



MAKHUDUTHAMAGA

LOCAL MUNICIPALITY

Mmogo re šomela dipheto!

| | |
|---------------|-----------------------------|
| Department | Budget and Treasury Office |
| Document Name | Financial Management Report |
| Period | 31 December 2021 |

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Abbreviations and Acronyms

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

1. Executive Summary

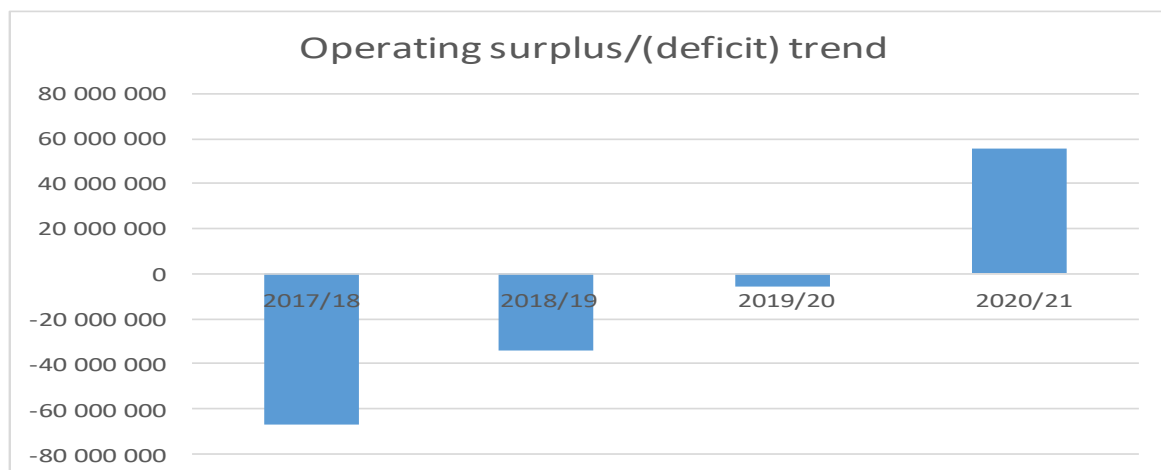
1.1. Overall total revenue and expenditure

- a. The municipality's total actual operational revenue as at 31 December 2021 amounts to **R 275 431 106** and total actual operational expenditure of **R 197 878 095** translating in to an operational surplus of **R 77 553 011**. Capital expenditure as at the end of December 2021 amounted to **R 35 765 177**. The following table summarises the overall revenue and expenditure performance as at the end of December 2021:

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 | 273 891 | 275 431 | (1 540) |
| Total operational expenditure | 400 819 | 205 138 | 197 878 | 7 260 |
| Operating Surplus/Deficit | 33 355 | 68 753 | 77 553 | (8 800) |
| Capital transfers and grants | 70 953 | 42 814 | 20 401 | 22 413 |
| Net Surplus/Deficit after capital transfers | 104 308 | 111 567 | 97 954 | |

- b. The following bar chart summarises the municipality's operating surplus/(deficits) for the past three financial years compared with the year to date under review. It further indicates that municipality is reporting an operational surplus which maintain the improvement achieved in the prior year ended 31 June 2021 from the operational deficits in the previous financial years:



1.2. Budgeted Revenue and Actual Revenue to date

- The municipality's total actual revenue as at 31 December 2021 is **R 295 832 106** which amounts to **93.4%** of the total to date budgeted revenue to the amount of **R 316 704 477**.
- From the total actual revenue recorded as at the end of December 2021 **R 244 661 510** is from government grants and transfers and the remaining balance of **R 51 170 596** 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) - M06 December | | | | | | | | | | |
|--|-------|-----------------|---------------------|-----------------|----------------|----------------|----------------|---------------|----------------|--------------------|
| 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 | 10.16 | 41 315 | 50 077 | – | 3 696 | 22 204 | 25 038 | (2 834) | -11% | 50 077 |
| Service charges - refuse revenue | 10.12 | 135 | 156 | – | 13 | 75 | 78 | (3) | -3% | 156 |
| Rental of facilities and equipment | 10.29 | 114 | 138 | – | 5 | 40 | 69 | (29) | -42% | 138 |
| Interest earned - external investments | 10.14 | 1 653 | 1 650 | – | 175 | 921 | 825 | 96 | 12% | 1 650 |
| Interest earned - outstanding debtors | 10.15 | 40 171 | 41 873 | – | 3 962 | 22 503 | 20 936 | 1 566 | 7% | 41 873 |
| Fines, penalties and forfeits | 10.18 | – | 155 | – | 0 | 5 | 78 | (73) | -94% | 155 |
| Transfers and subsidies | 10.13 | 344 951 | 299 807 | – | 99 108 | 224 261 | 220 550 | 74 357 | 50% | 299 807 |
| Other revenue | 10.31 | 5 807 | 6 967 | – | 711 | 5 422 | 6 317 | (499) | -14% | 6 967 |
| Gains | | 28 | – | – | – | – | – | – | | – |
| Total Revenue (excluding capital transfers and contributions) | | 434 174 | 400 822 | – | 107 671 | 275 431 | 273 891 | 72 187 | 36% | 400 822 |
| Transfers and subsidies - capital | 10.13 | 70 953 | 85 627 | – | 5 536 | 20 401 | 42 814 | (7 048) | (0) | 85 627 |
| Total | | 505 127 | 486 449 | – | 113 207 | 295 832 | 316 704 | 65 138 | 0 | 486 449 |

- The municipality's overall collection rate is **17%** as at 31 December 2021 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 **15%** in the previous quarter ended 30 September 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 | 22 204 | 2 506 | 12% | 20 600 | 6 310 | 31% |
| Refuse removal | 75 | 28 | 37% | 59 | 25 | 42% |
| Rental of facilities & Equip | 40 | 40 | 100% | 55 | 55 | 100% |
| Interests on bank and investments | 921 | 921 | 100% | 689 | 689 | 100% |
| Interests on outstanding debtors | 22 503 | 0 | 0% | 19 174 | 0 | 0% |
| Traffic fines | 5 | 0 | 0% | 0 | 0 | 0% |
| Agency income and other income | 5 422 | 5 422 | 100% | 3 225 | 3 225 | 100% |
| Totals | 51 170 | 8 908 | 17% | 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:

| No | Challenges | Progress made to date | Recommendations |
|----|--|--|--|
| 1. | Non-payment of property rates for government properties. | <ul style="list-style-type: none"> - A memorandum of Understanding (MOU) regarding the settlement of a total amount of R 144 million acknowledged by the Limpopo Department of Public Works was signed 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. |

