 269	936 109
Council speakers	391 537	759 878
Executive Committee Members	2 463 388	4 699 833
Other councillors basic salary	5 127 343	9 883 297
Councillors pension contribution	906 793	1 735 152
Travel allowance	2 015 098	3 873 340
Travel claims	71 118	27 123
Cell phone allowance	1 040 400	2 091 649
Skills development levy	70 973	134 007

(Figures in RSA Rand)

2023

2022

Data cards (61 councillors)

-

181 997

12 570 919

24 322 441

Remuneration and allowances of selected members of the council

Remuneration and allowances for the Cllr Maitula B.M

Basic salary	293 241	565 262
Travel allowance	0.00	0.00
Cell phone allowance	20 400	40 800
Contributions to pension fund	166 745	320 076
SDL and Data card	3 883	9 968
	484 269	936 106

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	234 593	291 424
Travel allowance	-	-
Cell phone allowance	20 400	26 293
Contributions to pension	133 396	165 712
SDL and Data card	3 147	6 748.00
	391 537	490 177

Remuneration and allowances of members of the executive committee

Basic salary	1 395 965	2 693 759
Travel allowance	547 438	1 055 260
Cell phone allowance	183 600	370 827
Pension fund Medical & SDL	264 805	461 775
Travel claims and Data card	71 581	118 212
	2 463 389	4 699 833

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.

6.22 Assets impairment

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

The municipality has completed an asset verification process for the period ended 31 December 2022 and no impairment loss identified and reported.

6.23 Finance Costs

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

6.24 Contracted Services

Repairs and Maintenance: Other Assets	6 844 128	-
Repairs and Maintenance: Infrastructure Assets	24 417 214	-
Operating Lease and Cash collection	1 707 637	3 103 715
Solid waste collection	13 925 750	-
Development of valuation roll	-	-
Cleaning and Security services & other	16 041 121	51 800 497
Publications VAT recovery services Spatial Planning & GIS	20 853 129	-
	83 788 979	54 904 212

6.25 Grants and subsidies paid

Indigents grants (Free Basic Electricity)	1 709 192	1 955 378
	1 709 192	1 955 378

(Figures in RSA Rand)

2023

2022

6.26 Capital expenditure written-off (D Roads)

Property Plant and Equipment

31 626 183

52 942 675

31 626 183

52 942 675

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 December 2022 the expenditure for D roads was R **16 789 848**.

6.27 General expenses

1. Advertising	1 007 827	854 768
2. Bank charges	116 073	204 289
3. Consulting and professional fees	1 007 827	4 486 051
4. Consumables	-	4 270 096
5. Entertainment	-	24 164
6. Insurance	1 714 533	1 337 155
7. IT operating expenses	1 909 275	1 000 000
8. Marketing	30 000	767 236
9. Promotions and sponsorships	849 304	6 971 292
10. Fleet Management & System	5 814	141 088
11. Fuel and oil	2 848 140	4 894 084
12. Staff welfare	1 773 951	72 900
13. Telephone and Fax	-	1 439 421
15. Travel and accommodation	785 832	1 574 764
16. Training	1 357 941	6 070 684
17. Spatial planning - demarcation of sites	2 705 308	314 783
18. Water and electricity	-	2 670 263
19. SMME Support	-	222 640
20. Sitting allowance ex-officio	2 730 537	68 000
21. Publications	-	7 659 490
22. Audit committee support	3 848 090	420 463
23. Bursary fund	148 615	3 170 585
24. Legal costs and Development of by-laws	563 966	2 913 439
25. Customer care	1 788 701	58 399
26. Financial System support	310 305	6 018 935
28. Vehicle tracking	37 397	96 615
29. Disaster relief fund	-	2 030 522

(Figures in RSA Rand)

2023

2022

30. EPWP

973 871 4 794 190

30 875 439 64 546 316

6.28 Provision - Rehabilitation of Landfill Site

Opening Balance

17 667 406 18 730 537

Interest charged

- 1 418 557

- (2 481 688)

17 667 406 17 667 406

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

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

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

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

6.29 Rental of facilities and equipment

Advertising Billboards

Site rentals

62 270 106 779

62 270

106 779

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.