1.3. Budgeted Expenditure and Actual Expenditure to date

- a. The municipality's total actual expenditure amounts of **R 233 643 272** at 31 December 2021. This amounts to **91%** of the total budgeted expenditure to date to the amount of **R 257 368 719**

1.3.1. Operational Expenditure.

- a. The total operational expenditure as at 31 December 2021 amounts to **R 197 878 095** which equates to **96%** of the total operational budget to date of **R 205 137 975**. The municipality has under spent by 4% 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) - M06 December

| 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 | 10.19 | 85 247 | 106 419 | - | 7 105 | 43 291 | 53 210 | (9 918) | -19% | 106 419 |
| Remuneration of councillors | 10.2 | 23 491 | 25 084 | - | 1 910 | 11 577 | 12 542 | (965) | -8% | 25 084 |
| Debt impairment | 10.22 | 71 808 | 41 873 | - | 2 946 | 19 707 | 20 936 | (20 936) | -100% | 41 873 |
| Depreciation & asset impairment | 10.21 | 32 389 | 29 199 | - | 2 762 | 16 695 | 14 599 | 2 095 | 14% | 29 199 |
| Finance charges | 10.23 | 1 517 | - | - | - | - | - | - | | - |
| Bulk purchases - electricity | | - | - | - | - | - | - | - | | - |
| Inventory consumed | | 2 350 | 3 500 | - | 434 | 1 561 | 1 750 | (189) | -11% | 3 500 |
| Contracted services | 10.24 | 140 554 | 112 662 | - | 14 793 | 76 148 | 80 831 | 20 317 | 36% | 112 662 |
| Transfers and subsidies | 10.25 | 4 777 | 5 200 | - | 1 173 | 3 968 | 2 600 | 1 368 | 53% | 5 200 |
| Other expenditure | 10.27 | 38 685 | 37 339 | - | 5 446 | 24 932 | 18 670 | 6 262 | 34% | 37 339 |
| Losses | | - | - | - | - | - | - | - | | - |
| Total Expenditure | | 400 819 | 361 276 | - | 36 569 | 197 878 | 205 138 | (7 260) | -4% | 361 276 |

- c. The following bar chart highlights the expenditure trends for the current year as compared to the prior year ended 30 June 2020 and 30 June 2021:

1.3.2. Capital Expenditure

- a. The total capital expenditure as at 31 December 2021 amounts to **R 35 765 177** which equates to **68%** of the **R 52 230 744** to-date budget. The municipality has underspent by **32%** 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 | 2020/21 | Budget Year 2021/22 | | | | | | | |
|--|-----|-----------------|---------------------|-----------------|----------------|---------------|---------------|--------------|--------------|--------------------|
| | | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance | Full Year Forecast |
| R thousands | 1 | | | | | | | | % | |
| Capital Expenditure - Functional Classification | | | | | | | | | | |
| <i>Governance and administration</i> | | 34 521 | 3 700 | – | 454 | 4 346 | 1 850 | 2 496 | 135% | 3 700 |
| Finance and administration | | 34 521 | 3 700 | – | 454 | 4 346 | 1 850 | 2 496 | 135% | 3 700 |
| <i>Community and public safety</i> | | – | – | – | – | – | – | – | | – |
| Community and social services | | – | – | – | – | – | – | – | | – |
| <i>Economic and environmental services</i> | | 57 459 | 121 473 | – | 5 082 | 31 419 | 50 381 | (18 962) | -38% | 121 473 |
| Planning and development | | – | 50 | – | – | – | 25 | (25) | -100% | 50 |
| Road transport | | 57 459 | 121 423 | – | 5 082 | 31 419 | 50 356 | (18 937) | -38% | 121 423 |
| <i>Trading services</i> | | 2 457 | – | – | – | – | – | – | | – |
| Waste management | | 2 457 | – | – | – | – | – | – | | – |
| Total Capital Expenditure - Functional Classification | 3 | 94 437 | 125 173 | – | 5 536 | 35 765 | 52 231 | (16 466) | -32% | 125 173 |
| Funded by: | | | | | | | | | | |
| National Government | | 53 579 | 58 212 | – | 4 324 | 20 401 | 18 750 | (3 163) | -17% | 58 212 |
| Transfers recognised - capital | | 53 579 | 58 212 | – | 4 324 | 20 401 | 18 750 | (3 163) | (0) | 58 212 |
| Internally generated funds | | 40 857 | 66 961 | – | 983 | 15 364 | 33 481 | (13 302) | -40% | 66 961 |
| Total Capital Funding | | 94 437 | 125 173 | – | 5 307 | 35 765 | 52 231 | (16 466) | (0) | 125 173 |

1.3.3. Grants expenditure.

a. The following table shows the expenditure on grants as at 31 December 2021 per grant:

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

| 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: | | 344 951 | 319 807 | – | 24 620 | 136 896 | 159 904 | (23 067) | -14.4% | 319 807 |
| Local Government Equitable Share | | 341 931 | 296 332 | – | 23 509 | 133 382 | 148 166 | (14 784) | -10.0% | 296 332 |
| Finance Management | | 1 700 | 1 650 | – | 13 | 822 | 825 | (62) | -7.5% | 1 650 |
| EPWP Incentive | | 1 168 | 1 825 | – | 230 | 1 825 | 913 | 913 | 100.0% | 1 825 |
| LG SETA | | 152 | – | – | – | – | – | – | – | – |
| Integrated National Electrification Programme | | – | 20 000 | – | 868 | 868 | 10 000 | (9 132) | -91.3% | 20 000 |
| Total operating expenditure of Transfers and Grants: | | 344 951 | 319 807 | – | 24 620 | 136 896 | 159 904 | (23 067) | -14.4% | 319 807 |
| Capital expenditure of Transfers and Grants | | | | | | | | | | |
| National Government: | | 70 953 | 65 627 | – | 4 324 | 20 401 | 32 814 | (12 413) | -37.8% | 65 627 |
| Municipal Infrastructure grant | | 70 953 | 65 627 | – | 4 324 | 20 401 | 32 814 | (12 413) | -37.8% | 65 627 |
| Total capital expenditure of Transfers and Grants | | 70 953 | 65 627 | – | 4 324 | 20 401 | 32 814 | (12 413) | -37.8% | 65 627 |
| TOTAL EXPENDITURE OF TRANSFERS AND GRANTS | | 415 904 | 385 434 | – | 28 944 | 157 297 | 192 717 | (35 479) | -18.4% | 385 434 |

b. The municipality's spending per conditional grant is as follows as at the end of December 2021:

| Conditional Grant details | Received % | Spending % |
|---------------------------|------------|------------|
| FMG | 100% | 50% |
| EPWP | 30% | 100% |
| MIG | 33% | 31% |
| INEP | 75% | 9% |

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:

| Departments | Original Budget | YearTD budget | YearTD actual | Performance % |
|---|-----------------------|-----------------------|-----------------------|---------------|
| Executive & Council | 61 553 193.00 | 30 776 617.00 | 32 123 775.00 | 104% |
| Budget and Treasury Office | 158 919 222.00 | 96 959 618.00 | 90 230 585.00 | 93% |
| Corporate Services | 16 270 592.00 | 12 635 305.00 | 12 457 701.00 | 99% |
| Community Services | 54 284 066.00 | 30 142 055.00 | 29 715 534.00 | 99% |
| Local Economic Development and Planning | 16 471 451.00 | 7 735 745.00 | 5 435 144.00 | 70% |
| Infrastructure Development | 178 950 748.00 | 79 119 379.00 | 63 680 533.00 | 80% |
| | 486 449 272.00 | 257 368 719.00 | 233 643 272.00 | |

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 2021.

▪ Liquidity ratios

a. Current ration

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

| 2022 | 2021 |
|---------------------|--------------------|
| R 149 327: R 24 664 | R 32 746: R 85 316 |
| 6.05: 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 **6.05:1** 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 37 072 / R 461 134 X 100% | R 96 486 / R 395 543 X 100% |
| =8.04% | =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 8.04% 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 275 431 – R 174 203)/ 275 431 x 100 = 37% | (R 427 048 – R 432 905)/ 427 048 x 100 = (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 **37%** for the period ended 31 December 2021 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 |
|---|--|
| (R 292 693 + R 281 319)– (R 540 254– R0)/ R 281 319 x 100% = 17% | (R474 502 + R 89 198) – (R 546 515 – R0)/R 89 198 x 100% = 19.26% |

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 December 2021

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

| 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 | – | 102 525 | 51 549 |
| Call investment deposits | | 863 | – | – | – | – |
| Consumer debtors | 10.3 | 544 904 | 38 700 | – | 42 267 | 38 700 |
| Other debtors | 10.5 | 18 475 | 17 380 | – | 2 325 | 17 380 |
| Inventory | 10.2 | 1 115 | 1 127 | – | 2 210 | 1 127 |
| Total current assets | | 578 875 | 108 757 | – | 149 327 | 108 757 |
| Non current assets | | | | | | |
| Investment property | 10.7 | 210 | 210 | – | 210 | 210 |
| Property, plant and equipment | 10.8 | 385 088 | 346 900 | – | 311 361 | 346 900 |
| Intangible | 10.6 | 583 | 1 556 | – | 236 | 1 556 |
| Total non current assets | | 385 880 | 348 666 | – | 311 807 | 348 666 |
| TOTAL ASSETS | | 964 755 | 457 423 | – | 461 134 | 457 423 |
| LIABILITIES | | | | | | |
| Current liabilities | | | | | | |
| Trade and other payables | 10.9 | 41 249 | 36 151 | – | 21 884 | 36 151 |
| Provisions | 10.11 | 486 277 | 130 | – | 2 780 | 130 |
| Total current liabilities | | 527 526 | 36 281 | – | 24 664 | 36 281 |
| Non current liabilities | | | | | | |
| Provisions | 10.11 | 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 | – | 37 072 | 59 784 |
| NET ASSETS | 2 | 352 742 | 397 640 | – | 424 062 | 397 640 |
| COMMUNITY WEALTH/EQUITY | | | | | | |
| Accumulated Surplus/(Deficit) | | 352 742 | 397 640 | – | 424 062 | 397 640 |
| TOTAL COMMUNITY WEALTH/EQUITY | 2 | 352 742 | 397 640 | – | 424 062 | 397 640 |