(Figures in RSA Rand)

2023

2022

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

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

6.32 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	21 963 000	15 998 498
Receivables from exchange transactions	103 151	1 908 823
Cash & Cash equivalents	165 353 266	105 016 439
VAT Receivable	10 366 165	20 709 984
Maximum exposure	197 785 582	143 633 744

6.33 Unauthorised expenditure

Opening balance	4 049 638	86 261 879
Current year		7 049 638
Less amounts: written-off by council	-	(89 261 879)
	4 049 638	4 049 638

6.34 Fruitless and wasteful expenditure.

Opening balance	64 753	571 999
Current year	-	-
Paid/written off by council	-	(507 246)

(Figures in RSA Rand)

2023

2022

64 753

64 753

6.35 Irregular expenditure

Opening balance	60 372 864	26 401 491
Add: Irregular Expenditure - current year	2 183 498	65 727 853
Less: Amounts written-off by council	(-)	(31 756 480)
	62 556 362	60 372 864

6.36 Additional disclosure in terms of Municipal Finance Management Act

Audit fees

Amount incurred current year	4 347 914	4 283 087
Amount paid - current year	(4 347 914)	(4 283 087)
	-	-

PAYE and UIF

Opening balance	202 858	
Amount incurred current year	10 528 416	18 734 269
Amount paid - current year	(10 731 274)	(18 531 411)
	0.00	202 858

Pension and Medical Aid funds deductions

Amount incurred current year	13 197 479	24 769 153
Amount paid - current year	(13 197 479)	(24 769 153)
	-	-

6.40 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		COMPANY NAME	SERVICE PROVIDED	AMOUNT
Opening Balance				-
Closing Balance				-

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

NO		COMPANY NAME	SERVICE PROVIDED	AMOUNT
Opening Balance				242,155.45
1	Dec-22	BB Truck Polokwane	DNK 964 L	6,697.46
2	Dec-22	BB Truck Polokwane	FTB 936 L	6,334.55
Closing Balance				255,187.46

(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		COMPANY NAME	DESCRIPTION	AMOUNT
Opening Balance				2 081 042.89
1	Dec-22	BP	Fuel for Municipal Vehicle	185 927.79
2	Dec-22	Shell	Fuel for Municipal Vehicles	54 278.68
3	Dec-22	Moloi Filling Station	Fuel for Municipal Vehicles	96 533.26
4	Dec-22	Viva	Fuel for Municipal Vehicles	119 876.58
5	Dec-22	Bapedi Filling Station		0
Closing Balance				2 537 659.20

CONTRACT MANAGEMENT

4.1 SERVICE PROVIDERS STRATEGIC PERFORMANCE AS AT 31st December 2022

Section 116(2)

- Service provider means a person or institution or any combination of persons and institutions which provide a municipal service;
- of the Municipal Finance Management Act (MFMA) states that “The Accounting officer of a Municipality or Municipal Entity must- monitor on a monthly basis the performance of the contractor under the contract or agreement”
- Regularly report to the council of the Municipality or the board of directors of the entity as may be appropriate, on the management of the contract or agreement and the performance of the contractor.

The table below indicates service providers utilized according to functional areas:

MUNICIPAL MANAGER

Description of service Rendered	Term Of Contract	Performance Areas	Performance Rating	Performance Comment	Corrective Measure	Contract Expiry Date
CORP MD	3 Years	Provision of internal auditing for a period of three (03) years	Good	Good	Good	09/10/2023
Re Basadi Creates (Pty) Ltd	3 Years	Provision of SMS Line	Good	Good	Good	16/12/2023
Multichoice DStv	Pay per view	Subscription to active internal television screen	Good	Good	Good	Continuous

CORPORATE SERVICES

Description of service Rendered	Term Of Contract	Performance Areas	Performance Rating	Performance Comment	Corrective Measure	Contract Expiry Date
---------------------------------	------------------	-------------------	--------------------	---------------------	--------------------	----------------------

Telkom SA	3 Years	Provision of Telephone Services	Good	Good	N/A	30/06/2024
Nonke C Travels	3 Years	Provision for Travel agency for a period of three (03) years	Good	Good	N/A	09/10/2023
Maphorisa Initiatives Security and Projects	3 Years	Provision of Microsoft Licensing	Good	Good	N/A	29/11/2023
Open Kingdom Technology Consulting	3 Years	Supply and delivery of ICT equipment for a period of three (03) years	Good	Good	N/A	10/09/2023
Rousing Consulting & Communication	3 Years	Provision of Municipal Intranet	Good	Good	N/A	16/03/2023
Marweshe Attorneys	3 Years	Provision of Legal Services on defending or instituting civil	Good	Good	N/A	03/12/2022
Malope Mahlaela & Associates	3 Years	Provision of Legal Services on contract and commercial litigation	Good	Good	N/A	03/12/2022
LCK Technologies	3 Years	Provision of maintenance and ICT systems and infrastructure for a period of three (03) years	Good	Good	N/A	15/10/2023
Deunice Trading (Pty) Ltd	3 Years	Provision of Printing and publication for a period of 3 years	Good	Good	N/A	30/08/2024