4. Statement of Financial Performance for the period ended 31 December 2021

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

| Description | Ref | 2020/21 | Budget Year 2021/22 | | | | | | | Full Year Forecast |
|--|-------|-----------------|---------------------|-----------------|----------------|----------------|----------------|----------------|--------------|--------------------|
| | | Audited Outcome | Original Budget | Adjusted Budget | Monthly actual | YearTD actual | YearTD budget | YTD variance | YTD variance | |
| R thousands | | | | | | | | | % | |
| Revenue By Source | | | | | | | | | | |
| Property rates | 10.16 | 41 315 | 50 077 | - | 3 696 | 22 204 | 25 038 | (2 834) | -11% | 50 077 |
| Service charges - refuse revenue | 10.12 | 135 | 156 | - | 13 | 75 | 78 | (3) | -3% | 156 |
| Rental of facilities and equipment | 10.29 | 114 | 138 | - | 5 | 40 | 69 | (29) | -42% | 138 |
| Interest earned - external investments | 10.14 | 1 653 | 1 650 | - | 175 | 921 | 825 | 96 | 12% | 1 650 |
| Interest earned - outstanding debtors | 10.15 | 40 171 | 41 873 | - | 3 962 | 22 503 | 20 936 | 1 566 | 7% | 41 873 |
| Fines, penalties and forfeits | 10.18 | - | 155 | - | 0 | 5 | 78 | (73) | -94% | 155 |
| Transfers and subsidies | 10.13 | 344 951 | 299 807 | - | 99 108 | 224 261 | 220 550 | 74 357 | 50% | 299 807 |
| Other revenue | 10.31 | 5 807 | 6 967 | - | 711 | 5 422 | 6 317 | (499) | -14% | 6 967 |
| Gains | | 28 | - | - | - | - | - | - | | - |
| Total Revenue (excluding capital transfers and contributions) | | 434 174 | 400 822 | - | 107 671 | 275 431 | 273 891 | 72 187 | 36% | 400 822 |
| Transfers and subsidies - capital | 10.13 | 70 953 | 85 627 | - | 5 536 | 20 401 | 42 814 | (7 048) | (0) | 85 627 |
| | | 505 127 | 486 449 | - | 113 207 | 295 832 | 316 704 | 65 138 | 0 | 486 449 |
| Expenditure By Type | | | | | | | | | | |
| Employee related costs | 10.19 | 85 247 | 106 419 | - | 7 105 | 43 291 | 53 210 | (9 918) | -19% | 106 419 |
| Remuneration of councillors | 10.2 | 23 491 | 25 084 | - | 1 910 | 11 577 | 12 542 | (965) | -8% | 25 084 |
| Debt impairment | 10.22 | 71 808 | 41 873 | - | 2 946 | 19 707 | 20 936 | (20 936) | -100% | 41 873 |
| Depreciation & asset impairment | 10.21 | 32 389 | 29 199 | - | 2 762 | 16 695 | 14 599 | 2 095 | 14% | 29 199 |
| Finance charges | 10.23 | 1 517 | - | - | - | - | - | - | | - |
| Bulk purchases - electricity | | - | - | - | - | - | - | - | | - |
| Inventory consumed | | 2 350 | 3 500 | - | 434 | 1 561 | 1 750 | (189) | -11% | 3 500 |
| Contracted services | 10.24 | 140 554 | 112 662 | - | 14 793 | 76 148 | 80 831 | 20 317 | 36% | 112 662 |
| Transfers and subsidies | 10.25 | 4 777 | 5 200 | - | 1 173 | 3 968 | 2 600 | 1 368 | 53% | 5 200 |
| Other expenditure | 10.27 | 38 685 | 37 339 | - | 5 446 | 24 932 | 18 670 | 6 262 | 34% | 37 339 |
| Losses | | - | - | - | - | - | - | - | | - |
| Total Expenditure | | 400 819 | 361 276 | - | 36 569 | 197 878 | 205 138 | (7 260) | -4% | 361 276 |
| Surplus/(Deficit) | | 104 308 | 125 173 | - | 76 638 | 97 954 | 111 567 | 72 398 | 0 | 125 173 |

5. Cash Flow Statement as at 31 December 2021

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

| Description | Ref | Budget Year 2021/22 | | | | | | | |
|--|-----|---------------------|-----------------|-----------------|-----------------|-----------------|-----------------|--------------|--------------------|
| | | 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 | | 19 970 | - | 462 | 2 506 | 9 985 | (7 479) | -75% | 19 970 |
| Service charges | | 156 | - | - | 6 | 78 | (72) | -92% | 156 |
| Other revenue | | 7 105 | - | 3 710 | 1 417 | 3 553 | 19 349 | 545% | 7 105 |
| Transfers and Subsidies - Operational | | 319 807 | - | - | 136 400 | 159 904 | (23 504) | -15% | 319 807 |
| Transfers and Subsidies - Capital | | 65 627 | - | 24 265 | 45 919 | 32 814 | 13 106 | 40% | 65 627 |
| Interest | | - | - | 175 | 920 | - | 920 | #DIV/0! | - |
| Payments | | | | | | | | | |
| Suppliers and employees | | (281 504) | - | (57 964) | (70 363) | (140 752) | (70 389) | 50% | (281 504) |
| Transfers and Grants | | (5 200) | - | - | - | - | - | | (5 200) |
| NET CASH FROM/(USED) OPERATING ACTIVITIES | | 125 961 | - | (29 351) | 116 806 | 65 580 | (51 226) | -78% | 125 961 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | | | |
| Receipts | | | | | | | | | |
| Payments | | | | | | | | | |
| Capital assets | | (125 173) | - | (5 536) | (35 765) | (62 587) | (26 821) | 43% | 125 173 |
| NET CASH FROM/(USED) INVESTING ACTIVITIES | | (125 173) | - | (5 536) | (35 765) | (62 587) | (26 821) | 43% | 125 173 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | | | | |
| Receipts | | | | | | | | | |
| NET CASH FROM/(USED) FINANCING ACTIVITIES | | - | - | - | - | - | - | | - |
| NET INCREASE/ (DECREASE) IN CASH HELD | | 787 | - | (34 887) | 81 041 | 2 994 | | | 251 134 |
| Cash/cash equivalents at beginning: | | 21 484 | - | 21 484 | 21 484 | 21 484 | | | 21 484 |
| Cash/cash equivalents at month/year end: | | 22 272 | - | | 102 525 | 24 478 | | | 272 619 |

(Figures in RSA Rand)

2022

2021

6. Notes to the 2nd Quarter/Mid-Year Financial Report (Statements).

10.1. Cash and cash equivalents

Cash and cash equivalents consists of:

| | | |
|-------------------------|--------------------|-------------------|
| Cash on hand | 256 | 775 |
| Bank balances | 102 525 180 | 14 359 535 |
| Call account investment | - | - |
| | 102 525 436 | 14 360 310 |

Short-term Investments

The municipality had no short-term investments with any financial institution during the 2020/21 financial year and the municipality did not have any investment as at Mid-Year ended 31 December 2021.

Details

ABSA 2018/2019 (Account No.2078073033)

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

| Account number / description | Bank statement balances | | Cash book balances | |
|---|-------------------------|-------------------|--------------------|-------------------|
| | 30-Jun-21 | 30-Jun-20 | 30-Jun-21 | 30-Jun-20 |
| ABSA BANK - 4050384145 - (Primary Cheque Account) | 101 385 537 | 13 298 999 | 101 430 853 | 13 278 846 |
| ABSA BANK - 4076690079 - (Salaries) | 46 174 | 12 241 | 26 502 | 12 241 |
| ABSA BANK - 4098981597 - (Solidarity Fund) | 205 173 | 205 798 | 205 175 | 205 798 |
| ABSA BANK - 2078073033 Term Deposit Investment | 862 650 | 862 650 | 862 650 | 862 650 |
| | 102 499 534 | 14 379 688 | 102 525 180 | 14 359 535 |

10.2. Inventories

Inventories consists of:

| | | |
|-------------------|------------------|-------------------|
| Consumable stores | 2 210 287 | 954 892.67 |
| | 2 210 287 | 954 892.67 |

Reconciliation of Inventory

| | | |
|-----------------|------------------|-------------------|
| Opening Balance | 954 893 | 1 066 030.99 |
| Add: Receipts | 2 753 120 | 90 038.00 |
| Less: Issues | (1 497 726) | (201 176.32) |
| CLOSING BALANCE | 2 210 287 | 954 892.67 |

(Figures in RSA Rand)

2022

2021

10.3. Receivables from non-exchange transactions

Gross balances

| | | |
|---------------|-------------|-------------|
| Rates | 573 341 291 | 544 903 537 |
| Traffic fines | 1 215 597 | 1 168 997 |

| | |
|--------------------|--------------------|
| 574 529 938 | 546 072 534 |
|--------------------|--------------------|

Less: Allowance for impairment

| | | |
|----------------|---------------|---------------|
| Property Rates | (271 487 448) | (542 164 268) |
| Traffic Fines | (1 168 997) | (1 168 997) |

| | |
|----------------------|----------------------|
| (272 656 445) | (543 333 265) |
|----------------------|----------------------|

Net balances

| | | |
|----------------|-------------|-----------|
| Property Rates | 301 853 844 | 2 739 269 |
| Traffic Fines | 46 600 | - |

| | |
|--------------------|------------------|
| 301 900 444 | 2 739 269 |
|--------------------|------------------|

10.4. Receivables from exchange transactions

| | | |
|---|--------|---------|
| Accrued Income (Interest on investment) | 46 409 | 146 894 |
| Other debtors | - | - |

| | | |
|---------------------|------------------|------------------|
| Waste collection | 376 792 | 290 398 |
| SALGA Levy & SAMEPA | 1 062 900 | 1 062 900 |
| | 1 486 101 | 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 | 14 030 916 | 34 317 048 |

(Figures in RSA Rand)

| | 2022 | 2021 |
|---|-------------------|-------------------|
| Add: Current year VAT suspense - Retention amount | 4 156 829 | 4 413 337 |
| Less: Prior year suspense - Retention amount | (4 413 338) | (5 163 934) |
| Less: VAT Payments by SARS - Current year | (8 295 981) | (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

| | 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 | (7 979 171) | 235 899 | 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 | (7 979 171) | 235 899 | 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 | (346 897) | 235 899 |
| Work In Progress | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | 582 796 | 0.00 | 0.00 | (346 897) | 235 899 |

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.

10.7. 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

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.

10.8. Property Plant and Equipment

| 2022 | | | | 2021 | | |
|------------------------|------------------|---|----------------|----------------|---|----------------|
| Details | Cost / Valuation | Accumulated depreciation and accumulated impairment | Carrying value | Cost/Valuation | Accumulated depreciation and accumulated impairment | Carrying value |
| Land | 265 000 | 0.00 | 265 000 | 265 000 | 0.00 | 265 000 |
| Land – Landfill Site | 14 757 795 | (6 453 765) | 10 017 930 | 16 471 695 | (5 199 916) | 11 271 780 |
| Buildings | 52 286 492 | (16 105 204) | 36 181 289 | 52 286 492 | (15 026 444) | 37 260 049 |
| Furniture and fixtures | 6 619 692 | (4 469 399) | 2 150 297 | 6 619 692 | (4 188 012) | 2 431 681 |
| Motor vehicles | 35 664 681 | (26 960 978) | 8 703 703 | 35 664 681 | (25 138 133) | 10 526 548 |
| Office equipment | 2 776 915 | (2 297 759) | 479 156 | 2 776 915 | (2 179 061) | 597 854 |

(Figures in RSA Rand)

2022

2021

| | | | | | | |
|--------------------------|--------------------|----------------------|--------------------|--------------------|----------------------|--------------------|
| IT equipment | 25 895 638 | (19 102 782) | 6 792 856 | 23 741 796 | (17 356 438) | 6 385 358 |
| Infrastructure | 351 837 287 | (136 183 109) | 215 654 178 | 350 013 747 | (124 913 199) | 225 100 548 |
| Loose tools | 3 611 961 | (3 181 283) | 430 678 | 3 611 961 | (3 025 396) | 586 565 |
| Community Halls | 14 402 779 | (3 050 672) | 11 352 107 | 14 402 779 | (2 728 038) | 11 674 741 |
| Capital work in progress | 19 333 746 | 0.00 | 19 333 746 | 13 188 060 | 0.00 | 13 188 060 |
| | 529 165 891 | (217 804 951) | 311 360 939 | 520 866 363 | (201 457 252) | 319 409 111 |

10.9. Payables from exchange transactions

| | | |
|----------------------------|-------------------|-------------------|
| Trade payables | 75 977 | 5 206 407 |
| Income received in advance | 562 840 | 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 | 21 198 937 | 20 215 864 |
| | 37 071 910 | 41 579 307 |

10.10. Unspent Conditional grants and receipts

Unspent conditional grants and receipts comprises of:

| | | |
|--|------------|---------|
| LG SETA Discretionary Grant | 108 314 | 113 350 |
| Financial Management Grant | 902 841 | - |
| DOE(Department of Mineral and Energy) | 14 002 226 | - |
| EPWP Grant | 133 649 | - |

(Figures in RSA Rand)

| | 2022 | 2021 |
|--------------------------------|-------------------|----------------|
| Municipal Infrastructure Grant | 20 518 610 | 288 |
| | 35 665 640 | 113 638 |

10.11. 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 |

10.12. Revenue

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

| | | |
|--|------------------|------------------|
| Rental of facilities and equipment | 40 242 | 114 166 |
| Licences and permits | 2 438 449 | 5 480 633 |
| Gains on disposal of PPE | - | - |
| Tender Documents | 62 331 | 158 262 |
| Interests earned on Bank & Investment accounts | 921 227 | 1 652 967 |
| Refuse removal | 75 126 | 134 867 |
| Other income | 2 988 868 | 134 895 |
| | 6 463 912 | 7 675 790 |