BUDGET AND TREASURY

Description of service Rendered	Term Of Contract	Performance Areas	Performance Rating	Performance Comment	Corrective Measure	Contract Expiry Date
ABSA Bank	5 Years	Provision of Banking services	Good	Good	N/A	30/06/2023
Pheladichuene Maintenance	3 Years	Provision of cleaning services	Good	Good	N/A	31/08/2023

and General Supplier						
Jane Furse Tyre (Pty) Ltd	3 Years	Supply and delivery of Tyres	Good	Good	N/A	08/01/2023
Camelsa Consulting Group	3 Years	Provision of Mscoa System	Good	Good	N/A	30/06/2024
Camelsa Consulting Group	3 Years	Provision of Integrated Financial System with support and maintenance	Good	Good	N/A	30/09/2025
Mod Hope Properties CC	3 Years	Development and maintaining of Property Valuation Roll	Good	Good	N/A	30/06/2026
Onkutlwile Security Services	3 Years	Provision of Security Services and access control services for a period of three (03) years	Good	Good	N/A	31/03/2025
Velaphanda Trading & Projects	3 Years	Provision of Lease for photocopy machines for a period of three (03) years	Good	Good	N/A	15/10/2023
Fidelity Cash solutions	3 Years	Provision of cash collection services for a period of three (03) years	Good	Good	N/A	05/11/2023
Matladi Thabang Projects	3 Years	Provision of service, maintenance & repairs of yellow fleet for a period of three (03) years	Good	Good	N/A	05/11/2023
Procurement 911	3 Years	Provision of Vetting System for a period of Three (03) years	Good	Good	N/A	14/12/2023
Kunene Makopo Risk Solutions	3 Years	Provision of Short Term Comprehensive Insurance	Good	Good	N/A	22/06/2024
Fleet Horizon Solutions (Pty) Ltd	3 Years	Provision of tacking devices on all municipal vehicles for a period of three (03) years	Good	Good	N/A	31/08/2025

PK Financial Consultants CC	3 Years	Provision of VAT recovery for a period of three (03) years	Good	Good	N/A	30/04/2025
Phutitau Investment	3 Years	Supply and delivery of stationery	Good	Good	N/A	04/03/2023

COMMUNITY SERVICES

Description of service Rendered	Term Of Contract	Performance Areas	Performance Rating	Performance Comment	Corrective Measure	Contract Expiry Date
Phasima Trading and Projects	3 Years	Supply and delivery of waste collection bags for a period of 03 Years	Good	Good	N/A	15/01/2024
LL Civil and Construction	3 Years	Supply and delivery of Blankets for a period of three (03) years	Good	Good	N/A	14/11/2023
Stonefound Engineering Solutions	3 Years	Maintenance of Landfill Site for a period of three(03) years	Good	Good	N/A	30/04/2025
4 Interconnect Project Developers	3 Years	Distribution of water services for a period of three (03) years	Good	Good	N/A	01/11/2025

INFRASTRUCTURE SERVICES

Description of service Rendered	Term Of Contract	Performance Areas	Performance Rating	Performance Comment	Corrective Measure	Contract Expiry Date
Tshwane Engineering	3 Years	Repairs and Maintenance of Municipal facilities for a period of Three (03) years.	Good	Good	N/A	19/03/2023

Mwelase Thops Construction & Projects	3 Years	Repairs and Maintenance of All Municipal Electrical Infrastructure: Including Highmast, Traffic Lights, Streets Lights, and Lights on All Municipal Facilities for a period of three (03) years.	Good	Good	N/A	28/10/2024
Kgwadi Ya Madiba General Trading & Projects	3 Years	Maintenance of roads and storm water within Makhuduthamaga Municipality for a period of three years	Good	Good	N/A	28/10/2024

ECONOMIC DEVELOPMENT AND PLANNING

Description of service Rendered	Term Of Contract	Performance Areas	Performance Rating	Performance Comment	Corrective Measure	Contract Expiry Date
N/A		N/A		N/A		

IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICY 31 December 2022

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

1. Adoption of SCM Policy

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

2. Staff Employed In SCM unit

The unit comprise of six filled posts.

3. Job descriptions

The posts has job descriptions

4. Implementation Plan for SCM

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

5. Needs assessment.

Necessary needs assessment undertaken before each acquisition through user Dept.

6. Performance of Vendors

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

7. Monitoring of SCM Policy

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

8. Threshold values

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

9. Municipal bid documents

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

10. Code of Conduct

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

11. Invitations for bids.

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

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

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

13. Training strategy for SCM practitioners

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

14. Bid Specification Committee.

Bid Specification Committee membership comply with regulation 27.

15. Bid Evaluation Committee

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

18. Circular 82 approved by council and implemented.