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

| | | |
|---------------------------------|--------------------|--------------------|
| Property rates | 22 204 057 | 45 068 875 |
| Interest on outstanding debtors | 22 502 927 | 40 171 417 |
| Traffic fines | 4 750 | - |
| Transfers and subsidies | 244 661 510 | 415 904 097 |
| Actuarial Gains | - | - |
| | 289 368 194 | 501 144 389 |

(Figures in RSA Rand)

2022

2021

275 832 106

505 127 126

10.13. Government grants and subsidies

| | | |
|--|--------------------|--------------------|
| Equitable share | 222 249 000 | 341 931 000 |
| Municipal Infrastructure Grant (MIG) | 20 401 000 | 70 953 000 |
| Finance Management Grant (FMG) | 822 268 | 1 700 000 |
| Integrated National Electrification (DOE Grant) | 867 629 | - |
| Municipal Disaster Grant Management | - | - |
| EPWP Grant | 1 278 000 | 1 168 000 |
| LG SETA - Discretionary Grant | 114 964 | 152 097 |
| | 244 661 510 | 415 904 097 |

10.14. Interest on investments

| | | |
|--------------------|----------------|------------------|
| Bank & Investments | 921 227 | 1 652 967 |
| | 921 227 | 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.

10.15. Interest on outstanding debtors

| | | |
|---|-------------------|-------------------|
| Interest charged on trade and other receivables | 22 502 927 | 40 171 417 |
| | 22 502 927 | 40 171 417 |

NB. All interests relates to property rates outstanding debts.

10.16. Property rates

Rates – revenue

| | | |
|--------------|-------------------|-------------------|
| Commercial | 3 090 059 | 4 506 888 |
| State | 18 083 978 | 38 308 543 |
| Agricultural | 1 030 020 | 2 253 444 |
| | 22 204 057 | 45 068 875 |

Valuations

| | | |
|-------------|-------------|-------------|
| Residential | 22 640 000 | 22 640 000 |
| Commercial | 743 391 000 | 711 781 000 |

(Figures in RSA Rand)

| | 2022 | 2021 |
|-----------|----------------------|----------------------|
| State | 2 014 632 000 | 2 014 632 000 |
| Municipal | 29 739 861 | 29 739 861 |
| Social | 29 023 000 | 29 023 000 |
| | 2 839 425 861 | 2 807 815 861 |

- In terms of section 5 of the credit control and debt collection policy the Municipality has billed **R 22 204 057 as** at 31 December 2021 and collected is **R 2 506 248**. The total amount collected as at 31 December 2021 is **12%** of the billed revenue to date.
- Valuations on land and buildings are performed every 5years. The first general valuation came into effect on 1 July 2009. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.
- The valuation used in the current year was implemented from 01 July 2016 and it ends on the 30th of June 2021

10.17. Actuarial gain/ (Loss)

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

10.18. Traffic fines

| | | |
|---------------|--------------|----------|
| Traffic fines | 4 750 | 0 |
| | 4 750 | 0 |

The municipality issued traffic fines to a total value of **R 4 750** as at 31 December 2021, which is 3% of the annual budget. The amount collected for the traffic fines as at 31 December 2021 is **R 0** which is 0% of the value amount of tickets issued as at end of the 31 December 2021.

10.19. Employee related costs

| | | |
|-------------------------------------|------------|------------|
| Basic | 24 937 071 | 46 602 580 |
| Bonus | 2 239 386 | 3 706 927 |
| Medical aid - company contributions | 2 570 335 | 5 098 739 |
| UIF | 175 744 | 300 274 |
| SDL | 360 522 | 563 943 |
| Leave pay provision charge | 1 046 399 | 2 594 884 |
| Pension contribution | 4 406 795 | 9 291 131 |
| Overtime payments | 381 754 | 672 827 |

(Figures in RSA Rand)

| | 2022 | 2021 |
|---------------------------------|-------------------|-------------------|
| Post-employment benefits costs | 864 314 | 829 000 |
| Car allowance | 5 739 760 | 11 228 574 |
| Housing benefits and allowances | 1 425 067 | 2 834 159 |
| Bargaining Council | 10 238 | 20 692 |
| Clothing allowance | 21 051 | 53 363 |
| Cell phone allowance | 1 028 461 | 1 939 009 |
| | 43 291 214 | 85 736 030 |

Municipal Manager (Ms Rampedi MN)

| | | |
|----------------------------------|----------------|------------------|
| Basic salary | 320 276 | 640 552 |
| Travel allowance | 130 844 | 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 | 42 724 | 85 447 |
| Contributions to UIF | 1 063 | 1 813 |
| SDL | 5 282 | 12 482 |
| SALGBE | 62 | 119 |
| Remote allowance | 20 770 | 41 540 |
| Retirement annuity contributions | 39 002 | 78 003 |
| | 563 834 | 1 130 211 |

Chief Financial Officer (Mr Moganedi R.M)

| | | |
|------------------------------|----------------|----------------|
| Basic salary | 230 001 | 536 668 |
| Travel allowance | 105 362 | 178 498 |
| Cell phone allowance | 16 721 | 31 302 |
| Housing allowance | 5 712 | 68 538 |
| Travel claims | 0.00 | 0.00 |
| Contributions to medical aid | 24 399 | 77 544 |
| Contributions to UIF | 886 | 1 813 |
| SDL | 5 359 | 9 454 |
| Leave payout | 171 357 | |
| SALGBE | 52 | 119 |
| Remote allowance | 11 756 | 35 778 |
| | 571 605 | 939 714 |

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

| | |
|------------------|--------|
| Acting allowance | 36 571 |
|------------------|--------|

(Figures in RSA Rand)

| | 2022 | 2021 |
|--|----------------|----------------|
| Senior manager: Corporate services (Ms Mahlare M.A) | 36 571 | |
| Basic salary | 268 334 | 536 668 |
| Travel allowance | 115 643 | 231 286 |
| Medical aid contributions | 62 298 | 124 596 |
| UIF | 1 063 | 1 813 |
| SALGBE | 62 | 119 |
| SDL | 3 914 | 9 368 |
| Travel claims | 4 568 | 6 350 |
| Remote | 17 889 | 35 778 |
| | 473 771 | 945 979 |

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 | 26 343 |
| Housing allowance | 35 780 | 71 560 |
| Travel claims | 0.00 | 0.00 |
| Pension contributions | 30 511 | 61 022 |
| UIF | 1 063 | 1 813 |
| SALGBE | 62 | 119 |
| SDL | 3 934 | 9 383 |
| Remote allowance | 17 889 | 35 778 |
| | 469 223 | 939 644 |

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 |

(Figures in RSA Rand)

| | 2022 | 2021 |
|---------------------------------|----------------|----------------|
| UIF | 1 063 | 1 813 |
| SALGBE | 62 | 119 |
| SDL | 4 447 | 10 585 |
| Remote allowance | 17 889 | 35 778 |
| Acting allowance: Mr Segale M.A | | - |
| | 469 737 | 940 845 |

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 | 1 063 | 1 813 |
| SALGBE | 62 | 119 |
| SDL | 4 507 | 10 832 |
| Travel claim | 0.00 | 3 376 |
| Remote allowance | 17 889 | 35 778 |
| | 469 797 | 944 469 |

10.20. Remuneration and allowances of councillors

| | | |
|----------------------------------|-------------------|-------------------|
| Mayor | 453 158 | 910 772 |
| Council speaker | 367 011 | 737 602 |
| Executive Committee Members | 2 242 599 | 4 525 300 |
| Other councillors basic salary | 4 736 897 | 9 620 209 |
| Councillors pension contribution | 795 181 | 1 697 683 |
| Travel allowance | 1 856 532 | 3 772 632 |
| Travel claims | 9 885 | 14 015 |
| Cell phone allowance | 1 051 250 | 2 080 800 |
| Skills development levy | 50 438 | 54 019 |
| Data cards (61 councillors) | 92 197 | 183 600 |
| | 11 577 232 | 23 596 632 |

Remuneration and allowances of selected members of the council

(Figures in RSA Rand)

2022

2021

Remuneration and allowances for the mayor Cllr Maitula B.M

| | | |
|-------------------------------|----------------|----------------|
| Basic salary | 274 399 | 548 798 |
| Travel allowance | 0.00 | 0.00 |
| Cell phone allowance | 20 400 | 40 800 |
| Contributions to pension fund | 153 879 | 312 061 |
| SDL and Data card | 4 480 | 7 421 |
| | 453 158 | 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 | 63 417 | |
| Travel allowance | - | - |
| Cell phone allowance | 5 893 | |
| Contributions to pension | 36 060 | |
| SDL and Data card | 1 359 | |
| | 106 729 | - |

Remuneration and allowances of members of the executive committee

| | | |
|-----------------------------|------------------|------------------|
| Basic salary | 1 298 187 | 2 612 536 |
| Travel allowance | 509 093 | 1 024 524 |
| Cell phone allowance | 187 227 | 367 200 |
| Pension fund Medical & SDL | 231 573 | 461 036 |
| Travel claims and Data card | 16 520 | 50 576 |
| | 2 242 600 | 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.

(Figures in RSA Rand)

2022

2021

10.21. Depreciation and amortisation

| | | |
|-------------------------------|-------------------|-------------------|
| Property, plant and equipment | 16 347 699 | 31 265 519 |
| Intangible assets | 346 897 | 1 123 794 |
| | 16 694 596 | 32 389 313 |

10.22. 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.

10.23. Finance Costs

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

10.24. Contracted Services

| | | |
|---|-------------------|--------------------|
| Repairs and Maintenance: Other Assets | 8 307 408 | 17 849 289 |
| Repairs and Maintenance: Infrastructure Assets | 40 755 356 | 51 026 872 |
| Operating Lease and Cash collection | 2 827 872 | 3 356 259 |
| Solid waste collection | 11 301 912 | - |
| Development of valuation roll | - | 558 012 |
| Cleaning and Security services | 10 662 630 | 49 845 119 |
| Publications VAT recovery services Spatial Planning & GIS | 2 293 087 | 499 087 |
| | 76 148 265 | 123 134 638 |

10.25. Grants and subsidies paid

| | | |
|---|----------------|------------------|
| Indigents grants (Free Basic Electricity) | 470 753 | 2 895 169 |
| | 470 753 | 2 895 169 |

(Figures in RSA Rand)

2022

2021

10.26. Capital expenditure written-off (D Roads)

| | | |
|------------------------------|-------------------|-------------------|
| Property Plant and Equipment | 27 069 582 | 63 333 076 |
| | 27 069 582 | 63 333 076 |

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 2021 the expenditure for D roads was R27 069 582.

10.27. General expenses

| | | |
|---|-----------|-----------|
| 1. Advertising | 244 076 | 746 145 |
| 2. Bank charges | 92 663 | 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 | - | 1 484 700 |
| 8. Marketing | 245 200 | 721 066 |
| 9. Promotions and sponsorships | 801 367 | 875 878 |
| 10. Fleet Management & System | 134 536 | 2 766 |
| 11. Fuel and oil | 2 311 384 | 4 362 625 |
| 12. Printing and stationery | 1 821 880 | - |
| 13. Protective clothing | - | - |
| 14. Environmental care expense | - | - |
| 15. Telephone and fax | 637 955 | 1 078 976 |
| 16. Training | 362 256 | 1 669 303 |
| 17. Travel and accommodation | 143 647 | 123 763 |
| 18. LED forum and summit | - | - |
| 19. Spatial planning - demarcation of sites | - | 1 284 778 |
| 20. Water and electricity | 1 394 925 | 2 093 396 |
| 21. Sitting allowance ex-officio | 68 000 | 360 000 |
| 22. Publications | 4 440 335 | 5 202 000 |
| 23. Audit committee support | 172 474 | 499 087 |
| 24. Bursary fund | 1 249 385 | 6 249 794 |
| 25. Legal costs and Development of by-laws | 1 292 056 | 11 420 |
| 26. Customer care | 28 899 | 467 887 |
| 27. Financial System support | 2 369 370 | 5 617 478 |

| (Figures in RSA Rand) | 2022 | 2021 |
|-------------------------|-------------------|-------------------|
| 28.Vehicle tracking | 48 308 | 82 403 |
| 29.Stipend | - | 4 998 |
| 30.Disaster relief fund | 1 278 572 | 1 534 747 |
| 31.EPWP | 2 270 290 | 3 451 202 |
| | 24 931 612 | 47 925 958 |

10.28. Provision - Rehabilitation of Landfill Site

| | | |
|-----------|-------------------|-------------------|
| Provision | 18 730 537 | 18 730 537 |
| | 18 730 537 | 18 730 537 |

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

10.29. Rental of facilities and equipment

Advertising Billboards

| | | |
|--------------|---------------|----------------|
| Site rentals | 40 242 | 114 166 |
| | 40 242 | 114 166 |

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

10.30. Operating lease

11. The Municipality has entered in to an operating lease with Velaphanda Trading & Projects for Photocopier machines for a period of three years.
12. The total future minimum operating lease payments payable under existing operating lease arrangements are categorised in the following categories:

(Figures in RSA Rand)

| | 2022 | 2021 |
|---|------------------|------------------|
| Within one year of the operating date | 1 546 473 | 1 628 232 |
| More than one year but less than five years of the reporting date | 3 092 944 | - |
| | 5 154 906 | 1 628 232 |

12.1. Commitments

Authorised operating and capital expenditure

Operational commitments

| | | |
|-------------------------|-------------------|--------------------|
| Approved and contracted | 72 969 890 | 120 068 987 |
| | 72 969 890 | 120 068 987 |

Capital commitments

| | | |
|-------------------------|-------------------|-------------------|
| Approved and contracted | 99 423 223 | 92 897 366 |
| | 99 423 223 | 92 897 366 |

| | | |
|--------------------------|--------------------|--------------------|
| Total commitments | 172 393 113 | 178 250 573 |
|--------------------------|--------------------|--------------------|

12.2. Related parties

Related party transactions

Section 57 Employees

| | | |
|---|------------------|------------------|
| Municipal Manager (Ms Rampedi M.N) | 563 833 | 1 130 213 |
| Senior Manager: Corporate Services (Ms. Mahlare M.A) | 473 770 | 945 979 |
| Senior Manager: Community Services (Ms. Marishane M.E) | 469 223 | 939 644 |
| Senior Manager: Budget & Treasury(CFO) (Mr. Moganedi R.M) | 571 603 | 939 714 |
| Senior Manager: Economic Development & Planning (Mr. Thabela A.P) | 469 796 | 944 469 |
| Senior Manager: Infrastructure Development (Mr. Segale M.A) | 469 736 | 940 845 |
| | 3 017 961 | 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 | 5 904 498 | 23 596 632 |
|-----------------------------|-----------|------------|

(Figures in RSA Rand)

2022

2021

5 904 498

23 647 964

12.3. 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 | 102 382 700 | 14 290 363 |
| VAT Receivable | 15 677 271 | 34 494 539 |
| Maximum exposure | 121 931 349 | 52 902 132 |

12.4. Unauthorised expenditure

| | | |
|--------------------------------------|--------------------|--------------------|
| Opening balance | 201 249 480 | 167 846 156 |
| Current year | - | 34 251 138 |
| Less amounts: written-off by council | - | (0.00) |
| | 201 249 480 | 201 349 480 |

12.5. Fruitless and wasteful expenditure.

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

12.6. Irregular expenditure

| | | |
|-----------------|-------------|-------------|
| Opening balance | 178 866 762 | 124 876 332 |
|-----------------|-------------|-------------|

(Figures in RSA Rand)

| | 2022 | 2021 |
|---|--------------------|--------------------|
| Add: Irregular Expenditure - current year | 19 336 512 | 53 990 430 |
| Less: Amounts written-off by council | (-) | (0.00) |
| | 198 203 274 | 178 866 762 |

12.7. Additional disclosure in terms of Municipal Finance Management Act

Audit fees

| | | |
|------------------------------|-------------|-------------|
| Amount incurred current year | 1 038 120 | 4 429 665 |
| Amount paid - current year | (1 038 120) | (4 429 665) |
| | - | - |

PAYE and UIF

| | | |
|------------------------------|-------------|--------------|
| Amount incurred current year | 8 501 194 | 16 142 848 |
| Amount paid - current year | (8 501 194) | (16 142 848) |
| | - | 0.00 |

Pension and Medical Aid funds deductions

| | | |
|------------------------------|--------------|--------------|
| Amount incurred current year | 11 750 888 | 23 089 581 |
| Amount paid - current year | (11 750 888) | (23 089 581) |
| | 0.00 | 0.00 |

Supply chain management regulations

Deviations

| | | |
|---|----------------|------------------|
| Deviation as per section 36(1)(a)(i) of the SCM regulation emergency | - | 620 500 |
| Deviation as per section 36(1)(a)(ii) of the SCM regulation sole provider | - | 375 679 |
| Deviation as per section 36(1)(a)(v) of the SCM regulation impractical | 418 448 | 6 674 177 |
| | 418 448 | 7 670 356 |

Details of Deviations current year:

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

| NO | COMPANY NAME | SERVICE PROVIDED | AMOUNT |
|----|--------------|------------------|--------|
| 1. | NONE | | |

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

| NO | COMPANY NAME | SERVICE PROVIDED | AMOUNT |
|----|--------------|------------------|--------|
| | NONE | | |

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

| NO | COMPANY NAME | DESCRIPTION | AMOUNT |
|--------------|-------------------------|----------------------------|---------------------|
| 1. | BP | Fuel for Municipal Vehicle | R 240 202.11 |
| 2. | Bapedi Filling Station | Fuel for Municipal Vehicle | R 4 937.85 |
| 3. | Shell | Fuel for Municipal Vehicle | R 66 064.95 |
| 4. | Wits University | Bursary | R 80 543.42 |
| 5. | University of Cape Town | Bursary | R 500.00 |
| 6. | Born free Investments | Bursary | R 26 200.00 |
| TOTAL | | | R 418 448.33 |